Annual Report 2008

Growing Treasures

Golden Agri-Resources Ltd

Listed on the Singapore Exchange

2008 Annual Report Golden Agri-Resources Ltd

Growing Treasures:
Sustainable Growth in a Green Environment

In 2008, Golden Agri-Resources Ltd (the "Group") managed to expand its Green Treasures to more than 390,000 hectares of oil palm plantation spanning across Indonesia. The Group has over 105,000 hectares of immature and young plantations supporting sustainable growth of its operations.

The fundamental guiding principle in managing the plantations is environmental sustainability. The Group is committed to adhere to the most stringent sustainability guidelines and conserve the natural resources and biodiversity in its areas of operation. The Group targets to obtain certification from the internationally-recognised Roundtable on Sustainable Palm Oil in certain estates and mills in 2009.

Corporate Profile

Listed on the Singapore Exchange since 1999, Golden Agri-Resources Ltd ("GAR" or the "Group") is one of the largest integrated oil palm plantation companies in the world with total revenue of almost US$3 billion and net profit of US$1.4 billion in 2008.

GAR Group's primary activities start from cultivating and harvesting oil palm trees, processing fresh fruit bunches ("FFB") into crude palm oil ("CPO") and palm kernel ("PK"), up to refining CPO into industrial and consumer products such as cooking oil, margarine and shortening.

The Group cultivates approximately 392,000 hectares of oil palm plantations in Indonesia, with higher-than-industry-average fruits yield of 22.4 tons per hectare. The fresh fruit bunches are extracted in our mills, with a capacity of 8,670,000 tons per annum, into CPO and PK.

Part of our CPO is processed further into value-added branded and bulk products through owned refineries with a total capacity of 1,140,000 tons per annum. A significant portion of our PK is crushed in our kernel crushing plants, with a capacity of 369,000 tons per annum, producing higher-value palm kernel oil and palm kernel meal.

GAR also operates in China through integrated deep-sea port, storage, oilseed crushing and refinery facilities in Ningbo and Zhuhai.

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Vision and Mission

Vision

We aim to be the best

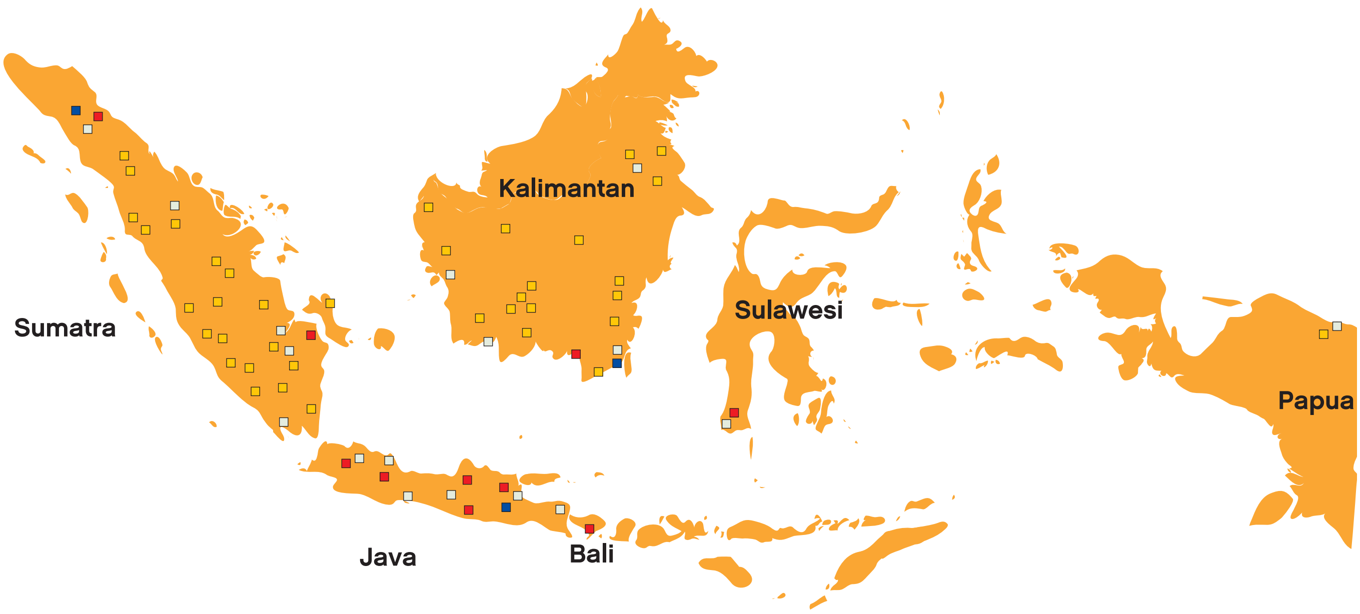
To become the largest integrated and most profitable palm-based consumer company

Mission

Surpassing the highest standards of Quality
Maintaining the highest level of Integrity
Achieving maximum value for our Shareholders
Returns to Society and Community
Trend setting, Innovation and Technology

Network of Operations

INDONESIA OPERATIONS



Plantations, CPO Mills and PK Crushing Plants

Distribution Centres

Refineries

Bulking Stations

SUMATRA

North Sumatra
Riau
South Sumatra
Bangka
Belitung
Jambi
Lampung

JAVA

Jakarta
West Java
Central Java
East Java

BALI

Bali

KALIMANTAN

West Kalimantan
Central Kalimantan
East Kalimantan
South Kalimantan

SULAWESI

South Sulawesi

PAPUA

Papua

CHINA OPERATIONS

Crushing Plants
Distribution Centres
Refineries
Port and Storage Facility

SOUTH REGION

Fuzhou
Guangzhou
Shenzhen
Shantou
Zhuhai

CENTRAL REGION

Changsha
Nanchang
Wuhan

EAST REGION

Anhui
Hangzhou
Jinhua
Nantong
Ningbo
Quzhou
Shanghai

Corporate Directory

Board of Directors
Franky Oesman Widjaja (Chairman)
Muktar Widjaja
Frankle (Djafar) Widjaja
Simon Lim
Rafael Buhay Concepcion, Jr.
Hong Pian Tee
Lew Syn Pau
Kaneyalall Hawabhay
William Chung Nien Chin

Audit Committee
Hong Pian Tee (Chairman)
Lew Syn Pau
Kaneyalall Hawabhay

Nominating Committee
Hong Pian Tee (Chairman)
Lew Syn Pau
Franky Oesman Widjaja

Remuneration Committee
Lew Syn Pau (Chairman)
Hong Pian Tee
Franky Oesman Widjaja

Secretary
Multiconsult Limited

Registered Office
c/o Multiconsult Limited
Rogers House
5, President John Kennedy Street
Port Louis, Republic of Mauritius
Tel: (230) 405 2000
Fax: (230) 212 5265

Correspondence Address
3 Shenton Way
#17-03 Shenton House
Singapore 068805
Tel: (65) 6220 7720
Fax: (65) 6220 7020

Share Registrar and Transfer Office
B.A.C.S. Private Limited
63 Cantonment Road
Singapore 089758
Tel: (65) 6593 4848
Fax: (65) 6593 4847

Auditors
Moore Stephens LLP
Public Accountants and Certified Public Accountants
10 Anson Road
#29-15 International Plaza
Singapore 079903
Tel: (65) 6221 3771
Fax: (65) 6221 3815
Partner-in-charge: Neo Keng Jin (Appointed during the financial year ended 31 December 2007)

Moore Stephens
Chartered Certified Accountants
6th Floor, Nirmal House
22 Sir William Newton Street
Port Louis, Republic of Mauritius
Tel: (230) 211 6535
Fax: (230) 211 6964
Partner-in-charge: Ghanshyam Hurry (Appointed during the financial year ended 31 December 2008)

Principal Bankers
Agricultural Bank of China
Bank of China Limited
Deutsche Investitions– und Entwicklungsgesellschaft mbH
Oversea-Chinese Banking Corporation Limited
PT Bank CIMB Niaga Tbk
PT Bank Ekspor Indonesia (Persero)
PT Bank Internasional Indonesia Tbk
PT Bank Mandiri (Persero) Tbk
The Bank of Tokyo-Mitsubishi UFJ, Ltd.

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

Chairman's Statement

Dear Valued Shareholders,

I am delighted to convey that Golden Agri-Resources Ltd (the "Company" or "Group") managed to fruitfully endure the turbulent year of 2008, marked by challenging and volatile conditions in the oil palm industry. Crude palm oil ("CPO") market price reached a record high in the first quarter of 2008, followed by a steep decline in the fourth quarter of 2008 as the global financial crisis and the resultant economic recession unfolded.

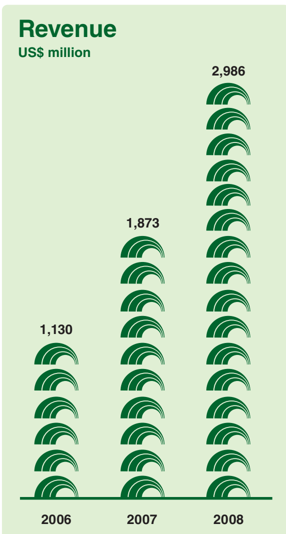
For the year ended 31 December 2008, the Group once again posted record revenue of close to US$3.0 billion, a substantial 59 percent increase over the US$1.9 billion reported in 2007 and record EBITDA of almost US$600 million, a 12 percent growth as compared to 2007. The accomplishments brought us to another record with net profit of close to US$1.4 billion from US$1.2 billion in preceding year. The contented results were on account of record production of palm-related products and higher average CPO market price during the year under review.

The Company is committed to provide long-term value and returns to its shareholders and hence we distributed interim dividend for 2008 of S$0.8 cents per share in September 2008. In addition to that, we are in the process of issuing one bonus share for every 25 shares held. The bonus issue is one of our precautious strategies to conserve cash until there is greater certainty of market conditions, whilst continuing to reward our shareholders.

Operations

The Group's production volumes reached an all-time high in FY2008, a strong testimony to our plantation management efficiency and the favourable age profile of the existing acreage. Our fresh fruit bunch production reached almost seven million tons and our palm product production crossed the two million tons, a year-on-year improvement of two percent and five percent, respectively. Average fresh fruit bunch yield stood at 22.4 tons per hectare, which is well above the industry average. The record results would have been even better if not affected by tree stress after the bumper harvest during second half of 2007 and damaged road infrastructure in Kalimantan forcing delay in harvesting during fourth quarter of 2008.

CPO prices fluctuated during the year, similar to the volatility of crude oil prices. After reaching a record of more than US$1,400 per ton in March 2008, the CPO price (CIF Rotterdam) started to decline steeply and bottomed at US$435 per ton in October 2008, resulting in average CPO price of US$947 per ton,



For 2009, the Group will execute a prudent growth strategy by continuing its management focus on environmental sustainability as a fundamental principle and harnessing technology towards precision agriculture.

Chairman's Statement

22 percent higher than the price of previous year. Likewise, fertiliser prices that had been shooting up earlier in the year began to ease in the last quarter of 2008.

During this turbulent year, the Group has proven to deliver consistent growth by increasing its plantation area by 32,000 hectares to almost 392,000 hectares, thereby strengthening its leadership in Indonesia. Over 60 percent of our planted area is at prime age contributing high yield to our production. Our large immature and young plantations underpin our long-term growth, which will secure the Company's position to seize future opportunity in the oil palm industry.

In line with the increasing production output from our plantations, we have similarly grown our palm product processing and downstream facilities in Indonesia to optimise our overall profitability. Our integrated operations and well-established distribution network in China enabled us to capitalise on the country's fundamental domestic demand for edible oils.

Our strategy to maintain a strong balance sheet, with total assets of US$6.8 billion and low net gearing of 0.09 as at the end of 2008, have put us in a resilient position to ride out the continued deleveraging global economy in 2009. Despite the difficult market environment, the consistent enhancement of our plantation management system and efficiencies have maintained our position as one of the highest yielding and most cost efficient plantation companies in the industry. This competitive edge and our continued focus on the expansion of upstream business supported with downstream business has stand us in good stead to weather any industry and economy's cyclical circumstance.

Outlook

Our short-term view is that the global economies and commodity markets are headed for continued volatility in 2009. However, the strong fundamentals of palm oil remain intact as palm oil is the highest yielding compared to other edible oils resulting in the lowest cost of production. The current economic slowdown is expected to stimulate higher demand for palm oil, as people will shift to cheaper oil as their preference. Therefore, we are of the view that the long-term outlook for the palm oil industry is still positive, backed by the high barrier of entry and the long lead time required for increasing production.

For 2009, the Group will execute a prudent growth strategy by continuing its management focus on environmental sustainability as a fundamental principle and harnessing technology towards precision agriculture. As our commitment to nurturing the society and community, we will continue our Corporate Social Responsibility initiatives both in preserving the environment for future generations as well as raising economic welfare of the communities surrounding our operations.

Appreciation

I wish to extend a warm welcome to our new director, Mr. William Chung Nien Chin, who was appointed on 31 December 2008 and at the same time, my appreciation to Mr. Marie Joseph Raymond Lamusse for his positive contribution during his service period on the Board.

I wish to express my sincerest gratitude to the Board of Directors, management and staff for their contribution and commitment. With the guidance of the Board and support of the management and staff, the Group will continue striving for sustainable long-term growth and value. I also would like to take this opportunity to thank shareholders, business associates, and customers for their continued and unwavering support.

Franky Oesman Widjaja
Chairman and Chief Executive Officer

18 March 2009

Board of Directors

FRANKY OESMAN WIDJAJA CHAIRMAN AND CHIEF EXECUTIVE OFFICER

Mr. Franky Widjaja, aged 51 was appointed Chairman in 2000. He has been a Director and the Chief Executive Officer of GAR since 1996. He earned his Bachelor's degree in Commerce from Aoyama Gakuin University, Japan in 1979.

Mr. Franky Widjaja has extensive management and operational experience. Since 1982, he has been involved with different businesses, including pulp and paper, property, chemical, financial services and agriculture. He presently heads the Agribusiness and Consumer Food Products Division of the Sinar Mas Group.

Mr. Franky Widjaja is a member of GAR's Executive/Board Committee, Nominating Committee and Remuneration Committee. He is President Commissioner of GAR's Indonesian subsidiary, PT Sinar Mas Agro Resources and Technology Tbk, which is listed on the Indonesia Stock Exchange.

Mr. Franky Widjaja is Executive Chairman of Asia Food & Properties Limited ("AFP") and Vice President Commissioner of its Indonesia Stock Exchange listed property subsidiaries, PT Duta Pertiwi Tbk and PT Bumi Serpong Damai Tbk. He held the posts of Chairman and Chief Executive Officer of AFP till December 2006. He also sits on the Boards of Commissioners and the Boards of Directors of several subsidiaries of GAR and AFP.

MUKTAR WIDJAJA DIRECTOR AND PRESIDENT

Mr. Muktar Widjaja, aged 54 was appointed as President of GAR since 2000. He has been a Director since 1999, and became non-executive Director since December 2006. His last re-election as a Director was in 2007. He obtained his Bachelor's degree in Business Administration with a major in 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 GAR's Executive/Board Committee and Vice President Commissioner of PT Sinar Mas Agro Resources and Technology Tbk. He was Vice Chairman of GAR till December 2006.

He is Director and, since December 2006, Chief Executive Officer of Asia Food & Properties Limited ("AFP"). Mr. Muktar Widjaja is President Commissioner of PT Duta Pertiwi Tbk and PT Bumi Serpong Damai Tbk. He also serves on the Boards of Commissioners and the Boards of Directors of several subsidiaries of GAR and AFP.

FRANKLE (DJAFAR) WIDJAJA DIRECTOR

Mr. Frankle Widjaja, aged 52 has been a Director of GAR since 1999. He became non-executive Director since December 2006. His last re-election as a Director was in 2007. He studied at the University of California, Berkeley, USA, and obtained a Bachelor of Science degree in Science (Industrial Engineering & Operational Research) in 1978.

Since 1979, he has been involved in the management and operations of the pulp and paper, financial services, food and agriculture and real estate businesses.

Mr. Frankle Widjaja is a member of GAR's Executive/Board Committee. He was Vice President of GAR till December 2006. He is Director and President of Asia Food & Properties Limited ("AFP") and presently sits on the Boards of Directors of several subsidiaries of GAR and AFP.

Board of Directors

SIMON LIM DIRECTOR AND CHIEF FINANCIAL OFFICER

Mr. Lim, aged 46 was appointed as a Director and Chief Financial Officer in 2002. His last re-election as a Director was in 2008. A 1988 graduate from University of Trisakti, Indonesia, majoring in Accounting and Finance, he later obtained a Master in Business Management from the Asian Institute of Management, Philippines in 1992 with a full scholarship from ADB-Japan.

He has extensive financial, management and operational experience having worked in different industries.

Mr. Lim is a member of GAR's Executive/Board Committee, and Vice President Commissioner of PT Sinar Mas Agro Resources and Technology Tbk. He is Director and Deputy President of Asia Food & Properties Limited and Commissioner of PT Duta Pertiwi Tbk. He was Chief Financial Officer of Asia Food & Properties Limited till December 2006.

RAFAEL BUHAY CONCEPCION, JR. DIRECTOR

Mr. Concepcion, aged 42 was appointed as a Director in 2002. His last re-election as a Director was in 2006. He studied at the University of the Philippines where he obtained a Bachelor of Science in Economics in 1988. In 1992, he obtained a Master in Business Management from the Asian Institute of Management, Philippines with scholarship from SGV Philippines.

He worked on regional projects and has extensive experience in corporate and financial planning. After 5 years with Pilipinas Shell Petroleum Corporation, Mr. Concepcion joined PT Sinar Mas Agro Resources and Technology Tbk, and now holds the position of Commissioner. He is a member of GAR's Executive/Board Committee.

He is Director and Chief Financial Officer of Asia Food & Properties Limited.

