gar
agribusiness and food

Building A Resilient Business

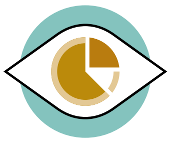
INNOVATION AND SUSTAINABILITY

GOLDEN AGRI-RESOURCES LTD

ANNUAL REPORT 2018

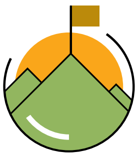
CONTENTS

As one of the leading palm oil plantation companies in the world, GAR's vertically integrated operations are among the most technologically advanced in the industry. This competitive edge is critical in managing through the industry's volatility. We strive to build a resilient business propelled by innovation and sustainability, which enables us to stay at the forefront of our industry and pave the way for greater growth.



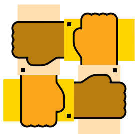
VISION

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
To put statements or promises into actions so that one can earn the trust of others

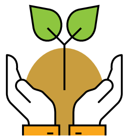
Positive Attitude
To display encouraging behaviour towards the creation of a mutually appreciative and conducive working environment

Commitment
To perform our work whole heartedly in order to achieve the best results

Continuous Improvement
To continuously enhance the capability of self, working unit and organisation to obtain the best results

Innovation
To come up with ideas or to create new products/tools/systems that can increase productivity and the Company's growth

Loyalty
To cultivate the spirit of knowing, understanding and implementing the Company's core values as part of the GAR family



OUR CULTURE

Performance
We deliver outstanding results

Ownership
We do what is best for the Company

Collaboration
We work as a team

People
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 approximately US$7.2 billion and underlying profit of US$181 million in 2018.

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 498,395 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 a broad range of value-added bulk, industrial and branded products through our own refineries with a total capacity of 5.0 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 has broad presence in international destination markets with on-shore refining in China and India as well as ex-tank operations in many countries. 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

	2018	2017	2016	2015
Consolidated Income Statement (US$'000)				
Revenue	**7,167,428**	7,507,599	7,208,849	6,510,051
Gross profit	**1,006,834**	1,097,406	1,014,387	1,004,774
EBITDA [1,9]	**572,975**	664,651	571,660	541,664
Underlying profit [2,9]	**180,717**	253,837	186,277	179,970
Net profit/(loss) [3]	**(1,772)**	74,032	399,619	10,352
Weighted average number of shares (million shares)	**12,735**	12,735	12,735	12,760
Underlying profit [2] per share (US$ cents)	**1.42**	1.99	1.46	1.41
Earnings/(loss) per share (US$ cents)	**(0.01)**	0.58	3.14	0.08
Consolidated Statement of Financial Position (US$'000)				
Total assets	**8,545,580**	8,137,780	8,306,415	8,035,710
Total current assets	**2,885,498**	2,874,675	2,776,057	2,665,435
Total current liabilities	**2,490,902**	2,597,794	2,715,100	2,328,598
Total non-current liabilities	**1,744,598**	1,431,433	1,495,364	1,957,714
Non-controlling interests	**141,436**	101,570	42,201	39,544
Equity attributable to owners of the Company	**4,168,644**	4,006,983	4,053,750	3,709,854
Ratios				
Gross profit margin	**14.0%**	14.6%	14.1%	15.4%
EBITDA [1] margin	**8.0%**	8.9%	7.9%	8.3%
Underlying profit [2] margin	**2.5%**	3.4%	2.6%	2.8%
Net profit/(loss) [3] margin	**(0.02)%**	1.0%	5.5%	0.2%
Return on equity [4]	**4.3%**	6.3%	4.6%	4.9%
Return on assets [5]	**2.1%**	3.1%	2.2%	2.2%
Current ratio (times)	**1.16**	1.11	1.02	1.14
Net debt to equity [6] (times)	**0.42**	0.42	0.43	0.51
Receivable turnover [7] (days)	**26**	25	26	28
Inventory turnover [8] (days)	**59**	56	50	53
Other Information				
Average CPO price - FOB Belawan (US$ per tonne)	**565**	682	664	574

Notes:

1 EBITDA = earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain or loss from 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 and deferred tax income or expense)

3 Net profit/(loss) = net profit or loss 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 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

9 2018 EBITDA and underlying profit include fair value gain on financial instruments following the adoption of IFRS 9

2018 MILESTONES

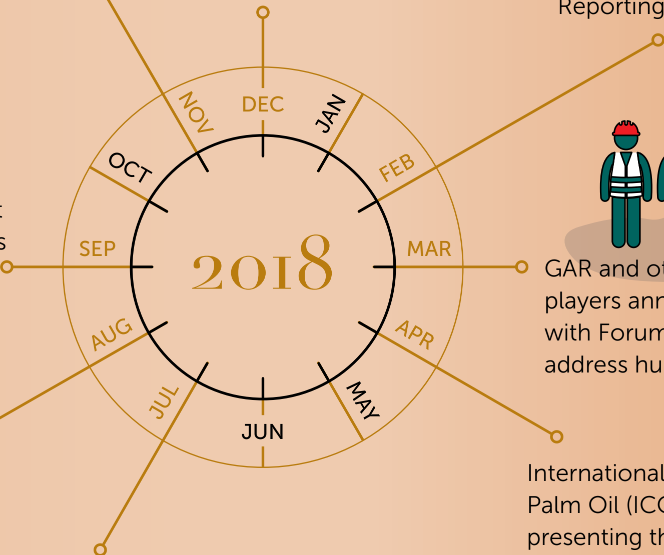
- Agribusiness of Priority Integration Sector at the ASEAN Business Awards 2018
- Singapore APEX Corporate Sustainability Award 2018
- Ranked 6th by NUS-CGIO for best practices in sustainability reporting amongst Singapore-listed companies

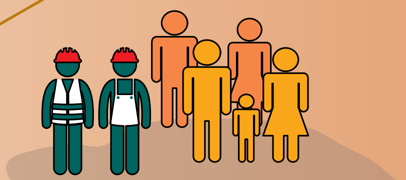
Achieved record in annual palm product output of 3.05 million tonnes

- Announced the achievement of 100% Traceability to the Plantation for owned mills
- Asia's Best Supply Chain Reporting at 2017 Asia Sustainability Reporting Award

SIAS INVESTORS' CHOICE AWARDS 2018

- Runner up of Most Transparent Company Award in Agribusiness category at the SIAS 19th Investors' Choice Awards
- Grand opening of Central Business Services, a central point for company's corporate services
- 25 year anniversary of GAR's oleo-chemical business, aiming to provide one-stop solutions to global oleo-chemical demand





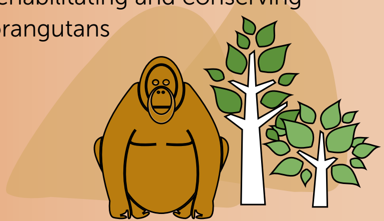
GAR and other global palm oil players announced an initiative with Forum for the Future to address human and labour rights

International Conference on Palm Oil (ICOPE) was held, presenting the importance of science and technology solutions as well as smallholders empowerment for sustainable palm oil production

Debuted on FTSE4Good ASEAN 5 and Developed Indexes, recognising our efforts in continuously improving ESG performance

FTSE4Good

- Top companies with highest disclosure rate in business integrity across ASEAN, a study by ASEAN CSR Network and NUS-CGIO
- Continued collaboration with Orangutan Foundation International (OFI) in rehabilitating and conserving orangutans



CHAIRMAN'S STATEMENT

OUR PLANTATIONS DELIVERED 3.05 MILLION TONNES OF PALM PRODUCT OUTPUT. THIS IS A RECORD HIGH IN GAR'S HISTORY. THE FAVOURABLE WEATHER CONDITIONS AND OUR INDUSTRY LEADING PLANTATION MANAGEMENT ENABLED US TO REAP A BUMPER HARVEST.

Franky Oesman Widjaja
Chairman and Chief Executive Officer

DEAR SHAREHOLDERS,

The year 2018 marked a record year for our palm oil production demonstrating the positive results from our relentless focus on best-in-class plantation management. Our outstanding operational performance was however overshadowed by the impact of low crude palm oil (CPO) prices as the industry experienced a declining trend throughout the year. In November, CPO market price reached its lowest mark in over a decade to approximately US$400 per tonne.

We have started to see a rebound of CPO prices in early 2019 which underscores the strong fundamentals of palm oil and its importance for businesses and consumers worldwide. Throughout our history, we have seen the versatility of palm oil come into resilient play whenever the industry was challenged with low prices. This year is no diferrent. Indonesia is fully implementing its B20 biodiesel policy and the significant new demand created is underpinning the recent rebound. With this, GAR is striding forward in 2019 with greater optimism, leveraging our world-class palm oil upstream capability and our expanding downstream presence in producing and merchandising a broad range of value-added products globally.

Record Plantation Output Partly Mitigated the Impact of Weaker Prices in 2018

Despite much weaker selling prices, GAR maintained its revenue for financial year 2018 (FY2018) at approximately US$7.2 billion through expanded sales volume. Our EBITDA stood at US$573 million, lower by 14 percent due to weaker average CPO prices. On the bottom line, GAR recorded a marginal loss of US$2 million primarily attributable to foreign exchange loss, loss from changes in fair value of biological assets and deferred tax expense. This performance also includes the fair value gain on financial assets following the adoption of IFRS 9.

We are pleased to record a major milestone achievement in FY2018 – our plantations delivered 3.05 million tonnes of palm product output. This is a record high in GAR's history. The favourable weather conditions and our industry leading plantation management enabled us to reap a bumper harvest. Fruits harvested from GAR's plantation area increased by ten percent, resulting in an average yield of 22.5 tonnes per hectare, one of the highest in the industry.

We aim to sustain long-term production growth by producing more from our existing land. Our strategic focus is on replanting and intensification, by using newer generation and higher yielding planting materials, deploying mechanisation and automation, and perfecting precision agriculture.

The EBITDA margin of our plantations and palm oil mills segment decreased to 27 percent primarily impacted by lower market prices. The abundant harvest that started in the second semester led to high inventory levels in the producing countries, putting pressure on prices. Nonetheless, the upstream segment remains the major contributor to GAR's total EBITDA.

Our palm and laurics downstream operations has progressively expanded our global presence. We sustained production growth amidst the overcapacity situation in the industry. This demonstrated our excellent ability to meet market demands and to deliver added value in our products, especially in the destination countries. Biodiesel was the star performer in FY2018 for both our export and Indonesia domestic markets.

For the past few years we have continued to enhance our downstream capabilities to deliver a wide range of higher value quality products. Our plants are equipped with supporting infrastructure and facilities enabling us to serve customers' requirements more efficiently. Today, more than 85 percent of our products are distributed overseas and we continue to expand both our product portfolio and market reach.

During the year, we completed the divestment of Tianjin oilseed plant in the move to sharpen focus on our core palm and laurics business. We continue to evaluate strategic options for the remaining businesses in China. As the largest edible oil consumer, China remains a key and attractive market for us. At the same time, GAR will also continue to explore and grow in other developing markets.

During FY2018, we successfully secured refinancing solutions, reflecting the confidence of the financial markets in GAR's credit profile and positive long-term outlook. We aim to grow free cash flow and explore financing alternatives to strengthen our financial position and deliver returns to shareholders. Consistent with our commitment to our valued shareholders, the Board has proposed a final dividend of 0.58 Singapore cents per share for FY2018, representing 30 percent of GAR's underlying profit.

CHAIRMAN'S STATEMENT

Building A Resilient Business: Innovation and Sustainability

The resilience of GAR's business was put to the test during this challenging year. And we are determined to improve on this through better productivity, higher efficiency, broader market reach, and adoption of latest technological innovation for enhancement of our competitive edge.

We are driving a holistic transformation across the value chain, which entails the following key priorities for 2019: completing the initial phase of our operational transformation projects and rolling them out across our operations progressively, accelerating the production of high-yielding oil palm clonals, speeding up the replanting progress, intensifying R&D activities especially in digital technology breakthrough to advance best plantation management practices, opening up new markets, and relentlessly engaging stakeholders in spreading responsible practices. We believe that our new ways of working will result in a positive contribution to long-term profitability.

Practising Responsible Palm Oil in Our Day-To-Day Operations

Achieving responsible palm oil is a long-term marathon rather than a sprint. Our roadmap is the GAR Social and Environmental Policy (GSEP) which contains our commitment and approach covering environmental management, social and community engagement, work environment and industrial relations, as well as marketplace and supply chain. As we entered the third year of implementing GSEP, we experienced progress as well as some challenges.

In triggering transformation of the industry, we continued to move ahead as more of our third-party suppliers joined us in carrying out Traceability to the Plantation (TTP) exercises. Together with GAR-owned mills, 62 percent of our palm supply chain is fully traceable to the plantation as of end 2018. Through deeper engagement with our suppliers, we reduce supply chain risks while helping our industry become more responsible and resilient.

We also recognise the importance of supporting independent small farmers. We actively participate in the Indonesian government programme of Peremajaan Sawit Rakyat (PSR). The programme aims to encourage independent smallholders to replant with better quality, high-yielding seed by giving access to financing and helping them sustain their livelihoods before the trees mature. Our efforts to help our supply chain, including smallholders, contribute to the achievement of UN Sustainable Development Goal 12 – Responsible Production and Consumption.

WE ARE DETERMINED TO IMPROVE THROUGH BETTER PRODUCTIVITY, HIGHER EFFICIENCY, BROADER MARKET REACH, AND ADOPTION OF LATEST TECHNOLOGICAL INNOVATION FOR ENHANCEMENT OF OUR COMPETITIVE EDGE.

In any long-term transformation process there will be occasional setbacks. This allows us to reassess and adjust our approaches to solving complex matters involving multiple stakeholders. Our implementation of long-term fire prevention with local communities in our Desa Makmur Peduli Api (DMPA) programme is one such area we will be looking closely at moving forward. Strengthening Operational Health and Safety (OHS) awareness and practices throughout our operations is another priority, as we note with regret an increase in fatal incidents taking place in our operations. We intend to create renewed energy behind the message that every worker deserves to return home safely at the end of each day.

To assist the Board in its oversight responsibilities relating to sustainability matters, GAR's Sustainability Committee, comprising the senior leadership team across the upstream, downstream and corporate centres meets regularly to guide the development and implementation of GAR's sustainability strategy. The Committee reports to myself and the Board, and has responsibility for determining our material sustainability issues, and for ensuring that these are managed and monitored. The Board receives updates on our sustainability performance and considers our material issues as part of its strategy formulation.

We are committed to this long-term effort because we believe that ultimately it is essential in helping our business thrive and create value for our shareholders, employees and communities. Our efforts have been recognised and in 2018, we debuted on the FTSE4Good ASEAN 5 and Developed Indexes, a series of investment indexes designed to measure the performance of companies demonstrating strong Environmental, Social and Governance (ESG) practices.

Positive Developments in the Palm Oil Industry

After successful implementation of the B20 biodiesel programme in Indonesia, we see growing enthusiasm from the Indonesian Government to achieve a higher target of B30. It would be an important catalyst to the Indonesia palm oil industry in the near-term, creating additional potential demand on top of the consumption for food and other sectors. Likewise, we note the increasing biodiesel demand from large countries such as China, considering the higher crude oil prices compared to biodiesel prices. We are cautiously optimistic that this positive atmosphere will promote tighter supply and demand for palm oil that eventually will have a positive impact on CPO prices. Furthermore, palm oil will continue serving a key role to the mounting global food demand amidst the limited availability of arable land. We are excited to participate in this in a responsible way.

Strengthened Board and Appreciation

GAR has strengthened the Board membership with the appointment of Mr Christian G H Gautier De Charnacé as Non-Executive Independent Director and the re-designation of Mr Muktar Widjaja as an Executive Director of GAR. With his broad experience, Mr Gautier De Charnacé will bring different perspectives to our business and in his role as a member of Audit Committee while Mr Muktar Widjaja will be responsible for matters relating to the Indonesian operations in the areas of government relations, legal compliance, local community relations, security and sustainability.

Mr Frankle (Djafar) Widjaja, the former Non-Executive and Non-Independent Director, has retired after the GAR 2018 Annual Meeting. On behalf of the Board, I thank Mr Frankle Widjaja for his invaluable contributions and advice to GAR over the past 18 years.

Let me also take this opportunity to thank our employees, customers, creditors, business partners, shareholders and all stakeholders who have been riding this challenging year with GAR. I am confident that together we have what it takes to conquer the challenges and keep moving forward for long-term growth.

Thank you for your investment in Golden Agri-Resources Ltd.

Franky Oesman Widjaja
Chairman and Chief Executive Officer
15 March 2019

BOARD OF DIRECTORS

Franky Oesman Widjaja
Chairman and Chief Executive Officer

Muktar Widjaja
Executive Director and President

Rafael Buhay Concepcion, Jr.
Executive Director and Chief Financial Officer

Lew Syn Pau
Non-Executive Lead Independent Director

Foo Meng Kee
Non-Executive Independent Director

Christian G H Gautier De Charnacé
Non-Executive Independent Director

Kaneyalall Hawabhay
Non-Executive Independent Director

William Chung Nien Chin
Non-Executive Independent Director

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 61, 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 (2016 – 2018):
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-appointment as a Director was in 2018.

Mr. Muktar Widjaja, aged 64, 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 (2016 – 2018):
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-appointment as a Director was in 2016.

Mr. Concepcion, aged 52, 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,

BOARD OF DIRECTORS

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.

Present directorships in other Singapore listed companies:
Nil

Other principal commitments:
Nil

Past directorships in other Singapore listed companies (2016 – 2018):
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-appointment as a Director was in 2017.

Mr. Lew, aged 65, 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 sits on the boards of several companies listed on the Official List of the Singapore Exchange Securities Trading Limited, namely, Broadway Industrial Group Ltd, Food Empire Holdings Ltd, Golden Energy and Resources Limited, SUTL Enterprise Limited and Sinarmas Land 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
- Sinarmas Land Limited

Other principal commitments:
Nil

Past directorships in other Singapore listed companies (2016 – 2018):
- Poh Tiong Choon Logistics Limited (delisted on 4 January 2018)

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 2017 and his last re-appointment as a Director was in 2018.

Mr. Foo, aged 69, 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.

Currently, he is the principal owner of M K Capital Pte Ltd and M K Marine Pte Ltd. Since 2001, he has held various positions as an independent director of several companies listed on the Official List of the Singapore Exchange Securities Trading Limited. From 1976 to 1998, Mr. Foo was with Hitachi Zosen Singapore Limited (now known as Keppel Shipyard Limited). 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:
- Bund Center Investment 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 (2016 – 2018):
- Courage Investment Group Limited
- Jiutian Chemical Group Limited
- Lee Metal Group Ltd
- Sinarmas Land Limited

Christian G H Gautier De Charnacé

Non-Executive Independent Director

Mr. Christian G H Gautier De Charnacé is an Independent Director of GAR and a member of its Audit Committee. Mr. Christian G H Gautier De Charnacé joined the Board of Directors of GAR in November 2018.

Mr. Christian G H Gautier De Charnacé, aged 69, graduated from Institut d' Etudes Politiques de Paris in Economy and Finance, and he also holds a Bachelor's degree from the University of Law in Paris.

Mr. Christian G H Gautier De Charnacé currently sits on the Board of Directors of Millenium & Copthorne Hotels PLC as an Independent Non-Executive Director, and on the Board of Commissioners of PT BNP Paribas Sekuritas Indonesia as an independent President Commissioner.

He was CEO Investment Banking Asia Pacific at BNP Paribas Bank ("BNP") prior to retiring in 2017, having held that position since 2013. He was with BNP since 1980. When he was with BNP, he was Head of Paribas branches and region in Seoul, Taipei and Los Angeles / Western US region (1980 - 1990); Managing Director and Head of Asia Pacific region based in Paris (1991 - 1993); Managing Director and successively Head of Capital Markets and Corporate Finance for Asia Pacific based in London, Singapore, Hong Kong, Tokyo and Hong Kong (1993 - 2013). Mr. Christian G H Gautier De Charnacé started his career in banking at Bank of America and he was Vice President of Multinational Division Paris and Houston (1973 to 1980).

Present directorships in other Singapore listed companies:
Nil

Other principal commitments:
- Independent Non-Executive Director of Millenium & Copthorne Hotels PLC
- Independent President Commissioner of PT BNP Paribas Sekuritas Indonesia

Past directorships in other Singapore listed companies (2016 – 2018):
Nil

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-appointment as a Director was in 2018.

Mr. Hawabhay, aged 71, is a Fellow of the Institute of Chartered Accountants in England and Wales.

Mr. Hawabhay was Partner (ABAS) of BDO & Co, Mauritius from 2007 till his retirement in June 2018.

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:
Nil

Past directorships in other Singapore listed companies (2016 – 2018):
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 2017. His last re-appointment as a Director was in 2018.

Mr. Chung, aged 62, 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 (2016 – 2018):
Nil

SENIOR MANAGEMENT

Franky Oesman Widjaja
Chairman and Chief Executive Officer

Rafael Buhay Concepcion, Jr.
Executive Director and Chief Financial Officer

Jo Daud Dharsono
Head of Upstream Operations

The Biao Ling
Managing Director, Upstream Operations

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

Strengthening the Core Business

TRANSFORMATION AND REGENERATION

OPERATIONS REVIEW

PLANTATION AND PALM OIL MILLS

2018 Operational Performance

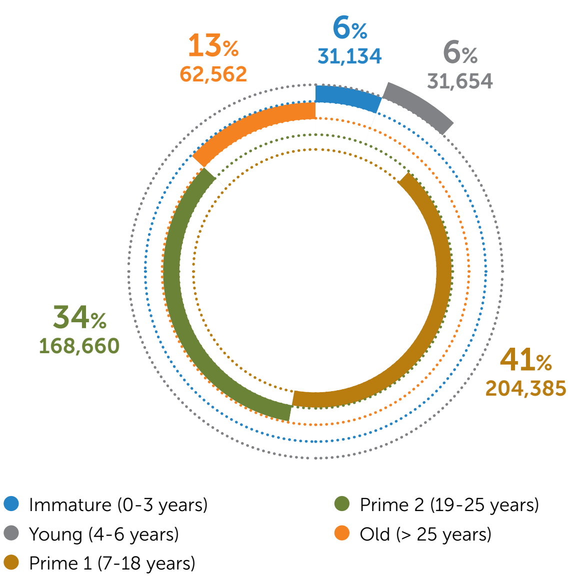
Leading oil palm plantation group in Indonesia with continuous improvement in operational excellence

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 more than 170 oil palm estates with total planted area of 498,395 hectares. As at end 2018, the composition of estates owned by GAR (called 'nucleus') and estates owned by smallholders (called 'plasma') was 79 percent and 21 percent, respectively.

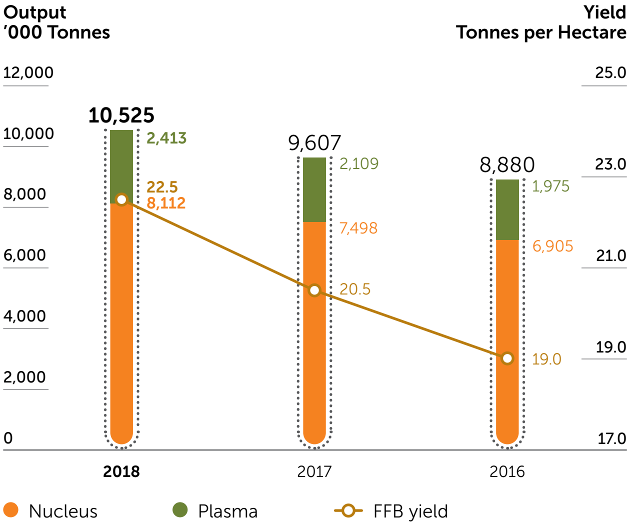
The age profile of our estates remains favourable, averaging approximately 16 years and providing a solid foundation for GAR's near to medium term growth. Of the 498,395 hectares, 75 percent is at the prime age segment of 7 to 25 years that produces the highest yields, whilst 6 percent is still at the young age of 4 to 6 years, securing production growth in the coming years. Our immature estates contributed 6 percent to total area, of which 10,500 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 is accredited with ISO 9001 for quality management and ISO 17025 for excellent implementation of general requirements for testing and calibrating laboratories.

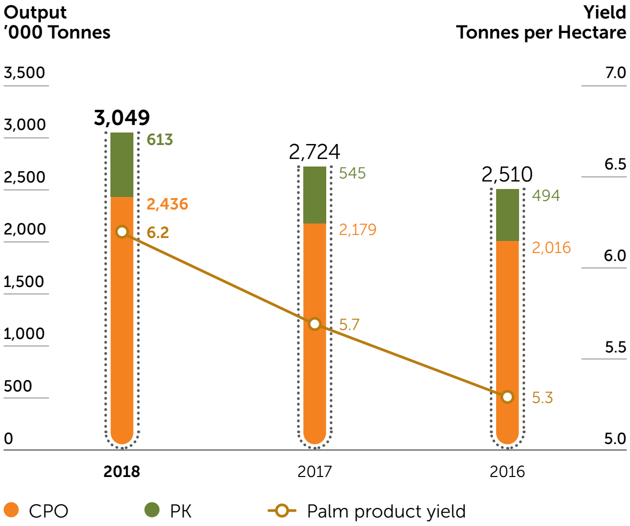
OIL PALM PLANTATION AGE PROFILE



FRESH FRUIT BUNCH OUTPUT

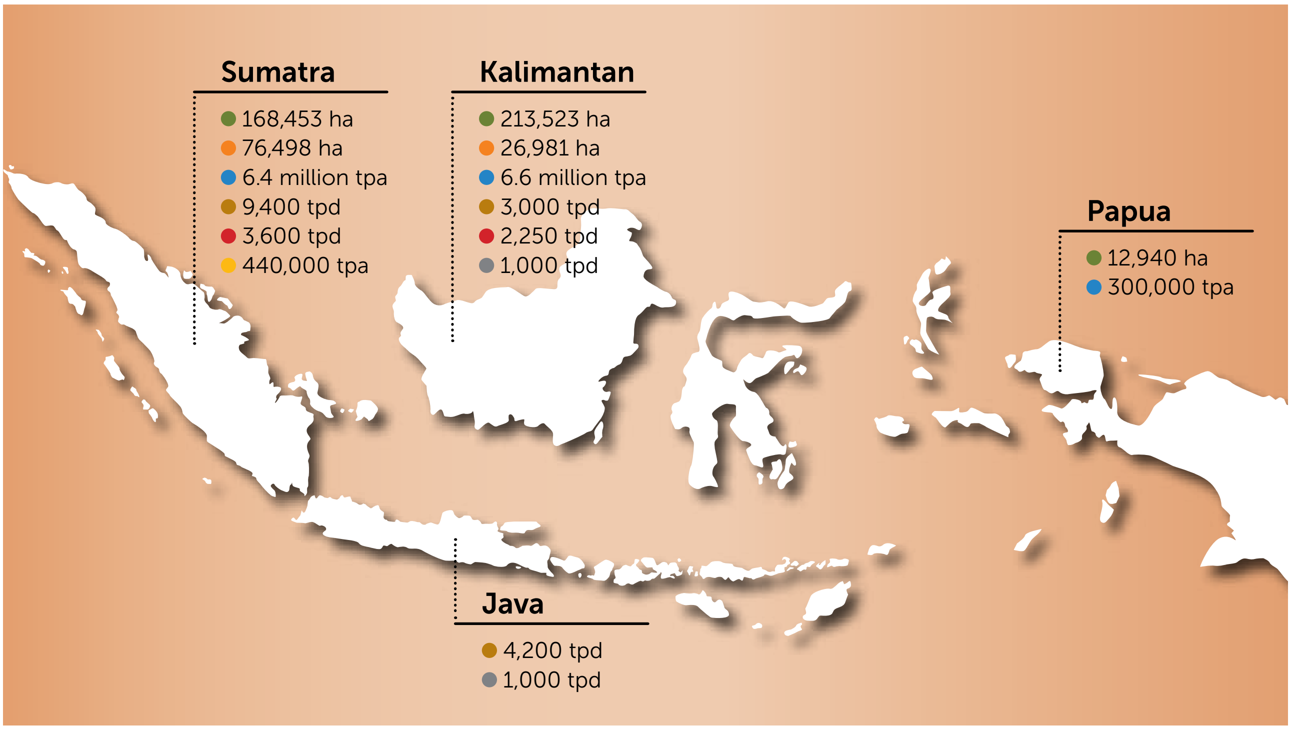


PALM PRODUCT OUTPUT



OPERATIONS REVIEW

GAR OPERATION CAPACITIES IN INDONESIA



- Nucleus planted area (in hectares)
- Plasma planted area (in hectares)
- CPO mills capacity (in tonnes per annum)
- Refinery (in tonnes per day)
- Kernel crushing plant (in tonnes per day)
- Oleo-chemicals plant (in tonnes per annum) - including operations under JV
- Biodiesel plant (in tonnes per day)

2018 plantation production reached a historic record high

Despite the reduction in mature area to 467 thousand hectares due to replanting activities, fresh fruit bunch ("FFB") production in 2018 expanded to 10.53 million tonnes from 9.61 million tonnes last year. Average fruit yield reached 22.5 tonnes per hectare, at the top of the industry range. Palm product output of the mills achieved a new record of 3.05 million tonnes, comprising 2.44 million tonnes of CPO and 613 thousand tonnes of palm kernel ("PK"). Average palm product yield increased from 5.7 tonnes per hectare in 2017 to 6.2 tonnes per hectare in 2018, with oil extraction and kernel extraction rates standing at 21.9 percent and 5.5 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 through an advanced biotechnology programme besides the existing high-yielding Dami Mas DxP seeds. These planting materials – Eka 1 and Eka 2 – are expected to have exceptionally high fruit yield in combination with high oil extraction ratio. Over the next few years, we will speed up the multiplication of these planting materials through tissue culture, to cultivate sufficient quantity to plant a larger commercial area. This is to support our endeavours in replanting old estates to further enhance long-term yields and increase production without utilising more land under cultivation.