HONG PIAN TEE INDEPENDENT DIRECTOR AND CHAIRMAN OF AUDIT COMMITTEE AND NOMINATING COMMITTEE

Mr. Hong, aged 64 joined GAR's Board of Directors in 2001. His last re-election as a Director was in 2008. Prior to retiring from professional practice, he was a partner of PricewaterhouseCoopers, a position he held from 1985 to 1999.

Mr. Hong's experience and expertise are in corporate advisory, financial reconstruction and corporate insolvencies since 1977. He has been a corporate/financial advisor to clients with businesses in Singapore and Indonesia and in addition was engaged to restructure companies with operations in Taiwan, Indonesia and Malaysia. Mr. Hong was Director of Asia Food & Properties Limited from November 2001 to February 2006.

He is Chairman of GAR's Audit Committee and Nominating Committee and member of its Remuneration Committee. He is also Chairman of Pei Hwa Foundation, non-executive Chairman and Independent Director of Sin Ghee Huat Corporation Ltd.

LEW SYN PAU INDEPENDENT DIRECTOR AND CHAIRMAN OF REMUNERATION COMMITTEE

Mr. Lew, aged 55 re-joined GAR's Board of Directors in December 2007 and was re-elected as a Director in April 2008. Prior to that, he was Director of GAR from 1999 to May 2007. A Singapore Government scholar, Mr. Lew obtained a Master in Engineering from Cambridge University, UK and a Master of Business Administration from Stanford University, USA.

He is the Chairman of Stanbridge International Pte Ltd. Prior to Stanbridge, 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. He served as a Member of Parliament from 1988 to 2001. He was President of The Singapore Manufacturers' Federation from July 2002 to June 2006. Mr. Lew was Director of Asia Food & Properties Limited from July 1999 to February 2006, and from May 2007 to December 2007.

Mr. Lew sits on the Boards of Directors of several public listed companies namely, Poh Tiong Choon Logistics Ltd, Lafe Corporation Limited (formerly known as Lafe Technology Limited), Achieva Ltd, Food Empire Holdings Ltd and RSH Limited. He is also Chairman of CarrierNet Global Ltd (formerly known as ArianeCorp Ltd).

Mr. Lew is Chairman of GAR's Remuneration Committee and member of its Audit Committee and Nominating Committee.

KANEYALALL HAWABHAY INDEPENDENT DIRECTOR

Mr. Hawabhay, aged 61 was appointed as a Director of GAR in 2003. His last re-election as a Director was in 2006. He is a Fellow of the Institute of Chartered Accountants in England and Wales. 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. Presently, he is Partner (ABAS) of BDO De Chazal du Mée, Mauritius.

Mr. Hawabhay is a member of GAR's Audit Committee.

WILLIAM CHUNG NIEN CHIN INDEPENDENT DIRECTOR

Mr. Chung, aged 52 joined GAR's Board of Directors on 31 December 2008. He is a Member of the Institute of Chartered Accountants in England and Wales since 1980. Mr. Chung is currently a Tax Partner of Kemp Chatteris Deloitte, Chartered Accountants, Mauritius, a position which he held since July 2002. Previously, he was a Tax Partner of De Chazal du Mée & Co, Chartered Accountants, Mauritius for 14 years from January 1988 to June 2002.

He is currently Director of Ideas Ltd and Durable Manufacturing co. Ltd, Mauritius.

Competitive Strengths

As a leading player in the oil palm plantation industry, our sustained competitiveness is supported by the following strengths.

INDONESIA OPERATIONS

Vertically-integrated operations

We operate and manage all of our oil palm plantations and mills as upstream business, integrated with the manufacture of value-added products from CPO and PK in downstream business. As one of the largest palm plantation companies, having integrated operations is important for us to be able to maximise profits.

Vertical integration allows us to:

- maximise our profit margins by closely monitoring market prices for, and adjusting output of, CPO and refined palm oil products, depending on which provides the higher profit margin. When CPO prices are high, our CPO profit margins may be higher than on our value-added refined palm oil products. We may therefore sell a greater proportion of CPO directly to the spot market, at the expense of refining this CPO at our downstream refinery operations. Conversely, if the profit margins for refined palm oil products are higher than selling CPO directly into the spot market, we may sell a greater proportion of CPO to our downstream operations for refining;
- better control the quality of our products along the supply chain;
- increase our logistics and distribution efficiencies; and
- produce a broad range of palm oil products for a variety of different uses, thereby allowing us to reach a greater portion of the palm oil and edible oil markets.

Highly efficient operations

We have approximately 392,000 hectares of oil palm plantation in our care, including plasma projects. This allows us to benefit from economies of scale in research and development, sourcing of materials and access to domestic and international markets. We believe that it makes us one of the most efficient integrated palm plantation companies in the world, in terms of production yields and operating costs.

Information Technology for management support

We believe that we are leading the industry in the use of Information Technology ("IT") with our "WAR ROOM" management information system, which serves as a one-stop multi-function monitoring and management control centre. This is a unique integrated system that deploys SAP applications (implemented since 1997), Google Earth, Geographical Information System ("GIS"), Reuters, CCTV, internet and satellite connectivity to provide operational, industry and general global market information.

Our WAR ROOM plays an essential role in monitoring and sustaining high operational performance, identifying our competitive strengths, making strategic decisions and seizing business opportunities, which eventually shores up the Group's long-term growth.

This state-of-the-art system enables us to make decisions with complete factual input, and to gather information in as great a detail as if we are in the field on each of our plantations, which span across the three time zones in Indonesia. Furthermore, it allows us to monitor the performance of our plantations, by blocks of 30 hectares, on-line and on a daily basis. The system identifies how each block performs against its benchmarks and targets. We would then customise the improvement process and focus our efforts on priority areas.

Being connected to the relevant agro-related internet websites and other reliable information sources, the WAR ROOM assists us in scouting for the latest agribusiness intelligence, such as: detecting price trends of edible oils, supply-demand scenarios, consumption patterns, industrial threats and opportunities and market prospective.

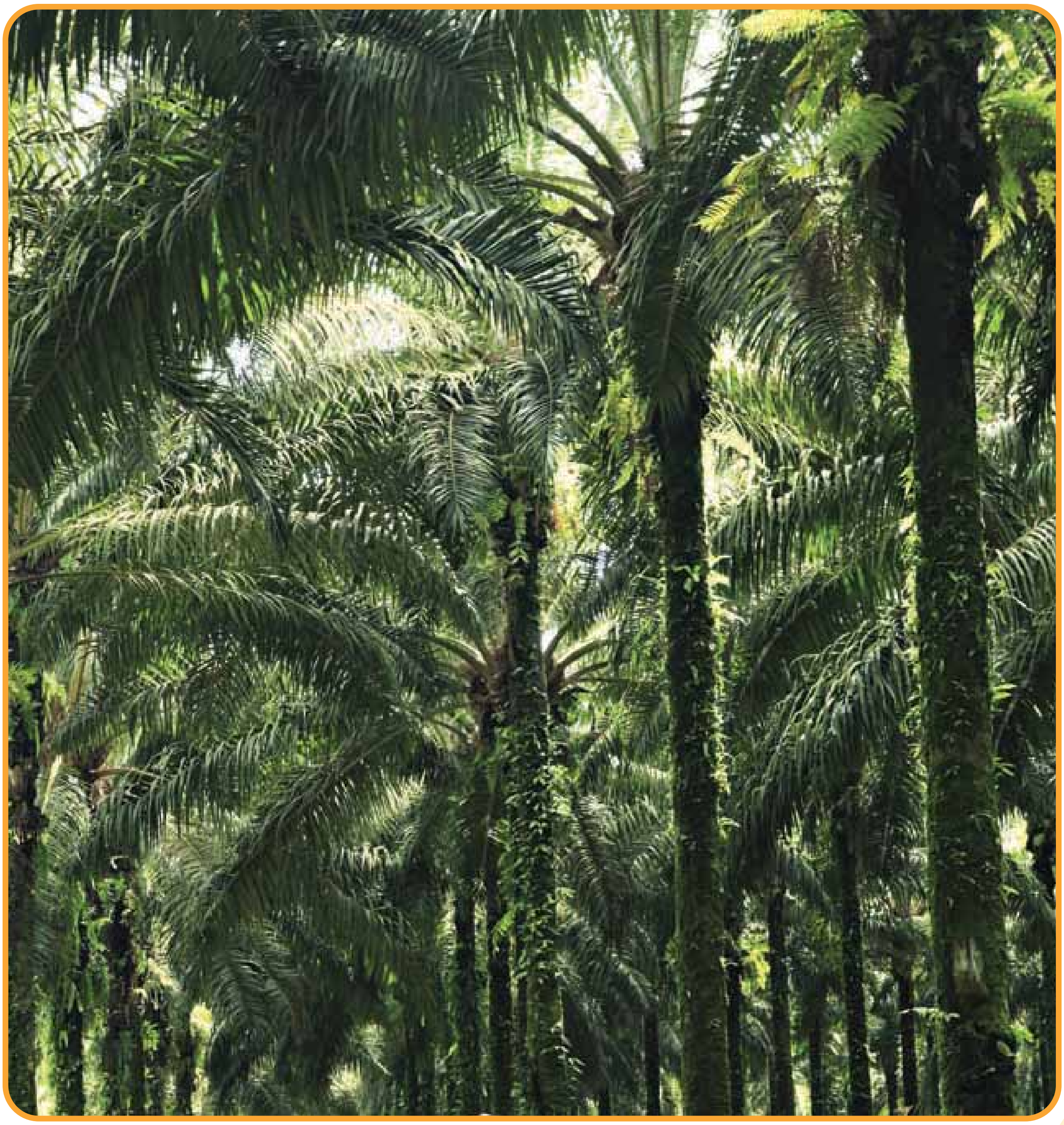
Experienced and capable management team

Our key leadership has extensive experience in the oil palm plantation and palm oil-based products businesses. They are supported by an experienced management team with established and combined track record of more than 100 years in the oil palm plantation industry. We leverage the strengths of this team with their superior strategic, operational and financial skills, which are essential in growing our businesses while sustaining our operational excellence.

To ensure continued and sustained performance benchmarks across our Group, we employ the Balanced Scorecard concept to measure key performance indicators ("KPI") in every business unit. We also implement the Skill Development Activity ("SDA") in every department, at both head office and all operating divisions. This serves as our management tool to continuously find and rectify shortcomings in each department, within a specified time frame.

Strong brand awareness

We produce a full range of refined branded products, such as cooking oil, margarine, butter oil substitute, shortening and fats. Our two leading brands of cooking oil in Indonesia are Filma and Kunci Mas. Based




FILMA
FILMA

Competitive Strengths

on AC Nielsen's survey, in 2007, those two brands have a combined market share of 29 percent at the modern trade level, which is the largest in Indonesia. In margarine, our leading brands are Palmboom and Filma.

We believe that the increasing growth of the burgeoning Asian middle class sector will continue to change the way people shop and consume foods, which will benefit branded refined product manufacturers.

Continuous research and development

Our Research and Development ("R&D") division provides recommendations and innovation solutions for continual improvement in productivity, efficiency, environmental sustainability and overall competitiveness. We have a main inhouse research facility, situated in our subsidiary, PT SMART Tbk, called SMARTRI ("SMART Research Institute") based in Riau, Sumatra, supported by a network of R&D subunits located throughout Indonesia. The R&D division is well served by a team of qualified scientists who are experts in their area.

The main thrust of our research efforts are plant breeding and tissue culture, soil and water management, crop protection by integrated pest management, waste management and environmental sustainability. These research activities are undertaken in collaboration with national and international research institutes and universities, which include Centre de coopération Internationale en Recherche Argonomoque pour le Développement ("CIRAD") from France. Our laboratory in SMARTRI has been accredited with ISO 9001 for quality management and ISO 17025 as excellent implementation of general requisitions of testing and calibrating laboratory.

In-house seed supply

Good quality seeds are the foundation of long-term productivity of our plantations. One of our subsidiaries, PT Ivo Mas Tunggal, has a strategic partnership with Dami Australia Pty Ltd, a subsidiary of London-listed New Britain Palm Oil Ltd, to produce high-yielding seeds originating from Papua New Guinea, through its joint venture company, PT Dami Mas Sejahtera. The new generation seed, "Dami", is the perfect combination of the Dura and Pesifera species, attaining better growth and yield of approximately 20 percent higher than conventional seeds. The quality of the palm seedlings produced are properly maintained in accordance to quality management system certified by ISO 9001. The production capacity of this company will lend strength to our expansion plans and ongoing yield improvement.

The combination of these competitive strengths has contributed to our financial and operational achievements in 2008 and serves to underpin continued success in the future.

CHINA OPERATIONS

Good demand fundamentals

As the country with the largest population, demand for refined vegetable oil products in China is fundamentally strong. Domestic production of such products in China has been insufficient to meet the increase in domestic demand as population increases. Thus, China has had to rely substantially on imports to satisfy local demand. This shortfall is not expected to improve in the foreseeable future. We also believe that the current global economic condition will not substantially reduce demand since vegetable oils are staple products. As soon as the economy recovers, demand in China will be regaining its strength. As we are one of the leading players in the vegetable oil and oilseed processing business in China, we are well positioned to capitalise on the strong domestic demand.

Domestic crushing capabilities

We own domestic crushing facilities that allow us to import raw materials such as soybean and process these raw materials domestically. Our competitors with no domestic crushing facilities enjoy a less favourable tax rate for the import of raw materials. As such, we are able to enjoy lower cost of sales by

importing raw materials that enjoy lower import tax rates and processing the raw materials domestically, thus enjoying higher margins and profitability for our products.

Strategically-located and fully-integrated deep-sea port, storage, crushing, refining and trading operations that are not easily duplicated

The integration of our operations lowers the overall costs of crushing, refining and transportation. We have secured one of the few deep-sea port sites in Eastern China. At present, there are no other shoreline properties in Eastern China available for similar projects. The port is equipped with high speed Buhler mechanical and pneumatic bulk grain unloaders that can operate at designed rates of 1,250 tons per hour, reducing handling costs substantially vis-a-vis competitors who unload grains using traditional equipment such as clamshells and grantry cranes. The crushing and refining plants also utilise advanced technology from Germany, Belgium, Denmark and United States.

Experienced management team

Our operations are managed by an experienced team of senior managers, each with more than 10 years of experience in the industry.

Established sales and distribution network

Our core markets are the coastal provinces of Zhejiang, Guangdong, Jiangxi, Hubei and Hunan, and to a lesser extent Fujian, Anhui, Sichuan and Inner Mongolia provinces. These provinces have relatively affluent communities that have a high demand for edible oil and soybean meal. However, the production output of these provinces is insufficient to meet the expanding local demand for edible oil and soybean meal and as such we are well positioned to take advantage of this situation.

We have sales representatives and liaison offices as well as collaboration with leading distributors in Jiangxi, Hubei, Zhejiang, Guangdong, Fujian, Anhui and Hunan provinces to distribute our products. This distribution network supports the Ningbo head office sales department by providing regular regional market information, supporting and serving customers' needs and handling customers' complaints. The sales department at our head office controls customer risk and unifies pricing strategy to respond spontaneously to market changes.

Logistics advantages in target markets

In Zhejiang province, because of our proximity to our customers, we can deliver our products more cost effectively by using road transport as compared to our competitors.

For delivery of our products to Jiangxi and Hunan provinces, because of the strategic location of our storage facilities, we are able to use either railway, waterway transport or a combination of these so as to achieve better cost efficiency and shorter delivery lead time.

Operations Highlights

Descriptions	2008	2007	2006	2005
INDONESIA OPERATIONS				
Total planted area - ha				
Young (4 - 6 years)	23,037	9,532	13,580	28,190
Prime (7 - 18 years)	244,263	247,226	227,998	220,772
Old (> 18 years)	41,521	35,820	29,562	25,023
Total mature plantations	308,821	292,578	271,140	273,985
Immature plantations	82,821	67,154	35,710	12,729
Total planted area	391,642	359,732	306,850	286,714
Nucleus planted area - ha				
Young (4 - 6 years)	19,887	6,907	4,903	15,411
Prime (7 - 18 years)	170,388	171,071	158,438	155,994
Old (> 18 years)	37,991	35,820	29,562	25,023
Total mature plantations	228,266	213,798	192,903	196,428
Immature plantations	79,338	63,831	33,281	10,782
Total nucleus planted area	307,604	277,629	226,184	207,210
Plasma planted area - ha				
Young (4 - 6 years)	3,150	2,625	8,677	12,779
Prime (7 - 18 years)	73,875	76,155	69,560	64,778
Old (> 18 years)	3,530	-	-	-
Total mature plantations	80,555	78,780	78,237	77,557
Immature plantations	3,483	3,323	2,429	1,947
Total plasma planted area	84,038	82,103	80,666	79,504
FFB harvested - ton				
Nucleus	5,049,810	5,077,782	4,376,687	4,275,319
Plasma	1,873,693	1,687,022	1,624,321	1,595,070
Total FFB harvested	6,923,503	6,764,804	6,001,008	5,870,389
FFB yield - ton per ha	22.4	23.1	22.1	21.4
CPO produced - ton	1,689,982	1,607,877	1,553,281	1,479,272
PK produced - ton	382,721	359,215	336,657	315,495
OER - %	23.12	22.97	23.24	23.29
KER - %	5.24	5.13	5.04	4.97
Plantation locations - ha				
Sumatra				
Nucleus	139,511	139,150	138,991	139,043
Plasma	74,034	73,439	73,548	72,386
Total Sumatra	213,545	212,589	212,539	211,429
Kalimantan				
Nucleus	155,317	126,257	74,923	57,978
Plasma	10,004	8,664	7,118	7,118
Total Kalimantan	165,321	134,921	82,041	65,096
Papua				
Nucleus	12,776	12,222	12,270	10,189
CHINA OPERATIONS				
Crude soybean oil produced - ton	137,000	134,000	146,000	166,000
Soybean meal produced - ton	591,000	584,000	634,000	742,000

Operations Review

INDONESIA OPERATIONS

The primary factors affecting operational performance of our Indonesia Operations are as follows:

Planted Hectarage

Our total planted area expanded by nine percent or 32,000 hectares, from 360,000 hectares as at end 2007 to 392,000 hectares as at end 2008, resulting from the combination of acquisition and greenfield projects. In 2008, we acquired five estates in Kalimantan with total planted area of 11,000 hectares. Of the 392,000 hectares planted area, almost 79 percent (309,000 hectares) are mature estates and approximately 62 percent are in the prime age (7 to 18 years).