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 are 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 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 to develop land for oil palm plantations. As of 31 December 2018, GVL's planted area stood at approximately 18,100 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 as laid out in the GAR Social and Environmental Policy (GSEP). GVL is also a member of the Roundtable of Sustainable Palm oil (RSPO) and adheres to its Principles and Criteria.

PALM, LAURICS AND OTHERS

2018 Operational Performance

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

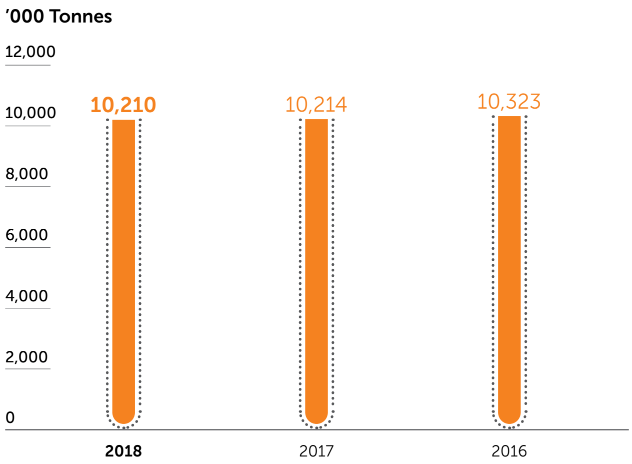
GAR has been able to meet the various requirements of customers by offering an extensive portfolio of refined products in terms of specifications, quality and sustainability certifications. This capability is supported by well-established downstream operations starting with efficient large-volume sourcing 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, 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.

In November 2018, we completed the retrofitting of 300 thousand tonnes refining capacity in Lampung that brings our total refining capacity in Indonesia to almost five million tonnes per annum. Despite the overcapacity situation in the country, all of our refineries run at full capacity throughout the year. They processed a 10 percent larger volume in total compared to the previous year.

We also have destination processing in China and India, the two largest consumers of edible oils. In China, 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 one million tonnes producing soybean meal and crude soybean oil that is, in turn, processed in our 280 thousand tonnes refinery together with other vegetable oils, mainly palm oil. The plant also produces value-added products such as margarine, shortening and butter oil substitute. In India, we own refinery plants with a total annual capacity of 405 thousand tonnes and established brands in the eastern part of India, supported by an extensive distribution system.

OPERATIONS REVIEW

SALES VOLUME OF PALM, LAURICS AND OTHERS SEGMENT



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. Including the oilseeds business in China, total volume handled in 2018 maintained at 10.2 million tonnes, similar to our achievement in the previous year. The volume of palm and laurics products continued to grow, offsetting the reduction in China oilseeds volume after the divestment of Tianjin plant.

In the local Indonesia market, we have consolidated our efforts to better position and expand distribution coverage of our branded products; especially cooking oils. For the industrial market, we have focused on rearranging product and customer portfolio mix to produce better margin. Meanwhile for biodiesel, we received over 50 percent larger allocation volume from the government in 2018 compared to the previous year with the start of full implementation of the B20 programme.

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. We are also excited to see rising international demand for biodiesel in line with the price competitiveness of CPO for energy during the year.

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 expect to further strengthen our destination business growth with the joint venture between Golden Stena and Bay Crest Management developed in October 2018.

We have our owned fleet and efficient logistic and distribution infrastructure, including strategically-located bulking stations, warehouses as well as owned jetty and port facilities. During 2018, our destination sales further expanded to 75 percent of our export volume.

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 continue to 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 prospective 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.

Biodiesel in Indonesia is also a growing market with the government's commitment to implement a larger biodiesel mixture mandate, Accordingly, we have received larger allocation from the government for 2019 delivery. We, therefore, are evaluating our long-term expansion plan in this industry.

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

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 continue maximising 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.

Refocusing oilseed business model and strategy in China

After the divestment of our Tianjin oilseed crushing and refining plants in April 2018, 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 leveraging the capability of our sales distribution channels and strengthening business relationships with reputable customers by pursuing additional value-added services. GAR implements a niche strategy by focusing on the smaller cities inland while major players focus their operations on the larger coastal cities.

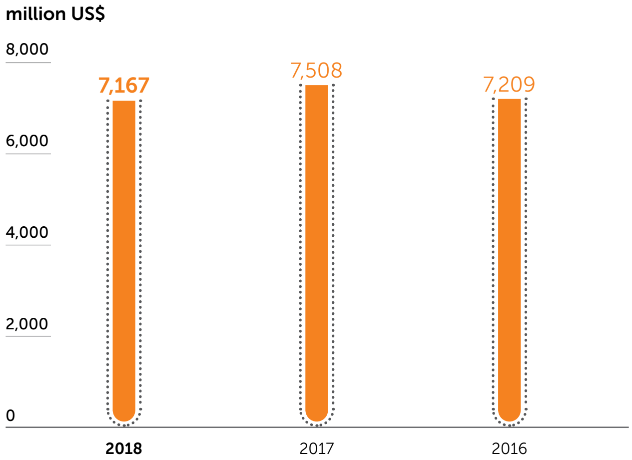
We expect China's commodity market environment to remain competitive in the foreseeable future. Therefore, we will continue to actively manage flexible production in all existing facilities to manage cost and stabilise performance. We are also leveraging our long experience and established market presence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

FINANCIAL REVIEW

Golden Agri-Resources Ltd and its subsidiaries ("GAR") recorded revenue of US$7.2 billion for the financial year 2018 ("FY2018"), a slight decrease compared to the previous year. EBITDA[1] and underlying profit[2] stood at US$573 million and US$181 million, 14 percent and 29 percent lower respectively. GAR's weaker performance primarily came from the plantations and palm oil segment, which continued to be affected by declining crude palm oil ("CPO") prices throughout the year resulting from very strong plantation output globally. However, this was partially offset by fair value gain on financial assets recognised in FY2018 following the adoption of IFRS 9.

Despite the challenging business environment, GAR proved resilient with a robust financial position as at 31 December 2018. Total consolidated assets grew to US$8.5 billion whilst net gearing ratio (net debt to equity ratio[3]) was maintained at 0.42 times.

REVENUE



PLANTATIONS AND PALM OIL MILLS

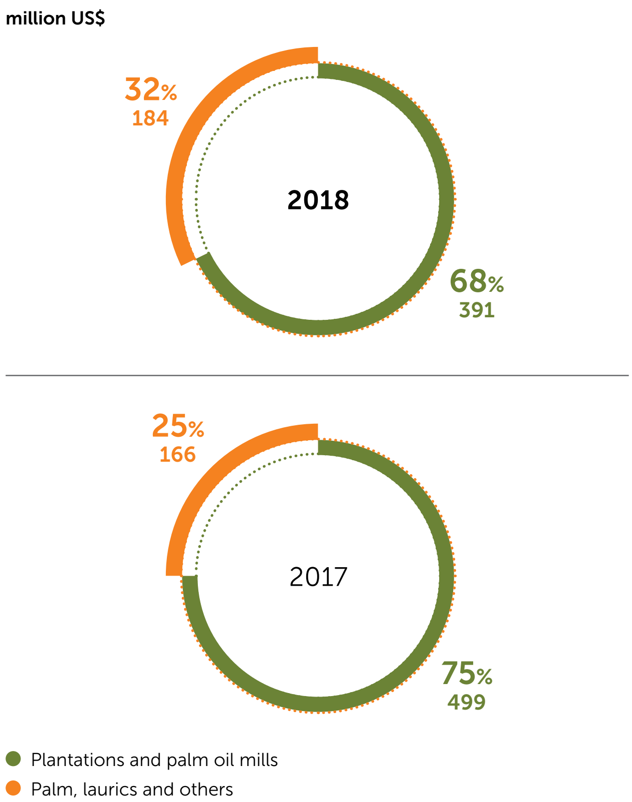
The plantation and palm oil mills segment posted a 13 percent lower revenue at approximately US$1.5 billion mainly attributable to the weakening of CPO market prices, which was partly offset by recovery in palm product output. This segment delivered EBITDA[1] of US$391 million, a decrease by 22 percent compared to FY2017, with EBITDA margin of 27 percent.

PALM, LAURICS AND OTHERS

The palm, laurics and others segment refers to all processing and merchandising of palm and oilseed based products, comprising of bulk and branded products, biodiesel, oleo-chemicals and other vegetable oils, as well as production and distribution of other consumer products in China and Indonesia.

Revenue from this segment decreased by four percent to US$7.1 billion primarily attributable to declining CPO prices as well as lower sales and crushing volume for oilseeds in China, which was partly offset by the strong biodiesel demand. Despite margins being impacted by the government's intervention in commodity markets, such as in India and Malaysia, as well as the changes in US-China trade tariffs, EBITDA[1] from this segment increased by 11 percent to US$184 million due to additional contribution from biodiesel and destination sales, the removal of export levy, and fair value gain recorded during the year.

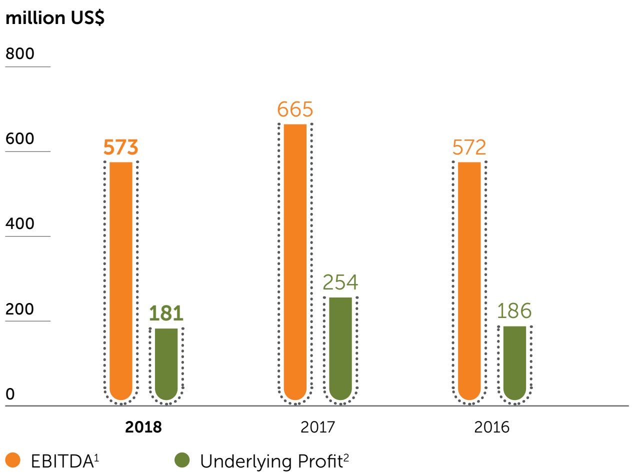
EBITDA BY SEGMENT



Note:
EBITDA[1] segmental breakdown excludes inter-segment eliminations

1 Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain or loss from changes in fair value of biological assets, foreign exchange gain or loss and exceptional items
2 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 and deferred tax income or expense)
3 Net debt (total borrowings less cash and cash equivalents, short-term investments and liquid working capital) divided by equity attributable to owners of the Company

EBITDA AND UNDERLYING PROFIT



Note:
2018 EBITDA and underlying profit include fair value gain on financial instruments following the adoption of IFRS 9.

OPERATING EXPENSES

Operating expenses were marginally higher than in the prior year at US$859 million. The increase was attributable to higher general and administrative expenses that were partly offset by lower selling expenses.

Selling expenses experienced a four percent decrease to US$523 million largely due to lower export duty and levy as well as advertising and promotion expenses, which were partly offset by higher transportation expenses. On the contrary, general and administrative expenses were higher by eight percent to US$336 million, which primarily came from higher salaries and related expenses.

FINANCIAL EXPENSES, NET

As compared to the prior year, net financial expenses were higher by 19 percent at US$126 million mainly due to higher interest rates on borrowings as FED and LIBOR rates increased.

SHARE OF RESULTS OF JOINT VENTURES, NET

GAR recorded share of loss in joint ventures of US$40 million in the current year as compared to share of profit of US$0.4 million in the previous year. This was mainly due to loss in a joint venture that started commercial operations in the last quarter of 2017 and is currently in the market development phase.

FOREIGN EXCHANGE LOSS, NET

GAR recorded a net foreign exchange loss of US$20 million in FY2018, similar to the previous year. The loss was mainly attributable to unrealised translation loss on foreign currency denominated monetary assets and liabilities as USD strengthened against IDR, Chinese Renminbi and Indian Rupee during the current year.

OTHER OPERATING INCOME, NET

Net other operating income increased to US$125 million in 2018, primarily attributable to gain from changes in fair value of financial assets recorded in line with higher fair market valuation. GAR adopted IFRS 9 at beginning of the year where all the financial assets, particularly unquoted securities are required to be stated at fair value instead of cost. The comparative figures have not been restated in accordance with the transition provision of IFRS 9. The fair value was mainly based on external valuation reports. The increase was partly offset by higher loss from changes in fair value of biological assets in line with lower prices.

EXCEPTIONAL ITEMS

Current year's exceptional items of US$1 million loss related to allowance for impairment loss made on certain fixed assets in China.

INCOME TAX

Net tax expense increased to US$84 million mainly due to higher deferred tax expenses as compared to deferred tax income in the prior year.

NET LOSS ATTRIBUTABLE TO OWNERS OF THE COMPANY

GAR recorded US$181 million of underlying profit in FY2018, 29 percent lower than in FY2017. After including net loss from changes in fair value of biological assets, depreciation of bearer plants, exceptional items, foreign exchange loss, and deferred tax expense, GAR posted a net loss attributable to owners of the Company of US$2 million for the current year, compared to a profit of US$74 million recorded in FY2017. The decrease was primarily because of weaker CPO market prices, deferred tax expense, and share of loss in joint ventures, which were partly offset by the recognition of fair value gain on financial assets.

FINANCIAL REVIEW

ASSETS

Total assets grew slightly to US$8.5 billion as at end of 2018 from US$8.1 billion in the previous year. The increase was mainly attributable to increases in investments and long-term receivables, partially offset by the completion of divestment of oilseed assets and operations in China.

Total investments were higher at US$1.4 billion mainly due to increase in fair value of investments, additional technology related investments and increase in time deposits placements.

Long-term receivables and assets increased by US$63 million mainly due to increases in loans to joint venture and tax recoverable amount.

LIABILITIES

As at 31 December 2018, total liabilities increased slightly to US$4.2 billion. The increase in total liabilities was mainly attributable to higher trade payables, long-term payables and liabilities, and total borrowings.

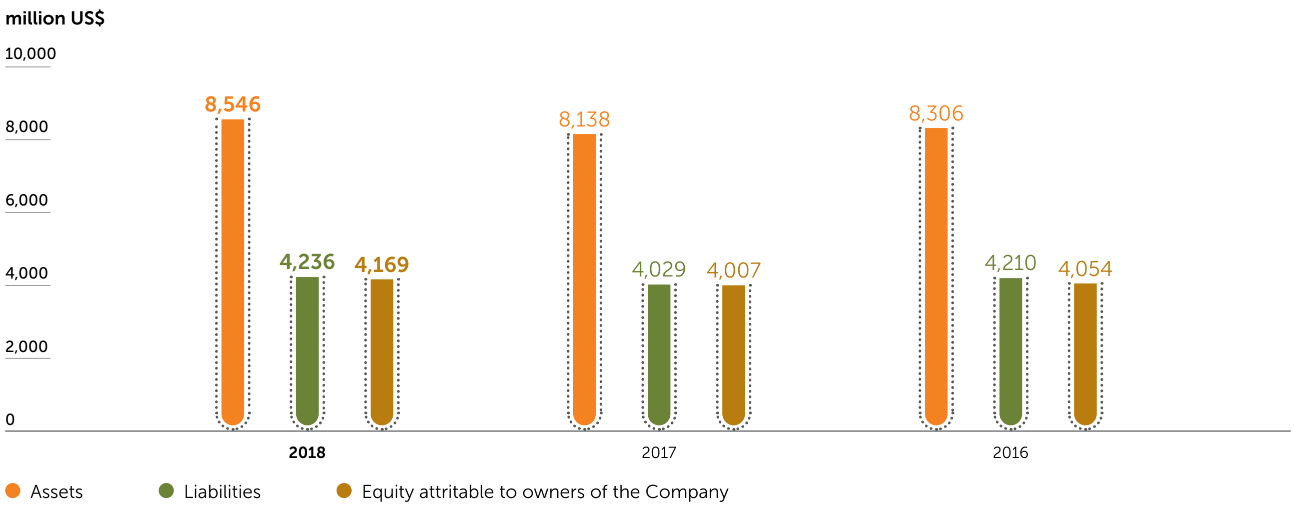
Trade payables increased by US$139 million mainly due to higher trade finance payable in line with increased purchases at year end. Long-term payables and liabilities increased by US$54 million mainly due to put option liability arising from the dilution of interest in a subsidiary during the last quarter of 2018.

Total borrowings at the end of 2018 stood at US$3.0 billion, a marginal increase by US$18 million compared to end of 2017, following additional long term loan drawdown during FY2018. During the current year, GAR 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 neither for interest nor principal repayments during FY2018.

EQUITY ATTRIBUTABLE TO OWNERS OF THE COMPANY

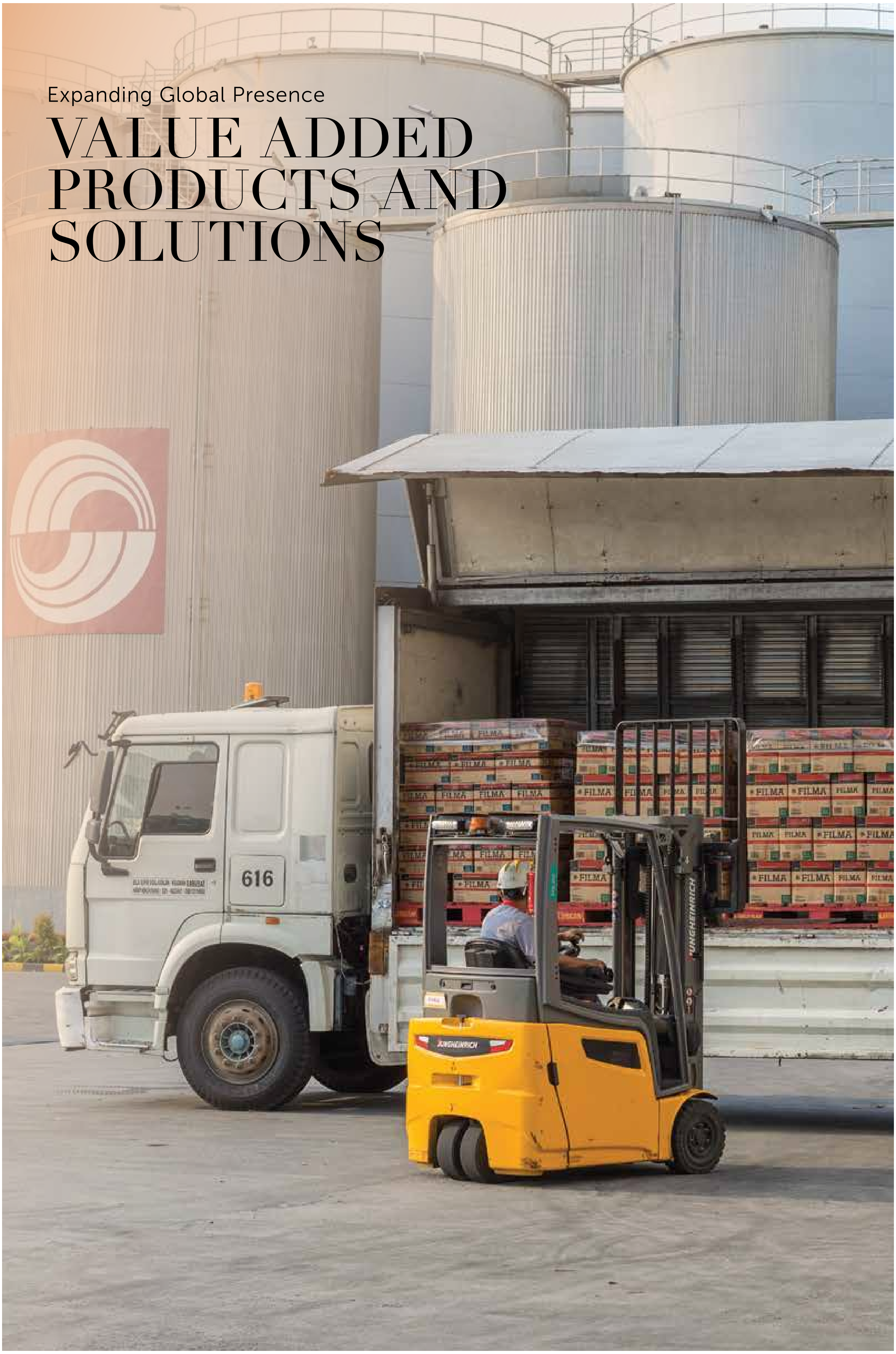
Total equity attributable to owners of the Company at the end of 2018 was US$4.2 billion, slightly higher than end of 2017. The increase was mainly due to the increase in fair value reserve during the current year with the adoption of IFRS 9, offset by dividends paid during FY2018.

ASSETS, LIABILITIES AND EQUITY



Expanding Global Presence

VALUE ADDED PRODUCTS AND SOLUTIONS



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 ended 31 December 2018 ("FY2018"), 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 recognise 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 and CEO*	Executive, Non-independent Director	Member of NC and RC
Muktar Widjaja[1] *President*	Executive, Non-independent Director	–
Rafael Buhay Concepcion, Jr. *CFO*	Executive, Non-independent Director	–
Lew Syn Pau	Non-executive, Lead Independent Director	Chairman of AC, Member of NC and RC
Foo Meng Kee	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	Non-executive, Independent Director	–
Christian G H Gautier De Charnacé[2]	Non-executive, Independent Director	Member of AC

Notes:
1. Mr. Muktar Widjaja was re-designated as an Executive Director on 1 March 2018.
2. Mr. Christian G H Gautier De Charnacé was appointed as a Non-executive Independent Director, and a member of the AC on 13 November 2018.

Abbreviation:
AC: Audit Committee
CEO: Chief Executive Officer
CFO: Chief Financial Officer
NC: Nominating Committee
RC: Remuneration Committee

Save for the Chairman/CEO, President and CFO, the other 5 Board members are non-executive and independent. There is a strong and independent element on the Board with more than half of the Board comprising Independent Directors. 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 32 to 40 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' meeting(s) 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 and/or Board Committees' approval 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 ("Constitution") and the terms of reference of the respective Board Committees.

Board meetings are chaired in Mauritius where participation by Board members by teleconference or similar communication equipment is permitted under the Constitution. In 2018, the Board met 6 times, with the year-end meeting focusing on annual budget and strategic issues; the Board Committees met a total of 10 times; and 1 shareholders' meeting was held.

1.5 Attendance at Meetings in 2018

The attendance of the Directors at Board and Board Committee meetings and shareholders' meeting(s), as well as the frequency of such meetings in 2018, is disclosed below:

	No. of Meetings Attended by Members					
Name	Board Meetings	AC Meetings	NC Meetings	RC Meetings	AM	Total Attendance at Meetings
EXECUTIVE DIRECTORS						
Franky Oesman Widjaja, *Chairman and CEO*	6/6	-	3/3	2/2	1/1	12/12
Muktar Widjaja, *President*	6/6	-	-	-	1/1	7/7
Rafael Buhay Concepcion, Jr., *CFO*	6/6	-	-	-	1/1	7/7
NON-EXECUTIVE INDEPENDENT DIRECTORS						
Lew Syn Pau, *Lead Independent Director*	6/6	5/5	3/3	2/2	1/1	17/17
Foo Meng Kee	6/6	5/5	3/3	2/2	1/1	17/17
Kaneyalall Hawabhay	6/6	5/5	-	-	1/1	12/12
William Chung Nien Chin	6/6	-	-	-	0/1	6/7
Christian G H Gautier De Charnacé[1]	1/1	-	-	-	-	1/1
NON-EXECUTIVE DIRECTOR						
Frankle (Djafar) Widjaja[2]	2/2	-	-	-	-	2/2
NUMBER OF MEETINGS HELD	**6**	**5**	**3**	**2**	**1**	**17**

Notes:
1. Appointed on 13 November 2018.
2. Did not seek re-election and retired at the conclusion of the AM held on 23 April 2018.

Abbreviation:
AM: Annual 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.

Mr. Christian G H Gautier De Charnacé, who was appointed as a Non-executive Independent Director of the Company in November 2018, 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. Being newly appointed to a Singapore listed company, the Company arranged for, and Mr. Christian G H Gautier De Charnacé has undergone, the external training, "Listed Entity Director Essentials" conducted by the Singapore Institute of Directors ("SID") in March 2019.

1.8 2018 Directors' 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 2018 Director Training Programme provided a 3-step approach to training as follows, through:

(1) Externally conducted courses on audit / financial reporting matters, audit committee's role, corporate governance / regulatory changes 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

CORPORATE GOVERNANCE REPORT

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 2018 include the following organised by SID and/or SGX-ST and/or the Accounting and Corporate Regulatory Authority and/or others:

- Audit Committee Seminar 2018: Rebooting Corporate Governance (January 2018)
- Singapore Governance & Transparency Forum 2018 and Launch of the Revised Code of Corporate Governance (August 2018)
- Understanding the Revised Code of Corporate Governance and Listing Rule Changes (August and October 2018)

In April 2018, the AC members visited the Group's facilities in Bogor, Marunda and Riau, accompanied by the Chief Internal Auditor ("CIA").

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 NC/Board has taken note of the changes to the guidelines and compliance requirements pertaining to the determination of a Director's independence as set out respectively in the Code of Corporate Governance 2018 ("2018 Code") and the Listing Manual, and the effective dates of these changes in 2019/2022 ("Independence Test Changes").

As this report describes corporate governance activities before the 2018 Code takes effect, the ensuing paragraphs set out the criteria and processes to determine a Director's independence based on the 2012 Code, unless otherwise stated.

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 existing guidelines. Included in the Independence Test Changes is Rule 210(5)(d) of the Listing Manual which came into effect on 1 January 2019, and mandates an executive Director as being not independent. Accordingly, effective 1 January 2019, only Non-executive Directors are requested to complete the self-declaration checklist for ascertaining their independence.

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

Lew Syn Pau*
Kaneyalall Hawabhay*
Foo Meng Kee
William Chung Nien Chin
Christian G H Gautier De Charnacé

* Please see item 2.3 on Rigorous Review

2.3 Rigorous Review

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, resident in Mauritius, despite serving more than 9 years, has continued to diligently discharge his duties professionally and objectively.

In reviewing the independence of Mr. Lew Syn Pau, the NC considered that although Mr. Lew has served more than 9 years, he continues to demonstrate independence in character and judgment and is forthcoming in expressing his independent views at Board and Board Committee meetings.

As part of the rigorous review procedure, both Mr. Kaneyalall Hawabhay and Mr. Lew Syn Pau provided additional reasons why they should be considered independent despite having served more than 9 years. They also confirmed not having any relationship that could interfere with their exercise of independent judgement in the best interest of the Company.

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 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.

2.4 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.

Non-executive Directors make up more than half of the Board.

The Non-executive Directors, if deemed necessary by the Lead Independent Director, meet and/or hold discussions without the presence of other Executive Directors and Management.

CORPORATE GOVERNANCE REPORT

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;

(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, more than half of the Board are Independent Directors.

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	(NC Chairman)
Lew Syn Pau	
Franky Oesman Widjaja	

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 2018, the NC accepted Mr. Frankle (Djafar) Widjaja's decision not to seek for re-election as a Director at the 2018 AM, and accordingly he retired as a Director at the conclusion thereof. In the same year, Mr. Christian G H Gautier De Charnacé was appointed as a Non-executive Independent Director of the Company and a member of its AC. The Board had approved the new appointment upon recommendation of the NC which had satisfied itself that with the skills, experience, objectivity and potential contribution of Mr. Christian G H Gautier De Charnacé in his new role, he will bring different perspectives and be a valuable addition to the Board. Mr. Christian G H Gautier De Charnacé was shortlisted by Management to the NC for assessment of his suitability for appointment.

4.3 Retirement and Re-appointment at 2019 AM

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 2019 AM under Section 138 and, being eligible, has offered himself for re-appointment as a Director thereat. The NC has recommended his re-appointment as a Director.

Newly appointed Directors must submit themselves for re-election at the AM immediately following their appointment, pursuant to Article 96 of the Constitution. Mr. Christian G H Gautier De Charnacé, being a Director appointed by the Board in November 2018, will therefore retire at the 2019 AM under Article 96, and, being eligible, has offered himself for re-appointment thereat. The NC has recommended his re-appointment.

CORPORATE GOVERNANCE REPORT

Pursuant to Rule 720(5) of the Listing Manual which took effect on 1 January 2019, all Directors must submit themselves for re-election at least once every 3 years. Directors retiring at the forthcoming 2019 AM under this requirement are Mr. Rafael Buhay Concepcion, Jr. and Mr. Franky Oesman Widjaja, who, being eligible, has each offered himself for re-appointment as a Director at the 2019 AM. The NC has recommended each of their re-appointment.

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

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

4.4 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. Annually, the NC assesses and reviews each Director's attendance record and his ability to allocate sufficient time and attention to the affairs of the Company. The NC is satisfied with the time commitment and effort made by each Director to attend meetings in 2018.

During 2018, the NC reviewed its corporate governance practices on whether to provide a guide to Board members on the maximum number of directorships held in Singapore listed companies. After due review and consideration, the NC recommended to set a limit on Singapore listed board representations for Board members, and that this limit be put at 6 (including the Company). This was approved by the Board.

Currently, the number of directorships in Singapore listed companies, including the Company, held by an Independent Director is 6, and of that held by an Executive Director is 3.

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.

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 NC/Board notes that presently, Board and individual Directors are being assessed, and will be reviewing any added assessments of Board Committees.

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 in advance and posted on a Board portal for Board and Board Committee members, as the case may be, to access from their tablet for 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 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.

CORPORATE GOVERNANCE REPORT

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	(RC Chairman)
Lew Syn Pau	
Franky Oesman Widjaja	

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, approved by shareholders at the Special Meeting of the Company held on 24 October 2008 with a tenure of 10 years, has lapsed in 2018.

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.

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

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 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$391,016 as Directors' Fees be paid to the Non-executive Independent Directors for FY2018. These fees will be tabled for shareholders' approval at the 2019 AM.

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 FY2018 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$3,750,000 to below S$4,000,000				
Franky Oesman Widjaja	30.9%	69.1%	–	100%
S$2,000,000 to below S$2,250,000				
Rafael Buhay Concepcion, Jr.	44.7%	55.3%	–	100%
S$1,500,000 to below S$1,750,000				
Muktar Widjaja[1]	44.3%	55.7%	–	100%
NON-EXECUTIVE INDEPENDENT DIRECTORS				
Below S$250,000				
Lew Syn Pau	–	–	100%	100%
Foo Meng Kee	–	–	100%	100%
Kaneyalall Hawabhay	–	–	100%	100%
William Chung Nien Chin	–	–	100%	100%
Christian G H Gautier De Charnacé[2]	–	–	100%	100%
NON-EXECUTIVE DIRECTOR				
Nil				
Frankle (Djafar) Widjaja[3]	–	–	–	–

Notes:
1. Re-designated as an Executive Director on 1 March 2018. Amount reported includes US$700,000 being FY2017 special bonus for consultancy services disclosed as a non-mandated interested person transaction in 2018. See also page 46 on Interested Person Transactions.
2. Appointed on 13 November 2018.
3. Did not seek re-election and retired at the conclusion of the AM held on 23 April 2018.

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

CORPORATE GOVERNANCE REPORT

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 5 Key Management Personnel

The top 5 key management personnel who are not Directors of the Company ("KMP") as at 31 December 2018 are as follows:

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

The remuneration of a KMP who is also an IFM (as defined below) is disclosed in item 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 FY2018, 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 (retired on 23 April 2018) 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 FY2018.

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.

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 pursuant to Rule 705(5) of the Listing Manual.

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 4 Directors, all of whom, including the AC Chairman, are Non-executive Independent Directors:

Lew Syn Pau	(AC Chairman)
Foo Meng Kee	
Kaneyalall Hawabhay	
Christian G H Gautier De Charnacé	(appointed as AC member on 13 November 2018)

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.

CORPORATE GOVERNANCE REPORT

The AC reviews with Management, and where relevant, with the internal and external 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. The AC also meets separately with the internal and external auditors at least annually, 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 FY2018 ("FY2018 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; Accounting for derivative financial instruments; and Recoverability of deferred tax assets, have been appropriately addressed. The AC recommended to the Board to approve the audited FY2018 Financial Statements. The Board has on 15 March 2019 approved the FY2018 Financial Statements.

As discussed in the earlier section in item 1.8 on "2018 Directors' Training Programme", the AC keeps abreast of changes to accounting standards and issues which have a direct impact on financial statements.

12.2 External 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. Fee for audit services to the external auditors is disclosed in the Notes to the FY2018 Financial Statements on page 112 of this Annual Report. The external auditors, Moore Stephens LLP did not provide any non-audit services to the Group during FY2018.

The AC has recommended to the Board that the external auditors be nominated for re-appointment at the 2019 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, to independently investigate concerns or complaints, and to take appropriate follow-up actions.

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.

Principle 13: Internal Audit

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

The Company has established an in-house internal audit function headed by the 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 AC approves the hiring and removal of the CIA. The CIA provides the AC with the qualifications and experience of all internal auditors for their perusal.

The annual internal audit plan is established in consultation with, but independent of, Management, and is reviewed and approved by the AC.

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

The AC is satisfied that the internal audit function is adequately resourced and has appropriate standing within the Company. It is also satisfied with the independence, adequacy and effectiveness of the internal audit function.

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 is ultimately responsible for the governance and oversight 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. The AC assists the Board in their oversight of the process as well as to that of financial reporting risk and effectiveness of the Company's internal control and compliance systems.

11.2 The Enterprise Risk Management ("ERM") Committee ("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. 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 51 to 53 of this Annual Report.

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 favourable 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.

11.3 Internal Controls

The Group's Controllership and Compliance ("GCC") department formulates internal controls for implementation in the various business units. The GCC also requires business units to submit reports to monitor compliance with the significant internal control policies. In turn, the GCC reports to the Management.

The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls. The internal audit function reviews the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls established by Management. Every quarter, the AC, CIA and Management review and discuss notable internal audit findings, recommendations and status of remediation, at AC meetings.

Furthermore, in the course of the statutory audit, the external auditors also perform a review of the adequacy and effectiveness of the Group's material internal 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.

11.4 Assurance from the CEO and CFO

The CEO and CFO have obtained relevant assurances on corporate governance from the business heads in the Group, and, in turn, assured the Board of the following:

(a) Financial Records

The financial records of the Group for FY2018 have been properly maintained and the FY2018 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.

(b) Risk Management and Internal Controls

Notwithstanding the bribery case involving three officers of PT Binasawit Abadipratama ("PT BAP", a subsidiary of the Group)[1], the internal controls, including financial, operational and information technology controls, and risk management systems in place within the Group are adequate and effective in addressing the material risks in the Group in its current business environment.

The Jakarta Corruption court has ruled that this incident reflects the actions of a few individuals in breach of the state regulations as well as GAR's own Code of Conduct, which also applies to GAR subsidiaries. As a result of the court decision, PT BAP will now take appropriate action in relation to the employment of those individuals involved in the case in line with Indonesian employment law. In the meantime, PT BAP continues to operate its business as normal.

Additionally, the Group had taken immediate steps to internally reinforce the principles of the Company's Code of Conduct. Employees were reminded of the Company's stance against corruption and bribery. Employees were also required to complete an e-learning course on the Code of Conduct, which includes testing and mandatory signed acknowledgements. Executives were also required to sign an Integrity Pact committing them to behave ethically and complying with the prevailing laws and regulations.

11.5 Opinion on Adequacy and Effectiveness of Internal Control and Risk Management Systems

The AC is responsible for making the necessary recommendations to the Board in order for the Board to make an opinion regarding the adequacy and effectiveness of the internal control and risk management systems of the Group.

The Board is satisfied that there is appropriate and adequate review by the AC of the adequacy of the Company's internal controls and risk management systems established by Management. In its review, the AC had been assisted by the ERMC, the internal auditors and the external auditors.

1 Visit these links for the official statements and responses by GAR and its subsidiaries:
https://goldenagri.com.sg/wp-content/uploads/2018/10/GAR37-29-10-2018-Statements-and-Responses-related-to-Subsidiaries.pdf and
https://goldenagri.com.sg/wp-content/uploads/2019/03/Statement_Jakarta-Corruption-Court-Decision_GAR_20190318.pdf

On the basis of the assurance received from the CEO and CFO, as well as the ERM framework established and maintained, the work performed by the ERMC, internal auditors and external auditors; and, notwithstanding the case mentioned in item 11.4(b), 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, are 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.

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.

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. In 2017, the Constitution was amended to include provisions to facilitate the sending of documents, including circulars and annual reports, to shareholders, using electronic communications. In that year, the Listing Manual was also amended to allow such electronic communications by listed companies. Starting with the 2018 AM, the Company used electronic communications to transmit annual reports and other documents to shareholders. The annual report and other documents are made available on the Company's website[2], and all shareholders of the Company receive a letter on how to access the said documents. They also receive the printed notice of AM, proxy form and request form for printed copies of the annual report and appendices. The 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. To achieve that, we have in place an Investor Relations department and a comprehensive and updated website www.goldenagri.com.sg that includes a dedicated investor section as well as other corporate information and developments. Our Investor Relations activities are guided by the Investor Relations policy[3] to ensure regular, effective and fair communication with shareholders and the investment community in general.

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[4], upon release via SGXNET.

2 https://goldenagri.com.sg/investors/financial-information/annual-reports/
3 https://goldenagri.com.sg/wp-content/uploads/2018/03/GAR-IR-policy.pdf
4 https://goldenagri.com.sg/investors/sgx-filings/

CORPORATE GOVERNANCE REPORT

The Company has been announcing its quarterly results since 2003 and, starting from 2007, conducts regular briefings and/or conference calls with analysts and the 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 also made 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 2018, we met with approximately 150 equity and fixed income investors and analysts domestically and internationally. The Company participated in investor conferences and roadshows in Singapore, Hong Kong, Indonesia 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. Approximately fifteen analysts based in Singapore 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.

In recognition of our excellence in transparency and communication, Securities Investors Association (Singapore) or SIAS has listed the Company as the runner up winner of Most Transparent Company Award in Agribusiness category at the SIAS 19th Investors' Choice Awards in September 2018.

15.2 Dividend Policy

The Company currently aims to declare future dividends of up to 30 percent 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.

The Board has recommended a proposed final dividend of S$0.0058 per ordinary share for FY2018, subject to shareholders' approval at the 2019 AM.

15.3 Financial Calendar 2019

27 February	Announcement of Full Year 2018 results
3 April	Release of Annual Report 2018
24 April	Annual Meeting 2019
	Proposed 2018 final dividend*
26 April	Last day for trading for cum dividend (scrip-less holders)
30 April 5:00 PM	Record date and time
2 May	Books closure date
10 May	Dividend payment date
May**	Announcement of First Quarter 2019 results
August**	Announcement of Second Quarter 2019 results
November**	Announcement of Third Quarter 2019 results
February 2020**	Announcement of Full Year 2019 results

Notes:
The above calendar may not list every corporate event.
* Subject to shareholders' approval at the 2019 AM.
** Indicative timeline. The exact dates will be notified two weeks in advance, which notifications will be released via SGXNET and posted on the Company's website: https://goldenagri.com.sg/investors/ir-calendar/

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.

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 shareholder 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 shareholder meetings. Such appointments were accordingly permitted by the Company starting with the 2018 AM.

At shareholder 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 are announced via SGXNET after the AM.

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.

CORPORATE GOVERNANCE REPORT

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$100,000 and transactions conducted under shareholders' mandate* pursuant to Rule 920) FY2018 US$	Aggregate value of all interested person transactions conducted under shareholders' mandate* pursuant to Rule 920 (excluding transactions less than S$100,000) FY2018 US$
Muktar Widjaja	700,000 #1	–
Ningbo Zhonghua Paper Co., Ltd	–	87,166
PT Asuransi Sinar Mas	–	6,195,424
PT Bank Sinarmas Tbk ("BSM")	–	19,659,873 #2
PT Bina Sinar Amity	–	106,473
PT Bumi Serpong Damai Tbk	–	864,014
PT Cakrawala Mega Indah ("CMI")	–	59,652,971 #3
PT Duta Cakra Pesona	–	4,876,461
PT Golden Energy Mines Tbk	–	7,432,220
PT Maritim Sinar Utama	–	2,008,758
PT Rolimex Kimia Nusamas ("RKN")	–	106,512,248 #4
PT Roundhill Capital Indonesia	–	5,865,283
PT Royal Oriental	–	6,022,276
PT Sinar Jati Mitra	–	1,531,528
PT Sinar Mas Teladan	–	821,075
Sinarmas Land Limited	–	371,304
Total	**700,000**	**222,007,074**

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 23 April 2018 pursuant to Rule 920 of the Listing Manual.
#1 Special bonus for consultancy services for financial year ended 31 December 2017.
#2 Time deposits and current account placements with BSM during the year. Principal amount of placements as at 31 December 2018 is approximately US$4.76 million.
#3 Purchase of paper products from CMI for own consumption and/or as distributor.
#4 Purchase of fertilisers and chemicals from RKN.

ADDITIONAL REQUIREMENTS UNDER RULE 720(6) OF THE LISTING MANUAL

Information relating to Directors seeking re-election at the 2019 AM is as follows:

Name of Director	Kaneyalall Hawabhay ("KH")	Christian G H Gautier De Charnacé ("CGDC")	Rafael Buhay Concepcion, Jr. ("RBC")	Franky Oesman Widjaja ("FOW")
Date of Appointment	27 May 2003	13 November 2018	02 August 2002	18 October 1996
Date of last re-appointment (if applicable)	23 April 2018	N/A	21 April 2016	N/A
Age	71	69	52	61
Country of principal residence	Mauritius	Thailand	Indonesia	Indonesia
The Board's comments on this appointment (including rationale, selection criteria, and the search and nomination process)	Please refer to item 4.3 on pages 33 and 34 of this Annual Report.	Please refer to items 4.2 and 4.3 on pages 33 and 34 of this Annual Report.	Please refer to item 4.3 on pages 33 and 34 of this Annual Report.	Please refer to item 4.3 on pages 33 and 34 of this Annual Report.
Whether appointment is executive, and if so, the area of responsibility	No	No	Executive. Oversee all financial activities of the Group, including corporate finance, treasury, accounting, financial reporting, information technology, internal control and enterprise risk management. Oversight of investor relations and corporate communications of the Group.	Executive. Overall responsible for the strategic direction and management of the Group's operations.
Job Title (e.g. Lead ID, AC Chairman, AC Member etc.)	Non-executive, Independent Director. Member of AC.	Non-executive, Independent Director. Member of AC.	Executive Director and CFO.	Chairman and CEO. Member of NC and RC.
Professional qualifications Working experience and occupation(s) during the past 10 years	Please refer to page 13 of this Annual Report.	Please refer to page 13 of this Annual Report.	Please refer to pages 11 and 12 of this Annual Report.	Please refer to page 11 of this Annual Report.

CORPORATE GOVERNANCE REPORT

Name of Director	KH	CGDC	RBC	FOW
Shareholdings interest in the listed issuer and its subsidiaries	No	No	No	No
Any relationship (including immediate family relationships) with any existing director, existing executive officer, the issuer and/or substantial shareholder of the listed issuer or of any of its principal subsidiaries	No	No	No	Brother of Muktar Widjaja, Director of the Company. Father of Jesslyne Widjaja, executive officer of the Company.
Conflict of interest (including any competing business)	No	No	No	No
Undertaking (in the format set out in Appendix 7.7) under Rule 720(1) has been submitted to the listed issuer	Yes	Yes	Yes	Yes
Other Principal Commitments* Including Directorships#	Past (for the last 5 years) Companies liquidated: • Ascend Mauritius Services Company • Falcon Mauritius I Ltd • Falcon Mauritius II Ltd • FEG Mauritius III Ltd • FEG Mauritius Ltd • FO Mauritius II Ltd • FO Mauritius IV Ltd • NSR Towers Mauritius, LLC Companies in liquidation: • Enhanced Investment Products Aleph India Ltd • Enhanced Investment Products India Ltd • EW Special Opportunities Fund LLC • Venus Multi-Strategy Fund (Mauritius) Limited Present • Anchor Marine 2 Inc • Anchor Marine 3 Inc • Anchor Marine Inc • Anchor Offshore Services Inc • Apigen Investments Limited • Bay Canyon • Bay Canyon Holdings • Catalys Ventures Cap Limited • Claris Pharmaservices • Claris SteriOne • CLSA (Mauritius) Limited • EC Global Ltd • Enhanced Index Fund PCC • Ezion Exerter Limited	Past (for the last 5 years) • BNP Paribas Capital (Singapore) Ltd (Dissolved Members' Voluntary Winding Up) • BNP Equities Asia Limited • BNP Paribas Equities (Asia) Limited • BNP Paribas Capital (Asia Pacific) Limited Present • Millennium & Copthorne Hotels PLC • PT BNP Paribas Sekuritas Indonesia	Past (for the last 5 years) • Sinarmas Cepsa Pte Ltd Present • Aerolink Investment Ltd • AFP Agri-Resources Trading (M) Sdn Bhd • Asia Integrated Agri Resources Ltd • Aurea Investment Limited • Aurorea Investment Limited • Billford Investment Corporation Ltd • Dragon Capital Investments Ltd • Eco Investment Ltd • Florentina International Holdings Limited • Golden Agri (Labuan) Ltd • Golden Agri International (L) Ltd • Golden Agri International (M) Ltd • Golden Agri International (Mauritius) Ltd • Golden Agri International Finance (2) Ltd • Golden Agri International Finance Ltd • Golden Agri International India Holding Pte Ltd • Golden Agri International Pte Ltd • Golden Agri International Trading (Cayman) Ltd	Past (for the last 5 years) • Golden Moment Limited • Massingham International Limited Present • AFP Gardens (Tanjong Rhu) Pte Ltd • AFP Land Limited • Asia Integrated Agri Resources Limited • Bund Center Investment Ltd • Florentina International Holdings Limited • Golden Agri International Pte Ltd • Golden Agri Plaza Pte Ltd • Handful Resources Limited • Koon Chung Limited • Madascar Capital Pte Ltd • Madascar Investment Ltd • Ningbo Zhonghua Land Co Ltd • PT Gerbangmas Tunggal Sejahtera • PT Sinar Mas Tunggal • PT Sinar Mas • PT Sinarindo Gerbangmas • Shanghai Golden Bund Real Estate Co Ltd • Sinarmas Land (HK) Limited • Sinarmas Land Limited • Widjaja Jewel Assets Ltd

Name of Director	KH	CGDC	RBC	FOW
	• FEG Mauritius FPI Ltd • FEG Mauritius Holdings Ltd • FEG Mauritius II Ltd • FEI Mauritius Ltd • FO Mauritius Holdings Ltd • FO Mauritius I Ltd • FO Mauritius III Ltd • Indiabulls Asset Management Mauritius • KKR Account Adviser (Mauritius) Ltd • KKR Holdings Mauritius Ltd • Mount Gardens Services • Oracle Global (Mauritius) Ltd • Samena Capital Mauritius Management • SC India Credit Management (Mauritius) • Select Property Holdings (Mauritius) Ltd • Strategic Equipment Inc • Teras Endeavour Limited • Teras Lisa Limited • Teras Titanium Ltd • Victory Drilling		• Golden Agri International Trading (Mauritius) Ltd • Golden Agri International Trading Ltd • Golden Agri Plaza Pte Ltd • Golden Agri SEA (Labuan) Ltd • Golden Agri Trading (L) Ltd • Golden Assets International Finance Limited • Golden Assets International Investment Pte Ltd • Golden Capital Asset Pte Ltd • Golden Capital Resources (S) Pte Ltd • Golden Funds & Investment Management Pte Ltd • Golden Funds & Investment Services Pte Ltd • Golden Logistics International Limited • Golden Maritime Pte Ltd • Golden Natural Resources (HK) Investment Co Limited • Harford Holdings Limited • Integrated Investments Ltd • Madascar Capital Pte Ltd • Madascar Investment Ltd • Rapid Growth Investments Ltd • Sinarmas Food (Hong Kong) Co Limited • Solid Growth Investments Ltd • Sterling International Investment Ltd • Straits Investments Ltd	

* "Principal Commitments" has the same meaning as defined in the Code.
\# These fields are not applicable for announcements of appointments pursuant to Listing Rule 704(9)

CORPORATE GOVERNANCE REPORT

Disclose the following matters concerning an appointment of director, chief executive officer, chief financial officer, chief operating officer, general manager or other officer of equivalent rank. If the answer to any question is "yes", full details must be given.

Name of Director	KH	CGDC	RBC	FOW
(a) Whether at any time during the last 10 years, an application or a petition under any bankruptcy law of any jurisdiction was filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within 2 years from the date he ceased to be a partner?	No	No	No	No
(b) Whether at any time during the last 10 years, an application or a petition under any law of any jurisdiction was filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within 2 years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency?	No	No	No	No
(c) Whether there is any unsatisfied judgment against him?	No	No	No	No
(d) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty which is punishable with imprisonment, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose?				
(e) Whether he has ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or has been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach?	No	No	No	No
(f) Whether at any time during the last 10 years, judgment has been entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or he has been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part?	No	No	No	No
(g) Whether he has ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust?	No	No	No	No
(h) Whether he has ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust?	No	No	No	No
(i) Whether he has ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity?	No	No	No	No
(j) Whether he has ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:- (i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere; or (ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere; or (iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or (iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, in connection with any matter occurring or arising during that period when he was so concerned with the entity or business trust?	No	No	No	Yes*
(k) Whether he has been the subject of any current or past investigation or disciplinary proceedings, or has been reprimanded or issued any warning, by the Monetary Authority of Singapore or any other regulatory authority, exchange, professional body or government agency, whether in Singapore or elsewhere?	No	No	No	No

Note:

* FOW is a director of Sinarmas Land Limited ("SML") and in 2001, SML (then known as Asia Food & Properties Limited ("AFP")) was investigated by the Commercial Affairs Department ("CAD"). As far as FOW is aware, the CAD had completed its investigations against AFP and no further action was taken against AFP. As far as FOW is aware, he was not the subject of any investigation and no action has ever been taken against him by the CAD.

ENTERPRISE RISK MANAGEMENT

Risk management is a key component of 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. Whilst even the most comprehensive system of risk management and internal controls cannot fully eliminate all risks, the framework enhances the Company's understanding and articulation of risk-reward trade-offs for decision making that is commensurate 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 ERM Committee ("ERMC"), which was formed in 2013, and the Audit Committee. The role of ERMC role 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 maximise shareholder returns.

The ERM Framework is managed through a disciplined structure of Steering Committees ("SC") and operational reviews called 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 be subsequently be managed under separate governance structures, however progress is usually reported in 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 the 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 the 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 include relevant business and performance related risk metrics and are tracked on a daily basis. A key statistical risk measure called Value-at Risk (VaR) is used 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 the 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 some of our subsidiaries to be translated 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 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 – *"Operating Responsibly Through Commitment and Engagement"*).

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

OUR COMMITMENT IN MANAGING TALENT

We continuously focus on building our company towards a world-class organisation, and managing our talents is critical to achieving this. In addition, we specifically encourage our employees to apply a new way of working: leveraging technology and digitalisation to support the effectiveness and efficiency of the business process.

TOWARDS A WORLD CLASS ORGANISATION

GAR realises the importance of talent management as a critical asset of the Company, which brings us to launch a series of talent management initiatives starting from talent acquisition, performance management, talent development to talent retention.

In talent acquisition, we have acquired talents from the millennial generation through the Graduate Management Development Programme. The programme was built upon essential competencies for a future leader in critical functions. We also launched the SMART Start On-boarding Programme to ensure a positive and effective initial experience for new hires.

We aspire to ensure that each critical position is filled with outstanding talent, which consequently drives us to institutionalise talent management practices with the establishment of a Talent Review Council and a Talent Review Board. They provide a platform for talent discussion, development intervention, and succession planning. In talent development, we carry on a practical leadership development programme for our key top leaders. The program emphasises the competence of strategic thinking, commercial business acumen, innovation, and collaboration, where senior leaders are actively participating as the Coaches. Strengthening our work culture, the Management by Olympic System is a way to think and behave focusing on the innovation and continuous improvement with Olympian spirit.

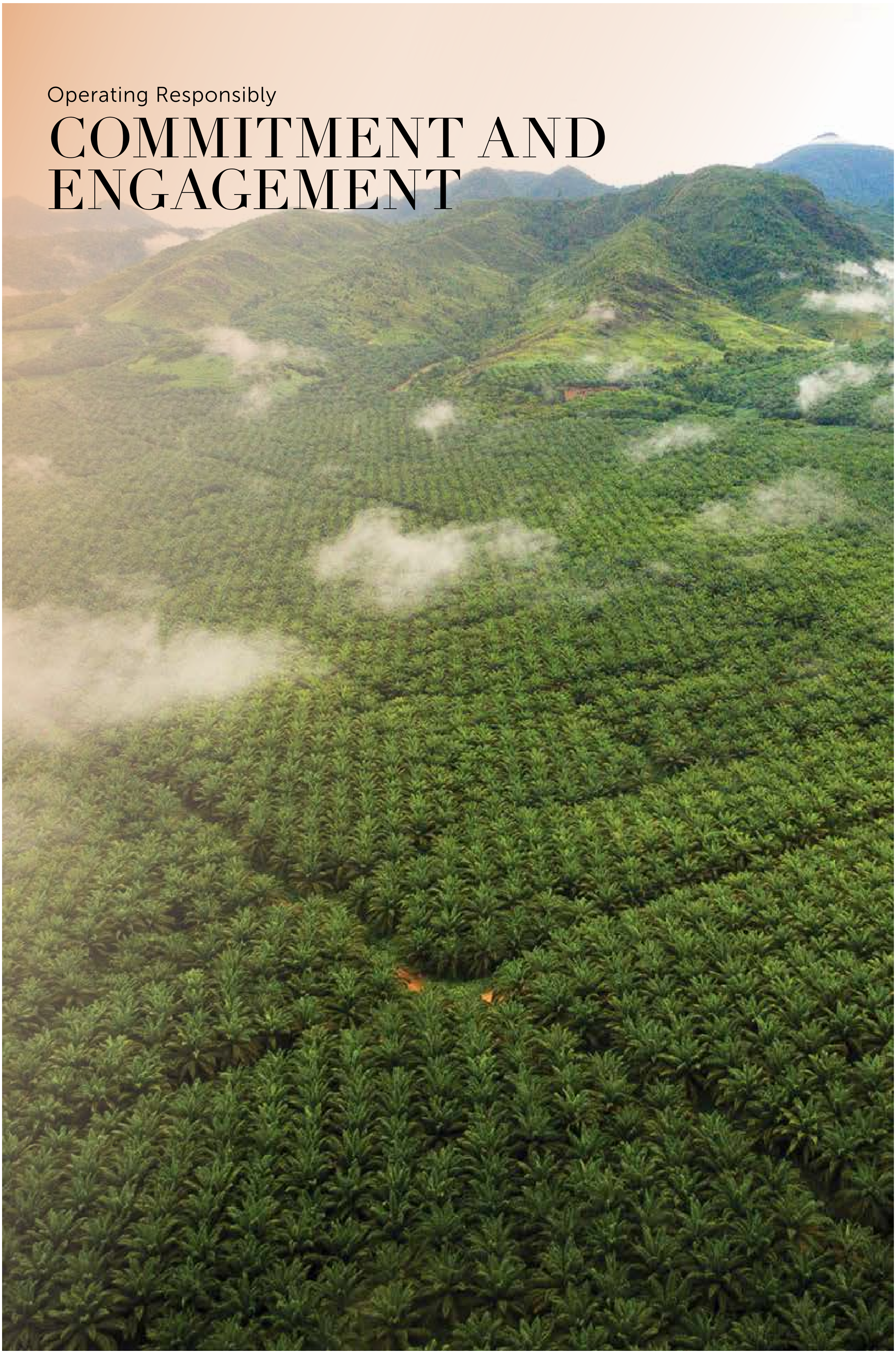
Digital platform and systems are critical as a foundation to enable us to be a world class organisation. As such, in August 2018 we launched Workday as the implementation of a new way of working. Workday functions as our daily operating system, enabling the human resources team and our line managers to collaborate more effectively in decision making. Our performance management process can also be done more intensively. It includes an anytime feedback feature that encourages a more open and meaningful communication between line managers, subordinates and fellow co-workers.

2019: STRENGTHENING TALENT ACQUISITION

To strengthen our talent acquisition, we will launch the GAR Future Leader Programme, our signature management trainee programme with the aim to prepare future leaders with strong leadership capability driven by the Company's values and culture. The programme is designed to equip the participants with knowledge and skills in upstream and downstream business, complimented with strategic agility, commercial acumen, innovative mindset and leadership capability. This programme will be linked to HR strategic initiatives such as talent acquisition, performance management, talent management, and succession planning and retention, enabling us to have a strong talent pipeline for senior leadership roles in the future.

Operating Responsibly

COMMITMENT AND ENGAGEMENT



OPERATING RESPONSIBLY THROUGH COMMITMENT AND ENGAGEMENT

As a major agri-business, GAR understands the crucial importance of careful and responsible stewardship of natural resources. As a company which provides jobs for more than 170,000 of people and which operates around thousands of villages, we are also keenly aware of the necessity of being a good corporate citizen and neighbour. These tenets underpin our approach to achieving responsible palm oil production.

Since we adopted the first Forest Conservation Policy in the palm oil industry in 2011, we have continued to work towards responsible palm oil production and we seek to encourage the rest of the industry to adopt responsible practices through engagement and dialogue.

Our roadmap for achieving this is the GAR Social and Environmental Policy or GSEP[1]. It contains our commitments for our most material sustainability issues and our overall approach to ensuring their responsible management. The GSEP embodies our belief that economic growth, social progress and environmental protection can go hand-in-hand.

OUR MATERIAL SUSTAINABILITY TOPICS

Through the principle of materiality, we are prioritising and focusing on the most significant economic, environmental, social and governance issues that shape our success as a business and that are of greatest importance to our stakeholders.

In 2017, we worked with specialist sustainability consulting firm Corporate Citizenship to update and refresh our understanding of our material sustainability issues. This exercise built on our previous assessment of materiality in 2015. It informs the continuous development of our sustainability strategy and the content of our reporting to ensure it is responsive to stakeholders' needs and interests.

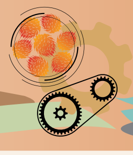
This report provides a summary of our progress and challenges in managing our most critical sustainability issues in FY2018. Our full Sustainability Report will be published in June 2019 together with updates on our website. Unless otherwise stated, this report does not include the Company's activities outside of Indonesia.

This report has been prepared in accordance with Global Reporting Initiative Standards – Core option. For a full content index of our GRI indicators, please refer to our full Sustainability Report and our website.

Details of our methodology for identifying material issues and our materiality matrix can be seen on our website: https://goldenagri.com.sg/sustainability/sustainability-report/

GAR actively manages a wide range of sustainability issues. The next table shows our priority issues in terms of having a high impact on society and the environment, and of high concern to stakeholders. These issues form the focus of GAR's sustainability policy, strategic approach to responsible palm oil and sustainability reporting. The table also provides a description and details the part of our value chain which may actually or potentially be impacted by those issues.