The typical life span of an oil palm tree is approximately 25 years. An oil palm plantation will reach production age approximately three years after planting in the field.

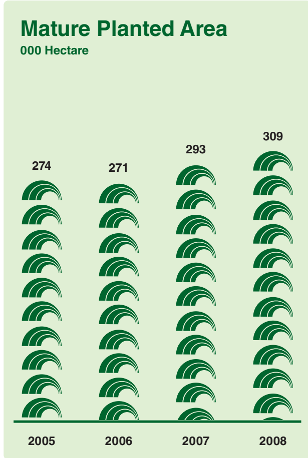
We begin harvesting FFB when the oil palm trees reach maturity, at the age of four years. However, when harvesting begins, the fresh fruit bunch yield from oil palm trees is still relatively low.

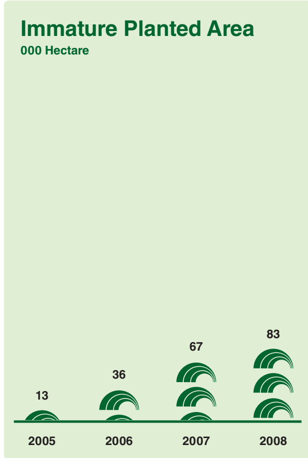
During the ages of four to six years, the optimum yield is in the range of eight to 25 tons per hectare. As the oil palm plantation continues to mature, the yield increases, generally reaching maximum production at the prime age of seven through 18 years. The yield during prime age ranges from 25 to 32 tons per hectare. Beyond 18 years, the yield declines to a range of 18 to 27 tons per hectare.

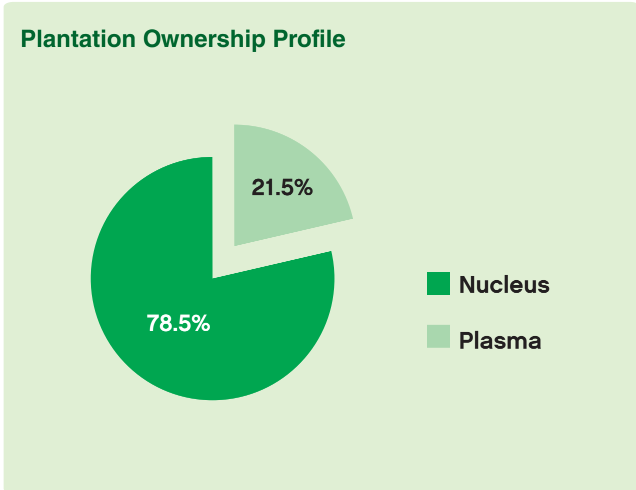
Volume of FFB Harvested

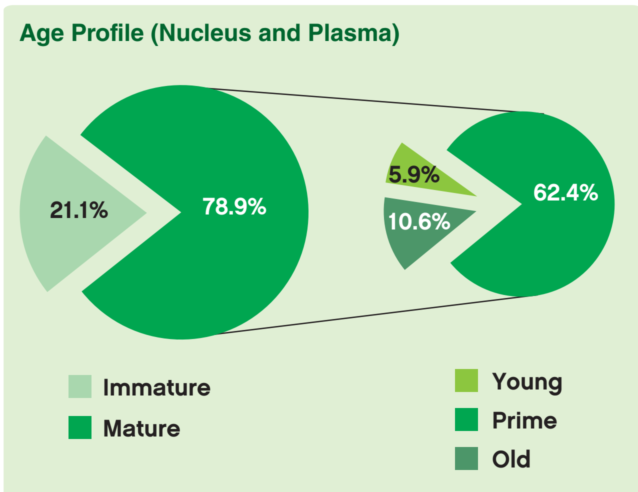
FFB production increased by two percent to 6,924,000 tons in 2008. The slight increase in FFB production compared to prior year was attributable to the increase in mature area by six percent from 293,000 hectares to 309,000 hectares in 2008. FFB production includes FFB produced by landholders under the Plasma programme. This programme is a cooperation between smallholders and the Company (referred to as the "Nucleus"), where the Company provides guidelines and assistance in cultivating and managing the plantation starting from nursery, fertiliser techniques and agronomy practices.

Despite the increase in FFB production, our FFB yield per hectare marginally declined to 22.4 tons per hectare, compared to 23.1 tons per hectare in 2007. This slight decline in FFB yield was mainly affected by the biological slowdown ("tree stress") caused by second year impact of drought in 2006. In addition to that, damaged road infrastructure in Kalimantan caused delay in harvesting activity of nucleus estates. The average yield was also dragged down by larger newly-matured estates in which









Operations Review

low FFB yielding trees with age of four years increased from 5,000 hectares to 16,000 hectares in 2008.

The amount of FFB harvested per hectare varies from year to year depending primarily on the number of oil palm plantations in prime production age, as well as factors such as:

- quality of the oil palm seed;
- soil and topography condition of the land;
- local and global weather patterns;
- tree density;
- fertiliser application;
- upkeep programme;
- disease or crop pests;
- number of harvesting rounds;
- harvesting technique;
- haze from forest fires;
- labour strikes or other disturbances; and
- natural disasters.

Our FFB yield per hectare of oil palm plantation is above the industry average. One of the factors is the training of our plantation workers and providing them with incentives to collect loose fruits from the ground for processing together with harvested FFB. Oil content from these loose fruits is higher than that of FFB harvested directly from the oil palm trees.

To maintain our leading FFB producer position, we are committed to constantly improving our agricultural techniques and production yields. These include optimal fertiliser application, field management techniques, oil palm breeding and selection, and research to cultivate seedlings with superior characteristics, for which we are collaborating with renowned international research institutes, to continually improve our palm performance.

We have an advanced SAP monitoring system supported by Google Earth and Geographical Information System ("GIS") in all our plantations with performance analysis per block of 30 hectares. This method allows us block-by-block monitoring of our planted area performance on-line and in real-time. The system identifies how each block performs against its benchmarks and targets. We would then customise the optimisation process by prioritising areas of improvement.

Our fertilising programme is supported by advanced research. Fertiliser application and dosage is based on cost and benefit analysis, depending on the condition of each estate as well as world CPO and fertiliser prices. We also use the latest leaf sampling, soil and weather forecast technology. We use aerial manuring specially to cover the hilly expanse of plantation land that is more effective and also helps us to manage our cost of production as compared to manual fertiliser technique. In addition, to reduce chemical fertiliser application under our sustainable palm oil production initiative, we have introduced various environmentally friendly programmes to apply nutrients enriched waste products, such as waste effluent and empty fruit bunches from our CPO mills, back to our fields. These programmes also provide cost savings in terms of maintenance cost of the estates.

Our environmentally-friendly estates have implemented and adhered to zero burning policy in clearing our plantation land and we also use environmentally-friendly methods to control pests and diseases, through biological and mechanical/manual controls. As part of our commitment to preserve the environment and maintain quality of output, our subsidiary, PT SMART Tbk, which is listed on the Indonesia Stock Exchange, has been accredited with ISO 14001:2000 for environment in certain plantations.

We operate a controlled replanting programme to ensure that oil palm plantations reaching the end of their prime production age are replaced by higher-yielding varieties. During the year, we have selectively replanted certain plantations to sustain long-term production volume.

Milling Process and Extraction Rates

During 2008, we completed the construction of two new mills in Kalimantan, bringing the total number of CPO mills to 33, with a combined installed capacity of 8,670,000 tons of FFB per annum. With a utilisation rate

of total annual capacity at 84 percent, FFB processed was 7,310,000 tons in 2008, an increase of approximately four percent as compared to 6,999,000 tons in 2007. The FFB processed includes FFB purchased from nearby estates of third parties.

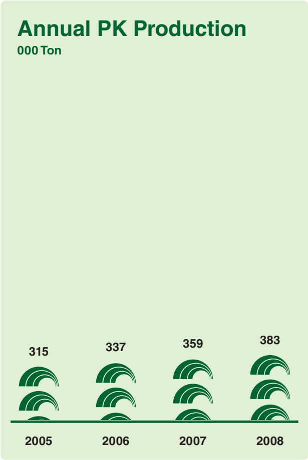
In 2008, our CPO production increased by five percent from 1,608,000 tons in 2007 to 1,690,000 tons primarily due to increase in FFB processed and higher extraction rate. The CPO extraction rate increased to 23.12 percent in 2008 as compared to 22.97 percent last year. Our CPO extraction rate is above the industry average. PK production increased by seven percent to 383,000 tons in 2008 from 359,000 tons in the preceeding year, while the kernel extraction rate increased to 5.24 percent from 5.13 percent in 2007.

The amount of CPO we can extract from the FFB depends largely on the quality and ripeness of the FFB, and the speed at which we can deliver the FFB to the mills. FFB must be transported from the plantation estate to mill within 24 hours, otherwise the quality of CPO will be impacted.

The efficiency of our mills also affects our extraction rates. Therefore, our mills are regularly maintained to ensure that they are operating efficiently. Our objective is to achieve optimum levels of output through improving CPO quality of our milling operations. We are committed to maintain the quality of output by implementing ISO 9001:2000 for management quality in certain mills.

In the optimum maturity profile, our plantation can produce approximately 5.9 tons to 7.1 tons of CPO, or approximately 23.5 percent of FFB by weight. In addition, we can separate a further 1.2 tons of palm kernel, or approximately five percent of FFB by weight, during the processing of CPO. We can process approximately 43 percent of the palm kernel by weight into palm kernel oil, and produce approximately 53 percent of palm kernel meal that is used as animal feed. We recycle the remaining empty fruit bunches as fertiliser and fuel.

As oil palm plantations mature, the extraction rate for CPO and palm kernel generally increases. Prime production occurs during the seventh to 18th year of growth. We expect our oil extraction rates to increase as our newly planted higher yielding oil palm plantations mature. Further, oil extraction rates are expected to increase if collection of loose fruits is intensified during the harvesting process and oil loss at the processing facilities during the extraction process is reduced.



Downstream Activities

In May 2008, we added a new refinery in Tarjun, South Kalimantan, which focuses on the bulk export market, with an annual capacity of 300,000 tons and a dedicated port facility. It increases our total number of refineries to three with a combined processing capacity of 1,140,000 tons per annum. We also commenced operation of a palm kernel crushing plant in Kalimantan at the end of 2008, bringing our total to five palm kernel crushing plants with a combined processing capacity of 369,000 tons per year. In addition, we have a cocoa butter substitute ("CBS") plant with a capacity of approximately 30,000 tons per year. In April 2008, we acquired an additional 60% stake for full ownership of PT Sinar Oleochemical International (now PT SOCI Mas), an oleochemical producer with 80,000 tons of fatty acid annual processing capacity. This strategic acquisition has widened the variety of our palm oil products and expanded our market reach.

Furthermore, we are in the process of constructing a new refinery in Jakarta with an annual processing capacity of 240,000 tons, which is slated for completion in 2009. This facility will serve the branded products market and it is located in close proximity to customers in order to maintain our cost competitiveness by reducing logistic costs.

Our refined products are processed according to the HACCP (Hazard Analysis and Critical Control Point) principles in order to control food safety hazard to ensure that products are safe at the time of human consumption. After obtaining HACCP certifications in 2006, both of our refineries in Medan and Surabaya have been accredited with ISO 22000:2005 certification in December 2008, being internationally recognised for its standards fulfillment for food safety in our products of cooking oil, margarine and shortening. These certifications further confirm our refined products as hallmarks of quality.

Operations Review

With our vertically-integrated operations from plantations right up to refineries, we have the flexibility to sell either CPO or refined products in export or local markets in order to maximise our profits. The following factors determine our selection of products and market:

- Local and international prices for CPO, palm kernel oil and refined products;
- export tax rate for respective products;
- foreign currency exchange rates; and
- cost incurred to deliver the products to our customers.

Sales and Marketing Activities

The growth of our sales are mostly from export markets. Approximately 66 percent of the total revenue of Indonesia Operations in 2008 was from sales to outside Indonesia, an increase from 56 percent in 2007. Revenue from refined products grew to US$654 million in 2008 as compared to US$448 million in 2007. Our revenue from branded products was US$209 million in 2008, mainly from the cooking oil segment.

We sell several palm oil-based refined products including cooking oil, margarine, shortening and butter oil substitutes in Indonesia. We have continued to grow our sales of branded products in the Indonesia market.

During 2008, our dedicated marketing team continued to focus on enhancing the implementation of our marketing strategy, which consists of four pillars: distribution management, sales management, brand management, and marketing research and communication. This strategy has effectively proven to increase market share of our prominent cooking oil brands, Filma and Kunci Mas. In early 2008, a survey conducted by AC Nielsen stated that our total market share at the modern trade level was approximately 29 percent, which made our combined brands as Indonesia's market leader in 2007.

For export markets, we have persisted in strengthening our existing foothold in potential international markets such as China, Vietnam, Philippines, and Africa. We expanded our penetration into Nigeria, the largest populace country in Africa, by utilising systematic "above the line" promotions to increase brand equity in the region.

To enlarge our market, at the beginning of 2008, we launched a new lauric specialty fats brand called i-SOC, which stands for Innovative Sinarmas Original CBS. The product is derived from palm kernel that undergoes certain processes resulting in non Genetic Modified Organism and trans fat-free product, hence ideal for confectionary and bakery coating. It is targeted at the food industry in domestic and export markets.

We have likewise rejuvenated our cooking oil brand named Mitra, aiming for domestic middle class consumers who are seeking a qualified branded cooking oil at an economical price and Philippines middle class market that has started switching its consumption of traditional coconut-based cooking oil to palm-based cooking oil.

In the next phase, we will grow our value-added branded products through our marketing initiatives to broaden the customer base in existing market and enlarge new markets, particularly in the ASEAN region such as Cambodia and Brunei Darussalam.

CHINA OPERATIONS

Our China Operations comprise one of the largest fully-integrated port, oilseed storage and processing, palm oil refining and vegetable oil trading operations in China. The strategic location of our operations provides the key advantage of easy access to our target markets, enabling us to reduce transport cost.

In Ningbo, Zhejiang Province, the division has a deep-sea port and storage facility for oil and grains, and an oilseed crushing plant with one million tons annual capacity. This division also has refining facilities in Ningbo and a refining plant in Zhuhai, Guangdong Province. These facilities are equipped with 280,000 tons and 100,000 tons annual capacity, respectively.

The oilseed crushing operations produce soybean meal, which is sold domestically under our in-house brand, and crude soybean oils, which are, in turn, processed by the refineries together with other edible oils. These refined oils and palm-based value-added products such as margarine, shortening and butter oil substitute, are sold in bulk and in consumer packs. The small-pack cooking oils are mainly sold under the Grand Slam brand (one of the top five brands in Eastern China). We also have the Master Chef brand cooking oil that targets niche markets such as hotels, restaurants and catering businesses.

The amount of extracted crude soybean oil depends mainly on the quality of the soybean purchased. Furthermore, the efficiency of our crushing plants also affects the yield. In 2008, our crushing plants yielded approximately 80 percent of soybean meal and 18.5 percent of crude soybean oil from every ton of soybean.

Our oilseed crushing facilities capacity utilisation rate slightly increased to 72 percent from 71 percent in 2007. Utilisation rate of refineries remained about the same at 68 percent as compared to the rate in 2007.

In 2008, 739,000 tons of soybeans were processed by our crushing operations as compared to 730,000 tons in 2007. This resulted in 591,000 tons of soybean meal and 137,000 tons of crude soybean oil as compared to 584,000 tons and 134,000 tons in 2007, respectively.

The crushing business in China remained intensely competitive in 2008. In early 2008, prices of meal and edible oil products began to rise and reached historical highs in the middle of the year. To rein in the rising prices, the Chinese government implemented price controls on major food products, including cooking oil in early 2008. In addition, due to the world financial crisis, prices of our products declined severely during second half of the year. The sudden fluctuation in prices and price controls policy had an adverse impact on our margins. Nevertheless, market demand for edible oil and grain commodities in China remains positive.

To overcome challenges posed by the intense competition in the meal industry, we continue focusing on western China as one of our key markets. Our efforts are concentrated on the Sichuan province, to increase market share in that region. We also continue striving to improve production efficiency and implement effective cost control measures.

Our distribution network for edible oil products has expanded to the neighbouring areas in the upper Yangtze region. Our sales of specialty oil and fats products have been growing steadily.

While the market remains challenging and competitive, we are well positioned to expand our range of products and entrench our market presence. We are targeting to produce a wider range of refined oil products, margarine and baking fats utilising our current crushing and refinery capacities in Ningbo and Zhuhai.

We aim to increase sales of higher-margin products like high protein meal, lecithin and higher-margin bottled cooking oil, such as blended palm oil and soybean oil, sunflower seed oil, olive oil and corn oil.

Another strategy is to develop the palm oil business in China as an integral part of the Group's strategy to push more value-added palm-based products to the strong potential consumer cooking oil market.

Research and Development

We have greatly emphasised our research and development ("R&D") activities since the commencement of our operations in 1998. Our research facility is located in Ningbo, Zhejiang province and is well served by a team of qualified and innovative researchers.

Our R&D team in China works closely with our R&D team in Indonesia that has the expertise to produce palm-based value-added products. The team has to make necessary modifications to the products to suit the China's climate, local consumer taste and preference.