1 See http://goldenagri.com.sg/wp-content/uploads/2016/09/GAR_Social_and_Environmental_Policy-2.pdf

Description of Material Issues	Value Chain		
	Plantation 	Processing 	Distribution & consumption 
Fire and haze No burning in our operations, working with the community to prevent forest fires and responding to any fires that occur in order to minimise the harmful effects on the environment and people.	●●●	●	●
High Carbon Stock (HCS) forests and peatlands Identifying, protecting and restoring HCS forests, as well as protecting and managing peatlands storing high levels of carbon. This issue is important at both GAR-owned/managed plantations and third-party estates, which we have a responsibility to influence.	●●●	●	●
Biodiversity and High Conservation Value (HCV) areas Preventing deforestation or development of HCV areas with high biological, ecological, social or cultural values; to protect habitats and maintain biodiversity. This issue is important at both GAR-owned/managed plantations and third-party estates, which we have a responsibility to influence.	●●●	●	●
Labour relations and Human rights Promoting fair, ethical, and positive relations with our workforce, respecting human and labour rights, ensuring no child or forced labour in our operations and our supply chain.	●●●	●●●	●●
Rights of communities and indigenous peoples Respecting community rights through the Free, Prior and Informed Consent (FPIC) approach. Maintaining community dialogue and engagement, and promoting peaceful resolution of any conflicts. This issue is particularly important for our plantations.	●●●	●	●
Occupational Health and Safety and Employee wellbeing Fostering a safe and healthy work environment, preventing any work-related illness, injury and accidents, and promoting the wellbeing of workers across our operations and supply chain.	●●●	●●●	●
Traceability and supply chain transformation Achieving traceability of palm oil products to the mill and to the plantation, and engaging with suppliers to ensure compliance with our policy to promote responsible and ethical practices.	●●●	●●●	●
Corporate governance, ethics and integrity Conducting all business activities with integrity and in accordance with the highest ethical and governance standards, in line with the GAR Code of Conduct.	●●	●●	●●
Supplier inclusiveness and smallholder livelihoods Supporting the sustainable and inclusive development of smallholder farmers in our supply chain.	●●●	●●●	●
Yield improvement Investing in research and development to improve palm oil yield and reduce pressure on opening new land at plantation level.	●●●	●	●
Product quality and safety Adherence to best practice product quality and safety standards, as well as safeguarding consumer health.	●	●●	●●●

Key (actual/potential impact): ●●● Significant ●● Moderate ● Low

OPERATING RESPONSIBLY THROUGH COMMITMENT AND ENGAGEMENT

Key Targets and Progress

The table below shows our progress in managing our top material issues. As a signatory to the UN Global Compact[2] we also support the achievement of the UN Sustainable Development Goals[3]. In particular we believe that our current efforts and strengths can help promote SDGs 2, 12 and 15.

Our Most Material Sustainability Issues	2018 Progress	Targets	Status
Conservation of High Carbon Stock (HCS) and peat lands; Conservation of biodiversity and High Conservation Value (HCV) areas; Preventing Fire and Haze Contributing to UN SDG:  	• Conservation planning rolled out to 22 villages as of end 2018	• Continue rollout of conservation planning with communities. See schedule on GAR website https://goldenagri.com.sg/sustainability/forest-conservation/	ON TRACK
	• Physical rehabilitation of 2,600 hectare peat area at PT AMNL, West Kalimantan: replanted/revegetated 356 hectares and maintained peat area's water levels	• Continue with physical rehabilitation • Continue implementing Integrated Ecological Farming projects for communities	ON TRACK
	• 0.03% of GAR area affected by fire • Desa Makmur Peduli Api expanded to 15 more villages • DMPA villages showed an increase in fire incidents in 2018	• Continue to strengthen fire mitigation procedures focusing on preparedness; early warning systems and quick response teams	NEEDS WORK
	• Renewed partnership with OFI to rehabilitate wild ex-captive orangutans	• Release another 60 orangutans by 2021	ON TRACK
Rights of communities and indigenous peoples	• GAR has rolled out Participatory Mapping (PM) which aims to respect and safeguard community FPIC rights in 85 villages • No incidents of FPIC violations or violations of rights of indigenous peoples in 2018	• Continue with PM programme. See schedule on GAR website https://goldenagri.com.sg/sustainability/forest-conservation/	ON TRACK
Labour relations and human rights; Occupational Health and Safety and Employee Wellbeing; Talent Retention, Development and Training	• No significant incidents of discrimination or abuse reported in 2018	• Continue to maintain peaceful and productive industrial relations through open dialogue, fair labour practices, and respectful communication in the workplace	ON TRACK
	• Number of fatalities increased	• Reinstill awareness of OHS and safe practices	NEEDS WORK

2 https://www.unglobalcompact.org/
3 Visit this page to understand more about UN Sustainable Development Goals: https://sustainabledevelopment.un.org/?menu=1300

Our Most Material Sustainability Issues	2018 Progress	Targets	Status
Traceability and Supply Chain Transformation; Supplier Inclusiveness and Smallholder Livelihoods Contributing to UN SDG:	• 62% of palm supply chain fully traceable – 54 (out of 403) third-party mills reported 100% TTP • Since 2015, we have stopped procuring from 7% of suppliers due to non-compliance with the GSEP and GAR policies	• 100% TTP for third-party mills by 2020	ON TRACK
	• Site visits to GAR downstream locations completed • Annual SMART Seed and SMART Sustainable Palm Oil Training (SPOT) workshops for suppliers on issues like labour and human rights • Support for 100% of plasma smallholders • Innovative Financing and other support schemes for 4,200 independent smallholders to date	• Continue with capacity building events to assist and support suppliers to improve practices • Extend engagement and sustainability support efforts beyond the mill to suppliers at plantation level including agents and smallholder farmers • Facilitate collaborations on a landscape level between GAR, independent suppliers, farmers, government, and civil society to improve responsible practices • Continue to promote Innovative Financing and smallholder support schemes	ON TRACK
Corporate governance, ethics and integrity	• Bribery case involving three executives of GAR subsidiary PT BAP[4]	• Reinforce Code of Conduct amongst all employees through e-learning and signed acknowledgements	NEEDS WORK
Yield Improvement Contributing to UN SDG:	• New clonals, Eka 1 and Eka 2 capable of producing more than 10 tonnes/ha/year of CPO being cloned for roll out in plantations over the next few years	• Continue R&D into other aspects of yield improvement including climate change resilience/adaptation	ON TRACK
Product quality and safety	• Continuing reformulation of consumer products to eliminate all trans fatty acids • Continuing with mitigation processes to eliminate co-contaminants (for e.g, 3-MCPD)	• Aim for all margarine, shortening and specialty products to be trans-fat-free in 2019 • Continue to research best methods to eliminate co-contaminants	ON TRACK

The full table will be published in the GAR Sustainability Report 2018 and updated on our website.

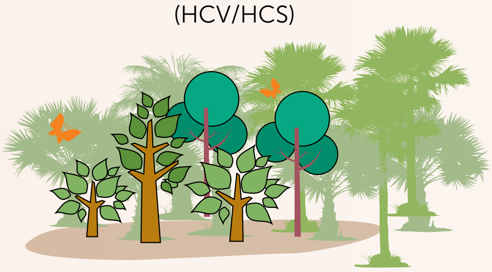
4 See: https://goldenagri.com.sg/wp-content/uploads/2019/03/Statement_Jakarta-Corruption-Court-Decision_GAR.pdf

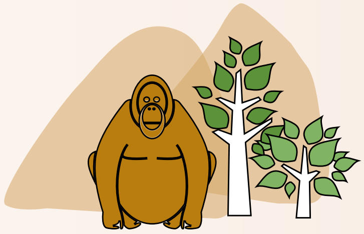
OPERATING RESPONSIBLY THROUGH COMMITMENT AND ENGAGEMENT

MANAGING OUR MOST MATERIAL ESG ISSUES

Environmental Management

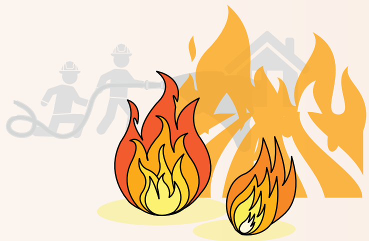
72,000 HA
conservation area
(HCV/HCS)





Target: release
60 MORE ORANGUTANS
by 2021

32 VILLAGES
in Desa Makmur Peduli Api programme
to reduce fires



VIRTUALLY ZERO
fires in 2018

Towards a workable landscape approach to forest and biodiversity conservation

As part of our landscape approach to forest conservation, we continued to roll out our conservation planning programmes with local communities. By end 2018, 22 villages have taken part in participatory conservation consultations for joint High Carbon Stock[5] forest conservation projects with communities. Agreement has been secured with 13 villages to conserve over 7,700 hectares of forest.

We also continued to progress with the physical rehabilitation of the 2,600 hectare Peat Ecosystem in West Kalimantan. Over 350 hectares of the area has been re-vegetated and we continue to monitor and maintain optimum water levels.

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 High Conservation Value[6] areas backed up by our Zero Tolerance Policy towards hunting, injuring, possessing and killing of rare and endangered wildlife.

5 https://goldenagri.com.sg/sustainability/forest-conservation/hcs/
6 https://goldenagri.com.sg/sustainability/forest-conservation/hcv/

We continuously educate our employees, local communities and related stakeholders on the importance of protecting rare and endangered species. GAR also continues to work on orangutan conservation as a special focus area. We have renewed our partnership with Orangutan Foundation International[7] (OFI) to rehabilitate and release wild-born, formerly captive primates. We aim to release another 60 orangutans by 2021 back into the wild.

Our efforts in this area also help contribute to the achievement of UN SDG 15 which aims to protect, restore and promote sustainable use of terrestrial ecosystems, sustainably manage forests, combat desertification, and halt and reverse land degradation and halt biodiversity loss.

Long-term prevention of fire and haze

In 2018, there were virtually zero fires in GAR areas as we maintained our vigilance against fires. We have more than 10,000 Emergency Response Team members on standby across all our plantations. Our estates are also equipped with fire-fighting equipment. For more details see https://goldenagri.com.sg/sustainability/forest-conservation/fire-management/

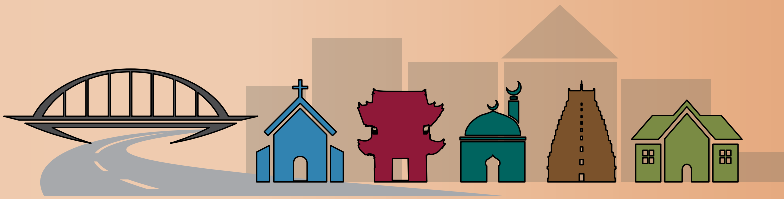
We rolled out our community collaboration programme on long-term fire prevention – Desa Makmur Peduli Api (DMPA) to 15 more villages. However, we note that in 2018, there was an increase in fire incidents involving some of the original pilot villages. To address this we are strengthening mitigation plans and focusing on:

- Prevention: raise fire prevention awareness, community empowerment and improve water management system
- Preparedness: have well-trained and well-equipped personnel and improve infrastructure
- Early warning systems: hot spot maps; effective and efficient fire patrol systems; implementation of rating system for potential for fires
- Quick response teams

7 https://orangutan.org/

OPERATING RESPONSIBLY THROUGH COMMITMENT AND ENGAGEMENT

Providing
PUBLIC INFRASTRUCTURE:
roads, bridges, places of worship, community halls



>250 schools
>2,100 teachers
>36,000 students

FREE bus services for school children

US$1.9 MIL for scholarships

Donation of books, learning materials and facilities to **6,100** recipients

36 Rumah Pintar (Smart Houses) for community training

240 medical personnel treat **300** patients daily at **>150** clinics

Child health, vaccination and nutrition for **9,900** beneficiaries

VIT VIT MILK MILK

FREE surgery, medical & dental for **3,600** patients

Mother and child health education for **5,600** beneficiaries

100% plantations have social and community development programmes

Sale of **216,300** litres of branded cooking oil at below market prices in impoverished areas

Planting **21,100** beneficial, medicinal and fruit trees

Aid for **2,200** victims of natural disasters

4,200 blood donors

Visits to **4,000** people in orphanages and nursing homes

Social and Community Engagement

Rights of communities and indigenous peoples

We recognise that the establishment of plantations creates changes for local communities and indigenous people. As stated in the GSEP, we are committed to respecting human rights and fulfilling Free, Prior and Informed Consent (FPIC) requirements before any operations begin. GAR is also committed to improving its processes and procedures with regards to respecting the customary rights of local and indigenous communities. In addition to FPIC, all of our plantations have social community engagement and development plans.

GAR and the community

The palm oil industry has helped to change the lives of 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 living standards as well as improving the general infrastructure in and around villages.

We work with a wide range of stakeholders to carry out our comprehensive community and social programmes, which range from providing educational and healthcare facilities to disaster relief, as illustrated in the infographics.

Aside from government agencies and local communities, we work with the Eka Tjipta Foundation (a non-profit social organisation founded by the family of late 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.

Work Environment and Industrial Relations

The palm oil industry supports economic growth, especially in rural areas, helping to lift incomes and living standards of farming communities. We create employment for about 171,700 people in Indonesia including 69,400 plasma scheme smallholders.

Recognising, respecting and strengthening workers' rights

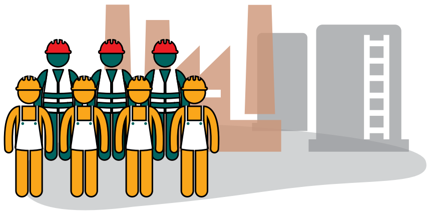
We believe in the fair, equal and respectful treatment for all our employees. Through the GSEP, we have also reinforced our commitment to ensuring that the rights of all people working in our operations are respected. The company also fully complied with local, national and ratified international laws. We adhere to all Indonesian labour laws covering issues such as freedom of association for our employees, decent pay and working hours, non-discrimination and the complete elimination of child and forced labour. Where legal frameworks are not yet in place we defer to the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

OPERATING RESPONSIBLY THROUGH COMMITMENT AND ENGAGEMENT

We created

171,700 JOBS

in Indonesia



including

69,400

plasma smallholders

Our commitment to fair labour practices is also emphasised in our company Code of Conduct[8] and employment practices. We have an equal opportunities policy on employment, banning discrimination based on race, national origin, religion, disability, gender, sexual orientation, union membership and political affiliation. Employees enter into employment freely. We do not require our employees to deposit identity papers or money.

Prohibiting child labour

In accordance to the regulation, the minimum age for employment in GAR in any capacity is 18 years. We aim to prevent all forms of child labour, and we rigorously enforce these principles at all our plantations, mills and other places of work. Our recruitment officers check identification cards against the prospective employee's schooling records, such as their school diploma, to ensure that we do not employ children. We also provide schools and day care centres for our workers' children to ensure that parents have somewhere safe to send their children and do not feel the need to take their children to work with them.

We are also engaging our supply chain on our stand against child labour, and this is part of our efforts to help our supply chain comply with the GSEP and adopt responsible practices.

Freedom of association and trade union membership

Freedom of association is mandated by Indonesian Law and Regulation No. 21/2000 on Trade/Labour Unions and is in line with International Labour Organization Convention No. 98 on the freedom of organisation and collective bargaining.

Each of our units has union representatives, elected by members, who meet with local management representatives regularly in bipartite forums, to discuss and resolve issues. In 2018, there were 195 labour unions representing over 68,600 employees across our plantations in Indonesia. We seek to maintain peaceful and productive industrial relations through open dialogue, fair labour practices, and respectful communication in the workplace.

GAR EMPLOYEES IN INDONESIA

	2018		2017		2016	
	Male	Female	Male	Female	Male	Female
Permanent	**45,897**	**16,231**	44,382	6,600	40,660	5,640
Fixed-term	**23,788**	**16,387**	28,196	25,452	30,400	25,400
Full-time	**64,735**	**25,749**	64,300	17,167	58,020	11,740
Part-time	**4,950**	**6,869**	8,278	14,885	13,040	19,300
New hires	**1,937**	**502**	2,646	1,014	773	257
New hire rate	**4.2%**	**3.1%**	6.0%	15.4%	1.9%	4.6%
Turnover	**1,821**	**470**	3,387	669	5,247	1,117
Turnover rate	**4.0%**	**2.9%**	7.6%	10.1%	12.9%	19.8%

8 https://goldenagri.com.sg/wp-content/uploads/2016/01/Code_of_Conduct_-_English_final2.pdf

Occupational Health and Safety

With thousands of employees across our operations, 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.

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.

This year we regret to report that we recorded 11 fatalities including that of two contractors. (There are over 171,000 people working for us in our Indonesian operations, not including contractors).

We have unfortunately seen an upward trend of work-related fatalities. We take the health and safety of our employees and contractors very seriously and to address this, we have investigated each accident thoroughly and implemented various action plans to safeguard against future occurrences. We will work on instilling a stronger OHS awareness and practices throughout our operations to create renewed energy behind the message that every worker deserves to return home safely at the end of each day.

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.

We expect all our employees, contractors and business partners to adhere to the Code of Conduct which is available on the website: https://goldenagri.com.sg/wp-content/uploads/2016/01/Code_of_Conduct_-_English_final2.pdf. 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. The Code also applies to the Board members with respect to all activities they engage on behalf of the Company.

We, therefore, take seriously the bribery case involving officers from one of GAR's subsidiaries in Indonesia as discussed on page 42 of Corporate Governance Report section.

We have taken immediate steps to reinforce the principles of the GAR Code of Conduct including our stance against corruption and bribery with our employees. This includes mandatory signed acknowledgements and e-learning and testing on the Code.

The Code also emphasises the Company's commitment to fair employment practices; diversity; and its stand against discrimination and zero tolerance for harassment or abuse. No significant cases of harassment and abuse were reported in 2018.

Furthermore, the Code details avenues for raising concerns and whistleblowing procedures, encouraging employees to report any possible improprieties in confidence and without fear of retaliation.

We also require our suppliers to comply with the Supplier Code of Conduct[9] which obligates suppliers to comply with our policies including the GSEP.

FATALITIES

2018	2017	2016
11 (including 2 contractors)	6	5 (including 1 contractor)

2018 WORK-RELATED INJURIES

	Upstream	Downstream
Number of recordable work-related injuries	717	25
Rate of recordable work-related injuries (per 1,000,000 work hours)	4	2.8
Main types of work-related injury	Lost Time Injuries such as road accidents, struck by falling objects (FFB), falls and electrocution.	Lost Time Injuries such as falls, cuts, and electrocution.

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

OPERATING RESPONSIBLY THROUGH COMMITMENT AND ENGAGEMENT

Full traceability to the mill:

403 THIRD-PARTY

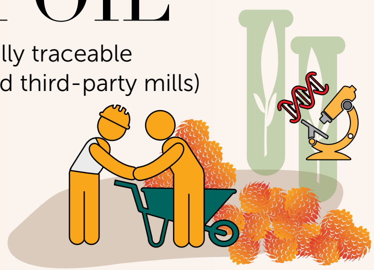
supplier mills;

46 GAR-OWNED

mills

62% OF PALM OIL

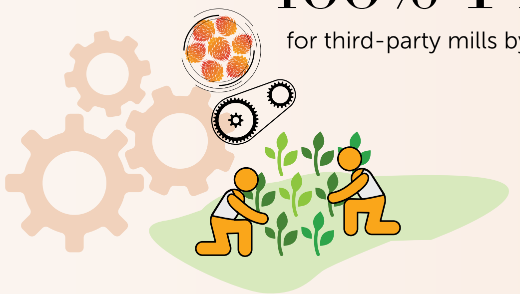
supply chain fully traceable (GAR-owned mills and third-party mills)



Target

100% TTP

for third-party mills by 2020



Marketplace and Supply Chain

Traceability and supply chain transformation

In 2018, we continued our Traceability to Plantation (TTP) efforts. Traceability is a crucial first step for us in relationship building with our third-party suppliers, it is all about connecting the dots. Through gaining their trust, we have been able to spearhead our supply chain transformation efforts. We approach this through multiple avenues. This includes systematic engagement and site visits of suppliers to document and understand the gaps and difficulties that these suppliers face in adopting responsible palm oil practices. We have completed site visits to all our downstream processing locations and reports can be viewed on our website: https://goldenagri.com.sg/sustainability-dashboard/traceability.

Our supplier assessment enables us to help our suppliers improve through capacity building and sharing of best practices. In 2018, we continued to help our suppliers with training in traceability, responsible labour practices and human rights. Read more on our website: https://goldenagri.com.sg/category/blogs/.

Since 2015 we have also stopped procuring from about seven percent of our suppliers due to non-compliance with our GSEP commitments.

Supporting smallholders

More independent smallholders joined the Innovative Financing scheme in 2018. The programme was set up to encourage independent smallholders to replant with better quality, higher-yielding seeds which in turn could reduce the demand for the opening of new agricultural land. It gives farmers access to financing and helps 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 IDR 240 billion from state-owned banks. As at end 2018, around 1,400 farmers had enrolled in the scheme.

Concurrently we 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 2,800 independent farmers in East Kalimantan since 2013. They also have access to high-yielding seeds, fertiliser, and herbicides and rent heavy equipment, at below market rates. To date, we have disbursed more than IDR25 billion in interest-free loans.

Our efforts in this area help contribute to UN SDG 12 which aims to ensure sustainable consumption and production patterns.

Product safety and quality

We are aware of consumer concerns about the health and safety aspects of our end products and our Downstream R&D department is actively addressing this area. In 2018, the European Food Standards Authority (EFSA) revised 3-MCPD and GE ester levels and GAR continues to focus on minimising occurrence of MCPD precursors. Our business is successfully tackling the 3MCPD/GE issue holistically, for example by minimising Free Fatty Acids (FFA) in CPO and optimising refining techniques. We are also continuing to optimise identification methods for 3-MCPD and GE esters. For more details see http://goldenagri.com.sg/research-development-safeguard-consumer-health/.

We are also on track in our efforts to remove trans fatty acids from our products. We aim to be trans-fat-free in all margarine and shortening and specialty products in 2019. Cooking oil fortification is also another focus area with the government of Indonesia implementing mandatory fortification using Vitamin A in cooking oil. Our business has focused on making sure we can provide healthy fortified cooking oil in line with legal requirements.

R&D for sustainable palm oil

Our dedicated research arm – SMARTRI or SMART Research Institute[10] in Libo, Riau, plays a key role in improving yields, researching climate change mitigation and adaptation in palm oil plantations as well as finding ways to combat disease and pests while minimising chemical use. These R&D efforts support the goals of UN SDG 2 which aims to promote sustainable agriculture and improve agricultural productivity.

Following the development and launch of the super high-yielding clonals Eka 1 and Eka 2 in 2017 which capable of producing over 10 tonnes/hectare/year of CPO, SMARTRI and SMART Biotechnology Centre[11] are now working on creating clonal stock to be planted in the estates in the next few years.

10 https://goldenagri.com.sg/sustainability/research-development/smart-research-institute/
11 https://goldenagri.com.sg/sustainability/research-development/smart-biotechnology-centre/

CORPORATE DIRECTORY

BOARD OF DIRECTORS
Franky Oesman Widjaja (Chairman)
Muktar Widjaja
Rafael Buhay Concepcion, Jr.
Lew Syn Pau
Foo Meng Kee
Christian G H Gautier De Charnacé
Kaneyalall Hawabhay
William Chung Nien Chin

AUDIT COMMITTEE
Lew Syn Pau (Chairman)
Foo Meng Kee
Christian G H Gautier De Charnacé
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

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Singapore 118535
Tel: (65) 6590 0800
Fax: (65) 6590 0887
Website: www.goldenagri.com.sg

INVESTOR RELATIONS
Richard Fung
Email: investor@goldenagri.com.sg

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 since 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 since 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

Building A Resilient Business

INNOVATION AND SUSTAINABILITY

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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 2018

CONTENTS

REPORT OF THE DIRECTORS

31 DECEMBER 2018

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 2018.

1 Directors

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

Franky Oesman Widjaja
Muktar Widjaja
Rafael Buhay Concepcion, Jr.
Lew Syn Pau
Foo Meng Kee
Christian G H Gautier De Charnacé (Appointed on 13 November 2018)
Kaneyalall Hawabhay
William Chung Nien Chin

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 2018 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 2018 and 21 January 2019, except as follows:

Name of directors in which interests are held	Shareholdings registered in the name of directors or their spouse or their nominees: At the beginning of the year	At the end of the year	Shareholdings in which directors are deemed to have an interest: 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 2019.

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 Scheme

The GAR Restricted Share Plan, approved by shareholders at the Special Meeting of the Company held on 24 October 2008 with a tenure of 10 years, has lapsed in 2018.

6 Audit Committee

At the date of this report, the Audit Committee ("AC") comprises the following 4 directors, all of whom, including the AC Chairman, are non-executive independent Directors:

Lew Syn Pau
Foo Meng Kee
Kaneyalall Hawabhay
Christian G H Gautier De Charnacé (appointed as AC member on 13 November 2018)

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 of directors ("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, with the internal and external auditors, the results announcements, annual report and financial statements, interested person transactions and corporate governance, before submission to the Board for approval and adoption.

REPORT OF THE DIRECTORS

31 DECEMBER 2018

6 Audit Committee (cont'd)

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. The AC also meets separately with the internal and external auditors at least annually, 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.

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: 15 March 2019

STATEMENT BY THE DIRECTORS

31 DECEMBER 2018

In the opinion of the directors, the consolidated financial statements set out on pages 80 to 168 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2018 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: 15 March 2019

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 2018, 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 2018, 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.

Valuation of investments in financial assets

We refer to Note 3(k), Note 4(a)(iv), Note 14, Note 20 and Note 40 to the consolidated financial statements. The Group holds interests in its portfolio companies via various types of financial instruments, comprising quoted and unquoted equity securities, unquoted funds, convertible instruments and unquoted debt securities. The carrying value of the financial assets at fair value through other comprehensive income ("FVOCI") amounted to US$671.0 million and financial assets at fair value through profit or loss amounted to US$720.0 million. These accounted for more than 16% of the Group's total assets as at 31 December 2018.

As a result of the adoption of IFRS 9 *Financial Instruments*, the unquoted investments previously stated at cost under IAS 39 are re-measured to fair value under IFRS 9. Fair value adjustments amounting to US$102.6 million was recognised in the opening reserves on 1 January 2018 when the Group applied IFRS 9. During the year ended 31 December 2018, the Group recognised a fair value gain of US$73.7 million to fair value reserve and US$131.5 million to the income statement. The Group engaged third party valuers to value the investments of the unquoted investment funds which are classified as Level 3. The other funds are valued based on third party information such as broker quotes; fund statements provided by non-related fund managers or quoted market prices.

Our approach to review the valuation of investments included assessing the appropriateness of the valuation methodologies adopted, evaluating the independent external valuers' competence, capability and objectivity in the valuation of the investments in financial assets, reviewing the reasonableness of inputs applied, involving our valuation specialists to assess the valuation methodologies, valuation assumptions and inputs used by management and conducting a detailed discussion with the Group's key management and external valuers' on the assumptions used.

We found the valuation estimates determined by the Group are within a reasonable range of outcomes.

(cont'd)

Key Audit Matters *(cont'd)*

Accounting for derivative financial instruments

We refer to Note 3(l), Note 4(a)(iv) and Note 39 to the consolidated financial statements. The Group enters into derivative financial instruments such as forward currency contracts and various commodity futures and options. During the financial year, the Group recognised derivative financial instruments at fair value through profit or loss.

As at 31 December 2018, the Group's total derivative financial instruments that were carried at fair value comprised financial assets and financial liabilities of US$102.7 million and US$0.9 million respectively. The determination of the fair values of the derivative financial instruments involves significant judgements and is subject to estimation uncertainty as subjective variables need to be used in order to derive the fair values.

We checked management's process and computation to derive the fair value and recomputed the unrealised gains/losses on the firm commodity commitment contracts. For other types of derivative financial instruments, we independently obtained statements from banks and other financial institutions to compare against the fair values of the derivatives recorded, and to verify the existence and ownership of the derivatives. We found management's assessment of the fair value of derivative financial instruments to be reasonable.

Recoverability of deferred tax assets

We refer to Note 3(aa) and Note 27 to the consolidated financial statements. The carrying value of the Group's deferred tax assets amounted to US$244.0 million. These accounted for more than 2% of the Group's total assets as at 31 December 2018.

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. 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.

We discussed with component auditors on their work performed on the recoverability of deferred tax assets. This included obtaining an understanding of the tax regulations in Indonesia.

For recoverability of deferred tax assets, we reviewed the financial projections to assess the appropriateness of the methodology and reasonableness of the assumptions made. We compared the assumptions against historical data and trends to assess their reasonableness. We performed a sensitivity analysis and headroom analysis on the key assumptions, where necessary. We conducted detailed discussions with the Group's key management and considered their views on the basis for the Group's recoverability of deferred tax assets to the extent that it is probable that taxable profit will be available against which the deductible temporary differences can be utilised for each entity.

Based on available evidence, we found management's assessment of the recoverable amount of deferred tax assets 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 consolidated 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 consolidated 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 Consolidated 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.

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.

(cont'd)

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

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: 15 March 2019

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$'000	2017 US$'000
Revenue	5	7,167,428	7,507,599
Cost of sales	6	(6,160,594)	(6,410,193)
Gross profit		1,006,834	1,097,406
Operating expenses			
Selling expenses	7	(522,582)	(544,561)
General and administrative expenses	7	(336,276)	(312,091)
		(858,858)	(856,652)
Operating Profit		147,976	240,754
Other income/(expenses)			
Financial income	8	37,456	33,267
Financial expenses	8	(163,931)	(139,329)
Share of results of associated companies		845	2,195
Share of results of joint ventures		(40,350)	409
Foreign exchange loss		(20,497)	(21,495)
Other operating income	9	125,495	43,885
		(60,982)	(81,068)
Exceptional items			
Allowance for impairment loss on property, plant and equipment	24	(1,345)	(25,880)
Allowance for impairment loss on disposal group held for sale	18	-	(19,699)
		(1,345)	(45,579)
Profit before income tax	10	85,649	114,107
Income tax	11	(83,771)	(35,042)
Profit for the year		1,878	79,065
Attributable to:			
Owners of the Company		(1,772)	74,032
Non-controlling interests		3,650	5,033
		1,878	79,065
(Loss)/Earnings per ordinary share (US cents per share)			
Basic and diluted	12a	(0.01)	0.58

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$'000	2017 US$'000
Profit for the year		1,878	79,065
Other comprehensive income/(loss)			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on post-employment benefits	38	27,015	(3,664)
Share of other comprehensive income of joint ventures		33,489	-
Changes in fair value of financial assets at fair value through other comprehensive income	40	73,667	-
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on consolidation		(20,676)	19,377
Share of other comprehensive (loss)/income of:			
Joint ventures		(2,580)	61
Associated companies		(576)	-
Changes in fair value of cash flow hedges		-	(146)
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)
Other comprehensive income, net of income tax		110,339	13,708
Total comprehensive income for the year		112,217	92,773
Total comprehensive income attributable to:			
Owners of the Company		109,505	86,495
Non-controlling interests		2,712	6,278
		112,217	92,773

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 US$'000	2017 US$'000
Assets			
Current Assets			
Cash and cash equivalents	13	192,766	159,189
Short-term investments	14	351,855	234,370
Trade receivables	15	533,692	486,045
Other current assets	16	804,835	812,739
Inventories	17	1,002,350	992,418
Assets of disposal group held for sale	18	-	189,914
		2,885,498	2,874,675
Non-Current Assets			
Long-term receivables and assets	19	323,525	260,745
Long-term investments	20	1,077,772	756,725
Investment in associated companies	21	17,546	12,352
Investment in joint ventures	22	88,723	69,595
Investment properties	23	112	124
Property, plant and equipment	24	2,624,108	2,590,159
Bearer plants	26	1,092,166	1,101,513
Deferred tax assets	27	244,023	299,134
Intangible assets	28	192,107	172,758
		5,660,082	5,263,105
Total Assets		**8,545,580**	**8,137,780**

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

	Note	2018 US$'000	2017 US$'000
Liabilities and Equity			
Current Liabilities			
Short-term borrowings	29	1,376,266	1,435,561
Bonds and notes payable	32	124,640	306,224
Trade payables	30	683,349	544,432
Other payables	31	287,748	240,910
Taxes payable	11	18,899	32,888
Liabilities directly associated with disposal group held for sale	18	-	37,779
		2,490,902	2,597,794
Non-Current Liabilities			
Bonds and notes payable	32	109,971	125,106
Long-term borrowings	33	1,399,212	1,125,248
Deferred tax liabilities	27	78,080	78,243
Long-term payables and liabilities	34	157,335	102,836
		1,744,598	1,431,433
Total Liabilities		4,235,500	4,029,227
Equity Attributable to Owners of the Company			
Issued capital	36	320,939	320,939
Share premium		1,216,095	1,216,095
Treasury shares	36	(31,726)	(31,726)
Other paid-in capital		184,318	184,318
Other reserves			
Option reserve		31,471	31,471
Currency translation reserve		(16,702)	2,866
Reserve of disposal group held for sale	18	-	2,502
Fair value reserve		106,688	3,121
PRC statutory reserve		3,820	3,820
Other reserve		35,315	13,145
		160,592	56,925
Retained earnings		2,318,426	2,260,432
		4,168,644	4,006,983
Non-Controlling Interests		141,436	101,570
Total Equity		4,310,080	4,108,553
Total Liabilities and Equity		**8,545,580**	**8,137,780**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2018

	← 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 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
Effect of adoption of IFRS 9	-	-	-	-	29,900	70,839	100,739	-	100,739
Balance at 1.1.2018	320,939	1,216,095	(31,726)	184,318	86,825	2,331,271	4,107,722	101,570	4,209,292
(Loss)/Profit for the year	-	-	-	-	-	(1,772)	(1,772)	3,650	1,878
Other comprehensive income/(loss)	-	-	-	-	111,277	-	111,277	(938)	110,339
Total comprehensive income/(loss) for the year	-	-	-	-	111,277	(1,772)	109,505	2,712	112,217
Dividends (Note 37)	-	-	-	-	-	(11,073)	(11,073)	-	(11,073)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(464)	(464)
Non-controlling interests for incorporation of subsidiaries (Note 46c)	-	-	-	-	-	-	-	136	136
Transactions with non-controlling interests (Note 41c)	-	-	-	-	(37,510)	-	(37,510)	37,482	(28)
Balance at 31.12.2018	320,939	1,216,095	(31,726)	184,318	160,592	2,318,426	4,168,644	141,436	4,310,080
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 37)	-	-	-	-	-	(122,499)	(122,499)	-	(122,499)
Transaction with non-controlling interests (Note 46f)	-	-	-	-	(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

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$'000	2017 US$'000
Cash flows from operating activities			
Profit before income tax		85,649	114,107
Adjustments for:			
Depreciation of investment properties	23	5	48
Depreciation of property, plant and equipment	24	181,330	188,198
Depreciation of bearer plants	26	99,072	153,129
Amortisation of intangible assets		3,639	2,589
Net loss from changes in fair value of biological assets	25	20,129	2,045
Unrealised net foreign exchange (gain)/ loss		(6,135)	25,558
Share of results of associated companies		(845)	(2,195)
Share of results of joint ventures		40,350	(409)
Loss/(Gain) on disposal of property, plant and equipment	9	793	(9,265)
Bearer plants and property, plant and equipment written off	9	1,175	2,356
(Reversal of)/Allowance for impairment loss on:			
Trade receivables, net	9	(9)	307
Other receivables, net	9	1	166
Inventories, net		(161)	7,504
Property, plant and equipment	24	1,345	25,880
Disposal group held for sale	18	-	19,699
Loss on disposal of a subsidiary	18	189	-
Changes in fair value of financial assets at fair value through profit or loss	9	(131,537)	(3,129)
Other receivables written off	9	3,134	1,308
Gain on liquidation of subsidiaries	41b	-	(55)
Loss on disposal of a joint venture	46e	-	1,309
Interest income	8	(37,456)	(33,267)
Interest expense	8	161,309	137,461
Operating cash flows before working capital changes		421,977	633,344
Changes in operating assets and liabilities:			
Trade receivables		(48,442)	74,244
Other receivables		(166,049)	103,219
Inventories		63,137	(103,722)
Trade payables		138,633	(31,365)
Other payables		52,314	(17,955)
Cash generated from operations		461,570	657,765
Interest paid		(153,166)	(131,110)
Interest received		33,088	25,612
Tax paid		(58,225)	(19,671)
Net cash generated from operating activities		283,267	532,596

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

CONSOLIDATED STATEMENT OF CASH FLOWS

(cont'd)

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$'000	2017 US$'000
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		5,468	26,566
Proceeds from disposal of bearer plants		1,083	1,108
Capital expenditure on property, plant and equipment	24	(229,041)	(187,201)
Capital expenditure on bearer plants	26	(36,854)	(30,687)
Payments for investment in financial assets		(187,268)	(119,411)
Return of capital from investment in financial assets		56,573	-
Proceeds from disposal of a joint venture	46e	-	1,076
Investment in associated companies	46d	(6,097)	-
Proceeds from Plasma/KKPA program plantations, net		1,964	8,620
Acquisition of subsidiaries, included cash acquired	41a	-	1,198
Cash inflow from non-controlling interest for incorporation of subsidiaries	46c	136	23
Net cash inflow from disposal of a subsidiary	18	70,514	-
Dividend received from joint ventures		34,405	785
Dividend received from an associated company		772	-
Payments for intangible assets	28	(25,455)	(8,913)
Increase in long-term receivables and assets		(26,632)	(8,274)
Net cash used in investing activities		(340,432)	(315,110)
Cash flows from financing activities			
Proceeds from short-term borrowings		4,911,253	4,495,024
Proceeds from long-term borrowings		658,467	565,000
Proceeds from notes issue		112,613	-
Payments of dividends		(11,537)	(122,499)
Payments of short-term borrowings		(4,930,839)	(4,273,492)
Payments of long-term borrowings		(418,395)	(193,388)
Payments of obligations under finance lease		-	(84)
Payments of bonds and notes payable		(309,262)	(674,719)
Proceeds from dilution of interests in a subsidiary	41c	83,380	-
Acquisition of additional interests in a subsidiary	41c	(28)	-
Payments of deferred loan charges and bank loan administration costs	33	(6,172)	(5,884)
Increase in cash in banks and time deposits pledged		(766)	(2,936)
Net cash generated from/(used in) financing activities		88,714	(212,978)
Net increase in cash and cash equivalents		31,549	4,508
Cash and cash equivalents at the beginning of the year		127,198	122,690
Cash and cash equivalents at the end of the year	13	158,747	127,198

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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 2018 were authorised for issue by the Board of Directors on 15 March 2019.

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 2018. The disclosure of the adoption of IFRS 15, *Revenue from Contracts with Customers* is provided in Note 3(ab) and Note 5 to the consolidated financial statements. Except for the adoption of IFRS 9, *Financial Instruments*, the effect of which is discussed below, the adoption of the new and revised IFRSs has had no material financial impact on the financial statements of the Group.

IFRS 9, *Financial Instruments*

IFRS 9 sets out the requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. The Group adopted IFRS 9 from 1 January 2018.

In accordance with the transitional provisions in IFRS 9 paragraph 7.2.15 and 7.2.26, comparative figures have not been restated. Accordingly, requirements of IAS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017 (Accounting policies Note 3(k)).

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

(a) Adoption of New and Revised IFRSs (cont'd)

IFRS 9, *Financial Instruments* (cont'd)

Changes in accounting policies resulting from the adoption of IFRS 9 have been generally applied by the Group retrospectively, except as described below:

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018:
    - The determination of the business model within which a financial asset is held;
    - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
    - The designation of an equity investment that is not held-for-trading at fair value through other comprehensive income ("FVOCI"); and
    - The designation and revocation of previous designations of certain financial assets measured at fair value through profit or loss ("FVTPL").
- If a debt investment has low credit risk at 1 January 2018, the Group had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

The adoption of IFRS 9 has not had a significant effect on the Group's accounting policies for financial liabilities.

Details of their impact on the consolidated financial statements as well as the new requirements are described below.

(i) Classification of financial assets

The following are the qualitative information regarding the reclassification between categories of financial instruments at the date of initial application of IFRS 9.

Under IFRS 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI (debt instrument), FVOCI (equity instrument) or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale ("AFS"). Under IFRS 9, derivatives embedded in contracts where the host is a financial asset in the scope of the standard are never separated. Instead, the hybrid financial instrument as a whole is assessed for classification.

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

(a) Adoption of New and Revised IFRSs (cont'd)

(i) Classification of financial assets (cont'd)

On 1 January 2018 (the date of initial application of IFRS 9), the management has assessed which business models apply to the financial assets held by the Group and has classified its financial instruments into the appropriate IFRS 9 categories. The following table sets out the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the affected class of the Group's financial assets as at 1 January 2018:

	Measurement category		Carrying Amount		Differences
	IAS 39	IFRS 9	IAS 39	IFRS 9	
			US$'000	US$'000	US$'000
Short-term investments					
- Equity securities	AFS	FVOCI	44,290	44,290	-
- Debt securities	AFS (at cost)	FVOCI	39,164	39,164	-
- Debt securities	AFS	FVTPL	5,870	5,870	-
- Convertible debt securities designated at inception	FVTPL (at cost)	FVTPL	80,140	117,475	37,335
Long-term investments					
- Equity securities	AFS (at cost)	FVOCI	368,267	402,900	34,633
- Equity securities	AFS	FVOCI	18,533	18,533	-
- Equity/Fund securities	AFS (at cost)	FVTPL	187,925	216,683	28,758
- Convertible debt securities designated at inception	FVTPL (at cost)	FVTPL	182,000	183,918	1,918

For equity investments that satisfy certain conditions, the Group has elected to present fair value changes on these unquoted equity securities in other comprehensive income under IFRS 9, because these instruments are not held for trading. Accordingly, these assets are categorised as "Equity investments at fair value through other comprehensive income". All other financial assets will be held at fair value through profit or loss ("FVTPL"). Fair values were determined using valuation techniques on the operating assets held by the respective investee entities prepared by independent valuers.

Trade and non-trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost.

The Group has applied the simplified impairment approach to recognise only lifetime ECL impairment charges on all trade receivables, as well as general approach to recognise ECL impairment changes on non-trade receivables. Based on the assessment made, there was an increase of $1,905,000 in the loss allowance recognised in opening retained earnings of the Group at 1 January 2018 on transition to IFRS 9. For debt investments with low credit risk as at 1 January 2018, the Group adopted the exemption in IFRS 9 to assess these low-credit risk instruments based on 12-month ECLs. The Group has assessed that the 12-month ECLs of these investments did not result in a material difference between the previous carrying amount and the revised carrying amount of the financial assets as at 1 January 2018.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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

(a) Adoption of New and Revised IFRSs (cont'd)

(iii) Transition impact on statement of financial position and statement of cash flows

The following table summarises the impact of transition to IFRS 9 on the consolidated financial statements as at 1 January 2018:

		← Effect of adoption of IFRS 9 →			
	At 31 Dec 2017 US$'000	Changes in fair value US$'000	Provision for ECL US$'000	Reclass US$'000	At 1 Jan 2018 US$'000
Consolidated statement of financial position					
Short-term investments	234,370	37,335	-	-	271,705
Trade receivables	486,045	-	(1,291)	-	484,754
Other current assets	812,739	-	(614)	-	812,125
Long-term investments	756,725	65,309	-	-	822,034
Fair value reserve	3,121	34,633	-	(4,733)	33,021
Retained earnings	2,260,432	68,011	(1,905)	4,733	2,331,271

There were no material adjustments to the Group's statement of cash flows arising from the transition from the initial application of IFRS 9.

(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 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
IFRIC 23, *Uncertainty over Income Tax Treatments*	1 January 2019
Improvements to IFRSs	
• IFRS 3, *Business Combinations*	1 January 2019
• IFRS 11, *Joint Arrangements*	1 January 2019
• IAS 12, *Income Taxes*	1 January 2019
• IAS 23, *Borrowing Costs*	1 January 2019

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.

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

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

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 plans to adopt IFRS 16 on 1 January 2019 based on a permitted transition approach that does not restate comparative information, but recognises the cumulative effect of initially applying IFRS 16 as an adjustment to the opening balance of retained earnings on 1 January 2019. The Group will elect the transition option to record, in respect of leases previously classified as operating leases, the right-of-use asset on 1 January 2019 at an amount equal to the lease liability, adjusted by the amount of any prepaid or accrued lease payments as at 31 December 2018. The Group also plans to adopt an expedient offered by IFRS 16, exempting the Group from having to reassess whether pre-existing contracts contain a lease.

As disclosed in Note 45 to the financial statements, the Group has entered into operating leases of office premises and equipment as lessee. As at 31 December 2018, the minimum lease payments committed under non-cancellable operating leases amounted to US$46,118,000. As at 1 January 2019, based on the preliminary assessment, the Group expects an increase in right-of-use assets of approximately US$41.6 million, an increase in lease liabilities of US$42.9 million, with a corresponding decrease in the opening retained earnings of US$1.3 million on 1 January 2019. The nature of expenses related to those leases will change as IFRS 16 replaces the straight-line operating lease expense with a depreciation charge for right-of-use assets and interest expense on lease liabilities. This assessment may be subject to changes arising from on-going analysis until the Group adopts IFRS 16 in its financial statements for the year beginning on 1 January 2019.

IFRIC 23, *Uncertainty over Income Tax Treatments*

The interpretation clarifies that in determining taxable profit, tax bases, unused tax losses, unutilised tax credits and tax rates, an entity first determine whether to consider such uncertain tax treatment separately or together as a group. An entity should determine the accounting tax position, on the assumption that a taxation authority has the right to examine the amounts reported to them and have full knowledge of all relevant information.

The Group is currently assessing the impact of IFRIC 23 and plans to adopt the new interpretation on the required effective date.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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.

(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 financial assets at fair value through other comprehensive income are recognised in other comprehensive income.

3 Summary of Significant Accounting Policies (cont'd)

(c) Foreign Currencies (cont'd)

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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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

(d) Basis of Consolidation (cont'd)

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.

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.

3 Summary of Significant Accounting Policies (cont'd)

(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 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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

(g) Property, Plant and Equipment (cont'd)

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.

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.

3 Summary of Significant Accounting Policies (cont'd)

(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, classified as others under intangible assets, 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.

(k) Financial Assets

<u>Accounting policy applicable from 1 January 2018</u>

The Group recognises a financial asset when, and only when the Group becomes party to the contractual provisions of the instruments. All regular way purchases and sales of financial assets are recognised on trade-date, the date on which the Group commits to purchase or sell the asset. The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another party.

- Classification of financial assets

The Group classifies its non-derivative financial assets in the following measurement categories: amortised cost, FVOCI and FVTPL. The classification depends on the Group's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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

(k) Financial Assets (cont'd)

Accounting policy applicable from 1 January 2018 (cont'd)

- Classification of financial assets (cont'd)

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at FVTPL, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at FVTPL are expensed in the income statement.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in the income statement. Any gain or loss on derecognition is recognised in the income statement.

On initial recognition of an equity investment that is not held-for-trading, the Group may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. These assets are subsequently measured at fair value. Dividends are recognised as income in the income statement unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the income statement.

All financial assets not classified as measured at amortised cost or FVOCI are measured at FVTPL. Financial assets that are held-for-trading or are managed and whose performance is evaluated on a fair value basis are measured at FVTPL. These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognised in the income statement.

- Impairment of financial assets

The Group recognises loss allowances from expected credit losses ("ECLs") on financial assets measured at amortised cost. Loss allowances of the Group are measured on either of 12-month ECLs resulting from possible default events within the 12 months after the reporting date or lifetime ECLs resulting from all possible default events over the expected life of a financial instrument.

The Group applies the simplified approach and records lifetime ECLs on all trade receivables. The simplified approach requires the loss allowance to be measured at an amount equal to lifetime ECLs.

The Group applies the general approach to provide for ECLs on all other financial instruments. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition. At each reporting date, the Group assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Group considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Group's historical experience and informed credit assessment and includes forward-looking information.

3 Summary of Significant Accounting Policies (cont'd)

(k) Financial Assets (cont'd)

Accounting policy applicable from 1 January 2018 (cont'd)

- Impairment of financial assets (cont'd)

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs. The maximum period considered when estimating ECLs is the maximum contractual period over which the Group is exposed to credit risk.

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Group expects to receive.

The Group writes off a financial asset when there is information indicating that the counterparty is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the counter party has been placed under liquidation or has entered into bankruptcy proceedings. Financial assets written off may still be subject to enforcement activities under the Group's recovery procedures, taking into account legal service where appropriate. Any recoveries are recognised in the income statement.

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes significant financial difficulty of a debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amounts of these assets.

Accounting policy applicable before 1 January 2018

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.

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

(k) Financial Assets (cont'd)

Accounting policy applicable before 1 January 2018 (cont'd)

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) Financial Instruments and Hedge Accounting

Derivative financial instruments such as commodities, futures and options contracts are used to manage exposures to foreign exchange and commodity price risks arising from operational activities.

Derivative financial instruments are recognised initially at fair value and any directly attributable transaction costs are recognised in profit or loss as incurred. Subsequent to initial recognition, derivatives are measured at fair value, and changes therein are generally recognised 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.

The Group enters into committed purchase and sales contracts for palm oil commodities as part of its merchandising activities. The prices and physical delivery of the sales and purchases are fixed in the contracts. These contracts are accounted for as derivatives and the fair values arising from these contracts on an aggregated basis are recognised in the financial statements until physical deliveries take place.

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.

3 Summary of Significant Accounting Policies (cont'd)

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

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.

(m) 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.

(n) 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.

(o) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Significant Accounting Policies (cont'd)

(p) 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.

(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.

3 Summary of Significant Accounting Policies (cont'd)

(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.

(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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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.

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 depict the transfer of goods and services to customers in amounts that reflect the consideration to which the Group expects to be entitled in exchange for those goods and services. Revenue is recognised in the income statement as follows:

- Revenue from sales arising from physical delivery of products is recognised when the Group satisfies a performance obligation at a point in time by transferring control of a promised good to a customer. The amount of revenue recognised is the amount of the transaction price allocated to the satisfied performance obligation.
- Revenue from processing, shipping, repair services and trucking services is recognised when the services are rendered over time.
- Revenue from provision of port and storage facilities is recognised when the services are rendered over time.
- Rental income from operating leases is recognised over time on a straight-line basis over the term of the lease contracts.
- Dividend income from investments is recognised at a point in time 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 guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

The accounting policy applied before 1 January 2018 is similar to that applied after 1 January 2018 except that for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

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.

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 2018, the carrying amount of property, plant and equipment and bearer plants amounted to US$2,624,108,000 (2017: US$2,590,159,000) (Note 24) and US$1,092,166,000 (2017: US$1,101,513,000) (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 2018, there is no impairment loss recognised in the consolidated financial statements and the carrying amount of goodwill amounted to US$151,263,000 (2017: US$153,202,000) (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 38. 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 2018, the estimated post employment benefits liabilities amounted to US$71,768,000 (2017: US$99,779,000) (Note 38).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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

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

(iv) Fair Value of Derivatives and Financial Assets at FVOCI and Financial Assets at FVTPL

The Group is required to reassess the fair value of derivatives and financial assets at FVOCI and financial assets at FVTPL at the end of each reporting period. In determining the appropriate fair value classified as Level 2 or Level 3 in the fair value hierarchy, the Group makes use of valuation models. The Group makes maximum use of observable market data as inputs to these valuation models. Where observable market data is not available, the Group has to make use of management estimates for unobservable inputs to the models, and seeks to corroborate the estimates to available market data, or through back-testing against historical experience.

The key unobservable inputs to the models of Level 3 instruments and the inter-relationship between these key unobservable inputs and fair value measurement are disclosed in Note 40 to the consolidated financial statements.

While the Group believes the assumptions are reasonable and appropriate, significant changes in the assumptions may materially affect the fair value recorded. As at 31 December 2018, the carrying amount of derivative receivables, financial assets at FVOCI and financial assets at FVTPL amounted to US$102,742,000, US$670,983,000 and US$720,044,000 respectively (Note 40).

(b) Critical Judgements in Applying Accounting Policies

(i) Deferred Tax Assets and Tax Recoverable

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 financial year 2016, 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 2018, the Group has deferred tax assets of US$244,023,000 (2017: US$299,134,000) (Note 27).

Tax recoverable represents estimated claims for overpayments of income taxes which management believes can be recovered. As at the end of the reporting period, objection and appeal for these tax assessments are still in progress. Significant judgement is required for management to assess the recoverability of the tax refunds from the respective tax offices. As at 31 December 2018, the Group has tax recoverable amounted to US$204,729,000 (2017: US$169,012,000) (Note19).

(ii) 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$1,345,000 (2017: US$25,880,000) (Note 24) has been recognised in the consolidated income statement.

5 Revenue

	2018 US$'000	2017 US$'000
Sales in Indonesia		
Third parties	942,993	1,028,038
Associated companies	17,053	20,952
Joint ventures	114,639	57,566
Related parties	6,996	6,667
	1,081,681	1,113,223
Sales outside Indonesia		
Third parties	6,085,599	6,394,269
Related parties	148	107
	6,085,747	6,394,376
	7,167,428	7,507,599

Sales in Indonesia		
Palm oil based products:		
Crude palm oil	29,775	55,810
Margarine and fat	36,983	40,290
Palm fatty acid distillate	30,771	32,369
Palm kernel	2,932	10,777
Palm kernel meal	6,107	3,746
Palm kernel oil	114,988	59,080
Refined bleached deodorised olein	396,206	451,742
Refined bleached deodorised stearin	50,845	77,394
Refined bleached deodorised palm oil	57,639	53,489
Refined bleached deodorised palm kernel oil	11,816	15,109
Oleochemical products	34,959	28,465
Biodiesel products	196,233	168,281
Others	7,261	11,741
	976,515	1,008,293
Others	105,166	104,930
Total sales in Indonesia	1,081,681	1,113,223

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2018

5 Revenue (cont'd)

	2018 US$'000	2017 US$'000
Sales outside Indonesia		
Palm oil based products:		
Crude palm oil	1,038,523	1,194,189
Margarine and fat	108,481	107,939
Palm fatty acid distillate	96,109	134,683
Palm kernel meal	78,831	61,238
Palm kernel oil	183,927	241,011
Refined bleached deodorised olein	1,793,466	1,719,499
Refined bleached deodorised stearin	289,551	284,821
Refined bleached deodorised palm oil	686,854	648,123
Refined bleached deodorised palm kernel oil	294,636	403,233
Oleochemical products	201,334	209,229
Biodiesel products	81,410	12,612
Others	140,877	209,932
	4,993,999	5,226,509
Soy bean based products	467,940	658,204
Noodles and snack products	94,587	116,113
Revenue from provision of port and storage facilities	2,849	2,768
Refined sunflower oil	347,845	267,150
Others	178,527	123,632
Total sales outside Indonesia	6,085,747	6,394,376
	7,167,428	7,507,599

The Group's revenue are recognised at a point in time except for the revenue from provision of port and storage facilities which is recognised over time.

6 Cost of Sales

	Note	2018 US$'000	2017 US$'000
Cost of inventories recognised as an expense		5,566,000	5,830,515
Depreciation of property, plant and equipment		152,471	158,651
Depreciation of bearer plants	26	99,072	153,129
Processing and direct costs		327,316	294,121
Changes in fair value of derivative financial instruments		15,735	(26,223)
		6,160,594	6,410,193

7 Selling, General and Administrative Expenses

	Note	2018 US$'000	2017 US$'000
Selling expenses			
Freight and related expenses		248,592	234,924
Export tax and administration		172,235	202,800
Salaries and employee benefits expense		27,556	29,668
Advertising and promotions		26,467	34,443
Depreciation of property, plant and equipment		4,830	5,174
Bulking		1,189	979
Amortisation of intangible assets	28	29	20
Others		41,684	36,553
		522,582	544,561
General and administrative expenses			
Salaries and employee benefits expense		224,621	200,035
Rent, tax and licenses		21,002	17,161
Depreciation of property, plant and equipment		19,983	20,427
Professional fees		14,188	12,728
Travelling		13,884	14,316
Repairs and maintenance		8,373	11,187
Office supplies and utilities		4,676	4,544
Amortisation of intangible assets	28	3,346	2,285
Others		26,203	29,408
		336,276	312,091
		858,858	856,652

8 Financial Income and Financial Expenses

	Note	2018 US$'000	2017 US$'000
Interest income from:			
Third parties		28,934	25,111
Joint ventures and associated companies		8,470	8,124
Related parties		52	32
Financial income		37,456	33,267
Interest expense to:			
Third parties		(154,447)	(131,186)
Joint ventures		(109)	(78)
Amortisation of deferred loan charges	33	(6,790)	(6,275)
Amortisation of deferred bond charges	32	(9)	(67)
Amortisation of premium on notes	32	46	145
Total interest expense		(161,309)	(137,461)
Finance charges		(2,622)	(1,868)
Financial expenses		(163,931)	(139,329)
Net financial expenses		(126,475)	(106,062)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

9 Other Operating Income

	Note	2018 US$'000	2017 US$'000
Changes in fair value of financial assets at fair value through profit or loss		131,537	3,129
Investment income		12,149	8,722
Rental income		7,737	8,754
Income from sales of seedlings		5,557	5,650
Insurance and product claims		2,381	17,336
Gain on sale of other materials and by-products		2,230	2,886
Management and service fee income from joint ventures		342	679
Loss on disposal of a subsidiary	18	(189)	-
Reversal of/(Allowance for) impairment loss on:			
Trade receivables, net		9	(307)
Other receivables, net		(1)	(166)
Net loss from changes in fair value of biological assets	25	(20,129)	(2,045)
Depreciation of property, plant and equipment		(4,046)	(3,946)
Depreciation of investment properties	23	(5)	(48)
Other receivables written off		(3,134)	(1,308)
Bearer plants and property, plant and equipment written off		(1,175)	(2,356)
(Loss)/Gain on disposal of property, plant and equipment		(793)	9,265
Loss on disposal of a joint venture	46e	-	(1,309)
Gain on liquidation of subsidiaries	41b	-	55
Others		(6,975)	(1,106)
		125,495	43,885

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	2018 US$'000	2017 US$'000
Audit fees paid/payable to:			
Auditors of the Company		329	309
Auditors of the subsidiaries		1,092	1,308
Non-audit services paid/payable to:			
Auditors of the Company		-	39
Auditors of the subsidiaries		56	62
Employee compensation:			
Wages and salaries		243,236	217,769
Post employment benefits expense	38	14,587	14,757
Employer's contributions to defined contribution plans		4,331	4,688

11 Income Tax

	Note	2018 US$'000	2017 US$'000
Income tax expense/(credit) attributable to the profit is made up of:			
Current income tax			
Current year		36,470	72,259
Under/(Over)-provision in respect of prior years		1,604	(916)
		38,074	71,343
Deferred income tax	27	45,697	(36,301)
		83,771	35,042

Substantially all the Group's operations are located in Indonesia. Accordingly, the Indonesian statutory tax rate of 25% (2017: 25%) is used in the reconciliation of the tax expense/(credit) and the product of accounting profit multiplied by the applicable tax rate.

The income tax expense 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:

	2018 US$'000	2017 US$'000
Profit before income tax	85,649	114,107
Adjustments for:		
Share of results of associated companies	(845)	(2,195)
Share of results of joint ventures	40,350	(409)
	125,154	111,503
Tax calculated at a tax rate of 25% (2017: 25%)	31,289	27,876
Effect of different tax rates in other countries	12,443	17,685
Non-deductible expenses, net	10,243	11,335
Permanent differences arising mainly from remeasurement	13,266	8,988
Recognition of previously unrecognised tax losses	(165)	(25,013)
Utilisation of previously unrecognised tax losses	(895)	(7,678)
Income tax at preferential rate	(1,465)	(1,706)
Unrecognised deferred tax assets	17,451	4,471
Under/(Over)-provision in prior years' current income tax	1,604	(916)
	83,771	35,042

Taxes Payable

Details of taxes payable are as follows:

	2018 US$'000	2017 US$'000
Estimated income tax payable of subsidiaries	6,320	26,955
Income and other taxes:		
Article 21	4,097	1,167
Article 23	3,083	1,677
Article 25	3,649	1,045
Article 26	347	352
Value added tax	1,403	1,692
	18,899	32,888

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

12 (Loss)/Earnings Per Share and Net Asset Value Per Share

(a) (Loss)/Earnings Per Share

(Loss)/Earnings per share amounts are calculated by dividing net loss attributable to the owners of the Company of US$1,772,000 (2017: net profit of US$74,032,000) by the weighted average number of ordinary shares (excluding treasury shares) during the year of 12,734,756,156 (2017: 12,734,756,156).

There is no dilution as the Company did not have any potential ordinary shares outstanding as at 31 December 2018 and 2017.

(b) Net Asset Value Per Share

Net asset value per share of US$0.33 (2017: US$0.31) is calculated by dividing total equity attributable to the owners of the Company of US$4,168,644,000 (2017: US$4,006,983,000) by the number of issued ordinary shares (excluding treasury shares) as at the end of the reporting period of 12,734,756,156 (2017: 12,734,756,156).