Our R&D activities are focused on developing new and innovative value-added products according to market demand, and also on improving and upgrading existing products. In addition, the team researches the enhancement of our existing production technology and process to increase efficiency and capabilities, as well as to improve our product quality and reduce production costs.

Financial Highlights

	2008	2007	2006	2005
Consolidated Income Statement (US$'000)				
Net revenue	2,985,948	1,873,352	1,129,587	819,286
Gross profit	876,117	658,348	269,814	200,378
Profit from operations	1,986,316	1,757,968	777,556	341,737
Profit before income tax	1,947,060	1,802,945	740,583	337,665
EBITDA (1)	597,230	534,663	215,029	162,565
Net profit attributable to equity holders	1,382,526	1,164,792	470,533	233,130
Weighted average number of shares (million shares)*	9,976	9,542	8,674	8,674
Earnings per share (US$ cents)#	13.86	12.21	5.42	2.69
Profit from operations per share (US$ cents)#	19.91	18.42	8.96	3.94
Consolidated Balance Sheet (US$'000)				
Total assets	6,825,507	5,012,814	2,985,362	2,142,783
Total current assets	707,481	763,817	424,000	361,936
Total current liabilities	547,989	517,790	347,916	342,931
Total long-term liabilities	1,570,688	1,113,814	716,150	425,941
Minority interests	93,104	78,644	216,424	126,237
Equity attributable to equity holders	4,613,726	3,302,566	1,704,872	1,247,674
Ratios				
Sales growth	59.4%	65.8%	37.9%	7.8%
Gross profit growth	33.1%	144.0%	34.7%	-1.0%
Operating profit growth	13.0%	126.1%	127.5%	178.2%
Pre-tax profit growth	8.0%	143.4%	119.3%	270.8%
EBITDA growth	11.7%	148.6%	32.3%	-10.2%
Net profit growth (2)	18.7%	147.5%	101.8%	256.1%
Gross profit margin	29.3%	35.1%	23.9%	24.5%
Operating profit margin	66.5%	93.8%	68.8%	41.7%
EBITDA margin	20.0%	28.5%	19.0%	19.8%
Net profit margin (2)	46.3%	62.2%	41.7%	28.5%
Return on equity	30.0%	35.3%	27.6%	18.7%
Return on assets	20.3%	23.2%	15.8%	10.9%
Current ratio	1.29	1.48	1.22	1.06
Net debt to equity (3)	0.09	0.10	0.20	0.21
Receivable turnover (days) (4)	17	23	15	22
Inventory turnover (days) (5)	43	94	61	85

Remarks

(1) EBITDA = earning before tax, minority interests, interest on borrowings, depreciation and amortisation, net gain from changes in fair value of biological assets, foreign exchange gain or loss, exceptional items and share of results of associated companies

(2) net profit = net profit attributable to equity holders

(3) net debt to equity = (total borrowings – cash and cash equivalents – short-term investments) / equity attributable to equity holders

(4) receivable turnover = trade receivables / net revenue *365

(5) inventory turnover = inventory / cost of sales *365

* As adjusted for the impact of the share splits that were effected in September 2007 and February 2008

\# Computed based on the weighted average number of shares adjusted for the share splits that were effected in September 2007 and February 2008

Financial Review

Amidst the global economic crisis, Golden Agri-Resources and its subsidiaries ("the Group") have been able to generate revenue of almost US$3.0 billion during 2008. Revenue experienced strong growth at a rate of 59 percent compared to last year. EBITDA also grew 12 percent to US$597 million from US$535 million in 2007, whilst net profit attributable to equity holders reached almost US$1.4 billion in 2008, an increase of 19 percent as compared to the prior year. The Group operates with a very low gearing of 0.09 times net debt to equity ratio at the end of 2008.

Revenue

Revenue from Indonesia Operations grew by 67 percent to US$2.3 billion in 2008 as compared to US$1.4 billion in previous year, primarily contributed by the higher average crude palm oil ("CPO") prices and higher sales volume during the year.

CPO price has been volatile throughout the year with a sharp decline in the fourth quarter of 2008. The international CPO (CIF Rotterdam) price rose beyond the historical high of more than US$1,400 per ton in March 2008 before receding to US$435 per ton in October 2008 and closing at US$528 per ton by the end of 2008. The average CPO (CIF Rotterdam) price for the year under review was US$947 per ton, an increase of about 22 percent over the average of US$775 per ton in 2007.

Increase in sales volume was mainly due to improvement in CPO production and higher downstream volume. CPO production rose by five percent from 1,608,000 tons in 2007 to 1,690,000 tons in 2008. The higher downstream volume in 2008 was primarily contributed by the commencing of a new refinery in South Kalimantan starting May 2008.

Revenue from China Operations was US$658 million in 2008, of which 49 percent was derived from refinery operations and the remaining 42 percent from crushing operations. The 38 percent increase in revenue compared to 2007 was mainly attributable to higher average selling prices of refined edible oil products.

Cost of Sales

The cost of sales rose by 74 percent from US$1.2 billion in 2007 to US$2.1 billion in 2008.

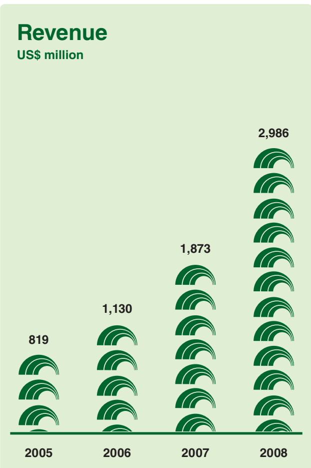
The 87 percent increase in cost of sales from Indonesia Operations to US$1.5 billion from US$785 million in 2007 was mainly attributable to the increase in purchase cost for fresh fruit bunch ("FFB") and CPO coupled with higher fertiliser and maintenance costs during the year. We purchased FFB from plasma farmers, as well as from third parties to maximise utilisation rate of our mills. We purchased CPO from third parties in order to minimise the logistic cost in catering the requirement of our refineries that are located in Medan, Surabaya and Tarjun.

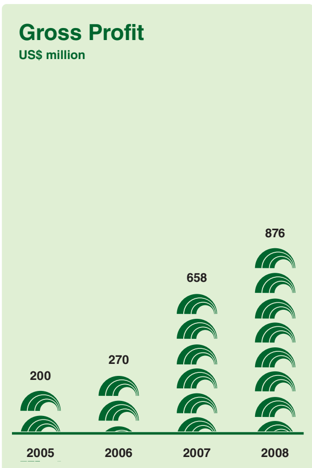
Cost of sales from China Operations increased by 49 percent to US$641 million, corresponding to the higher market prices of soybean and palm oil products that we purchased.

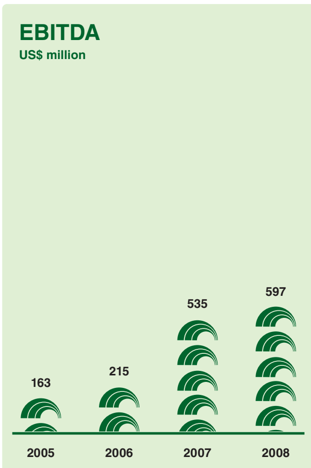
Gross Profit

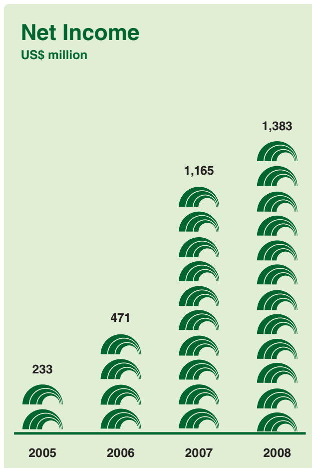
Gross profit increased by 33 percent to US$876 million as compared to US$658 million in 2007.

The gross profit margin of Indonesia Operations declined to 37 percent from 44 percent in 2007 mainly due to higher purchase cost of main raw materials such as FFB, CPO and fertiliser during the year. Sharp decline in realised selling prices, specifically in the fourth quarter of 2008 in tandem with the downward trend of international CPO prices also contributed to the decline in margin.









Financial Review

Gross profit margin of China Operations decreased to three percent in 2008 as compared to ten percent in 2007 primarily attributable to the higher purchase cost of soybean and palm oil products, as well as the price controls on cooking oil imposed by the Chinese government until July 2008. The gross profit margin was further impacted by lower selling price in fourth quarter of 2008 in line with the decline in international commodity prices during the period.

Net Gain from Changes in Fair Value of Biological Assets

Net gain from changes in fair value of biological assets was recognised in accordance with International Accounting Standard No. 41, whereby the biological assets (plantations) are stated at fair value less estimated point-of-sale costs from initial recognition up to the point of harvest. The fair value of plantations is determined based on the present value of their expected net cash inflows. Any resultant gains or losses arising from changes in fair value are recognised in the income statement.

In 2008, net gain from changes in fair value of biological assets rose 13 percent from the preceeding year and reached US$1.5 billion, mainly due to the effect of higher CPO price assumption used, which is based on average CPO price for the past three years.

Selling Expenses

Increase in selling expenses by 162 percent to US$229 million was primarily due to the higher export tax on CPO and refined palm-based products during the first nine months of 2008.

Prior to July 2007, Indonesia's CPO export tax rate applied was 1.5 percent. From July to December 2007, it was gradually increased from 6.5 percent to ten percent. During January to October 2008, the rates ranged from 7.5 percent to as high as 20 percent. Effective November 2008, the prevailed export tax rate for CPO has been further adjusted to zero percent.

General and Administrative Expenses

Higher general and administrative expenses by 21 percent to US$118 million as compared to US$97 million in 2007 was primarily due to the increase in salary and related expenses resulting from additional headcount, depreciation expenses and increased activities relating to the Group's Corporate Social Responsibility activities in the Indonesia Operations.

Financial Expenses, net

The net financial expenses increased to US$35 million as compared to US$28 million in previous year, resulting from higher borrowings and higher market interest rates on the borrowings.

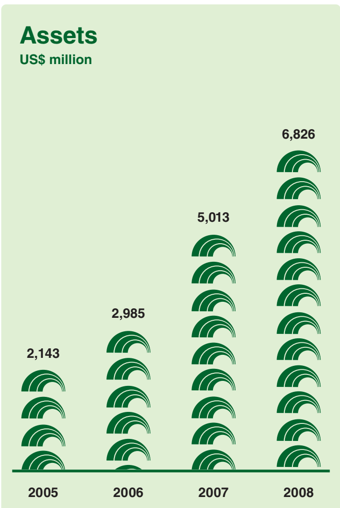
Foreign Exchange Loss

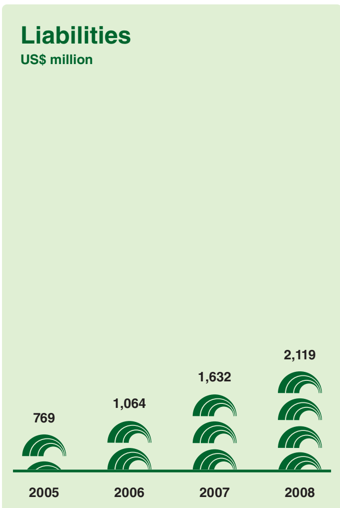
Foreign exchange loss of US$35 million was mainly attributable to loss on translation of net Indonesian Rupiah monetary assets of Indonesia Operations to US Dollar (USD) as Rupiah weakened against USD from Rp9,400 as at end of 2007 to Rp10,950 as at end of 2008.

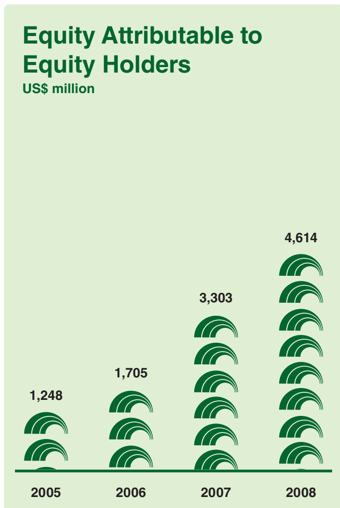
Income Tax

Income tax expense remained at US$528 million in 2008 as compared to US$529 million in 2007.

The deferred tax provided on the net gain from changes in fair value of biological assets was higher at US$408 million in 2008 as compared to US$385 million in 2007 as a result of increase in net gain from changes in fair value of biological assets during 2008.







Assets

Total assets of the Group grew to US$6.8 billion as at 31 December 2008 from US$5.0 billion the year before, mostly contributed by an increase in biological assets and property, plant and equipment.

Biological assets rose by US$1.7 billion largely due to the recognition of net gain from changes in fair value and additional planted area of 32,000 hectares during 2008.

Property, plant and equipment increased by US$151 million mainly attributable to capital expenditures relating to the construction of a new refinery, mills and other ancillary plantation facilities in the Indonesia Operations.

Liabilities

Total liabilities of the Group went up by US$487 million, primarily due to increase in deferred income tax of US$440 million resulting from deferred tax impact from the net gain on changes in fair value of biological assets recorded in 2008.

Equity Attributable to Equity Holders

Total equity attributable to equity holders increased to US$4.6 billion from US$3.3 billion as at previous year. The increase was mainly contributed by net profit generated during 2008.

In September 2008, the Company distributed interim dividend of S$0.8 cents per share or US$56 million in total. The Company also announced a bonus issue on the basis of one bonus share for every 25 shares held, which is in line with the Group's prudent strategy of preserving cash in view of the global liquidity crunch environment.

Strategy

Our business strategies are aimed at weathering the current unpredictable global economic condition, whilst continuing to expand our oil palm plantations and downstream operations to take advantage of expected long-term growth in demand for palm oil and soybean-based products domestically and internationally. We will continue capitalising our position as a leading low-cost and efficient producer of crude palm oil and its value-added products.

The principal thrusts of our strategy are to:

- **Consistently uphold and enhance operational efficiency**

  To cope with the volatile market situation, we are consistently upholding our current operational efficiency drivers and continually seeking options to further enhance the efficiency of our vertically-integrated operations at our plantations and edible oils facilities.

  We will carry on using high-yielding palm oil seeds, ensuring best practices in agronomy, improved planting, fertilising techniques, harvesting, transportation and processing efficiencies.

  We will also intensify the education of our plasma farmers to syncronise our mutual relationships towards the operational efficiency efforts.

  In addition, we will continually aim to increase the utilisation of our mills, refineries and crushing facilities, and also to capitalise on our various distribution channels and transportation options so as to ensure timely and efficient delivery to our customers.

  We are diversifying sources of soybean supply and implementing effective hedging and trading strategies to ensure that we always use the highest quality soybeans at the most cost-effective price.

- **Increase cost competitiveness**

  Cost efficiency is one of the keys to support our competitive advantange. We were able to manage our cost structure even in the recent global economic turmoil. We are in the process of consolidating all cost efficiency efforts that could be done to cope with the current global economic situation.

  We believe that we could further save on our estate cost by ensuring the optimal dosage of fertiliser, which provides economic benefit and on the other hand has minimal impact on future production; encouraging the use of internal resources for building and maintaning prime infrastructures such as public roads and bridges; as well as organising a healthy regeneration process of our workers.

  For our downstream business, we aim to reduce logistic and distribution costs by taking advantage of our new Tarjun refinery's proximity to our Kalimantan palm estates and by commencing operations of a new refinery in Jakarta to serve our core customers for branded products in the Greater Jakarta area. We intend to capitalise on our integrated downstream operations comprising packaging, distribution, transportation and logistic business units. By taking advantage of our internal resources and capabilities, we believe we can withstand and even expand our company in the most cost-effective way.

  In China, the ownership of domestic crushing facilities enables us to import soybeans that are subject to an import duty of only three percent.

Financial Review

Our competitors, who often do not have crushing facilities, must import soybean oil subject to a higher import duty of nine percent.

- **Growth with caution**

While being precautious to stay cash liquid, we are very positive on the future of the oil palm industry. Our long-term plan is to increase the production capacity of crude palm oil through the expansion of oil palm plantations in Indonesia. Our priority for this year is to continue with our planting programme, to utilise our undeveloped land resources, and to further develop smallholders' plantations.

For 2009, we intend to expand our oil palm planted area by 20,000 hectares. To accommodate our expansion in Kalimantan, we are completing the construction of a mill with annual processing capacity of 200,000 tons. Additional two mills with total annual processing capacity of 600,000 tons, are expected to be completed in 2010. At the same time, to absorb rising fresh fruit bunch production in Sumatra, we are building a 225,000 tons per annum-mill targeted for completion in 2010.

In line with our strategy to maintain refining capacity that matches our crude palm oil production capacity and to enable us to shift product mix according to market demands, we continue to raise our downstream processing capacity. We are building a new kernel crushing plant in Kalimantan with annual processing capacity of 180,000 tons targeted for completion in 2009. We are also constructing a refinery in Jakarta with capacity of 240,000 tons of crude palm oil per annum, due for completion in 2009.

In addition to the organic growth, we will continue to selectively acquire well-positioned and high quality planted and mature plantations, or enter into joint ventures as part of our growth strategy.

- **Maximise contribution to society and community**

Environment and community are two key objects in our Corporate Social Responsibility ("CSR") programmes. We will constantly apply the best practices of CSR programmes across our operational areas, realising our mission and commitment to achieve sustainable palm oil cultivation and to contribute to the communities. We lead and support various social programmes in the area of education, society, energy and healthcare. With the support of our research institute, we will continuously look for new agronomy practices that escalate sustainability of the plantations. As an active participant in the Roundtable on Sustainable Palm Oil ("RSPO"), we are also targeting towards RSPO certification for our estates and mills in 2009.

- **Strengthen brand awareness of our edible oils**

One of our key strategies is to increase the sale of higher-margin branded products like cooking oil, margarine and shortening. We continuously improve our marketing infrastructure to fortify the profile of our branded refined products in Indonesia and other countries. We believe that we are able to maintain our leadership in Indonesia and further strengthen brand awareness of our branded products through our sales intensification, and the development of our house brands Filma, Kunci Mas and others into internationally-recognised trademarks.

- **Capitalise on Research and Development capabilities**

Research and Development is the fundamental component towards innovations for better agronomy practices and more efficient cost structures. We constantly invest in research and development, to invent new technologies to improve the efficiency of our oil palm plantation operations. For instance, our research institute has been integral in developing practical field applications with the latest technology. The institute also undertakes research in plant breeding and biotechnology.

- **Consolidate our distribution and transportation options**

Our operations are strategically located, served by various transportation infrastructures, including road, rail and waterway. We intend to use a combination of these options, in order to widen our reach to make inroads to new geographic markets. This accessibility advantage will also enable us to realise cost efficiencies in our product distribution.

In addition, we will continue to maximise the benefit of owning packaging, distribution channels, transportation and logistics companies. These integrated operations allow us to customise solutions for our customers, and lend strength to our expansion efforts by offering economies of scale and operational synergies.

- **Benefit from opportunities in the bio-fuels market**

Currently, many bio-fuels players are in the midst of uncertainty regarding government regulatory support. The market might not revitalise very soon, but it still offers opportunity in the future. Hence to benefit from this prospect, we will continue to explore all available alternatives of bio-fuels projects, subject to their economic feasibility.

Branded Products

We produce a full range of domestic and international refined branded products, such as cooking oil, margarine, butter oil substitute, shortening and fats for end-customers, restaurants, hotels and cafés as well as industrial markets.

Cooking Oil
- Filma®
- Kunci Mas®
- bissOil
- Masku
- Mitra® *
- Grand Slam (大满贯)
- Red Rose (红玫瑰)
- Flagship (旗舰)
- Better Life (贝特力)
- Master Chef (厨神)

Frying Fat
- Good Fry®

Margarine
- Filma®
- Menara®
- Mitra®
- Palmboom®
- Palmvita®
- Pusaka®
- SMARTBaker
- Golden Carrier (金舰)
- Flagship (旗舰)
- Seagull (海鸥)
- Golden Seagull (金鸥)

Butter Oil Substitute
- Palmboom® B.O.S
- Palmvita® Gold B.O.S V38
- Golden Carrier (金舰)
- Flagship (旗舰)
- Seagull (海鸥)
- Golden Seagull (金鸥)

Specialty Fats
- Delicio® Coating Fat
- Delicio® Toffee Fat
- Delicio® White
- Delicoa 38® CBS
- i-SOC**

Shortening
- Delicio® White Fat
- Palmvita® White Fat
- Palmvita® Baker's Fat
- Palmvita® Gold Creaming Fat
- Menara® Baker's Fat
- Mitra® Baker's Fat
- Pusaka® White Baker's Fat
- Red Rose
- SMARTBaker
- Golden Carrier (金舰)
- Flagship (旗舰)
- Seagull (海鸥)
- Golden Seagull (金鸥)

NOTES:

* Early 2008, we rejuvenated our cooking oil brand, Mitra, aiming for middle class consumers who seek a qualified branded cooking oil with economical price.

** New product of Lauric Specialty Fat for confectionary and bakery coatings.

Human Resources and Management Innovation

GAR has long recognised the importance of human capital management and company culture. We have consistently invested in these drivers to sharpen our competitive edge.

Our focus in human capital starts from the recruitment initiatives; GAR offers an opportunity for Agronomy collegians to conduct research and apprenticeship at the Group. This programme also allows us to select best candidates at the earliest stage.

In order to retain high potential employees and preserve leadership continuance, our Human Capital strategy is implemented through the "Gold Sieves Programme". The programme starts with the Talent Management System for identifying talent and maintaining talent development; and is followed by Performance Management and Remuneration Systems for ensuring that the best performers are rewarded.

Realising that talent management is the key factor for sustainable development, GAR has been integrating training with the Talent Management System and is continuously improving its training facilities across managerial and operational levels both at head office and estates, using various methods such as in-class training, on-the-job training and coaching.

The second focus of our management is the management system. We have transformed our Group into a Learning Organisation that continuously produces invaluable intangible assets such as: information, knowledge and lessons learned (insights) that are crucial to generate a sustainable competitive advantage. History has shown that the value of the intangible assets is significantly greater than the value of tangible assets.

GAR's learning engine is comprised of four building blocks, namely: Business Review, Analysis, Improvement and Intelligence ("BRAIN"). Business Review enables top executives to continuously monitor their division's performance and helps them to make timely and fact-based decisions. Business Analysis allows top executives to track down the key performance indicators of each business unit using the Balanced Scorecard concept. Business Improvement falls under the Skill Development Activity ("SDA"), which embraces all of our integrated business units and allows us to continuously find and rectify shortcomings in each unit, within a specified time frame. The next process is Business Intelligence, which emphasis the knowledge sharing process through the development of Human Strategic Capital.

In addition, GAR has an Integrated CONferences ("ICON") programme to share, implement and standardise good palm industry practises. Under this programme, conferences and competitions are held from the plantation to the regional level to collect the best initiatives from the ground up. The best initiatives are published and standardised as policies and further implemented throughout the Group.

The Group's continuous transformation process is built around our shared values culture of: Integrity, Positive Attitude, Commitment, Continuous Improvement, Innovation and Loyalty. We believe the combination of these values has helped us to improve our effectiveness and efficiency. The benefits are well reflected in the Group's operational metrics and financial performance.

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 company's growth

Loyalty

to cultivate the spirit of knowing, understanding, and implementing the Group's core values as part of the GAR family

Corporate Governance

The Company recognises the importance and is committed to attaining high standards of corporate governance. The Company is in conformity with a major part of the principles and guidelines of the Code of Corporate Governance 2005 (the "2005 Code"). Pursuant to the listing manual ("Listing Manual") of the Singapore Exchange Securities Trading Limited ("SGX-ST"), this Report outlines the Company's corporate governance processes and activities with specific references to the 2005 Code, and provides explanation for deviations. For easy reference, the principles of the 2005 Code are set out in italics in this report.

The Board of Directors

***Principle 1:** Every company should be headed by an effective Board to lead and control the company. The Board is collectively responsible for the success of the company. The Board works with Management to achieve this and the Management remains accountable to the Board.*

The Company's board of directors (the "Board") role is:

(a) Ensuring that the long-term interests of the shareholders are being served.

(b) 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 realized.

(c) Monitoring the performance of management against plans and goals.

(d) Reviewing and approving significant corporate actions and major transactions.

(e) Assessing major risk factors relating to the Company and its performance, and reviewing measures, including internal controls, to address and mitigate such risks.

(f) Ensuring ethical behaviour and compliance with laws and regulations, auditing and accounting principles, and the Company's own governing documents.

(g) Assessing the effectiveness of the Board.

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

All directors are expected to fulfill their duty to objectively take decisions in the interests of the Company. Matters that specifically require the Board's approval are set out in the Internal Guidelines, which include the following corporate events and actions:

* approval of results announcements.
* approval of the annual report and accounts.
* convening of shareholders' meetings.
* material acquisitions and disposal of assets.
* annual budgets.
* interested person transactions.
* corporate governance.

Certain matters are delegated to the various Board committees (the "Board Committees") set up by the Board, which act within their respective terms of references as approved by the Board. See paragraphs (i) to (iv) on Board Committees below.

To facilitate directors attendance, meetings together with agenda items are scheduled in advance with Board members meeting each quarter. Ad-hoc board meetings are held whenever circumstances require. In 2008, the Board held 5 meetings with 1 held at the end of the financial year which was focused on the group's annual budget and strategic issues. Board meetings are chaired in Mauritius where participation by Board members by means of teleconference or similar communication equipment is permitted under the Company's constitution ("Constitution").

The attendance of directors and Board Committee members at meetings of the Board and Board Committees respectively and the number of meetings held, in 2008 are disclosed below:

NAME	No. of meetings attended by Members			
	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings
Franky Oesman Widjaja (Executive) [a]	5	–	1	2[e]
Muktar Widjaja (Non-Executive, Non-Independent)	5	–	–	–
Frankle (Djafar) Widjaja [b] (Non-Executive, Non-Independent)	4	–	–	–
Simon Lim (Executive)	5	–	–	–
Rafael Buhay Concepcion, Jr. (Executive)	5	–	–	–
Hong Pian Tee (Non-executive, Independent)	5	5	1	3
Lew Syn Pau (Non-executive, Independent)	5	5	1	3
Kaneyalall Hawabhay (Non-executive, Independent)	5	5	–	–
William Chung Nien Chin [c] (Non-executive, Independent)	–	–	–	–
Marie Joseph Raymond Lamusse [d] (Non-executive, Independent)	3	–	–	–
Number of Meetings Held	**5**	**5**	**1**	**3**

a Appointed on 26 February 2008 (Remuneration Committee)
b Resigned on 26 February 2008 (Remuneration Committee)
c Appointed as director on 31 December 2008
d Resigned as director on 31 December 2008
e Attended all meetings held during the period of his appointment

Newly appointed directors are provided with a formal letter of appointment setting out the terms of appointment, duties and obligations. They are also given the relevant GAR governing documents and contact particulars of senior management. Those who do not have prior experience as a director of a Singapore listed company are required to undergo in-house training on their 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 the Chairman/Nominating Committee ("NC")'s recommendation, be given orientation through overseas trips to familiarise them with the Group's operations. The Company has a training budget to fund any director's participation/attendance at seminars and training programmes that are relevant to his duties as a director, if he/the Chairman/the NC deems it necessary.

Principle 2: 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. No individual or small group of individuals should be allowed to dominate the Board's decision making.

The Board currently consists of 9 members. All the Board members except the Chairman/Chief Executive Officer, Chief Financial Officer and Executive Director, are non-executive. Of the 6 non-executive directors, 4 are independent directors making up more than one-third of the Board and providing a strong and independent element on the Board. Please refer to pages 9 to 11 of this Annual Report containing key information regarding each director. For information on whether each director is executive/non-executive/independent/non-independent, please refer to the above table.

Guidelines in the 2005 Code on the various relationships that would deem a director not to be independent, have been adopted by the Board. Each director is required to complete an independence checklist form at the time of appointment and annually based on these guidelines. The NC then considers and determines the independence of each director bearing in mind the completed form and any other salient factors.

The Board examines its size and, taking into account the scope and nature of operations, considers that the current board size of 9 directors is appropriate to facilitate effective decision making. Board members come from different industries, with vast experience and knowledge who as a group provide the core competencies for the leadership of the Company.

Non-executive directors are encouraged, in line with the Board's role, to constructively challenge and help develop proposals on strategy; and review the performance of management in meeting agreed goals and objectives and monitor the reporting of performance.

Corporate Governance

Principle 3: There should be a clear division of responsibilities at the top of the company – the working of the Board and the executive responsibility of the company's business – which will ensure a balance of power and authority, such that no one individual represents a considerable concentration of power.

Our Chairman and Chief Executive Officer 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. In view that the Chairman and Chief Executive Officer posts being held by the same person, the chairman of the Audit Committee ("AC") acts as the lead independent director.

The Chairman is also responsible to:

(a) lead the Board to ensure its effectiveness on all aspects of its role and set its agenda.

(b) ensure that the directors receive accurate, timely and clear information.

(c) ensure effective communication with shareholders.

(d) encourage constructive relations between the Board and management.

(e) facilitate the effective contribution of non-executive directors in particular.

(f) encourage constructive relations between executive directors and non-executive directors.

(g) promote high standards of corporate governance.

Principle 6: In order to fulfil their responsibilities, Board members should be provided with complete, adequate and timely information prior to Board meetings and on an on-going basis.

In order to ensure that the Board is able to fulfill its responsibilities, management provides the Board with complete and adequate information in a timely manner. Such information extend to documents on matters to be brought up before the Board at Board meetings, which are circulated to Board members in advance as a general rule, for their review and consideration. Senior staff and professionals who can provide additional insights into the matters to be discussed at Board meetings, are also invited to be present at meetings, where relevant. As directors may have further enquiries on the information provided, they have separate and independent access to the Company's senior management. Senior management accordingly addresses individual directors' request for 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. Explanation is given by management for material variance (if any) between the projections in the budget and actual results.

The directors also have separate and independent access to the company secretary or its nominee who attends all Board meetings. The company secretary's role is defined which include responsibility for ensuring that board procedures are followed and that applicable rules and regulations are complied with. Where the directors, either individually or as a group, in the furtherance of their duties, require professional advice, the company secretary or its nominee can assist them in obtaining independent professional advice, at the Company's expense.

Board Committees

Principle 4: There should be a formal and transparent process for the appointment of new directors to the Board.

Principle 5: There should be a formal assessment of the effectiveness of the Board as a whole and the contribution by each director to the effectiveness of the Board.

(i) Nominating Committee

The Company has established a Nominating Committee to, *inter alia*, make recommendations to the Board on all Board appointments. There are 3 directors in the NC, 2 of whom including the chairman, are non-executive and independent. Members of the NC are as follows:

Hong Pian Tee	(NC Chairman)
Lew Syn Pau	
Franky Oesman Widjaja	

The NC has written terms of reference that describes the responsibilities of its members, ie, to:

(a) identify and nominate for the approval of the Board, all Board appointments including candidates to fill Board vacancies as and when they arise.

(b) reviewing the independent element on the Board annually.

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

The NC is also responsible to make 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) concerning any matters relating to the continuation in office as a director of any director at any time.

The Board believes that each director, when accepting new appointments or who already sit on multiple boards, has the individual responsibility to ensure that he can allocate sufficient time and attention to the affairs of each company, and therefore does not adopt internal guidelines for multiple board representations.

All new Board appointments are channeled to the NC first before being channeled to the Board for approval. Potential candidates to fill casual vacancies are sourced with suggestions from directors, management or external consultants. The NC then evaluates the suitability of the potential candidate for the position taking into account, *inter alia*, his knowledge, skills and experience and his 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, it 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.

Pursuant to the Constitution, save for the position of Chief Executive Officer, all directors are to submit themselves for re-election at regular intervals. In particular, one-third of the directors retire from office by rotation at the annual meeting ("AM"), and newly appointed directors must submit themselves for re-election at the AM immediately following his appointment. The Board is satisfied with the current practice.

Mr. Muktar Widjaja, Mr. Rafael Buhay Concepcion, Jr. and Mr. Kaneyalall Hawabhay retire from office by rotation at the forthcoming AM under Article 90 of the Constitution, and have offered themselves for re-election. Mr. William Chung Nien Chin who retires under Article 96 of the Constitution, has also offered himself for re-election at the forthcoming AM. The NC has recommended their re-election at the forthcoming AM.

The NC is tasked to carry out the processes as implemented by the Board for the purpose of assessing the effectiveness of the Board as a whole and for assessing the contribution by each individual director to the effectiveness of the Board.

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 evaluation process, each director is required to complete the respective forms for self-assessment as well as for assessment of the Board's performance, based on pre-determined performance criteria.

Principle 11: The Board should establish an Audit Committee with written terms of reference which clearly set out its authority and duties.

Principle 12: The Board should ensure that the Management maintains a sound system of internal controls to safeguard the shareholders' investments and the company's assets.

Principle 13: The company should establish an internal audit function that is independent of the activities it audits.

(ii) Audit Committee

The Company has established an Audit Committee comprising 3 members, with written terms of reference which clearly set out its authority and duties. All of the members including the chairman, are non-executive and independent. Members of the AC are as follows:

Hong Pian Tee	(AC Chairman)
Lew Syn Pau	
Kaneyalall Hawabhay	

The Board is satisfied that the members of the AC are appropriately qualified to discharge their responsibilities.

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 it 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 the scope and results of the audit and its cost effectiveness, and the independence and objectivity of the external auditors. Where the auditors also supply a substantial volume of non-audit services to the Company, the AC should keep the nature and extent of such services under review, seeking to balance the maintenance of objectivity and value for money.

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

(c) Reviewing the adequacy of the Company's internal controls established by management.

(d) Reviewing the effectiveness of the Company's internal audit function.

(e) Making recommendations to the Board on the appointment, re-appointment and removal of the external auditor, and approving the remuneration and terms of engagement of the external auditor.

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

The AC reviews the independence of the external auditors.

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 auditors. Where necessary, the AC also meets with the internal and external auditors without the presence of management. The internal and external auditors have unrestricted access to the AC.

During the course of the audit, the external auditors carried out a review of the effectiveness of the Group's material internal controls, including financial, operational and compliance controls to the extent of their scope as laid out in their audit plan. Material non-compliance and internal control weaknesses noted during their audit are reported to the AC together with their recommendations. The AC has reviewed the Group's risk assessment, and, based on the audit reports and management controls in place, is satisfied that there are adequate internal controls in the Group.

The role of the internal auditor is to assist the AC to ensure that the Company maintains a sound system of internal controls. The Company's internal audit functions are serviced in-house. The Chief Internal Auditor reports to the chairman of the AC. On administrative matters, he reports to the Chief Executive Officer. The Chief Internal Auditor 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 ensures that the internal audit function is adequately staffed and has appropriate standing within the Company. It also ensures the adequacy of the internal audit function.

Given that the internal audit function as a strong independent control unit within the Company reports to the AC, the Board is satisfied that the system is in place for any concerns to be reported to the members of the AC.

<u>Internal Controls</u>

There is appropriate and adequate review by the AC of the adequacy of the Company's internal financial controls, operation and compliance controls, and risk management policies and systems established by management. In this review, the AC had been assisted by both the external auditors and the internal auditors, and this review is conducted at least once every year.

Principle 7: 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: The level of remuneration should be appropriate to attract, retain and motivate the directors needed to run the company successfully but companies should avoid paying more than is necessary for this purpose. A significant proportion of executive directors' remuneration should be structured so as to link rewards to corporate and individual performance.