13 Cash and Cash Equivalents

	Note	2018 US$'000	2017 US$'000
Cash on hand		928	507
Cash in banks		168,371	125,188
Time deposits		23,467	33,494
Cash and cash equivalents in statement of financial position		192,766	159,189
Less: Cash in banks and time deposits pledged		(34,019)	(33,253)
		158,747	125,936
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		158,747	127,198

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

	2018 US$'000	2017 US$'000
United States dollar	70,428	59,848
Indonesian rupiah	40,505	56,845
Indian rupee	38,837	19,346
Chinese renminbi	33,086	15,721
Others	9,910	7,429
	192,766	159,189

The above cash and cash equivalents include balances with related parties of US$4,762,000 (2017: US$6,311,000).

13 Cash and Cash Equivalents (cont'd)

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:

	2018	2017
	%	%
United States dollar	1.7	-
Indonesian rupiah	4.3 – 5.8	4.3 – 6.3
Indian rupee	5.0 – 8.0	5.0 – 8.0
Chinese renminbi	-	1.7

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:

	2018	2017
	US$'000	US$'000
Time deposits	38,600	9,536
Equity securities at FVOCI	35,421	-
Available-for-sale financial assets:		
Equity securities	-	44,290
Debt securities	-	45,034
	-	89,324
Financial assets at FVTPL:		
Equity securities held for trading	17,592	26,403
Debt securities held for trading	38,201	28,967
Convertible debt securities	222,041	-
Convertible debt securities designated at inception, at cost	-	80,140
	277,834	135,510
	351,855	234,370

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

	2018	2017
	US$'000	US$'000
United States dollar	313,155	224,569
Indian rupee	37,504	7,350
Chinese renminbi	654	-
Indonesian rupiah	542	581
Singapore dollar	-	1,870
	351,855	234,370

Time deposits amounting to US$38,158,000 (2017: US$9,220,000) have been pledged to banks as security for credit facilities (Notes 29 and 33).

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

14 Short-Term Investments (cont'd)

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

	2018	2017
	%	%
United States dollar	0.5	0.5
Indian rupee	4.0 – 8.8	6.0 – 7.4
Indonesian rupiah	4.3 – 4.8	4.8 – 6.5
Chinese renminbi	1.8	-
Singapore dollar	-	1.1

15 Trade Receivables

	2018	2017
	US$'000	US$'000
Third parties	523,094	482,903
Related parties	3,241	2,338
Associated companies	1,058	1,159
Joint ventures	11,168	3,525
	538,561	489,925
Less: Allowance for impairment loss on trade receivables	(4,869)	(3,880)
	533,692	486,045

Trade receivables of the Group, including intra-group trade receivables which have been eliminated at consolidation, amounting to US$324,025,000 (2017: US$362,978,000) have been pledged as security for credit facilities (Notes 29 and 33).

As at 31 December 2018, majority of the Group's trade receivables are current, with 19% (2017: 14%) and 3% (2017: 4%) of the trade receivables which are past due but not credit-impaired for less than 3 months and more than 3 months respectively. During the current financial year, the Group recognised loss allowances for ECLs at an amount equal to lifetime ECLs for the past due debts. During the previous financial year, the 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 ECLs and impairment loss on trade receivables are as follows:

	2018	2017
	US$'000	US$'000
Balance at the beginning of the year	3,880	4,313
Effect of adoption of IFRS 9	1,291	-
Adjusted balance at the beginning of the year	5,171	4,313
Allowance for impairment loss during the year:		
- Assets acquired	32	-
- Incurred loss basis	-	726
Write-back of impairment loss during the year:		
- Reversal of unutilised amounts	(41)	(419)
Receivables written off against allowance during the year	(224)	(679)
Translation adjustment	(69)	(61)
Balance at the end of the year	4,869	3,880

15 Trade Receivables (cont'd)

The trade receivables are denominated in the following currencies:

	2018 US$'000	2017 US$'000
United States dollar	310,098	313,272
Indonesian rupiah	123,819	102,462
Euro	66,738	42,276
Indian rupee	26,513	17,676
Others	6,524	10,359
	533,692	486,045

16 Other Current Assets

	Note	2018 US$'000	2017 US$'000
Non-trade receivables from:			
Third parties		134,784	134,918
Related parties		34,875	36,508
Joint ventures		68,230	166,290
Derivative receivable	39	102,742	6,622
Staff advances		6,109	6,960
		346,740	351,298
Biological assets	25	63,789	83,918
Advances and deposits to suppliers		167,384	153,489
Advances for purchases of property, plant and equipment and others		76,418	35,557
Prepaid taxes		117,481	162,323
Prepaid expenses		21,370	21,979
Others		11,653	4,175
		804,835	812,739

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 3.3% to 4.6% (2017: 3.0% to 3.7%) per annum and are expected to be repayable within the next twelve months. During the current financial year, an amount receivable from a joint venture of US$62,920,000 (2017: US$8,000,000) has been converted into equity in the joint venture.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

16 Other Current Assets (cont'd)

The non-trade receivables from third parties shown above are net of allowance for impairment loss. During the current financial year, the Group recognised loss allowances for ECLs at an amount equal to 12-month ECLs. During the previous financial year, 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 non-trade receivables are as follows:

	2018 US$'000	2017 US$'000
Balance at the beginning of the year	304	160
Effect of adoption of IFRS 9	614	-
Adjusted balance at the beginning of the year	918	160
Allowance for impairment loss during the year	18	166
Write-back of impairment loss during the year	(17)	-
Receivables written off against allowance during the year	(34)	(64)
Translation adjustment	(35)	42
Balance at the end of the year	850	304

The other current assets are denominated in the following currencies:

	2018 US$'000	2017 US$'000
Indonesian rupiah	400,208	385,976
United States dollar	318,520	332,732
Chinese renminbi	41,622	63,558
Indian rupee	36,393	28,431
Euro	7,436	1,011
Others	656	1,031
	804,835	812,739

17 Inventories

	2018 US$'000	2017 US$'000
Raw materials	364,425	367,488
Finished goods	451,989	459,394
Goods in transit	35,642	32,628
	852,056	859,510
Consumables:		
Fertilisers and general material	63,566	41,292
Fuel, chemical and packing supplies	50,434	51,205
Others	36,294	40,411
	1,002,350	992,418

The inventories shown above are net of allowance for impairment loss. Movements in allowance for impairment loss on inventories are as follows:

	2018 US$'000	2017 US$'000
Balance at the beginning of the year	7,449	747
Allowance for impairment loss during the year	6,183	7,895
Write-back of impairment loss during the year	(6,344)	(391)
Write-off against allowance	(623)	-
Transfer to disposal group held for sale	-	(1,093)
Translation adjustment	(413)	291
Balance at the end of the year	6,252	7,449

During the current financial year, the Group recognised an allowance for impairment loss of US$6,183,000 (2017: US$7,895,000) in cost of sales as the carrying amount of certain inventories was higher than the net realisable value. Allowance for impairment loss of US$6,344,000 (2017: US$391,000) has been reversed as a result of an increase in net realisable value of certain inventories.

Inventories amounting to US$279,190,000 (2017: US$315,571,000) have been pledged to banks as security for credit facilities (Notes 29 and 33).

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. 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 and an impairment loss of US$19,699,000 was recognised in the income statement to reduce the carrying amount of the net assets to its fair value less costs to sell.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

18 Disposal Group Held For Sale (cont'd)

In April 2018, the Group completed the disposal of its entire shareholding in SNRFT for a consideration of RMB532,034,000 (equivalent to US$84,543,000). The following table summarises the carrying amount of major classes of identifiable assets and liabilities disposed:

	Carrying Amount US$'000
Property, plant and equipment	99,717
Cash and cash equivalents	14,029
Other receivables	2,016
Inventories	1,096
Trade and other payables	(1,884)
Borrowings	(28,978)
Net assets disposed	85,996
Net foreign currency realised upon disposed	(1,264)
Net assets disposed	84,732
Loss on disposal of a subsidiary	(189)
Proceeds from disposal	84,543
Less: Cash of disposed subsidiary	(14,029)
Net cash inflow on disposal	70,514

19 Long-Term Receivables and Assets

	2018 US$'000	2017 US$'000
Loans receivable from joint ventures and an associated company	80,793	24,150
Tax recoverable	204,729	169,012
Advances for projects	12,290	39,775
Advances for plasma plantations, net	2,651	4,971
Advances for investment in land	1,495	1,495
Land clearing	1,894	1,765
Others	19,673	19,577
	323,525	260,745

The long-term receivables and assets are denominated in the following currencies:

	2018 US$'000	2017 US$'000
Indonesian rupiah	232,820	230,335
United States dollar	84,758	25,152
Malaysian ringgit	3,263	3,365
Others	2,684	1,893
	323,525	260,745

The unsecured loan receivables from joint ventures and an associated company bear interest ranging from 3.3% to 12.0% (2017: 4.2% to 12.0%) per annum with maturity dates ranging between January 2022 and April 2024.

The Group has rated its loans receivables as performing debts where the counterparties have a low risk of default and do not have any past due amounts. The loss allowance is measured at an amount equal to 12-month ECLs at initial recognition and these are assessed to be not material.

19 Long-Term Receivables and Assets (cont'd)

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

	2018 US$'000	2017 US$'000
Equity securities at FVOCI	635,562	-
Available-for-sale financial assets:		
Equity/Fund securities	-	574,725
Financial assets at FVTPL:		
Equity/Fund securities	254,634	-
Convertible debt securities	187,576	-
Convertible debt securities designated at inception, at cost	-	182,000
	442,210	182,000
	1,077,772	756,725

The above convertible debt securities relate to a secured 3% interest-bearing loan extended by the Group to a third party with a maturity date in October 2020. 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:

	2018 US$'000	2017 US$'000
United States dollar	1,020,098	724,428
Euro	57,674	32,297
	1,077,772	756,725

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

21 Investment in Associated Companies

	2018 US$'000	2017 US$'000
Unquoted equity shares, at cost	11,646	5,549
Share of post-acquisition reserves, net of dividend received	6,365	6,868
Translation adjustment	(465)	(65)
	17,546	12,352

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:

	2018 US$'000	2017 US$'000
Results		
Revenue	56,880	80,884
Profit for the year	2,245	4,305
Assets and liabilities		
Total assets	49,054	34,542
Total liabilities	(25,436)	(7,994)
Net assets	23,618	26,548

As at 31 December 2018 and 2017, there are no losses which are in excess of the Group's interests in the associated companies.

22 Investment in Joint Ventures

	2018 US$'000	2017 US$'000
Unquoted equity shares, at cost	120,899	57,979
Share of post-acquisition reserves, net of dividend received	(31,765)	12,081
Translation adjustment	(411)	(465)
	88,723	69,595

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:

	2018 US$'000	2017 US$'000
Results		
Revenue	493,582	162,806
Loss for the year	(61,040)	(16,069)
Assets and liabilities		
Total assets	996,667	939,277
Total liabilities	(859,973)	(865,373)
Non-controlling interests	(5,204)	(3,005)
Net assets	131,490	70,899

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:

	2018 US$'000	2017 US$'000
Interest in joint ventures (50%)	65,745	35,450
Goodwill on acquisition	13,280	13,756
Unrecognised share of post-acquisition reserve	9,698	20,389
Net carrying amount	88,723	69,595

23 Investment Properties

	Note	2018 US$'000	2017 US$'000
Cost			
Balance at the beginning of the year		307	1,411
Transfer to property, plant and equipment	24	-	(1,267)
Translation adjustment		(45)	163
Balance at the end of the year		262	307
Less: Accumulated depreciation			
Balance at the beginning of the year		183	425
Charge for the year	9	5	48
Transfer to property, plant and equipment	24	-	(389)
Translation adjustment		(38)	99
Balance at the end of the year		150	183
Net carrying amount		112	124

As at 31 December 2018, the fair value of the Group's investment properties is approximately US$1,182,000 determined based on valuation carried out by independent professional valuer. As at 31 December 2017, the fair value of US$1,809,000 is 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$119,000 (2017: US$112,000) and US$19,000 (2017: US$62,000) respectively.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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 1.1.2018	8,511	386,049	535,270	1,321,062	1,196,911	187,584	325,385	120,854	4,081,626
Translation adjustment	(430)	(1,811)	-	(8,272)	(11,586)	(880)	(422)	(806)	(24,207)
Additions	-	1,986	2,350	1,398	5,394	10,047	21,119	186,747	229,041
Disposals	-	-	(156)	(583)	(11,283)	(2,076)	(10,948)	(27)	(25,073)
Write off	-	(52)	(77)	(1,704)	(4,973)	(1,518)	(4,771)	-	(13,095)
Reclassification	5,893	506	44,613	25,307	28,883	4,518	19,337	(129,057)	-
Balance at 31.12.2018	13,974	386,678	582,000	1,337,208	1,203,346	197,675	349,700	177,711	4,248,292
Accumulated depreciation and impairment loss									
Balance at 1.1.2018	-	20,496	130,729	431,905	518,551	147,305	242,481	-	1,491,467
Translation adjustment	-	(376)	-	(6,224)	(11,544)	(632)	(271)	-	(19,047)
Charge for the year	-	1,079	31,876	53,576	58,587	13,514	22,698	-	181,330
Disposals	-	-	(113)	(366)	(6,043)	(2,004)	(10,286)	-	(18,812)
Write off	-	-	(55)	(1,434)	(4,621)	(1,498)	(4,491)	-	(12,099)
Allowance for impairment loss	-	-	-	896	-	449	-	-	1,345
Reclassification	-	(97)	(3)	(1)	498	(283)	(114)	-	-
Balance at 31.12.2018	-	21,102	162,434	478,352	555,428	156,851	250,017	-	1,624,184
Net book values									
Balance at 31.12.2018	13,974	365,576	419,566	858,856	647,918	40,824	99,683	177,711	2,624,108

During the current financial year, the Group carried out its annual impairment review and recorded an impairment loss amounting to US$1,345,000 (2017: US$25,880,000) based on valuation carried out by independent professional valuer for certain property, plant and equipment in China. During the previous financial year, the recoverable amount was determined based on each asset's value in use calculation, at a discount rate of 10%.

As at 31 December 2018, the net carrying amount of property, plant and equipment which has been pledged as security for credit facilities (Notes 29 and 33) amounted to US$612,390,000 (2017: US$436,251,000).

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.

During the previous financial 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 amount of US$33,066,000 will be recovered in 2019.

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 1.1.2017	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

25 Biological Assets

	Note	2018 US$'000	2017 US$'000
Balance at the beginning of the year		83,918	85,166
Acquisition of subsidiaries	41a	-	797
Net loss from changes in fair value recognised as part of other operating income	9	(20,129)	(2,045)
Balance at the end of the year	16	63,789	83,918

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 8,111,800 (2017: 7,498,300) 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. As at the end of the current reporting period, if we assume the market prices of FFB increased by 5% with all other variables being held constant, loss attributable to owners of the Company would have decreased and total equity attributable to owners of the Company would have increased by approximately US$2,843,000, as a result of higher gain arising from changes in fair value of biological assets.

As at the end of the previous reporting period, if we assume the market prices of FFB increased 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 by approximately US$3,528,000, as a result of higher gain arising from changes in fair value of biological assets.

Biological assets amounting to US$20,545,000 (2017: US$27,251,000) have been pledged to banks as security for credit facilities (Notes 29 and 33).

26 Bearer Plants

	Note	2018 US$'000	2017 US$'000
Cost			
Balance at the beginning of the year		2,511,321	2,362,536
Additions		86,828	30,687
Disposal		(1,083)	(1,108)
Write off		(6,604)	(5,353)
Transfer from land clearing		4,159	3,978
Acquisition of subsidiaries	41a	-	120,581
Balance at the end of the year		2,594,621	2,511,321
Less: Accumulated depreciation			
Balance at the beginning of the year		1,409,808	1,261,162
Charge for the year	6	99,072	153,129
Write off		(6,425)	(4,483)
Balance at the end of the year		1,502,455	1,409,808
Net book value		1,092,166	1,101,513

During the current financial year, the additions to bearer plants included US$49,974,000 which have been prepaid in previous years. As at 31 December 2018, bearer plants amounting to US$136,229,000 (2017: US$144,545,000) have been pledged to banks as security for credit facilities (Notes 29 and 33).

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:

	2018 US$'000	2017 US$'000
Deferred tax assets	244,023	299,134
Deferred tax liabilities	(78,080)	(78,243)
	165,943	220,891

	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 2018	186,994	193,407	(159,510)	220,891
Charged to income statement (Note 11)	(47,281)	(7,272)	8,856	(45,697)
Charged to other comprehensive loss	-	-	(9,001)	(9,001)
Translation adjustment	199	(205)	(244)	(250)
Balance at 31 December 2018	139,912	185,930	(159,899)	165,943
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

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$72,340,000 (2017: US$73,698,000) have not been recognised for taxes that would be payable on the remittance to Mauritius of unremitted retained earnings of approximately US$2,411,345,000 (2017: US$2,456,586,000) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

27 Deferred Tax (cont'd)

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$275,394,000 (2017: US$211,853,000).

	2018 US$'000	2017 US$'000
Expiry dates in year ending:		
31 December 2018	-	62,797
31 December 2019	60,814	25,554
31 December 2020	36,733	44,104
31 December 2021	45,997	50,552
31 December 2022	43,668	23,557
31 December 2023	69,418	-
31 December 2024	8,347	-
No expiry dates and subject to terms and conditions	10,417	5,289
	275,394	211,853

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$42,729,000 (2017: US$30,873,000) has not been recognised in the consolidated financial statements.

28 Intangible Assets

	Goodwill US$'000	Brands and trademarks US$'000	Deferred landrights US$'000	Others US$'000	Total US$'000
Cost					
Balance at 1 January 2018	153,202	8,558	11,671	21,027	194,458
Additions	-	-	-	25,455	25,455
Write-off	-	-	(2)	-	(2)
Translation adjustment	(1,939)	(114)	-	(447)	(2,500)
Balance at 31 December 2018	151,263	8,444	11,669	46,035	217,411
Less: Accumulated amortisation					
Balance at 1 January 2018	-	7,042	5,837	8,821	21,700
Amortisation charged to:					
Selling expenses (Note 7)	-	1	1	27	29
General and administrative expenses (Note 7)	-	84	130	3,132	3,346
Cost of sales	-	-	264	-	264
Write-off	-	-	(2)	-	(2)
Translation adjustment	-	(15)	-	(18)	(33)
Balance at 31 December 2018	-	7,112	6,230	11,962	25,304
Net carrying amount					
Balance at 31 December 2018	151,263	1,332	5,439	34,073	192,107

28 Intangible Assets (cont'd)

	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

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, laurics and others 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 17% (2017: 14%) margin. A terminal value was estimated based on the 5th year's future cash flow using the terminal growth rate of 5.0% (2017: 5.0%) and pre-tax discount rates ranging from 5.4% to 12.9% (2017: 6.7% to 15.4%).

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	2018	2017
		US$'000	US$'000
Short-term loans:			
United States dollar		1,180,938	1,218,939
Indian rupee		8,864	-
Euro		5,153	598
		1,194,955	1,219,537
Current maturities of long-term loans	33	184,444	219,983
		1,379,399	1,439,520
Less: Unamortised loan charges	33	(3,133)	(3,959)
		1,376,266	1,435,561

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

29 Short-Term Borrowings (cont'd)

Short-term loans of the Group, broken down by secured and unsecured are as follows:

	2018 US$'000	2017 US$'000
Secured loans	684,566	713,115
Unsecured loans	510,389	506,422
	1,194,955	1,219,537

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 the weighted average effective interest rates per annum during the year are as follows:

	2018 %	2017 %
United States dollar	2.87	2.43
Euro	1.52	1.70
Indian rupee	7.87	-

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

	2018 US$'000	2017 US$'000
Trust receipts payable	326,825	250,593
Trade payables to:		
Third parties	311,740	268,864
Associated companies	410	272
Joint ventures	9,008	4,423
Related parties	35,366	20,280
	683,349	544,432

The above trust receipts payable, which represent amounts due to certain banks, bear interest ranging from 3.2% to 4.0% (2017: 2.5% to 3.1%) per annum. The trust receipts payable and trade payables are denominated in the following currencies:

	2018 US$'000	2017 US$'000
United States dollar	429,327	324,874
Indonesian rupiah	217,401	183,993
Indian rupee	22,240	16,732
Chinese renminbi	7,969	12,113
Euro	3,254	184
Malaysian ringgit	2,879	6,410
Others	279	126
	683,349	544,432

31 Other Payables

	Note	2018 US$'000	2017 US$'000
Non-trade payables to:			
Third parties		76,883	120,577
Joint ventures		3,357	3,320
Related parties		248	419
Derivative payable	39	857	5,653
Interest payable		15,700	14,313
		97,045	144,282
Advances and deposits		138,665	40,276
Accrued expenses		52,038	56,352
		287,748	240,910

The amounts payable to related parties are unsecured, interest free and repayable on demand.

As at 31 December 2018, included in the amounts payable to joint ventures are US$3,176,000 (2017: US$3,070,000) which bear interest ranging from 3.1% to 3.8% (2017: 2.3% to 2.9%) per annum and are repayable within the next twelve months.

As at 31 December 2018, included in the amounts payable to third parties are US$3,238,000 (2017: US$3,113,000) which bear interest ranging from 3.7% to 4.4% (2017: 3.0% to 3.3%) per annum and are repayable within the next twelve months.

The other payables are denominated in the following currencies:

	2018 US$'000	2017 US$'000
United States dollar	138,714	90,624
Indonesian rupiah	84,488	80,192
Chinese renminbi	39,201	38,055
Indian rupee	14,934	25,291
Singapore dollar	4,316	3,077
Euro	3,077	3,402
Others	3,018	269
	287,748	240,910

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

32 Bonds and Notes Payable

	2018 US$'000	2017 US$'000
Unsecured IDR Bonds:		
9.25% p.a. fixed rate, due 2019	6,905	7,380
Unsecured RM Islamic medium-term notes:		
4.75% p.a. profit rate, due 2018	-	156,590
5.35% p.a. profit rate, due 2019	117,740	117,740
Unsecured SGD multicurrency medium-term notes:		
5.5% p.a. fixed rate, due 2018	-	149,588
4.75% p.a. fixed rate, due 2021	109,971	-
	234,616	431,298
Less: Deferred bond charges	(5)	(14)
Add: Unamortised premium on notes	-	46
	234,611	431,330
Less: Current portion	(124,640)	(306,224)
Non-current portion	109,971	125,106

Movements in deferred bond charges are as follows:

	Note	2018 US$'000	2017 US$'000
Balance at the beginning of the year		14	81
Amortisation during the year	8	(9)	(67)
Balance at the end of the year		5	14
Less: Current portion		(5)	-
Non-current portion		-	14

Movements in unamortised premium on notes are as follows:

	Note	2018 US$'000	2017 US$'000
Balance at the beginning of the year		46	191
Amortisation during the year	8	(46)	(145)
Balance at the end of the year		-	46

33 Long-Term Borrowings

	Note	2018 US$'000	2017 US$'000
Long-term loans:			
United States dollar		1,510,854	1,279,654
Singapore dollar		74,047	69,470
Indian rupee		3,008	160
Total long-term loans		1,587,909	1,349,284
Less: Current maturities of long-term loans	29	(184,444)	(219,983)
		1,403,465	1,129,301
Less: Unamortised deferred loan charges		(4,253)	(4,053)
Non-current portion		1,399,212	1,125,248

33 Long-Term Borrowings (cont'd)

Movements in unamortised deferred loan charges are as follows:

	Note	2018 US$'000	2017 US$'000
Balance at the beginning of the year		8,012	8,394
Additions		6,172	5,884
Amortisation during the year	8	(6,790)	(6,275)
Translation adjustment		(8)	9
Balance at the end of the year		7,386	8,012
Less: Current portion	29	(3,133)	(3,959)
Non-current portion		4,253	4,053

Long-term loans of the Group, broken down by secured and unsecured are as follows:

	2018 US$'000	2017 US$'000
Secured loans	1,389,159	1,235,784
Unsecured loans	198,750	113,500
	1,587,909	1,349,284

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 weighted average effective interest rates per annum on the long-term loans of the Group during the year are as follows:

	2018 %	2017 %
United States dollar	4.91	4.25
Singapore dollar	2.87	2.48
Indian rupee	9.92	10.98

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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

33 Long-Term Borrowings (cont'd)

The scheduled maturities of the Group's long-term loans as at 31 December 2018 and 2017 are as follows:

Year	Original loan currency US$'000	S$'000	INR'000	U.S. Dollar Equivalent US$'000
As at 31 December 2018				
Long-term borrowings repayable in:				
2019	184,337	-	7,500	184,444
2020	271,055	-	-	271,055
2021	234,218	-	10,000	234,361
2022	496,956	-	-	496,956
2023	223,038	101,000	192,500	299,843
Thereafter	101,250	-	-	101,250
Total	1,510,854	101,000	210,000	1,587,909
Current portion (Note 29)	(184,337)	-	(7,500)	(184,444)
Non-current portion	1,326,517	101,000	202,500	1,403,465
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

34 Long-Term Payables and Liabilities

	Note	2018 US$'000	2017 US$'000
Post employment benefits liability, denominated in Indonesian rupiah	38	71,768	99,779
Rental deposits, denominated in Singapore dollar		802	684
Deferred rental income, denominated in United States dollar		1,385	2,373
Put option liability, denominated in Indian rupee	41c	83,380	-
		157,335	102,836

35 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 2018	2,560,809	-	431,330
Additions	5,569,720	-	112,613
Repayment	(5,349,234)	-	(309,262)
Payment of deferred loan charges	(6,172)	-	-
Non-cash changes:			
Amortisation	6,790	-	(37)
Foreign exchange movement	(6,435)	-	(33)
Balance at 31 December 2018	2,775,478	-	234,611
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

36 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 2017 and 2018	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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

37 Dividends

	2018 US$'000	2017 US$'000
Interim dividend paid in respect of 2017 of S$0.00693 per share	-	65,083
Final dividend paid in respect of 2017 of S$0.00116 (2016: S$0.00635) per share	11,073	57,416
Total dividends paid	11,073	122,499

At the Annual Meeting to be held on 24 April 2019, a final dividend (tax not applicable) of S$0.0058 per share, amounting to S$73,861,585.70 (equivalent to approximately US$54,151,000) 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 2019.

38 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. As at 31 December 2018, the amounts for such additional provisions were determined based on actuarial computations valuations prepared by the independent actuary, PT Dayamandiri Dharmakonsilindo, using the projected unit credit method.

The principal actuarial assumptions used by the actuaries were as follows:

	2018	2017
Discount rate	8.10% – 8.80%	7.25%
Salary growth rate	6.0%	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	2018 US$'000	2017 US$'000
Balance at the beginning of the year		99,779	80,570
Post employment benefits expense during the year recognised in the income statement	10	14,587	14,757
Post employment benefits (income)/expense during the year recognised in other comprehensive income		(36,016)	4,885
Payments made during the year		(356)	(425)
Acquisition of subsidiaries	41a	-	1,034
Translation adjustment		(6,226)	(1,042)
Balance at the end of the year	34	71,768	99,779

38 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	2018 US$'000	2017 US$'000
Current service cost		11,229	8,287
Past service cost		(3,107)	(132)
Interest cost		6,465	6,602
Post employment benefits expense recognised in the income statement	10	14,587	14,757

The components of the post employment benefits income/(expense) recognised in other comprehensive income are as follows:

	2018 US$'000	2017 US$'000
Actuarial gain/(loss) arising from changes in assumptions	31,740	(14,266)
Actuarial gain arising from experience adjustment	4,276	9,381
Post employment benefits income/(expense) recognised in other comprehensive income	36,016	(4,885)
Less: Deferred income tax	(9,001)	1,221
Net post employment benefits income/(expense) recognised in other comprehensive income	27,015	(3,664)

(b) Share Scheme

The GAR Restricted Share Plan, approved by shareholders at the Special Meeting of the Company held on 24 October 2008 with a tenure of 10 years, has lapsed in 2018.

39 Derivative Financial Instruments

The Group classifies derivative financial instruments as financial assets or liabilities 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.

Since the beginning of the current financial year, the Company has designated the firm committed purchases and sales contracts that are entered in relation to the merchandising activities as derivative financial instruments as these are commodities with established, liquid markets and are therefore readily saleable at market prices.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

39 Derivative Financial Instruments (cont'd)

The details of the contracts outstanding as at end of the reporting period are as follows:

	2018		2017	
	Notional amount	Assets/ (Liabilities)	Notional amount	Assets/ (Liabilities)
	US$'000	US$'000	US$'000	US$'000
Forward currency contracts	294,929	19,865	250,961	969
Commodity futures contracts	631,108	(28,723)	-	-
Firm commitment contracts	1,476,693	110,743	-	-
Total derivative financial instruments		101,885		969
Less: Current assets (Note 16)		(102,742)		(6,622)
Current liabilities (Note 31)		(857)		(5,653)

During the current financial year, the Group recognised a net gain from forward foreign currency contracts of US$34,582,000 (2017: net loss of US$10,657,000) in the income statement as part of net foreign exchange loss.

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 2018 and 2017, 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 on a recurring basis 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 2018				
Financial assets at FVOCI (Equity)	-	-	670,983	670,983
Financial assets at FVTPL held for trading	12,039	28,209	679,796	720,044
Derivative receivable	-	102,742	-	102,742
Derivative payable	-	(857)	-	(857)
	12,039	130,094	1,350,779	1,492,912

40 Financial Instruments (cont'd)

Fair Value Hierarchy (cont'd)

	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	US$'000
At 31 December 2017				
Available-for-sale (AFS) financial assets*	-	-	68,693	68,693
Financial assets at FVTPL 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

* Excluded available-for-sale financial assets stated at cost of US$595,356,000 as at 31 December 2017.

Methods and Assumptions Used to Determine Fair Values

The methods and assumptions used by management to determine fair values of assets and liabilities are as follows:

(i) Level 1 fair value measurements

The fair value of securities traded in active markets is based on quoted market prices at the reporting date.

(ii) Level 2 fair value measurements

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. The fair value of unquoted debt and equity securities is determined by reference to fund statements provided by non-related fund managers. For commodity futures contracts, observable prices are used as a measure of fair values for the outstanding contracts. For firm commitment contracts, the fair values are based on market prices and management's best estimate and are arrived at by reference to the market prices of another contract that is substantively similar and adjusted for premium or discount where relevant.

(iii) Level 3 fair value measurements

The fair values of financial assets classified under Level 3 of the fair value hierarchy were determined by reference to fund statements provided by non-related fund managers and valuation reports prepared by independent professional valuers. Details of valuation techniques are as follows:

- Net present value method

As at 31 December 2018, fair value of financial assets amounted to US$536,731,000 was determined by reference to valuations performed using the net present value method. Key unobservable inputs are as follows:

Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Bearer plant have an average life of 25 years.	The estimated fair value increases as the estimated average life increases.
Discount rate per annum ranging from 7.1% to 18.35%.	The estimated fair value increases as the estimated discount rate per annum decreases.
Average selling price ranging from US$641 to US$689 per metric tonne.	The estimated fair value increases as the estimated selling price increases.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

40 Financial Instruments (cont'd)

Methods and Assumptions Used to Determine Fair Values (cont'd)

(iii) Level 3 fair value measurements (cont'd)

- Fund statements

As at 31 December 2018, fair value of financial assets amounted to US$534,333,000 was made with reference to the fund statements provided by non-related fund managers. The fund managers determined the fair value of its entire portfolio using multiple valuation techniques including price of recent transactions, Backsolve and option pricing model, Monte Carlo simulation, adjusted net assets value and discounted cash flow method.

- Discounted cash flow method

As at 31 December 2018, fair value of financial assets amounted to US$279,715,000 was determined by reference to valuations performed using discounted cash flow method. The expected cash flows from these renewable energy and technology businesses are determined using the projected leasing income and revenue growth, net of operating expenses over the estimated useful life of the underlying operating assets. Key unobservable inputs used in the valuation model are as follows:

Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Revenue based on projected leasing income and maximum utilisation rate.	The estimated fair value increases as the estimated leasing price increases.
Projected operating and maintenance expenses.	The estimated fair value increases as the estimated operating and maintenance expenses decreases.
Average useful life of 25 years with refurbishment work done.	The estimated fair value increases as the estimated useful life increases.
Weighted average cost of capital ranging from 5.1% to 12.6%	The estimated fair value increases as the estimated weighted average cost of capital decreases.
Discount of lack of marketability of 10%.	The estimated fair value increases as the discount decreases.

If the leasing prices were 2.5% lower and operating expenses were 2.5% higher while all the other variables were held constant, the fair value of the investment would decrease by approximately US$7.6 million. If the utilisation rate decrease by 5% and the average useful life decrease by 3 years while all other variables were held constant, the fair value of the investment would decrease by US$32.2 million. During the current year, net gain of US$133.6 million was recognised in the income instatement due to changes in fair value.

40 Financial Instruments (cont'd)

Methods and Assumptions Used to Determine Fair Values (cont'd)

Movements in Level 3 financial assets measured at fair value are as follows:

	FVOCI US$'000	FVTPL US$'000
Balance of AFS/held for trading financial assets at 31 December 2017 (IAS 39)	68,693	4,553
Financial assets previously held at cost, remeasured to Level 3 fair value under IFRS 9:		
Book value of financial assets under IAS 39 (at cost)	407,431	450,065
Remeasurement of financial assets to fair value recognised in:		
- fair value reserve	34,633	-
- retained earnings	-	68,011
Redesignation of assets previously classified as AFS to FVTPL at date of initial application of IFRS 9	(5,870)	5,870
Balance at 1 January 2018 (IFRS 9)	504,887	528,499
Net additions	136,776	23,118
Return of capital	(44,347)	(12,226)
Changes in fair value recognised in other comprehensive income	73,667	-
Fair value gain recognised in income statement	-	140,405
Balance of FVOCI/FVTPL financial assets at 31 December 2018 (IFRS 9)	670,983	679,796

There were no transfers between Level 1, 2 and 3 during the current financial year.

Movements in Level 3 financial assets measured at fair value are as follows:

	Available-for-sale (AFS) US$'000	Held for trading US$'000
Balance at 1 January 2017	78,777	12,158
Transfer of financial assets previously measured at cost	1,000	-
Additions/(Disposals), net	3,966	(7,449)
Return of capital	(13,352)	-
Changes in fair value recognised in other comprehensive income	(1,698)	-
Unrealised loss recognised in income statement	-	(156)
Balance at 31 December 2017 (IAS 39)	68,693	4,553

Valuation Policies and Procedures

The Group has an established governance framework with respect to the measurement of fair values of its financial instruments. This framework includes a team that report directly to the respective divisional Chief Financial Officer and the Group's Chief Financial Officer. The measurement of fair values of financial instruments is performed, reviewed and validated on a periodical basis. The respective valuation team regularly reviews significant unobservable inputs and valuation adjustments. If third party information, such as broker quotes or pricing services, is used to measure fair value, then the respective valuation team assesses and documents the evidence obtained from the third parties the reasonableness of basis. All variances, if any, will be reviewed and reported to the Group's Chief Financial Officer.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

41 Acquisition and Liquidation of Subsidiaries and Transactions with Non-Controlling Interests

(a) Acquisition of subsidiaries in the financial year 2017

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.

41 Acquisition and Liquidation of Subsidiaries and Transactions with Non-Controlling Interests (cont'd)

(b) Liquidation of subsidiaries

In December 2018, the members' voluntary liquidation of PT Aimer Sawitmas, PT Berau Sarana Jaya and PT Nabati Energi Mas is deemed to be completed. The financial impact arising from the liquidation of the above subsidiaries is not significant.

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.

(c) Changes in ownership interest in a subsidiary

(i) On 25 September 2018, the Group through its subsidiary, entered into conditional agreements for the participation by a new investor in 25% of the enlarged issued and fully paid up share capital of Gemini Edibles & Fats India Private Limited ("GEFI"), a 75.02% owned subsidiary of the Group.

Under the transaction, the new investor has subscribed for new shares in GEFI for an amount of INR4.4 billion (equivalent to US$63,042,000) and purchased existing shares held by the Group and other non-controlling shareholders on a pro-rata basis, for an amount of INR1.5 billion (equivalent to US$20,338,000) and INR0.5 billion (equivalent to US$6,779,000) respectively. Following the completion of the transaction on 2 November 2018, the Group's effective interest in GEFI decreased from 75.02% to 56.27%. The Group recognised an increase in other reserves and non-controlling interest of US$46,272,000 and US$37,108,000 respectively.

As the new investor shall have the put option to sell GEFI's shares to the Group as one of the possible exit routes in the future, the Group recognised a put option liability in long-term payables and a decrease in other reserves of US$83,380,000.

(ii) In July 2018, the Group through its subsidiary, subscribed for additional 9,001 new shares in PT Bioenergi Semesta Mas ("BSM") for a consideration of IDR9,001,000,000 (equivalent to US$626,000). Subsequently in October 2018, the Group through its subsidiaries, acquired an aggregate of 410 shares in BSM for a total consideration of US$28,000. Following the acquisition, the Group's effective interest in BSM increased from 59.90% to 60.02% and the Group recognised a decrease in other reserves of US$28,000.

(iii) In November 2018, the Group through its subsidiary, acquired additional 1,000 shares in PT Fortuna Abadi Mandiri ("FAM") for a consideration of IDR9,160,000 (equivalent to US$623). Following the acquisition, FAM become the Group's wholly-owned subsidiary. The Group recognised a decrease in other reserves and an increase in non-controlling interest of US$374,000.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

42 Operating Segment Information

For management purposes, the Group is organised into business units based on their products. The Group has re-grouped its reportable operating segments from four segments in the previous financial year to two segments in the current financial year by combining palm and laurics, oilseeds and others into one segment. The comparative figures have been reclassified accordingly to conform to current year's classification.

Plantations and palm oil mills - comprises the products from upstream business;

Palm, laurics and others - comprises the processing and merchandising of palm and oilseed based products i.e. bulk, branded, oleo-chemicals and other vegetable oils, as well as production and distribution of other consumer products in China and Indonesia mainly food and beverages.

2018	Plantations and palm oil mills US$'000	Palm, laurics and others US$'000	Eliminations US$'000	Total US$'000
Revenue from external customers	65,903	7,101,525	-	7,167,428
Inter-segment sales	1,385,372	-	(1,385,372)	-
Total revenue	1,451,275	7,101,525	(1,385,372)	7,167,428
EBITDA	390,584	184,235	(1,844)	572,975
Other information				
Capital expenditure	168,636	92,103	-	260,739
Unallocated capital expenditure				5,156
Total capital expenditure				265,895
Depreciation and amortisation	(187,458)	(96,588)	-	(284,046)
Allowance for impairment loss of property, plant and equipment	-	(1,345)	-	(1,345)
Net loss from changes in fair value of biological assets	(20,129)	-	-	(20,129)
Changes in fair value of financial assets at fair value through profit or loss	23,232	108,305	-	131,537
Interest on borrowings	(85,733)	(75,576)	-	(161,309)
Share of profit/(loss) of:				
Associated companies	149	696	-	845
Joint ventures	-	(40,350)	-	(40,350)
Assets				
Segment assets	3,980,271	3,664,543	(842,345)	6,802,469
Investment in:				
Associated companies	1,866	15,680	-	17,546
Joint ventures	-	88,723	-	88,723
Unallocated assets				1,636,842
Total assets				8,545,580
Liabilities				
Segment liabilities	(298,382)	(2,734,287)	819,467	(2,213,202)
Unallocated liabilities				(2,022,298)
Total liabilities				(4,235,500)

42 Operating Segment Information (cont'd)

2017	Plantations and palm oil mills US$'000	Palm, laurics and others US$'000	Eliminations US$'000	Total US$'000
Revenue from external customers	75,608	7,431,991	-	7,507,599
Inter-segment sales	1,597,213	717	(1,597,930)	-
Total revenue	1,672,821	7,432,708	(1,597,930)	7,507,599
EBITDA	498,924	165,931	(204)	664,651
Other information				
Capital expenditure	117,875	87,821	-	205,696
Unallocated capital expenditure				12,192
Total capital expenditure				217,888
Depreciation and amortisation	(237,185)	(106,779)	-	(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	(61,855)	(75,606)	-	(137,461)
Share of profit/(loss) of:				
Associated companies	(45)	2,240	-	2,195
Joint ventures	(196)	605	-	409
Assets				
Segment assets	4,083,933	3,752,057	(1,018,040)	6,817,950
Investment in:				
Associated companies	2,108	10,244	-	12,352
Joint ventures	-	69,595	-	69,595
Unallocated assets				1,237,883
Total assets				8,137,780
Liabilities				
Segment liabilities	(397,174)	(2,259,654)	991,883	(1,664,945)
Unallocated liabilities				(2,364,282)
Total liabilities				(4,029,227)

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

42 Operating Segment Information (cont'd)

A reconciliation of total EBITDA to total profit before income tax is as follows:

	2018 US$'000	2017 US$'000
EBITDA for reportable segments	574,819	664,855
Other EBITDA	(1,844)	(204)
Net loss from changes in fair value of biological assets	(20,129)	(2,045)
Depreciation and amortisation	(284,046)	(343,964)
Foreign exchange loss	(20,497)	(21,495)
Interest on borrowings	(161,309)	(137,461)
Exceptional items	(1,345)	(45,579)
Profit before income tax	85,649	114,107

Revenue based on geographical location of customers is as follows:

	2018 US$'000	2017 US$'000
China	853,214	963,596
Indonesia	1,081,681	1,113,223
India	1,591,286	1,411,143
Rest of Asia	2,055,937	2,401,636
Europe	1,015,425	1,026,435
Others	569,885	591,566
Consolidated revenue	7,167,428	7,507,599

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:

	2018 US$'000	2017 US$'000
Indonesia	3,693,276	3,676,358
China	107,784	112,335
Singapore	136,706	138,821
India	56,114	42,164
Others	58,885	44,406
Total non-current non-financial assets	4,052,765	4,014,084

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:

	2018 US$'000	2017 US$'000
(i) Sale of services		
Rental income from related parties	303	343
Rental income from joint ventures	218	211
(ii) Purchase of goods and services		
Insurance premium to a related party	5,603	7,649
Purchase of agricultural products from associated companies	-	247
Purchase of non-palm oil products from related parties	142,945	107,689
Freight and related expenses to joint ventures	174,920	175,029
Rental and service charge expense to related parties	14,092	10,808
Transport and port expense to related parties	2,464	2,848
(iii) Dividend income from:		
- joint ventures	34,405	785
- an associated company	772	-
(iv) Proceeds from disposal of property, plant and equipment to a related party	-	99,121

(b) The key management personnel remuneration is as follows:

	2018 US$'000	2017 US$'000
Directors of the holding company	5,829	5,359
Other key management personnel	9,841	5,303

Included in the above remuneration are post employment benefits of US$45,546 for the current financial year (2017: US$47,477).

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 2017. 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

44 Financial Risk Management (cont'd)

(a) Capital Risk Management (cont'd)

	Note	2018 US$'000	2017 US$'000
Short-term borrowings	29	1,376,266	1,435,561
Long-term borrowings	33	1,399,212	1,125,248
Bonds and notes payable	32	234,611	431,330
Total debts		3,010,089	2,992,139
Less: Cash and cash equivalents	13	(192,766)	(159,189)
Net debts		2,817,323	2,832,950
Total equity		4,310,080	4,108,553
Net debts-to-equity ratio (times)		0.65	0.69

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.

	2018 US$'000	2017 US$'000
Net debts	2,817,323	2,832,950
Less: Liquid working capital:		
Short-term investments	(351,855)	(234,370)
Trade receivables	(533,692)	(486,045)
Inventories (excluding consumables)	(852,056)	(859,510)
Advances and deposits to suppliers	(167,384)	(153,489)
Trade payables	683,349	544,432
Advances and deposits	138,665	40,276
Adjusted net debts	1,734,350	1,684,244
Equity attributable to the owners of the Company	4,168,644	4,006,983
Adjusted net debts-to-equity ratio (times)	0.42	0.42

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.

(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.

44 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(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 2018, 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$12,158,000 and US$9,402,000 (2017: US$11,064,000 and US$8,538,000) 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.

	2018 US$'000	2017 US$'000
Financial Assets		
Variable rate	342,706	347,266
Fixed rate	252,656	227,605
Non-interest bearing	1,988,256	1,436,906
	2,583,618	2,011,777
Financial Liabilities		
Variable rate	2,766,892	2,551,992
Fixed rate	576,436	696,923
Non-interest bearing	447,155	431,938
	3,790,483	3,680,853

(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.

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.

44 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(ii) Foreign Currency Risk (cont'd)

As at the end of the current reporting period, if IDR 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$21,912,000 (2017: US$34,739,000).

(iii) Price Risk

Market price risk is the risk that the fair value of the Group's financial instruments will fluctuate because of changes in market prices. The Group is exposed to equity price risk arising from its investment in quoted equity instruments. These instruments are classified as financial assets as fair value through profit or loss. No sensitivity analysis is presented as management believes that market price risk is not significant.

The Group is exposed to commodity price risk as the Group's products are related to agricultural commodities. During its ordinary course of business, the value of the Group's open sales and purchases commitments and inventory of raw material changes continuously in line with movements in the prices of the underlying commodities. To the extent that its open sales and purchases commitments do not match at the end of each business day, the Group is subjected to price fluctuations in the commodities market. While the Group is exposed to fluctuations in agricultural commodities prices, the Group seeks to manage the exposure by hedging its contracts either through forward, futures and options contracts on the commodity exchanges. No sensitivity analysis is presented as management believes that commodity 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. The credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies, with ratings ranging from Aa1 to Baa3. There was no impairment loss recognised on cash and cash equivalents during the current financial year.

The Group recognises loss allowances for ECLs on trade and non-trade receivables as disclosed in Notes 15, 16 and 19 to the consolidated financial statements.

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:

	2018 US$'000	2017 US$'000
Corporate guarantees provided to financial institutions on borrowings of joint ventures and entities owned by investees and joint ventures:		
Total facilities	757,376	722,196
Total outstanding	490,525	433,043

(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 2018				
Short-term loans	1,206,652	-	-	1,206,652
Long-term loans	256,736	1,445,047	107,520	1,809,303
Bonds and notes payable	133,028	115,552	-	248,580
Other financial liabilities	780,394	-	-	780,394
Financial guarantee contracts	67,093	155,373	268,059	490,525
	2,443,903	1,715,972	375,579	4,535,454
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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

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 equipment with a term of more than one year are as follows. The leases have varying terms, escalation clauses and renewal rights.

	2018 US$'000	2017 US$'000
Within one year	23,591	20,834
Between one year to five years	22,083	28,348
After five years	444	2,220
Minimum lease payments paid under operating leases	27,318	24,847

Capital expenditure and investment commitment

At the end of the reporting period, the estimated significant expenditure and investment in financial instruments committed but not provided for in the consolidated financial statements are as follows:

	2018 US$'000	2017 US$'000
Capital expenditure	94,392	45,747
Investment in equity securities	136,913	-
Investment in available-for-sale financial assets	-	105,751

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 2018 %	Effective interest of the Company 2017 %
Subsidiaries held by the Company				
Asia Integrated Agri Resources Limited	Investment holding	Bermuda	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

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	2017 %
Subsidiaries held by the Company (cont'd)				
Golden Agri International Finance (2) Ltd (b2)	Treasury management	British Virgin Islands	100.00	100.00
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	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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	2017 %
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. (b12)	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),(Note 41b)	Oil palm cultivation and palm oil producer	Indonesia	-	100.00
Ascent Industrial Complex Sdn. Bhd. (b6)	Owner and construction of bulking stations, export, import, administration of transportation services, management and trading	Malaysia	100.00	100.00
Asia Palm Oil Investment Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Aurea Investment Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Aurorea Investment Limited (b16)	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)	Oil palm cultivation and palm oil producer	Indonesia	100.00	97.07
PT Bangun Nusa Mandiri (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	2017 %
Subsidiaries held through subsidiaries (cont'd)				
Belino Investments Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00
PT Berau Sarana Jaya (b3),(Note 41b)	Oil palm cultivation and palm oil producer	Indonesia	-	92.40
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 (b18),(Note 41c)	Investment holding	Indonesia	60.02	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
PT Cahayanusa Gemilang (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2018

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	2017 %
Subsidiaries held through subsidiaries (cont'd)				
PT Citra Bhakti Mandiri (b8)	Investment holding	Indonesia	100.00	100.00
PT Dami Mas Sejahtera (b17)	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 41c)	Investment holding	Indonesia	100.00	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),(Note 41c)	Trading, manufacturing and marketing of edible oils and fats	India	56.27	75.02
PT Genta Mas Perkasa (b5)	Investment holding	Indonesia	100.00	100.00
GF International Holdings Pte. Ltd. (c)	General wholesale trade	Singapore	75.00	-
PT Global Media Telekomindo (b1)	Telecommunication and multimedia services	Indonesia	100.00	100.00
Golden Adventure (GSW) Pte. Ltd.	Ship owning and ship chartering	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 2018 %	2017 %
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. (b12)	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 Maritime Pte. Ltd. (c)	Ship management services, chartering and operation of vessels	Singapore	100.00	-
Golden Agri Plaza Pte. Ltd.	Commercial and industrial real estate management and property investment	Singapore	100.00	100.00
Golden Agri-Resources Europe B.V. *(formerly known as "Victory Tropical Oil B.V.")* (b1)	Investment holding and finance, and trading in tropical oils and their by-products	The Netherlands	100.00	100.00
Golden Agri-Resources Iberia, S.L. *(formerly known as "Victory Tropical Oil Iberia, S.L.")* (b1)	Sales, marketing and trading of tropical oils and their by-products	Spain	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 (b15)	Investment holding	Hong Kong	100.00	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	2017 %
Subsidiaries held through subsidiaries (cont'd)				
Golden Avenue (GSW) Pte. Ltd.	Ship owning and ship chartering	Singapore	70.00	70.00
Golden Capital Asset Pte. Ltd. *(formerly known as "Verdant Capital Pte. Ltd.")*	Investment holding	Singapore	100.00	100.00
Golden Food International (Shanghai) Co., Ltd. (b9),(c)	Sale of food products	People's Republic of China	75.00	-
Golden Funds & Investment Services Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Jubilee International Holding Pte. Ltd. (c)	Investment holding	Singapore	75.00	-
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
Golden Natural Resources (Shanghai) International Trade Co., Ltd. (b9)	Trading in edible oils and its related products	People's Republic of China	100.00	100.00
PT Goldensnack Cakrawala Persada (b1)	Investment holding	Indonesia	70.00	70.00
PT Goldensnack Mas Sejahtera (b1)	Manufacturing and trading of snacks products	Indonesia	70.02	70.02
GP Pakistan (Mauritius) Limited (b1)	Investment holding	Mauritius	100.00	100.00
GS Energy Holding Pte. Ltd. (c)	Investment holding	Singapore	60.00	-
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

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	2017 %
Subsidiaries held through subsidiaries (cont'd)				
Integrated Advance IT Services Sdn. Bhd. (b12)	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
PT Jambi Semesta Biomassa (b18)	Trading	Indonesia	59.98	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 Kresna Duta Agroindo (b1)	Oil palm cultivation and palm oil producer	Indonesia	92.40	92.40
PT Kurnia Cakra Sakti (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Langgeng Subur (b1)	Cultivation of ornamental plants	Indonesia	92.40	92.40
Madascar Capital Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Maizuru Green Initiatives GK (b3),(c)	Renewable energy power generation	Japan	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)	Oil palm cultivation and palm oil producer	Indonesia	92.40	92.40

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	2017 %
Subsidiaries held through subsidiaries (cont'd)				
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)	Oil palm cultivation and palm oil producer	Indonesia	100.00	97.06
PT Nabati Energi Mas (b1),(Note 41b)	Production of palm oil based bio-diesel and other renewable resources based bio-fuel	Indonesia	-	92.40
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
Parsec Innovation Labs LLC (b3),(c)	Provision of IT business solutions	United States of America	100.00	-

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	2017 %
Subsidiaries held through subsidiaries (cont'd)				
Parsec Innovation Pte. Ltd. (c)	Investment holding	Singapore	100.00	-
PT Pelangi Sungai Siak (b3)	Oil palm cultivation and palm oil producer	Indonesia	78.54	78.54
PT Persada Graha Mandiri (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Perusahaan Perkebunan Panigoran (b1)	Oil palm cultivation and palm oil producer	Indonesia	92.40	92.40
PT Pratama Ronaperintis (b3)	Investment holding	Indonesia	64.68	64.68
PT Primatama Kreasimas (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	97.06
PT Prisma Cipta Mandiri (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	97.06
PT Propertindo Prima (b1)	Transportation services	Indonesia	92.40	92.40
PT Putra Manunggal Abadi (b8)	Investment holding	Indonesia	100.00	100.00
PT Rama Flora Sejahtera (b3)	Oil palm cultivation and palm oil producer	Indonesia	92.40	92.40
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)	Trading in palm kernel shells	Indonesia	59.94	59.94
PT Sangatta Andalan Utama (b3)	Oil palm cultivation and palm oil producer	Indonesia	92.40	92.40
PT Satrindo Jaya Agropalma (b5)	Transportation services	Indonesia	100.00	100.00
PT Satya Kisma Usaha (b1)	Oil palm cultivation and palm oil producer	Indonesia	92.40	92.40
PT Sawit Mas Sejahtera (b5)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	100.00	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	Effective interest of the Company 2017 %
Subsidiaries held through subsidiaries (cont'd)				
PT Sawitakarya Manunggul (b17)	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 (b17)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Sinar Mas Agro Resources and Technology Tbk ("SMART") (b1)	Investment holding, oil palm cultivation and palm oil producer, refinery and producer of consumer cooking oil, shortening and margarine	Indonesia	92.40	92.40
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)	Production of palm oil based bio-diesel and other renewable resources based energy	Indonesia	92.40	92.40
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 (b16)	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
PT Sinarmas Sentra Cipta (b1)	Provision of administration and management services	Indonesia	92.40	92.40

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	2017 %
Subsidiaries held through subsidiaries (cont'd)				
PT Sinarmas Surya Sejahtera (b1)	Sale of food products	Indonesia	100.00	100.00
PT Sinar Mas Super Air (b5)	Aerial manuring	Indonesia	97.34	97.34
Sinarkonex Korea Co., Ltd (b3)	Dormant	Korea	70.00	70.00
Smart Trac Resources Trading Limited (b15)	Trading of palm oil and stearin	Hong Kong	100.00	100.00
PT Soci Mas (b1)	Oleochemical industries	Indonesia	92.45	92.45
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
PT Tapian Nadenggan (b1)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	92.40	92.40
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
Tree Oak Ventures Limited (b2),(c)	Investment holding	British Virgin Islands	100.00	-
PT Universal Transindo Mas (b5)	Transportation services	Indonesia	97.37	97.37
PT Usaha Malindo Jaya (b5)	Construction service	Indonesia	100.00	100.00
Victory Oleo Holding GmbH (b13)	Distribution of oleochemical products	Germany	100.00	100.00
Victory Tropical Oil USA, Inc. (b1)	Trading in tropical oils and their by-products	United States of America	100.00	100.00

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	2017 %
Subsidiaries held through subsidiaries (cont'd)				
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
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
Emperius Infralogistics Private Limited (b1),(d)	Liquid storage tank and logistics solutions	India	26.00	-
PT Hortimart Agrogemilang (b3)	Production and sale of seeds	Indonesia	36.13	36.13
PT Sinar Meadow International Indonesia (b5)	Production of special vegetable oil and fat	Indonesia	50.00	50.00
Temix Oleo S.r.l. (b3),(d)	Production and distribution of fatty alcohols and derivatives, fatty acids and other chemicals	Italy	25.00	-
PT Wahana Agung Persada (b5),(d)	Consultancy services and trading	Indonesia	49.00	-

46 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2018 %	Effective interest of the Company 2017 %
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.	Provision of ship management services and chartering and operation of vessels	Singapore	50.00	50.00
Nuova Energia S.r.l. (b7)	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
Sinarmas Cepsa Pte. Ltd. (b7)	Investment holding	Singapore	50.00	50.00
PT Super Wahana Tehno (b1)	Production and distribution of bottled ionised mineral water	Indonesia	46.20	46.20

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

46 Group Companies (cont'd)

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 SHL CPA Limited, Certified Public Accountants (Practising).

(5) Audited by Tanubrata Sutanto Fahmi Bambang & Rekan (BDO).

(6) Audited by TNT.

(7) Audited by PricewaterhouseCoopers LLP and its member firms.

(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 Moore Stephens Associates & Co.

(13) Audited by Wir Treuhand GmbH.

(14) Audited by Paul Wan & Co.

(15) Audited by Alan Chan & Company, Certified Public Accounts (Practising) and SHL CPA Limited, Certified Public Accountants (Practising) for financial year 2018 and 2017 respectively.

(16) Audited by Alan Chan & Company, Certified Public Accounts (Practising).

(17) Audited by member firms of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is a member and Purwantono, Sungkoro & Surja (Ernst & Young) for financial year 2018 and 2017 respectively.

(18) Audited by member firms of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is a member and Tanubrata Sutanto Fahmi Bambang & Rekan (BDO) for financial year 2018 and 2017 respectively.

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
GF International Holdings Pte. Ltd.	10 shares of US$10 each
Golden Jubilee International Holding Pte. Ltd. ("GJIH")	20 shares of US$10 each
Golden-Agri Maritime Pte. Ltd.	1 share of US$1
GS Energy Holding Pte. Ltd. ("GSEH")	100 shares of US$1 each
Parsec Innovation Pte. Ltd.	1 share of US$1
Parsec Innovation Labs LLC	1 share of US$1
Tree Oak Ventures Limited	1 share of US$1
	Registered/Stated capital
Golden Food International (Shanghai) Co., Ltd.	RMB3,000,000
Maizuru Green Initiatives GK	JPY1,000,000

The Group recognised a cash inflow from its 25% non-controlling interest of US$121,000 following the incorporation of GJIH and cash inflow from its 40% non-controlling interest of US$15,000 following the incorporation of GSEH.

During the financial year 2017, the Group recognised a cash inflow from its 30% non-controlling interest of US$23,000 following the incorporation of PT Goldensnack Cakrawala Persada.

(d) During the current financial year, the Group through its wholly-owned subsidiaries, acquired the following associated companies:

Name of Associated Companies	Effective Interest Acquired	Cost of acquisition: Original Currency	Cost of acquisition: U.S.Dollar Equivalent
			US$'000
Emperius Infralogistics Private Limited	26%	INR72,732,900	1,164
Temix Oleo S.r.l	25%	EUR4,034,000	4,610
PT Wahana Agung Persada	49%	IDR4,900,000,000	323
			6,097

(e) During the financial year 2017, 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.

(f) 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.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

31 DECEMBER 2018

46 Group Companies (cont'd)

Notes: (cont'd)

(g) As at 31 December 2018, the accumulated non-controlling interests is US$141,436,000 (2017: US$101,570,000), of which US$83,617,000 (2017: US$81,184,000) is for 7.6% non-controlling interests in SMART and its subsidiaries ("SMART Group") and US$51,131,000 (2017: US$12,441,000) is for 43.73% (2017: 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.

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	
	2018	2017	2018	2017
	US$'000	US$'000	US$'000	US$'000
Non-current assets	1,399,883	1,394,288	38,820	24,130
Current assets	947,983	913,326	217,860	131,513
Non-current liabilities	594,982	546,122	4,569	2,037
Current liabilities	586,077	626,091	132,389	103,799
Revenue	2,634,420	2,639,857	739,795	607,187
Profit for the year	27,595	30,062	9,283	14,553
Total comprehensive income	39,221	29,111	3,873	16,663
Profit allocated to NCI	2,097	1,855	2,860	3,636
Dividends paid to NCI	464	-	-	-
Cash inflows/(outflows) from operating activities	50,326	119,855	(9,588)	288
Cash (outflows)/inflows from investing activities	(86,968)	(91,467)	(50,240)	2,194
Cash inflows/(outflows) from financing activities	33,973	(9,010)	59,828	(2,482)
Net (decrease)/increase in cash and cash equivalents	(669)	19,377	-	-

GOLDEN AGRI-RESOURCES LTD

(Incorporated in Mauritius)

FINANCIAL STATEMENTS FOR THE YEAR ENDED 31 DECEMBER 2018

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 2018.