Principle 9: Each company should provide clear disclosure of its remuneration policy, 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 executives, and performance.

(iii) Remuneration Committee

The Company has established a Remuneration Committee ("RC") with specified terms of reference, including the review of compensation policy. There are currently 3 directors in the RC, 2 are non-executive and, including the chairman, are independent. The Board views that the current RC composition is adequate as a majority of the members are independent, and the chairman is non-executive and independent. Members of the RC are as follows:

Lew Syn Pau (RC Chairman)
Hong Pian Tee
Franky Oesman Widjaja

The RC's role is to review and recommend to the Board, an appropriate and competitive framework of remuneration or compensation policy for the Board and key executives within the Group.

Detailed public disclosure of directors and key executives' remuneration as well as disclosure of the Company's compensation policy is not a current practice for competitive and confidentiality reasons.

Pursuant to the Listing Manual, the number of directors whose remuneration falls within the following remuneration bands are as follows:

	Number of Directors	
Bands	2008	2007
S$500,000 and above	2	–
S$250,000 to below S$500,000	1	3
Below S$250,000	6	8
Total	9	11

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

Share Scheme

The Company introduced the GAR Group Restricted Share Plan ("RSP") which was approved by shareholders at the Special Meeting of the Company held on 24 October 2008. There were no long-term incentive schemes prior to this approved RSP.

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

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

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

The RSP Committee will be formed to select the participant and determine the number of shares which would be awarded under the RSP. In the selection of the participant, the RSP Committee shall take into account criteria such as, *inter alia*, the participant's capability, scope of responsibility, skill, vulnerability to leaving the employment of the Company, job performance, years of service, potential for future development, contribution to the success and development of the GAR Group and the extent of effort and resourcefulness required to achieve the service conditions and/or performance targets within the performance and/or service periods (as the case may be).

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

As at 31 December 2008, no awards have been granted by the Company under the RSP. The RSP Committee, comprising directors of the Company, will be duly appointed by the Board in due course for administration of the RSP.

(iv) Executive/Board Committee

The Board has established a committee of directors ("BC") to supervise the management of the business and affairs of the Group. The BC, which comprises the following members, assists the Board in the discharge of its duties by, *inter alia*, approving the opening, closing of banking accounts and acceptance of banking facilities up to certain limits:

Corporate Governance

Group A
Franky Oesman Widjaja
Muktar Widjaja
Frankle (Djafar) Widjaja

Group B
Simon Lim
Rafael Buhay Concepcion, Jr.
Marie Joseph Raymond Lamusse
(cessation on 31 December 2008)

Communication with Shareholders

Principle 10: The Board should present a balanced and understandable assessment of the company's performance, position and prospects.

Principle 14: Companies should engage in regular, effective and fair communication with shareholders.

Principle 15: Companies should encourage greater shareholder participation at AGMs, and allow shareholders the opportunity to communicate their views on various matters affecting the company.

Since 2003, the Company announces its results on a quarterly basis. The Company does not practice selective disclosure of material information. The Company 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 or issued within the specified/ stipulated period.

The Company also meets with investors, analysts and fund managers from time to time. Please refer to Investor Relations on page 37 of the Annual Report.

All shareholders of the Company receive the annual reports and notice of AMs. The notice is also advertised in the newspapers. At the AMs, shareholders are given the opportunity to air their views and ask directors or management questions regarding the Group. Members of the NC, AC and RC and the external auditors are asked to be present to address questions at AMs.

The Constitution allows a member of the Company to appoint one or two proxies to attend and vote instead of the member at members meetings.

At members meetings, each distinct issue is proposed as a separate resolution. Absentia voting methods are currently not permitted.

Dealings in Securities

The Company complies with the SGX-ST best practices on dealings in securities, and has devised and adopted its own internal compliance code to provide guidance with regard to dealing in the Company's securities by the Company, its directors and officers.

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.

Investor Relations

Since 2007, the Company has started taking initiatives to increase corporate transparency, improve stakeholder communications and raise investors' awareness of the Company. This is a reflection of the Company's commitment to attain high standards of corporate governance.

We are pleased that the Company's transparency to investors and analysts has been increasing. Investors' heightened interest in the Company is indicated by the high liquidity of the Company's stock, which is consistently among the top five traded stocks on the Singapore Exchange. As a result, the stock has been included into the MSCI AC Far East ex-Japan index since May 2008 and the STI index since September 2008.

The Company's dedicated investor relations team, together with senior management, intensively met with members of the global investing community. During 2008, there were almost 400 meetings held, in the format of one-on-one meeting, group meeting and conference call, which were conducted through conferences, non-deal road shows as well as regular meetings at our offices. These meetings were with prospective and existing institutional investors in Asia, Europe and the United States, and also with research analysts.

We also made efforts to provide our investors further insights into our operations. We organised site visits to our "War Room" in Jakarta, as well as to our plantations, mills, seed garden, research facilities, and refineries in Indonesia, to allow the investor community better understanding of our industry-leading operational practices and appreciate our excellent growth prospects.

During 2008, we held four analyst briefings for quarterly results presentation combined with semi-annual press conference in Singapore. Our Chairman and key management were present to share the financial results, with in-depth presentations on the Company's performance. All presentations and handout materials were posted on the Singapore Exchange on the same day, as part of our best practices in transparency.

Our website, www.goldenagri.com.sg, is an important and effective channel in reaching out to our stakeholders by providing up-to-date information and communication tools. The site includes a dedicated Investor Relations section and is equipped with an option to sign up for email alerts.

These comprehensive initiatives have further improved our communications and improved investor accessibility. During 2008, six major international financial institutions initiated their coverage on the Company, bringing total coverage of eleven analysts at the end of 2008. The analysts' reports have been favorable, recognising the Company's leading position and superior plantation management.

Going forward, we will continue with our initiatives and regularly update information about the Company through many channels, while ensuring our compliance to the regulatory requirement of not disclosing any material and price-sensitive information to the public in an uneven manner.

Investor Relations Calendar

First Quarter 2008

- BNP Singapore Day in Singapore
- BNP China Consumer Conference in US, UK and Europe
- Extraordinary General Meeting (share split of each ordinary share into two ordinary shares)
- Daiwa Investment Conference in Tokyo
- Press and Analyst Conferences of Full Year 2007 results in Singapore
- UBS Indonesia Conference 2008 in Jakarta
- JP Morgan Singapore Energy Corporate Access Day in Singapore
- Fund manager and Morgan Stanley analyst visit to plantation
- UBS Plantation Day in Singapore
- CLSA ASEAN Plantation Access Day in Singapore and Hong Kong

Second Quarter 2008

- Release of Annual Report 2007
- Annual General Meeting
- Extraordinary General Meeting (Adoption of New Constitution)
- Analyst Briefing of First Quarter 2008 results in Singapore
- CLSA Corporate Access Forum in Singapore
- OCBC Conference in US
- BNP Asia Regional Conference in US and Europe
- Aseambankers Group Meeting in Jakarta

Third Quarter 2008

- Nomura Asia Equity Forum in Singapore
- Merrill Lynch Corporate Day in Hong Kong
- Press and Analyst Conferences of Second Quarter 2008 results in Singapore
- CLSA Post Results Luncheon in Singapore
- Daiwa Post Results Luncheon in Singapore
- BNP Non Deal Roadshow in Singapore and Hong Kong
- OSK Non Deal Roadshow in Europe
- OCBC Preferred Client Seminar in Singapore
- CLSA Investor Forum in Hong Kong

Investor Relations

Fourth Quarter 2008

- UBS Plantation Conference in Singapore
- BNP China Conference in Hangzhou
- Special Meeting (Adoption of the GAR Group Restricted Share Plan)
- UBS analyst visit to plantation
- OSK Group Meeting in Malaysia
- Analyst Briefing of Third Quarter 2008 results in Singapore
- CLSA Corporate Access Day in Singapore
- BNP Big Caps Plantation in US and Europe
- Daiwa Conference in Hong Kong
- RBS (ABN AMRO) Non Deal Roadshow in Hong Kong

First Quarter 2009

- Analyst Briefing of Full Year 2008 results in Singapore
- Daiwa Post Results Luncheon in Singapore
- CLSA Post Results Meeting in Singapore
- Daiwa Non Deal Roadshow in Tokyo
- Merrill Lynch Post Results Luncheon in Singapore

Financial Calendar 2009

Date	Event
27 February	Announcement of Full Year 2008 results and Proposed Bonus Issue of one share for every 25 shares held
25 March	Last day for trading for cum bonus (scrip-less holders)
30 March 5:00 PM	Entitlement date
31 March	Books closure date
3 April	Expected listing of bonus shares
9 April	Release of Annual Report 2008
28 April	Annual Meeting 2009
May*	Announcement of First Quarter 2009 results
August*	Announcement of Second Quarter 2009 results
November*	Announcement of Third Quarter 2009 results

Note:

- Indicative timeline.

The above calendar may not contain all corporate events. Please refer to our website, www.goldenagri.com.sg, for the latest updates.

Corporate Social Responsibility

Corporate Social Responsibility

We have employed the best practices of Corporate Social Responsibilty ("CSR") programmes in all communities we operate in, to achieve greater sustainability in the cultivation of oil palm trees, providing employment and raising economic welfare at all levels of the population and at the same time preserving the environment for the well-being of future generations. Our CSR guidelines encompasses several comprehensive and commendable practices.

ENVIRONMENTAL MANAGEMENT

Sustainable palm oil production practices have become our commitment and fundamental guiding principles in achieving sustainable palm oil cultivation. These principles have materialised in a series of specific programmes, as described below.

Zero Burning

As one of the pioneers of the industry, we established our zero burning policy for land clearing and replanting more than 15 years ago, in conformity with the Guideline for the Implementation of the ASEAN Zero Burning Policy. This policy reflects our commitment in preventing air pollution and preserving the soil nutrient content. Instead, we adopt manual methods such as cutting and chopping the trees with chainsaws and other mechanical tools.

Zero Waste

Our zero waste policy advocates Reuse, Recovery and Recycle ("3R") principles, executed through the Cleaner Production Programme. In this programme, we harness all production waste for organic fertiliser and as a source of energy. We apply nutrients enriched waste, i.e. empty fruit bunches and palm oil mill effluent, a liquid waste from the extraction process, back to our fields as organic fertiliser using Land Application method. The solid waste from the fibre mills (the fibre of husks from fresh fruit bunches) is used as fuel, to increase energy efficiency. This programme results not only in a positive environmental impact, but also in significant production cost savings for the Group.

Integrated Pest Management

We are mindful in the use of chemical substances, such as pesticide, in controlling pests and diseases, to ensure minimal impact on the environment. Pesticide is applied in due care, in compliance with the national regulation and only in the case of outbreak. As an alternative, we develop Integrated Pest Management as an environmentally-friendly method in order to minimise any risk of crop losses due to pests and diseases through biological and mechanical/manual controls. Biological controls deploy beneficial plants, natural predators and pathogens or bacteria, while mechanical/manual controls include handpicking or using light traps.

Compliance to the Environmental Regulations and Best Practices

We manage and regularly assess every environmental aspect in order to minimise adverse impact to the natural environment. The monitoring is in accordance with the Environment Management Plan (*Rencana Pengelolaan Lingkungan*/"RKL") and the Environment Monitoring Plan (*Rencana Pemantauan Lingkungan*/"RPL") as approved in the Social Environmental Assessment (*Analisa Mengenai Dampak Lingkungan*/"AMDAL") documents submitted to the Government. The assessment of the environmental paramaters is conducted by SMARTRI, our ISO 17025-accredited internal laboratory, as well as external laboratories referred by the Indonesian authorities.

Our regular internal monitoring and assessments are guided by the ISO 14001:2004 Environment Management Systems and ISO 9001:2000 Quality Management Systems. We have been granted both certifications in certain estates and mills.

In China, our manufacturing facilities are subject to environmental laws and regulations related to air protection, waste management and water protection imposed by the Chinese authorities. We are committed to adopt effective measures to prevent environmental hazards such as waste gases, water and residue arising from production, from polluting and endangering the environment. Our China Operations have met all environmental laws and regulations imposed by the Chinese authorities.

High Conservation Value

Areas with High Conservation Value ("HCV") are areas of considerable importance due to their environmental, socio-economic, biodiversity or landscape value, and thus need to be protected. As our commitment to conserve natural resources and biodiversity in our operation area, we identify the HCV area both in newly planned and existing oil palm plantation areas, manage it and monitor the identified HCV area within the plantations. The identification process is done internally as well as externally, in collaboration with third party professionals and non-profit organisations.

In collaboration with an orang utan preservation institute, we are currently in the process of studying the development of conservation areas for orang utans, in Central and West Kalimantan.

Participation in Roundtable on Sustainable Palm Oil

Roundtable on Sustainable Palm Oil ("RSPO") was established in April 2004 by organisations carrying out activities in and around the entire supply chain for palm oil, in order to promote the growth and use of sustainable palm oil through co-operation within the supply chain and open dialogue with its stakeholders.

As an active member of RSPO since February 2005, we have been actively involved in developing verification systems as guidelines for sustainable and environmentally-friendly plantation practices in the oil palm industry. Our plantations in North Sumatra and South Kalimantan were registered with the RSPO Executive Board as trial locations of RSPO principles and criteria model.

We supported and led programmes with the Indonesian National Interpretation Working Group ("INA-NIWG") in furthering the national interpretation of RSPO principles and criteria for Indonesia, which was completed in May 2008. Subsequently, INA-NIWG established a working group together with Indonesian HCV Consortium to facilitate the needs of HCV toolkit in Indonesia. As a result, HCV-RSPO Indonesia Working Group was formed in July 2008. The main duties of the working group are to develop guidance for maintaining and monitoring HCV in the oil palm plantation sector and guidance for a compensation mechanism for identified HCV areas within the oil palm estates planted during November 2005 to November 2007.

As an active member of RSPO Indonesia Smallholder Taskforce, we also play an integral role in establishing national standards for RSPO applications for smallholders (farmers), together with other palm oil stakeholders in Indonesia.

Since 2005, we have conducted in-depth RSPO gap analysis, an evaluation of current performance of palm oil production, as stipulated by the RSPO generic principles and criteria, for some of our estates and mills. The positive gap analysis results will go further to strengthen our application for RSPO Certification. We also carry out comprehensive training programmes for RSPO Principles and Criteria for our new and existing workers. Our objective is to obtain RSPO certification in 2009 for certain estates.

Collaboration with Other Organisations

As part of our continuing commitment to sustainable oil palm cultivation, we participated in the Indonesian Palm Oil Conference and Price Outlook 2009, organised by the Indonesian Palm Oil Association in December 2008. The conference took place in Bali and gathered associations and practitioners from more than ten countries. Mr. Jo Daud Dharsono, our Senior Managing Director of Plantation Operations, who is also Head of Research and Environmental Affairs of the Indonesian Palm Oil Association, presented a paper on Challenges and Solutions of the Implementation of Indonesian National Interpretation of RSPO Principles and Criteria.

GAR champions long-term commitment as an engaged corporate citizen, leading the industry's efforts in adopting sustainable and socially-responsible policies in doing business. We have been a participant of United Nations Global Compact since May 2006 through our subsidiary, PT Sinar Mas Agro Resources and Technology Tbk. Global Compact ("GC") was initiated by the United Nations, to seek advanced responsibility of corporate citizenship so that business can be part of the solution to the challenges of globalisation. GC asks companies to embrace, support and enact within their sphere of influence, a set of core values in the areas of human rights, labour standards, the environment and anti-corruption. Currently, we are actively involved as a founding member of Indonesian Global Compact Network ("IGCN"). Since November 2008, a series of incentive meetings amongst the IGCN's members have been held to share information and to form joint collaborative actions in respect to environment, human rights (especially education) and corporate governance (particularly anti-corruption), in line with adopted principals by GC.

The mangrove tree is tropical vegetation that serves an important role in balancing the quality of the ecosystem and neutralising pollution in coastal environments. In collaboration with the Indonesian Buddhist Tzu Chi Foundation, we planted approximately 3,000 mangrove trees in Pantai Indah Kapuk Conservation Forest in North Jakarta.

SOCIAL PROGRAMMES

GAR's CSR mission has been actualised by contributing to all the communities in the various locations where our operations are located. We continuously lead and support various social development programmes in the areas of education, society, energy and healthcare.

Some of our concrete efforts were channelled through cooperation with several social organisations, among others Eka Tjipta Foundation, a non-profit social organisation founded by the family of Eka Tjipta Widjaja in March 2006; and the Indonesian Buddhist Tzu Chi Foundation, affiliated with the global Tzu Chi organisation established in Taiwan.

Education Sector

In our continued support to improve the education standards in Indonesia, we sponsor two scholarships to recognise promising but under-privileged students. These scholastic programmes are conducted under the auspices of the *SMART Diploma* and *Tjipta Agro scholarships*.

SMART Diploma is scholarship in collaboration with the Bogor Agricultural University, under Palm Oil Vocational Programme. We provide funding for our employees. This privilege is also open to families who reside in the areas surrounding our operations. They are granted a full scholarship, including expenses to cover living costs during the academic year. During 2008, a total of 125 students were awarded scholarships.

Corporate Social Responsibility

The ***Tjipta Agro Scholarship***, is awarded in conjunction with the Eka Tjipta Foundation. This programme offers partial scholarships for high-performing agricultural undergraduates in 25 universities all over Indonesia. After completing the academic programme, the scholars are encouraged to return to their home town and contribute to the development of their area. Year 2008 saw 120 undergraduates supported by the programme.

Our physical contribution also directly reaches most of the villages nearby our estates where we provide donations for building and maintaining school facilities as well as provide free training to teachers.

Society Sector

In our surrounding community, society programmes are provided in the forms of:

- Developing and maintaining public infrastructures such as: road, bridge, mosque, church, village and sporting facility;
- Donation for orphanage;
- Donation for natural disaster relieve; etc.

During 2008, we conducted a cooking oil market operation by selling cooking oil below market price in rural areas mainly located in Jakarta, Greater Jakarta, Surabaya, Semarang, Madura and Banjarmasin, totalling 457,000 litres. In addition to that, we assisted the Government in executing its market operation activity in terms of production and distribution.

Together with the Indonesian Buddhist Tzu Chi Foundation, we initiated special humanitarian programmes that provide disaster relief to the various Indonesian communities affected by natural disasters. In March 2008, we donated to 475 families of fire victims close to our refinery in Tarjun, South Kalimantan. Within the same month, we also donated 105 tons of rice to the flood victims in Greater Jakarta. In August 2008, we also helped 450 families of flood victims in South Jakarta, by distributing 20 kilos of rice to each family.

Energy Sector

Our contribution to society is also on a macro level, where our designed programmes facilitate the community's push towards bio-energy. In collaboration with Eka Tjipta Foundation, we developed a programme called Energy Self-Sufficient Village *(Desa Mandiri Energi)*. Under this programme, we train and guide the local village to cultivate *Jatropha Curcas* and process it into oils for commerce and for self use. We also provide the necessary equipment and subsidy for the first year of operating expenses. The aim is to enable the village to become economically self-sufficient in energy needs. The first prototype village that we developed is the Way Isem Village in North Lampung, Sumatra. We are exploring more locations to be developed.

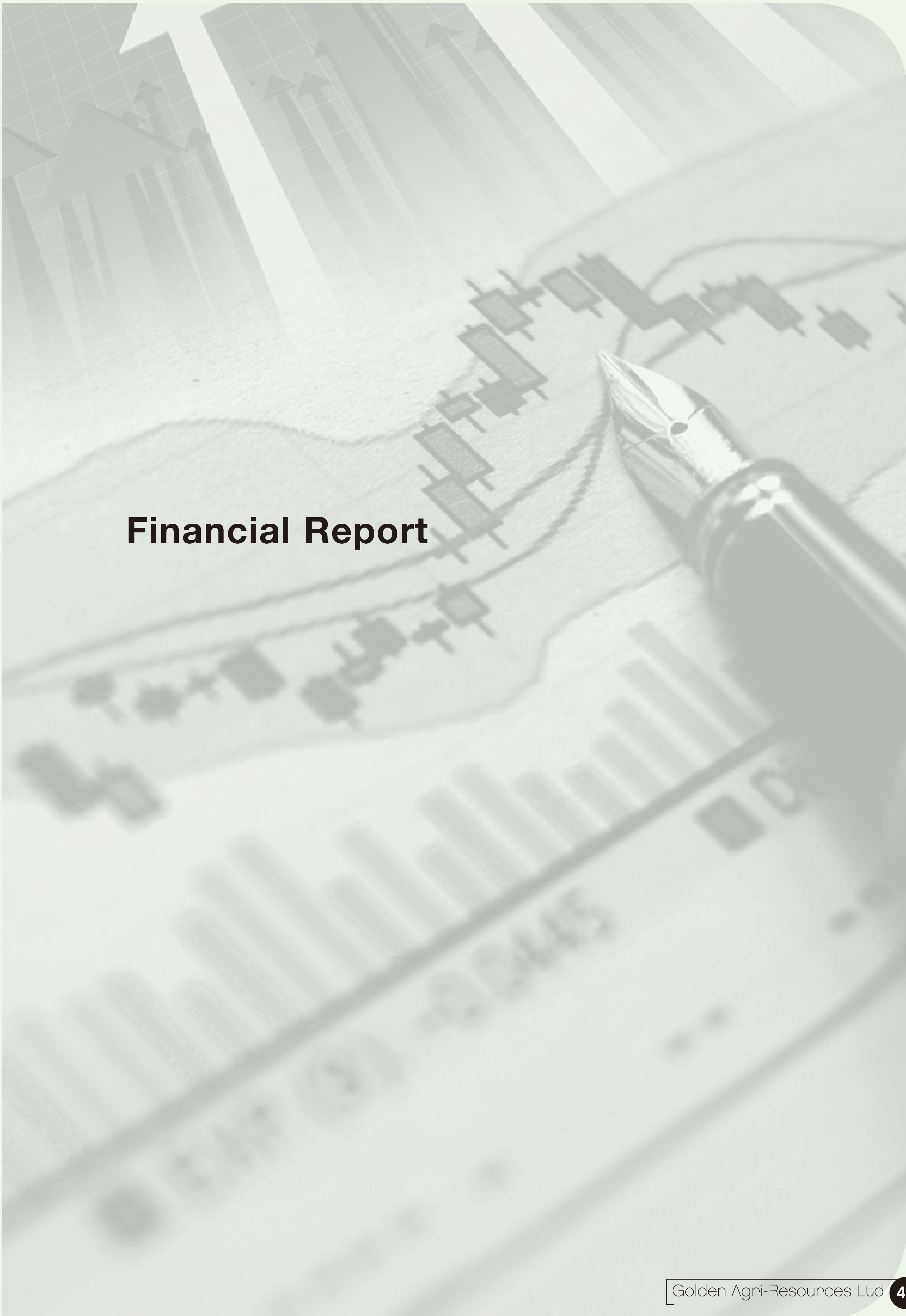
Healthcare Sector

In collaboration with the Indonesian Buddhist Tzu Chi Foundation, we rolled out several healthcare services, as follows:

- Provided general medical and dental services for over 7,600 patients in Sumatra, Bangka, Kalimantan and Java;
- Provided surgery for harelip, hernia and cataracts victims. 80 patients across Indonesia have been successfully treated via this programme;
- Conducted elucidations regarding pregnancy, breast-feeding, and children's health in Sumatra and Bangka;
- Conducted enlightenment of elephantiasis in Bogor, West Java;
- Provided aids for malnutrition children in Riau, Sumatra. The aid included milk, vitamins, food supplements for six months and regular check up by estate's doctors.

We were involved in organising regular blood donation activity drives in conjuction with the Indonesian Red Cross. It was hosted in our Jakarta head office, in January, April and December 2008.

Financial Report



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

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2008

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

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2008

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

REPORT OF THE DIRECTORS
31 DECEMBER 2008

The directors are pleased to present their report 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 2008.

1 Directors

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

Franky Oesman Widjaja
Muktar Widjaja
Frankle (Djafar) Widjaja
Simon Lim
Rafael Buhay Concepcion, Jr.
Hong Pian Tee
Lew Syn Pau
Kaneyalall Hawabhay
William Chung Nien Chin (Appointed on 31 December 2008)

During 2008, Mr. Marie Joseph Raymond Lamusse resigned as director of the Company. The directors would like to record their appreciation to him for his tenure in GAR.

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

Except as disclosed in the 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

No director holding office at 31 December 2008 had an interest in the shares or debentures of the Company as at 31 December 2008 and 21 January 2009.

4 Directors' Receipt and Entitlement to Contractual Benefits

Since the beginning of the 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 financial statements.

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

5 Options to Take Up Unissued Shares

During the financial year, no option to take up unissued shares of the Company was granted.

6 Options Exercised

During the financial year, there were no shares of the Company or any corporation in the Group issued by virtue of the exercise of an option to take up unissued shares.

7 Unissued Shares Under Option

At the end of the financial year, there were no unissued shares under option.

8 Interested Person Transactions Disclosure

The aggregate value of all interested person transactions during the financial year under review is as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate*)	Aggregate value of all interested person transactions conducted under shareholders' mandate* (excluding transactions less than S$100,000)
	US$	US$
Asia Food & Properties Limited	-	4,851,005
Eka Tjipta Widjaja	651,230[a]	-
Muktar Widjaja	242,000[b]	-
Ningbo Asia Paper Tube & Carton Box Co., Ltd	-	1,960,351
Ningbo Asia Pulp & Paper Co., Ltd	-	268,745
Ningbo Zhonghua Paper Co., Ltd	-	367,169
PT Asuransi Sinar Mas	-	1,876,105
PT Bank Sinarmas	-	2,996,643[c]
PT Bumi Serpong Damai Tbk	16,636,620	-
PT Rolimex Kimia Nusamas	-	105,616,360
PT Royal Oriental	-	14,197,352
PT Sinar Jati Mitra	-	1,854,336
Wuhan Jin Ding Foodstuff Co., Ltd	-	609,082
Zhuhai Huafeng Foodstuff Co., Ltd	-	1,488,953
Zhuhai Huafeng Food Industry (Group) Co., Ltd	-	2,430,803
Total	17,529,850	138,516,904

Notes:
- * Renewed at Annual General Meeting on 29 April 2008 pursuant to Rule 920 of the Singapore Exchange Securities Trading Limited's Listing Manual.
- a) The amount covered a period of 3 years from 1 May 2008 to 30 April 2011.
- b) The amount covered a period of 2 years from 1 January 2008 to 31 December 2009.
- c) Principal amount as at 31 December 2008 is approximately US$0.7 million.

9 Key Management Staff

The key management staff are also directors of the Company, and their background information are set out on pages 9 to 11 of the Annual Report.

10 Independent Auditors

Moore Stephens was converted to Moore Stephens LLP, a limited liability partnership with effect from 1 July 2008. Accordingly, Moore Stephens LLP, Certified Public Accountants, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors

FRANKY OESMAN WIDJAJA
Director

SIMON LIM
Director
18 March 2009

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

STATEMENT BY THE DIRECTORS
31 DECEMBER 2008

In the opinion of the directors, the consolidated financial statements set out on pages 8 to 74 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2008 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	SIMON LIM Director

18 March 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

1 We have audited the accompanying financial statements of Golden Agri-Resources Ltd (the “Company”) and its subsidiaries (the “Group”) set out on pages 8 to 74, which comprise the consolidated balance sheet of the Group as at 31 December 2008 and the consolidated income statement, consolidated statement of changes in equity and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management’s Responsibility for the Financial Statements

2 Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards. This responsibility includes:

(a) devising and maintaining a system of internal accounting control sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of a true and fair consolidated income statement and consolidated balance sheet and to maintain accountability of assets;

(b) selecting and applying appropriate accounting policies; and

(c) making accounting estimates that are reasonable in the circumstances.

Auditors’ Responsibility

3 Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance as to whether the financial statements are free from material misstatement.

4 An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors’ judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity’s preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity’s internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

(cont'd)

5 In our opinion, the consolidated financial statements of the Group are properly drawn up in accordance with the provisions of the International Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group as at 31 December 2008 and the results, changes in equity and cash flows of the Group for the year ended on that date.

Moore Stephens LLP
Public Accountants and
Certified Public Accountants

Singapore
Date: 18 March 2009

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 US$'000	2007 US$'000
Revenue	6	2,985,948	1,873,352
Cost of sales	7	(2,109,831)	(1,215,004)
Gross profit		876,117	658,348
Net gain from changes in fair value of biological assets	23	1,457,197	1,284,462
Operating expenses			
Selling expenses	8	(228,872)	(87,493)
General and administrative expenses	8	(118,126)	(97,349)
		(346,998)	(184,842)
Operating Profit		1,986,316	1,757,968
Other income(expenses)			
Financial income	9	5,844	7,270
Financial expenses	9	(41,260)	(35,507)
Share of results of associated companies, net		5,382	2,646
Foreign exchange loss		(34,740)	(3,531)
Other operating income, net	10	5,385	3,719
		(59,389)	(25,403)
Exceptional items			
Negative goodwill	38	20,133	72,041
Gain arising from changes in effective interests in subsidiaries		-	1,559
Impairment loss on property, plant and equipment		-	(3,220)
		20,133	70,380
Profit before income tax	11	1,947,060	1,802,945
Income tax	12	(528,415)	(528,570)
Profit for the year		1,418,645	1,274,375
Attributable to:			
Equity holders of the Company		1,382,526	1,164,792
Minority interests		36,119	109,583
		1,418,645	1,274,375
Earnings per ordinary share (cents)			
Basic	13	13.86	12.21
Diluted	13	13.86	12.21

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

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

CONSOLIDATED BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	2008 US$'000	2007 US$'000
Assets			
Current Assets			
Cash and cash equivalents	14	133,214	124,487
Short-term investments	15	4,556	22,065
Trade receivables	16	140,830	119,426
Other receivables	17	180,797	186,305
Inventories	18	248,084	311,534
		707,481	763,817
Non-Current Assets			
Long-term receivables and assets	19	186,790	119,216
Long-term investments	20	25,050	25,050
Associated companies	21	4,406	18,818
Property, plant and equipment	22	971,004	819,946
Biological assets	23	4,794,558	3,129,960
Deferred income tax	24	12,252	12,351
Deferred charges	25	6,147	5,516
Brands and trademarks	26	1,921	2,242
Goodwill	27	115,898	115,898
		6,118,026	4,248,997
Total Assets		6,825,507	5,012,814

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

	Note	2008 US$'000	2007 US$'000
Liabilities and Equity			
Current Liabilities			
Short-term loans	28	309,543	262,447
Trade payables	29	150,969	152,953
Other payables	30	54,504	66,420
Taxes payable	12	32,967	35,377
Obligations under finance leases	31	6	593
		547,989	517,790
Non-Current Liabilities			
Obligations under finance leases	31	24	28
Long-term borrowings	32	244,344	228,529
Deferred income tax	24	1,310,747	870,476
Long-term payables	33	15,573	14,781
		1,570,688	1,113,814
Total Liabilities		2,118,677	1,631,604
Equity Attributable to Equity Holders of the Company			
Issued capital	34	249,397	249,397
Share premium		772,232	772,100
Other paid-in capital		184,318	184,318
Other reserves		1,136	1,136
Hedging reserve		(1,834)	(16,036)
Foreign currency translation reserve		15,783	9,139
Cumulative translation adjustments		(16,684)	(16,684)
Retained earnings		3,409,378	2,119,196
		4,613,726	3,302,566
Minority Interests		93,104	78,644
Total Equity		4,706,830	3,381,210
Total Liabilities and Equity		6,825,507	5,012,814

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

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	<------Attributable to Equity Holders of the Company------>									Minority Interests	Total Equity
	Issued Capital	Share Premium	Other Paid-in Capital	Other Reserves	Hedging Reserve	Foreign Currency Translation Reserve	Retained Earnings	Cumulative Translation Adjustments	Total		
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1.1.2008	249,397	772,100	184,318	1,136	(16,036)	9,139	2,119,196	(16,684)	3,302,566	78,644	3,381,210
Transferred to income statement for cash flow hedge	-	-	-	-	16,036	-	-	-	16,036	-	16,036
Decrease in fair value of cash flow hedge	-	-	-	-	(1,834)	-	-	-	(1,834)	-	(1,834)
Foreign currency translation	-	-	-	-	-	6,644	-	-	6,644	433	7,077
Net gain recognised directly in equity	-	-	-	-	14,202	6,644	-	-	20,846	433	21,279
Profit for the year	-	-	-	-	-	-	1,382,526	-	1,382,526	36,119	1,418,645
Total recognised income for the year	-	-	-	-	14,202	6,644	1,382,526	-	1,403,372	36,552	1,439,924
Adjustment to share issuance expenses	-	132	-	-	-	-	-	-	132	-	132
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	-	(74)	(74)
Dividends (Note 35)	-	-	-	-	-	-	(92,344)	-	(92,344)	-	(92,344)
Change of interest in subsidiaries	-	-	-	-	-	-	-	-	-	(24,047)	(24,047)
Additional investment by minority shareholders	-	-	-	-	-	-	-	-	-	2,029	2,029
Balance at 31.12.2008	249,397	772,232	184,318	1,136	(1,834)	15,783	3,409,378	(16,684)	4,613,726	93,104	4,706,830

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

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

	<------	------	------	------	Attributable to Equity Holders of the Company	------	------	------	------>	Minority Interests	Total Equity
	Issued Capital	Share Premium	Other Paid-in Capital	Other Reserves	Hedging Reserve	Foreign Currency Translation Reserve	Retained Earnings	Cumulative Translation Adjustments	Total		
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1.1.2007	216,867	296,595	184,318	188	-	1,942	1,021,646	(16,684)	1,704,872	216,424	1,921,296
Decrease in fair value of cash flow hedge	-	-	-	-	(16,036)	-	-	-	(16,036)	-	(16,036)
Foreign currency translation	-	-	-	-	-	7,197	-	-	7,197	398	7,595
Net gain(loss) recognised directly in equity	-	-	-	-	(16,036)	7,197	-	-	(8,839)	398	(8,441)
Profit for the year	-	-	-	-	-	-	1,164,792	-	1,164,792	109,583	1,274,375
Total recognised income(expense) for the year	-	-	-	-	(16,036)	7,197	1,164,792	-	1,155,953	109,981	1,265,934
Share issued	32,530	494,378	-	-	-	-	-	-	526,908	-	526,908
Share issuance expenses	-	(18,873)	-	-	-	-	-	-	(18,873)	-	(18,873)
Dividends paid to minority shareholders	-	-	-	-	-	-	-	-	-	(3,656)	(3,656)
Dividends (Note 35)	-	-	-	-	-	-	(67,242)	-	(67,242)	-	(67,242)
Change of interest in subsidiaries	-	-	-	948	-	-	-	-	948	(244,105)	(243,157)
Balance at 31.12.2007	249,397	772,100	184,318	1,136	(16,036)	9,139	2,119,196	(16,684)	3,302,566	78,644	3,381,210