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 income for the year ended 31 December 2018 was US$1,363,824,000 (2017: total comprehensive loss of US$600,000).

At the Annual Meeting to be held on 24 April 2019, a final dividend (tax not applicable) of S$0.0058 per share, amounting to S$73,861,585.70 (equivalent to approximately US$54,151,000) 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 2019.

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 Mauritius, have expressed their willingness to continue in office and will be automatically re-appointed 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 2018.

CORPORATE SECRETARY
SGG CORPORATE SERVICES (MAURITIUS) LTD
33 Edith Cavell Street,
Port Louis, 11324,
MAURITIUS

Date: 15 March 2019

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 2018 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 175 to 197.

In our opinion, these financial statements give a true and fair view of the financial position of the Company as at 31 December 2018 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 the Audit of Financial Statements (cont'd)

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: 15 March 2019

STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$'000	2017 US$'000
Administrative expenses		(1,137)	(1,153)
Financial income	6	-	513
Financial expenses	7	(156)	(106)
Foreign exchange (loss)/gain		(175)	146
Gain on disposal of a subsidiary	12c	1,358,592	-
Profit/(Loss) before income tax	8	1,357,124	(600)
Income tax	9	(1,813)	-
Profit/(Loss) for the year		1,355,311	(600)
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss:			
Changes in fair value of equity instruments at fair value through other comprehensive income		8,513	-
Other comprehensive income		8,513	-
Total comprehensive income/(loss) for the year, net of tax		1,363,824	(600)

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

STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2018

	Note	2018 US$'000	2017 US$'000
Current assets			
Cash and cash equivalents	10	88	43
Other current assets	11	11	487
		99	530
Non-current assets			
Interest in subsidiaries	12	3,431,355	2,092,902
Long-term investments	13	175,065	156,925
		3,606,420	2,249,827
Total Assets		3,606,519	2,250,357
Current liabilities			
Accrued operating expenses		324	284
Payable to third parties	14	7	6
Loans and advances from subsidiaries, unsecured	15	40,458	30,215
		40,789	30,505
Total Liabilities		40,789	30,505
Equity			
Issued capital	16	320,939	320,939
Share premium		1,850,965	1,850,965
Treasury shares	16	(31,726)	(31,726)
Other reserves			
Option reserve		31,471	31,471
Fair value reserve		1,640	-
		33,111	31,471
Retained earnings		1,392,441	48,203
		3,565,730	2,219,852
Total Liabilities and Equity		3,606,519	2,250,357

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 2018

	Issued Capital US$'000	Share Premium US$'000	Treasury Shares US$'000	Other Reserves US$'000	Retained Earnings US$'000	Total US$'000
Balance at 31 Dec 2017	320,939	1,850,965	(31,726)	31,471	48,203	2,219,852
Effect of adoption of IFRS 9	-	-	-	(6,873)	-	(6,873)
Balance at 1 Jan 2018	320,939	1,850,965	(31,726)	24,598	48,203	2,212,979
Dividends paid (Note 17)	-	-	-	-	(11,073)	(11,073)
Profit for the year	-	-	-	-	1,355,311	1,355,311
Other comprehensive income	-	-	-	8,513	-	8,513
Total comprehensive income for the year	-	-	-	8,513	1,355,311	1,363,824
Balance at 31 Dec 2018	320,939	1,850,965	(31,726)	33,111	1,392,441	3,565,730
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

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

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2018

	Note	2018 US$'000	2017 US$'000
Cash flows from operating activities			
Profit/(Loss) before income tax		1,357,124	(600)
Adjustments for:			
Interest expense	7	156	106
Interest income	6	-	(513)
Gain on disposal of a subsidiary	12c	(1,358,592)	-
Operating cash flows before working capital changes		(1,312)	(1,007)
Changes in operating assets and liabilities:			
Accrued operating expenses		40	4
Payable to third parties		1	1
Other current assets		55	(47)
Cash used in operations		(1,216)	(1,049)
Interest received		-	513
Tax paid		(1,392)	(421)
Net cash used in operating activities		(2,608)	(957)
Cash flows from investing activities			
Repayment of loans and advances to subsidiaries		20,139	156,133
Investment in long-term investments		(16,500)	(32,511)
Net cash generated from investing activities		3,639	123,622
Cash flows from financing activities			
Proceeds from/(Repayment of) loans and advances from subsidiaries, net		10,087	(200)
Payment of dividends		(11,073)	(122,499)
Net cash used in financing activities		(986)	(122,699)
Net increase/(decrease) in cash and cash equivalents		45	(34)
Cash and cash equivalents at the beginning of the year		43	77
Cash and cash equivalents at the end of the year	10	88	43
Disclosure of non-cash transactions:			
Capitalisation of loans and advances to subsidiaries to investment in subsidiaries		1,243,857	-
Capitalisation of consideration from disposal of a subsidiary to investment in subsidiaries		1,358,592	-

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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 15 March 2019.

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 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 2018. Except for the adoption of IFRS 9, *Financial Instruments*, the effect of which is discussed below, the adoption of the new and revised IFRSs has had no material financial impact on the financial statements of the Company.

<u>IFRS 9, *Financial Instruments*</u>

IFRS 9 sets out the requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements. The Company adopted IFRS 9 from 1 January 2018.

In accordance with the transitional provisions in IFRS 9 paragraph 7.2.15 and 7.2.26, comparative figures have not been restated. Accordingly, requirements of IAS 39 *Financial Instruments: Recognition and Measurement* will continue to apply to financial instruments up to the financial year ended 31 December 2017 (Accounting policies Note 3(k)).

Changes in accounting policies resulting from the adoption of IFRS 9 have been generally applied by the Company retrospectively, except as described below:

- The following assessments were made on the basis of facts and circumstances that existed at 1 January 2018:
  - The determination of the business model within which a financial asset is held;
  - The determination of whether the contractual terms of a financial asset give rise to cash flows that are solely payments of principal and interest on the principal amount outstanding;
  - The designation of an equity investment that is not held-for-trading as at fair value through other comprehensive income ("FVOCI"); and
  - The designation and revocation of previous designations of certain financial assets measured at fair value through profit or loss ("FVTPL").

- If a debt investment has low credit risk at 1 January 2018, the Company had assumed that the credit risk on the asset has not increased significantly since its initial recognition.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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

(a) Adoption of New and Revised IFRSs (cont'd)

The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies for financial liabilities.

Details of their impact on the Company's financial statements as well as the new requirements are described below.

(i) Classification and measurement of financial assets

The following are the qualitative information regarding the reclassification between categories of financial instruments at the date of initial application of IFRS 9.

Under IFRS 9, financial assets are classified in the following categories: measured at amortised cost, FVOCI (debt instrument), FVOCI (equity instrument); or FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held-to-maturity, loans and receivables and available-for-sale.

On 1 January 2018 (the date of initial application of IFRS 9), the management has assessed which business models apply to the financial assets held by the Company and has classified its financial instruments into the appropriate IFRS 9 categories.

The Company elected to present in other comprehensive income ("OCI") changes in the fair value of all its unquoted equity fund previously classified as available-for-sale ("AFS") held at cost, because this investment is not held for trading and are not expected to be sold in the short to medium term. Accordingly, this is categorised as "Equity investment at fair value through other comprehensive income". Unlike IAS 39, the accumulated fair value adjustment reserve related to this investment will not be reclassified to profit or loss. Fair value was determined using valuation technique on the operating assets held by the unquoted equity fund prepared by an independent valuer. The following table sets out the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for the affected class of the Company's financial assets as at 1 January 2018:

	Measurement category		Carrying amount		Differences
	IAS 39	IFRS 9	IAS 39	IFRS 9	
			US$'000	US$'000	US$'000
Long-term investments					
- Unquoted fund	AFS (at cost)	FVOCI	156,925	150,052	(6,873)

Non-trade receivables that were classified as loans and receivables under IAS 39 are now classified at amortised cost. There was no impact on the amounts recognised in relation to these assets from the adoption of IFRS 9.

(ii) Impairment of financial assets

IFRS 9 replaces the 'incurred loss' model in IAS 39 with an 'expected credit loss' (ECL) model. The new impairment model applies to financial assets measured at amortised cost.

The Company has applied the general impairment approach to recognise impairment charges on all non-trade receivables. Based on the assessment made, there was no material difference between the previous carrying amount and the revised carrying amount of the non-trade receivables on transition to IFRS 9.

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

(a) Adoption of New and Revised IFRSs (cont'd)

(iii) Transition impact on statement of financial position and statement of cash flows

The following table summarises the impacts of transition to IFRS 9 on the Company's financial statements as at 1 January 2018:

	Balance as at 31.12.2017 US$'000	Changes in fair value US$'000	Balance as at 1.1.2018 US$'000
Statement of financial position			
Long-term investments (Note 13)	156,925	(6,873)	150,052
Fair value reserve	-	(6,873)	(6,873)

There were no material adjustments to the Company's statement of cash flows arising from the transition from the initial application of IFRS 9.

(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 16, *Leases*	1 January 2019
IFRS 23, *Uncertainty over Income Tax Treatments*	1 January 2019
Improvements to IFRSs	
• IAS 12, *Income Taxes*	1 January 2019
• IAS 23, *Borrowing Costs*	1 January 2019

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.

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.

3 Summary of Accounting Policies (cont'd)

(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.

(d) Revenue Recognition

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.

(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.

3 Summary of Accounting Policies (cont'd)

(e) Income Tax (cont'd)

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.

(i) 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.

(j) 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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Accounting Policies (cont'd)

(k) Financial Assets

Accounting policy applicable from 1 January 2018

(i) Classification and measurement

The Company classifies its non-derivative financial assets in the following categories: amortised cost and equity instruments at FVOCI. The classification depends on the Company's business model for managing the financial assets as well as the contractual terms of the cash flows of the financial assets. Financial assets with embedded derivatives are considered in their entirety when determining whether their cash flows are solely payment of principal and interest. At initial recognition, the Company measures a financial asset at its fair value plus, transaction costs that are directly attributable to the acquisition of the financial asset.

A financial asset is measured at amortised cost if it is held within a business model whose objective is to hold assets to collect contractual cash flows and its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding. These assets are subsequently measured at amortised cost using the effective interest method. The amortised cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognised in profit or loss. Any gain or loss on derecognition is recognised in the profit or loss. The Company's financial assets at amortised cost comprise non-trade receivables and cash and cash equivalents.

On initial recognition of an equity investment that is not held-for-trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income. These assets are subsequently measured at fair value. Dividends are recognised as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognised in other comprehensive income and are never reclassified to the profit or loss.

(ii) Impairment of financial assets

The Company recognises loss allowances from expected credit losses ("ECLs") on financial assets measured at amortised costs.

The Company applies the general approach to provide for ECLs on financial assets measured at amortised costs. Under the general approach, the loss allowance is measured at an amount equal to 12-month ECLs at initial recognition. At each reporting date, the Company assesses whether the credit risk of a financial instrument has increased significantly since initial recognition. When credit risk has increased significantly since initial recognition, loss allowance is measured at an amount equal to lifetime ECLs.

When determining whether the credit risk of a financial asset has increased significantly since initial recognition and when estimating ECLs, the Company considers reasonable and supportable information that is relevant and available without undue cost or effort. This includes both quantitative and qualitative information and analysis, based on the Company's historical experience and informed credit assessment and includes forward-looking information.

If credit risk has not increased significantly since initial recognition or if the credit quality of the financial instruments improves such that there is no longer a significant increase in credit risk since initial recognition, loss allowance is measured at an amount equal to 12-month ECLs. The maximum period considered when estimating ECLs is the maximum contractual period over which the Company is exposed to credit risk.

3 Summary of Accounting Policies (cont'd)

(k) Financial Assets (cont'd)

Accounting policy applicable from 1 January 2018 (cont'd)

(ii) Impairment of financial assets (cont'd)

ECLs are probability-weighted estimates of credit losses. Credit losses are measured at the present value of all cash shortfalls, which is the difference between the cash flows due to the entity in accordance with the contract and the cash flows that the Company expects to receive.

At each reporting date, the Company assesses whether financial assets carried at amortised cost are credit-impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred. Evidence that a financial asset is credit-impaired includes significant financial difficulty of a debtor, the probability that the debtor will enter bankruptcy, and default or significant delay in payments.

Loss allowances for financial assets measured at amortised cost are deducted from the gross carrying amounts of these assets.

Accounting policy applicable before 1 January 2018

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.

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

3 Summary of Accounting Policies (cont'd)

(l) Financial Liabilities and Equity

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.

(m) 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.

(n) 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.

3 Summary of Accounting Policies (cont'd)

(n) Financial Guarantees (cont'd)

Financial guarantees issued are initially measured at fair value and the initial fair value is amortised over the life of the guarantees. Subsequent to initial measurement, the financial guarantees are measured at the higher of the amortised amount and the amount of loss allowance.

ECLs are a probability-weighted estimate of credit losses. ECLs are measured for financial guarantees issued as the expected payments to reimburse the holder less any amounts that the Company expects to recover.

The accounting policy applied before 1 January 2018 is similar to that applied after 1 January 2018 except that for subsequent measurement, the financial guarantees were measured at the higher of the amortised amount and the present value of any expected payment to settle the liability when a payment under the contract has become probable.

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 2017.

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 2018 and 2017 is as follows:

	2018 US$'000	2017 US$'000
Loans and advances from subsidiaries	40,458	30,215
Less: Cash and cash equivalents	(88)	(43)
Net debts	40,370	30,172
Equity	3,565,730	2,219,852
Debts-to-equity ratio (times)	0.01	0.01

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

4 Financial Risk Management (cont'd)

(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, credit risk, foreign currency 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.

The table below set out the interest rate profile of interest-bearing financial assets and liabilities at carrying amount:

	2018 US$'000	2017 US$'000
Financial Assets at Variable Rates		
Cash and cash equivalents	88	43
Financial Liabilities at Variable Rates		
Other financial liabilities	7,777	7,709

(ii) 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 credit risk on liquid funds is limited because the counterparties are banks with high credit-ratings assigned by international credit-rating agencies, with ratings ranging from Aa1 to Aa3. There was no impairment loss recognised on cash and cash equivalents during the current financial year.

The Company has rated its other receivables (including loans and advances to subsidiaries) as performing debts where the counterparty has a low risk of default and does not have any past due amounts. The loss allowance is measured at an amount equal to 12-month ECLs at initial recognition and these are assessed not to be material.

4 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(ii) 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 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:

	2018 US$'000	2017 US$'000
Corporate guarantees provided to financial institutions on trade and banking facilities of subsidiaries:		
- Total facilities	3,365,920	3,220,622
- Total outstanding	2,635,222	2,489,372
Corporate guarantees provided to financial institutions on borrowings of joint ventures and entities owned by investees and joint ventures:		
- Total facilities	757,376	722,196
- Total outstanding	490,525	433,043

As at the end of the reporting period, other than as disclosed above, the Company does not have any significant concentration of credit risk.

(iii) 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.

(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 2018				
Loans and advances from subsidiaries, unsecured	40,458	-	-	40,458
Financial guarantee contracts	1,515,722	1,240,716	369,309	3,125,747
	1,556,180	1,240,716	369,309	3,166,205

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

4 **Financial Risk Management** (cont'd)

(b) Financial Risk Management (cont'd)

(iv) Liquidity Risk (cont'd)

	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

5 **Critical Accounting Estimate, Assumption and Judgement**

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.

(a) Critical Judgement in Applying Accounting Policies

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.

(b) Critical Accounting Estimate and Assumption

Fair Value Measurement and Valuation Process

The Company's long-term investments are measured at fair value for financial reporting purposes. Management has to determine the appropriate valuation techniques and inputs for fair value measurements. Where market-observable data are not available in estimating the fair value of its investment, the Company engages independent professional valuers to perform the valuation. Information about the valuation techniques and inputs used in determining the fair value of financial assets are disclosed in Note 13 to the financial statements. Changes in any key unobservable inputs will affect the fair value measurements and significant judgement is required in determining the underlying assumptions used in the calculations.

During the current financial year, the Company recognised fair value gain of US$8,513,000 in other comprehensive income.

6 Financial Income

	2018 US$'000	2017 US$'000
Interest income from loans to subsidiaries	-	513

7 Financial Expenses

	2018 US$'000	2017 US$'000
Interest expenses on loans from subsidiaries	156	106

8 Profit/(Loss) before Income Tax

This is arrived at after charging:

	2018 US$'000	2017 US$'000
Audit fees paid/payable to auditors	204	175
Non-audit services paid/payable to auditors	-	39
Staff costs*	439	413

* This represents short-term employment benefits paid to key management personnel who are also directors.

Share Scheme

The GAR Restricted Share Plan, approved by shareholders at the Special Meeting of the Company held on 24 October 2008 with a tenure of 10 years, has lapsed in 2018.

9 Income Tax

	2018 US$'000	2017 US$'000
Income tax expense attributable to the profit is made up of:		
- Under-provision in respect of prior years' income tax	1,813	-

The reconciliation of the current year income tax and the product of accounting profit/(loss) multiplied by the Mauritius statutory tax rate is as follows:

	2018 US$'000	2017 US$'000
Profit/(Loss) before income tax	1,357,124	(600)
Tax calculated at tax rate of 15% (2017: 15%)	203,568	(90)
Income not subject to tax, net	(203,770)	(25)
Unrecognised deferred tax assets	202	115
Under-provision in respect of prior years' current income tax	1,813	-
	1,813	-

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

9 Income Tax (cont'd)

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 2018, the Company had accumulated tax losses of US$2,110,000 (2017: US$764,000) and is therefore not liable to income tax. These unutilised tax losses will expire in 2024 and 2023 respectively 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.

10 Cash and Cash Equivalents

	2018 US$'000	2017 US$'000
Cash at banks are denominated in:		
- Singapore dollar	27	35
- United States dollar	61	8
	88	43

11 Other Current Assets

	2018 US$'000	2017 US$'000
Prepaid expenses denominated in:		
- United States dollar	7	62
- Singapore dollar	3	3
Prepaid tax denominated in United States dollar	-	421
Deposit denominated in United States dollar	1	1
	11	487

12 Interest in Subsidiaries

	2018 US$'000	2017 US$'000
Investment in unquoted equity shares, at cost	3,429,024	826,575
Interest-free loans and advances to subsidiaries, unsecured	2,331	1,266,327
	3,431,355	2,092,902

Save 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.

12 Interest in Subsidiaries (cont'd)

The loans and advances to subsidiaries are denominated in the following currencies:

	2018 US$'000	2017 US$'000
United States dollar	2,304	1,264,907
Singapore dollar	27	1,376
Others	-	44
	2,331	1,266,327

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 2018 %	2017 %	Cost of investment 2018 US$'000	2017 US$'000
Asia Integrated Agri Resources Limited (a)(i) Bermuda	Investment holding	100	100	98,000	98,000
Asia Palm Oil Investment Pte. Ltd. ("APOI") (a)(i),(c) Singapore	Investment holding	-	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),(d) Singapore	Investment holding and treasury management	100	100	1,144,652	-*
Golden Agri International Finance Ltd Mauritius	Treasury management	100	100	-*	-*
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

NOTES TO THE FINANCIAL STATEMENTS

31 DECEMBER 2018

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 2018	2017	Cost of investment 2018	2017
		%	%	US$'000	US$'000
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 ("GAL") (a)(i),(c),(d) Malaysia	Trading in crude palm oil and related products and treasury management	100	100	1,457,797	-*
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	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	-*	-*
Golden Oleo Pte. Ltd. (a)(i) Singapore	Investment holding	100	100	-*	-*
Madascar Investment Ltd Mauritius	Investment holding	100	100	67,600	67,600

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	
		2018	2017	2018	2017
		%	%	US$'000	US$'000
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	-*	-*
				3,429,024	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, SHL CPA Limited, 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.

(c) During the current financial year, the Company disposed its entire interest in APOI to GAL for a consideration of US$1,358,592,000. The Company recognised a gain on disposal of US$1,358,592,000.

(d) During the current financial year, loans and advances to subsidiaries amounting US$1,243,857,000 has been converted to equity interest in subsidiaries.

13 Long-Term Investments

	2018	2017
	US$'000	US$'000
Equity investment at FVOCI	175,065	-
Available-for-sale financial asset, at cost	-	156,925
	175,065	156,925

13 Long-Term Investments (cont'd)

Long-term investments are denominated in United States dollars. The fair value of the unquoted equity fund at FVOCI is classified under Level 3 of the fair value hierarchy and was determined by reference to valuation reports prepared by independent professional valuers. The valuation was performed using the net present value method on its underlying plantation assets. The expected cash flows from the whole life cycle of the oil palm plantations are determined using the market price and the estimated yield of fresh fruit bunches net of maintenance and harvesting costs, overhead costs and estimated cost to sell. The estimated yield of the oil palm plantations is dependent on the age of the oil palm trees, the location of the plantations, soil type and infrastructure. The market price is largely dependent on the prevailing market prices of crude palm oil and palm kernel. Point-of-sale costs include all costs that would be necessary to sell the assets.

The following table shows the key unobservable inputs used in the valuation models:

Key unobservable inputs	Inter-relationship between key unobservable inputs and fair value measurement
Oil palm trees have an average life of 25 years, with the first three years as immature and remaining years as mature.	The estimated fair value increases as the estimated average life increases
Discount rate per annum of 18.35%	The estimated fair value increases as the estimated discount rate per annum decreases
Average selling price of US$689 per metric tonne	The estimated fair value increases as the estimated selling price increases

Movements in Level 3 financial assets measured at fair value are as follows:

	FVOCI - Equity US$'000
Balance at 1 January 2018 (Note 2(a))	150,052
Additions	16,500
Changes in fair value recognised in other comprehensive income	8,513
Balance at 31 December 2018	175,065

14 Payable to Third Parties

Payable to third parties are denominated in Singapore dollar. As at 31 December 2018 and 2017, 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 included US$7,777,000 (2017: US$7,709,000) which bears interest at rates ranging from 1.5% to 2.3% (2017: 1.1% to 1.5%) 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.

15 Loans and Advances from Subsidiaries, Unsecured (cont'd)

The loans and advances from subsidiaries are denominated in the following currencies:

	2018 US$'000	2017 US$'000
United States dollar	40,116	30,215
Others	342	-
	40,458	30,215

The reconciliation of movement of liabilities to cash flows arising from financing activities is presented as follows:

	2018 US$'000	2017 US$'000
Balance at 1 January	30,215	30,309
Cash flow on additions/(repayment)	10,087	(200)
Interest expense	156	106
Balance at 31 December	40,458	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 2017 and 2018	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

	2018 US$'000	2017 US$'000
Interim dividend paid in respect of 2017 of S$0.00693 per share	-	65,083
Final dividend paid in respect of 2017 of S$0.00116 (2016: S$0.00635) per share	11,073	57,416
Total dividends paid	11,073	122,499

At the Annual Meeting to be held on 24 April 2019, a final dividend (tax not applicable) of S$0.0058 per share, amounting to S$73,861,585.70 (equivalent to approximately US$54,151,000) 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 2019.

SHAREHOLDING STATISTICS

AS AT 8 MARCH 2019

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	718	1.92	31,962	0.00
100 – 1,000	3,489	9.32	1,855,478	0.01
1,001 – 10,000	14,995	40.04	91,084,193	0.72
10,001 – 1,000,000	18,149	48.46	926,344,877	7.27
1,000,001 & ABOVE	99	0.26	11,715,439,646	92.00
Total	37,450	100.00	12,734,756,156	100.00

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
RAFFLES NOMINEES (PTE) LIMITED	3,132,819,235	24.60
DBS NOMINEES PTE LTD	2,163,446,636	16.99
UOB KAY HIAN PTE LTD	1,358,248,591	10.67
HSBC (SINGAPORE) NOMINEES PTE LTD	1,236,785,541	9.71
MASSINGHAM INTERNATIONAL LTD	1,077,047,817	8.46
CITIBANK NOMINEES SINGAPORE PTE LTD	997,598,424	7.83
DBSN SERVICES PTE LTD	484,600,852	3.80
GOLDEN MOMENT LIMITED	475,000,000	3.73
FLAMBO INTERNATIONAL LIMITED	260,000,000	2.04
BPSS NOMINEES SINGAPORE (PTE.) LTD.	36,004,190	0.28
UNITED OVERSEAS BANK NOMINEES PTE LTD	32,003,235	0.25
OCBC SECURITIES PRIVATE LTD	25,890,773	0.20
PHILLIP SECURITIES PTE LTD	25,314,033	0.20
DBS VICKERS SECURITIES (S) PTE LTD	23,635,877	0.19
BNP PARIBAS NOMINEES SINGAPORE PTE LTD	16,483,956	0.13
MAYBANK KIM ENG SECURITIES PTE. LTD.	16,195,073	0.13
CGS-CIMB SECURITIES (SINGAPORE) PTE LTD	15,587,283	0.12
SOCIETE GENERALE SPORE BRANCH	14,945,710	0.12
RHB SECURITIES SINGAPORE PTE LTD	13,666,065	0.11
MERRILL LYNCH (SINGAPORE) PTE LTD	13,628,415	0.11
TOTAL	**11,418,901,706**	**89.67**

SHAREHOLDING STATISTICS

AS AT 8 MARCH 2019

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)
ASCENT WEALTH INVESTMENT LIMITED ("Ascent")	750,000,000	5.89	-	-	5.89
MASSINGHAM INTERNATIONAL LTD ("MIL")	2,332,197,897	18.31	-	-	18.31
GOLDEN MOMENT LIMITED ("Golden Moment")	3,070,000,000	24.11	-	-	24.11
FLAMBO INTERNATIONAL LIMITED ("Flambo")(2)	260,000,000	2.04	6,152,197,897	48.31	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)	-	-	1,529,796,300	12.01	12.01

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 750,000,000 shares, 2,332,197,897 shares and 3,070,000,000 shares held by its wholly-owned subsidiaries, Ascent, MIL and Golden Moment respectively in the Company.

(3) The deemed interest of WFMT(2) arises from its interest in 750,000,000 shares held by Ascent, 2,332,197,897 shares held by MIL, 3,070,000,000 shares held by Golden Moment and 260,000,000 shares held by Flambo in the Company.

(4) The deemed interest of SII, based on the last notification to the Company on 8 August 2018, 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 8 March 2019, approximately 37.59%(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 **Wednesday, 24 April 2019 at 2.00 p.m.** at PARKROYAL on Beach Road, Grand Ballroom, Level 1, 7500 Beach Road, Singapore 199591 to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2018 together with the Directors' and Auditors' Reports thereon. **(Resolution 1)**

2. To declare a final dividend of S$0.0058 per ordinary share for the year ended 31 December 2018. **(Resolution 2)**

3. To approve Directors' Fees of S$391,016 for the year ended 31 December 2018. (FY2017: S$370,033) **(Resolution 3)**

4. To re-appoint Mr. Kaneyalall Hawabhay retiring pursuant to Section 138 of The Companies Act 2001 of Mauritius. *{please see note 1}* **(Resolution 4)**

5. To re-appoint Mr. Christian G H Gautier De Charnacé retiring pursuant to Article 96 of the Constitution of the Company *{please see note 2}*. **(Resolution 5)**

6. To re-appoint the following Directors retiring pursuant to Rule 720(5) of the Listing Manual of the Singapore Exchange Securities Trading Limited:

   (i) Mr. Rafael Buhay Concepcion, Jr. *{please see note 3}* **(Resolution 6)**
   (ii) Mr. Franky Oesman Widjaja *{please see note 3}* **(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 fifteen percent (15%) of the issued share capital of the Company (excluding treasury shares and subsidiary holdings) at the date of this Resolution." *{please see note 4}* **(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

NOTICE OF ANNUAL MEETING

(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 5}* **(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 6}*, 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 6A}* **(Resolution 11)**

By Order of the Board

Rafael Buhay Concepcion, Jr.
Director
3 April 2019
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.

NOTICE OF 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.

Additional Notes relating to the Notice of Annual Meeting:

1. Please refer to the sections on Board of Directors and Corporate Governance Report in the Annual Report 2018 for further information on Mr. Kaneyalall Hawabhay. If re-appointed, Mr. Kaneyalall Hawabhay will continue as an independent director but will no longer serve as a member of the Audit Committee at the conclusion of the Annual Meeting.

2. Please refer to the sections on Board of Directors and Corporate Governance Report in the Annual Report 2018 for further information on Mr. Christian G H Gautier De Charnacé. If re-appointed, Mr. Christian G H Gautier De Charnacé, who is considered to be independent, will remain as a member of the Audit Committee.

3. Please refer to the sections on Board of Directors and Corporate Governance Report in the Annual Report 2018 for further information on Mr. Rafael Buhay Concepcion, Jr. and Mr. Franky Oesman Widjaja.

4. 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 fifteen percent (15%) 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.

5. 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.

6. 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.

6A. 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.

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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 **Wednesday, 24 April 2019 at 2.00 p.m.** at PARKROYAL on Beach Road, Grand Ballroom, Level 1, 7500 Beach Road, Singapore 199591 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.	Resolutions	*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 2018		
4	Re-appointment of Mr. Kaneyalall Hawabhay		
5	Re-appointment of Mr. Christian GH Gautier De Charnacé		
6	Re-appointment of Mr. Rafael Buhay Concepcion, Jr.		
7	Re-appointment of Mr. Franky Oesman Widjaja		
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 _________________ 2019.

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

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Fold along this line. Glue and seal firmly.

4th 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

4th fold and glue all side firmly. Stapling & spot sealing is disallowed.

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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 shares 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.

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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.

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 3 April 2019.

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Singapore 118535
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