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

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	2008	2007
	US$'000	US$'000
Cash flows from operating activities		
Profit before income tax	1,947,060	1,802,945
Adjustments for:		
Net gain from changes in fair value of biological assets	(1,457,197)	(1,284,462)
Depreciation	57,650	49,494
Amortisation	550	1,157
Unrealised foreign exchange gain on short-term loans, long-term borrowings and receivables, net	(11,884)	(2,647)
Share of results of associated companies, net	(5,382)	(2,646)
Loss(Gain) on disposal of property, plant and equipment	1,004	(904)
Property, plant and equipment written off	998	416
Negative goodwill	(20,133)	(72,041)
Trade payable written back	-	(399)
Gain arising from changes in effective interests in subsidiaries	-	(1,559)
Allowance for impairment loss on:		
Inventories, net	2,796	-
Financial assets, net	476	777
Property, plant and equipment	-	3,220
Interest income	(5,844)	(7,270)
Interest expense	39,942	35,024
Operating cash flows before working capital changes	550,036	521,105
Changes in operating assets and liabilities:		
Trade receivables	(13,598)	(66,343)
Inventories	73,851	(165,217)
Other receivables	18,717	(59,566)
Trade payables	(4,108)	45,819
Other payables	(6,917)	15,745
Cash generated from operations	617,981	291,543
Interest paid	(38,505)	(33,273)
Interest received	6,040	6,438
Income tax paid	(158,138)	(97,096)
Net cash from operating activities	427,378	167,612

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

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

	2008 US$'000	2007 US$'000
Cash flows from investing activities		
Proceeds from sale of property, plant and equipment	7,489	36,244
Proceeds from sale of biological assets	2,148	1,232
Capital expenditure on property, plant and equipment	(179,473)	(116,959)
Capital expenditure on biological assets	(64,593)	(38,730)
Net decrease(increase) in short-term investments	17,509	(18,407)
Dividend received from an associated company	1,636	971
Investments in Plasma/KKPA program plantations, net	(4,047)	-
Acquisition of subsidiaries, net of cash acquired (Note A)	(103,883)	(19,051)
Acquisition of additional interests in subsidiaries	-	(313,440)
Increase in deferred expenditure	(520)	(758)
Net increase in long-term receivables and assets	(17,937)	(67,907)
Net cash used in investing activities	(341,671)	(536,805)
Cash flows from financing activities		
Proceeds from short-term loans	283,872	198,157
Proceeds from long-term borrowings	116,805	52,320
Payments of dividends	(92,418)	(70,898)
Payments of short-term loans	(249,875)	(97,648)
Payments of long-term borrowings	(134,151)	(224,939)
Payments of obligations under finance leases	(591)	(750)
Proceeds from share placement, net of issuance expenses	-	508,035
Deferred loan charges and long-term bank loan administration costs	(622)	(985)
Increase in time deposits pledged	(626)	(3,033)
Net cash (used in)generated from financing activities	(77,606)	360,259
Net increase(decrease) in cash and cash equivalents	8,101	(8,934)
Cash and cash equivalents at the beginning of the year	120,505	129,439
Cash and cash equivalents at the end of the year (Note 14)	128,606	120,505

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

CONSOLIDATED CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008 (cont'd)

Note to the Consolidated Cash Flow Statement:

A. Summary of the effect of acquisition of subsidiaries

	2008 US$'000	2007 US$'000
Cash and cash equivalents	2,117	17,546
Other current assets	31,524	36,744
Other current liabilities	(7,539)	(20,782)
Non-current assets	179,220	239,886
Non-current liabilities	(79,189)	(105,145)
Net assets acquired	126,133	168,249
Negative goodwill	(20,133)	(72,041)
Total purchase price	106,000	96,208
Cash of acquired subsidiaries	(2,117)	(17,546)
Offset against receivables	-	(14,611)
Offset against long-term receivables	-	(45,000)
Net cash outflow on acquisition of subsidiaries	103,883	19,051

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

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 limited company incorporated in Mauritius. The registered office and principal place of business of the Company is at 10, Frère Félix de Valois Street, Port Louis, Mauritius. With effect from 30 March 2009, the registered office and principal place of business will be changed to c/o Multiconsult Limited, Rogers House, 5, President John Kennedy Street, Port Louis, Mauritius.

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries and associated companies are described in Note 42 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 2008 were authorised for issue by the Board of Directors on 18 March 2009.

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

(a) Adoption of New and Revised IFRS

During the current financial year, the Group has adopted all the revised IFRS and new Interpretations to IFRS issued that are relevant to its operations and effective for annual periods beginning on 1 January 2008. The adoption of these new and revised IFRS and Interpretations to IFRS has had no material impact on the financial statements of the Group.

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

(b) New and Revised IFRS and Interpretations issued but not yet effective

As at the date of these financial statements, the following new revisions and amendments to the IFRSs and new Interpretation to IFRS that are relevant to the Group's operation were in issue but not yet effective:

- IAS 1, Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income
- IAS 1, Presentation of Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 16, Property, Plant and Equipment – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 19, Employee Benefits – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 23, Borrowings Costs – Comprehensive revision to prohibit immediate expensing
- IAS 23, Borrowings Costs – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 27, Consolidated and Separate Financial Statements – Consequential amendments arising from amendments to IFRS 3
- IAS 27, Consolidated and Separate Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 28, Investments in Associates – Consequential amendments arising from amendments to IFRS 3
- IAS 28, Investments in Associates – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 36, Impairment of Assets – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 38, Intangible Assets – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 39, Financial Instruments: Recognition and Measurement – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 39, Financial Instruments: Recognition and Measurement – Amendments for eligible hedged items
- IAS 41, Agriculture – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IFRS 3, Business Combinations – Comprehensive revision on applying the acquisition method
- IFRS 8, Operating Segments
- IFRIC 15, Accounting for Agreements for the Construction of Real Estate

The directors anticipate that the adoption of these IFRSs in future periods will not have a material financial impact on the consolidated financial statements.

3 Summary of Significant Accounting Policies

(a) Basis of Financial Statements Preparation

The consolidated financial statements, which are expressed in United States dollars, are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below. The consolidated financial statements are drawn up in accordance with IFRS.

The preparation of financial statements 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 date of the financial statements 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 consolidated financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 5.

(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 dollars, 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 dollars, which is the Company's functional currency and presentation currency.

(c) Basis of Consolidation

The consolidated financial statements include the financial statements of the Company and its subsidiaries (the "Group") made up to 31 December. The results of subsidiaries acquired or disposed during the year are included in or excluded from the consolidated financial statements from the effective date of acquisition or disposal.

All inter-company balances, transactions and any unrealised profit or loss on inter-company transactions are eliminated on consolidation.

A company is a subsidiary if it is controlled by any of the Group companies, which generally occurs when more than 50% of the issued voting capital is held long-term, directly or indirectly, by the Group and the Group is able to govern the financial and operating policies of the company so as to obtain benefits from its activities.

Minority interests in the net assets of consolidated subsidiaries are identified separately from the Group's equity therein. Minority interests consist of the amount of those interests at the date of the original business combination and the minority's share of changes in equity since the date of the combination. Losses applicable to the minority in excess of the minority's interest in the subsidiary's equity are allocated against the interests of the Group except to the extent that the minority has a binding obligation and is able to make an individual investment to cover losses.

3 Summary of Significant Accounting Policies (cont'd)

(c) Basis of Consolidation (cont'd)

The purchase method of accounting is used to account for the acquisition of subsidiaries. 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. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values on the date of acquisition, irrespective of the extent of any minority interests.

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.

(d) Associated Companies

Associated companies are entities in which the Group has significant influence, but not control, which generally occurs when the Group has a direct or indirect ownership interest of 20% to 50% or is in a position to exercise significant influence on the financial and operating policy decisions, and are accounted for by the equity method. Under the equity method, the cost of investment less impairment losses is increased or decreased by the Group's share in net earnings or losses and other equity changes of the associated company since the date of acquisition. Losses of an associated company in excess of the Group's interest in that associated company (which includes any long-term interests, which in substance, form part of the Group's net investments in that associated company) are not recognised.

Goodwill relating to an associated company is included as part of the carrying amount of the cost of investment, and is assessed for impairment as part of the investment.

(e) Foreign Currencies

Transactions involving foreign currencies are translated into the respective functional currencies of the companies in the Group at the rates of exchange prevailing at the time the transactions are entered into. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into the respective functional currencies at exchange rates prevailing at such date, and any exchange differences are taken to the income statement.

Currency translation differences on non-monetary items, such as equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Currency translation differences on non-monetary items, such as equity investments classified as available-for-sale financial assets, are included as part of the fair value gain or loss.

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

(e) 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 dollars, the functional currency of the Company, as follows:

(i) all assets and liabilities at the exchange rates approximating those prevailing on the balance sheet dates;

(ii) share capital and reserves at historical exchange rates; and

(iii) income statement items at the average exchange rates for the year (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 taken directly to foreign currency translation reserve within equity. Such translation differences are recognised in 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 taken to foreign currency translation reserve.

(f) 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.

Depreciation is charged so as to write off the cost of assets, using the straight-line method, over the following estimated useful lives:

	No. of years
Storage tanks, land improvements and bridges	- 50
Buildings	- 20 to 40
Machinery and equipment	- 5 to 25
Furniture and fixtures	- 5 to 10
Transportation equipment	- 5 to 10

Land rights in the China Agri-business division 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. Land rights in the Indonesia Agri-business division are carried at cost less any impairment losses and not subject to amortisation.

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.

3 Summary of Significant Accounting Policies (cont'd)

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

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 and the related accumulated depreciation are removed from the financial statements and any resulting gains or losses are reflected in the income statement for the year.

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.

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 useful lives of property, plant and equipment are reviewed, and adjusted as appropriate, at each balance sheet date.

(g) Biological Assets

Biological assets include mature plantations, immature plantations and nurseries that are established or acquired by the Group.

Nurseries are stated at cost, which include the 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 at the time of planting. An oil palm plantation is considered mature when such plantations start to produce at the beginning of the fourth year.

Biological assets are stated at fair value less estimated point-of-sale costs from initial recognition up to the point of harvest. Any resultant gains or losses arising from changes in fair value are recognised in the income statement. The fair value of biological assets is determined based on the present value of their expected net cash inflows.

(h) Deferred Charges

All incidental costs, incurred in connection with the acquisitions or renewals of land rights, are capitalised and amortised over the term of the related land rights.

Certain other expenditures, whose benefits extend over a period of more than one year, are being deferred and amortised, over the periods benefited using the straight-line method.

Software development costs represent all costs related to the Group's business process reengineering as part of the SAP R/3 system implementation. These costs are amortised through the income statement over the estimated useful life of the software, which is 5 years.

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

(i) Brands and Trademarks

Brands and trademarks are stated at acquisition cost or net present value of future cash payments of the acquisition cost at the date of the acquisition and are amortised through the income statement over their estimated useful lives of 20 years using the straight-line method.

(j) Goodwill

The excess of the cost of a business combination over the fair value of the Group's share of the identifiable net assets of the acquired subsidiaries accounted for under the purchase method 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, liabilities and contingent liabilities exceeds the cost of acquisition, the Group will reassess the identification and measurement of the identifiable assets, liabilities and contingent liabilities and the measurement of the cost of acquisition, and any excess thereafter is recognised as an income 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.

(k) Financial Assets

The Group classifies its non-derivative financial assets in the following categories: loans and receivables, 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.

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. 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.

3 Summary of Significant Accounting Policies (cont'd)

(k) Financial Assets (cont'd)

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 directly in equity until the investment is derecognised or until the investment is determined to be impaired at which time the cumulative gain or loss previously reported in equity is included in the income statement. Available-for-sale financial assets are stated at cost if it does not have a quoted market price in an active market and accordingly the fair value cannot be reliably measured. Impairment losses recognised in the income statement for investments in equity instruments classified as available-for-sale are not subsequently reversed through income statement.

(l) Cash and Cash Equivalents

Cash and cash equivalents classified under current assets comprise cash on hand, cash in banks and time deposits which are short term, highly liquid assets that are readily convertible into known amounts of cash and which are subject to an insignificant risk of change in value. For the purpose of the consolidated cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of time deposits pledged as security.

(m) Inventories

Inventories are stated at the lower of cost and net realisable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Cost is determined by the weighted average method for finished goods and by the moving average method for other inventories, such as raw materials, spare parts and fuel, chemical and packing supplies and others. Net realisable value is the estimated selling price less all estimated costs of completion necessary to make the sale.

(n) Impairment of Non-Financial Assets excluding Goodwill

At each balance sheet date, 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 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 to sell.

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.

3 Summary of Significant Accounting Policies (cont'd)

(n) Impairment of Non-Financial Assets excluding Goodwill (cont'd)

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 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.

(o) Derivatives

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

Derivative financial instruments are recognised initially at cost. Subsequent to initial recognition, derivative financial instruments are stated at fair value. The gain or loss on remeasurement to fair value is recognised immediately in the income statement. However, where derivatives qualify for hedge accounting, recognition of any resultant gain or loss depends on the nature of the item being hedged as described in 3(p).

(p) Cash Flow Hedges

When a derivative financial instrument 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 part of any gain or loss in the derivative financial instrument is recognised directly in equity. 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 is removed from equity and included in the initial cost or other carrying amount of the non-financial asset or non-financial liability. For other cash flow hedges, the associated cumulative gain or loss is removed from equity and recognised in the income statement in the same period or periods during which the hedged forecast transaction affects the income statement. The ineffective part of any gain or loss is recognised immediately in the income statement.

When a hedging instrument expires or is sold, terminated or exercised, or the entity revokes designation of the hedge relationship but the hedged forecast transaction is still expected to occur, the cumulative gain or loss at that point remains in equity 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 accumulated gain or loss recognised in equity is recognised immediately in the income statement.

3 Summary of Significant Accounting Policies (cont'd)

(q) Share Capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issuance of new equity instruments, other than for the acquisition of a business, are taken to equity as a deduction, net of tax, from the proceeds.

(r) 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 by the Company's shareholders.

(s) Trade Payables

Trade 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 trade payables are recognised initially at cost less attributable transaction costs. Subsequent to initial recognition, interest-bearing trade payables are stated at amortised cost using the effective interest method.

(t) 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.

(u) 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 balance sheet 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 finance charge which is amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

Rental costs under operating leases are charged to the income statement in equal annual amounts over the period of the leases.

3 Summary of Significant Accounting Policies (cont'd)

(v) 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.

(w) Provisions

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

(x) 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 substantially enacted by the balance sheet date.

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 charged or credited to the income statement, 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. Deferred income tax is determined using tax rates that have been enacted or substantively enacted by the balance sheet date and are expected to apply when the related deferred tax income asset is realised or the deferred income tax liability is settled.

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 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.

3 Summary of Significant Accounting Policies (cont'd)

(y) Post-Employment Benefits

Certain subsidiaries have defined benefit retirement plans covering substantially all of their eligible permanent employees in accordance with the Indonesian Labor Law No. 13/2003 dated 25 March 2003 (Law 13/2003). The obligation for Law 13/2003 has been accounted for using the projected unit credit method, with actuarial valuations being carried out at each balance sheet date. Past service costs are recognised immediately to the extent that the benefits are already vested, and otherwise are amortised over the average period until the benefits become vested. Actuarial gains or losses are amortised over the expected average remaining working lives.

The retirement plan obligations recognised in the balance sheet represents the present value of the defined benefit obligation as adjusted for unrecognised actuarial gains and losses and unrecognised past service cost, and as reduced by the fair value of plan assets. Any asset resulting from this calculation is limited to unrecognised actuarial losses and past service cost, plus the present value of available refunds and reductions in future contributions to the plan.

Contributions to the defined contribution plans are recognised as an expense in the income statement in the period which the related service is performed.

(z) Revenue Recognition

Revenue arising from sales of goods is recognised when the products are shipped for export sales and when the products are delivered to the customers for domestic sales and collectibility of the related receivables is probable.

Revenue from processing, shipping, storage and trucking services is recognised when the services are rendered.

Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

(aa) Segment Reporting

A segment is a distinguishable component of the Group that is engaged in providing products or services (business segment), or in providing products or services within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those or other segments.

Segment information is presented in respect of the Group's business and geographical segments. The primary format, geographical segment, is based on the Group's location of principal activities.

Segment results, assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis. Segment capital expenditure is the total cost incurred during the year to acquire segment assets that are expected to be used for more than one year.

4 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 provide return for shareholders and benefits for other stakeholders and to maintain an optimal capital structure to reduce the cost of capital. The Group's overall strategy remains unchanged since 2007.

The capital structure of the Group consists of equity attributable to equity holders of the Company, comprising share capital, share premium, reserves and retained earnings and net debts, which includes the borrowings and net of cash and cash equivalents.

The debts-to-equity ratio as at 31 December 2008 and 2007 are as follows:

	2008 US$'000	2007 US$'000
Total borrowings	553,917	491,597
Cash and cash equivalents	(133,214)	(124,487)
Net debts	420,703	367,110
Equity attributable to equity holders of the Company	4,613,726	3,302,566
Debts-to-equity ratio	0.09	0.11

The directors review the capital structure on a semi-annual basis. As a part of the review, the directors 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, currency risk, price risk), credit risk, liquidity risk, cash flow risks and use of derivative financial instruments.

The Group's policy prohibits it to enter into speculative transactions.

(i) Interest Rate Risk

The Group is exposed to interest rate risk primarily on its existing long-term borrowings. Borrowings issued at variable rates expose the Group to cash flow interest rate risk. Borrowings issued at fixed rates expose the Group to fair value interest rate risk. 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.

At 31 December 2008, if interest rates on all variable rate borrowings had been 0.5% higher/lower with all other variables held constant, profit before tax and total equity for the year would have been approximately US$2,406,000 and US$1,782,000 (2007: US$2,246,000 and US$1,679,000) lower/higher respectively, mainly as a result of higher/lower interest expense on the variable rate borrowings. This analysis is prepared assuming the amount of borrowings outstanding at the balance sheet date was outstanding for the whole year.

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

(i) Interest Rate Risk (cont'd)

Effective interest rates and re-pricing analysis

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 Group's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Fixed Rates		Variable Rates			Non-Interest Bearing	Total
	Less than 1 year	1 to 5 years	Less than 1 year	1 to 5 years	Over 5 years		
At 31 December 2008	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Assets							
Cash and cash equivalents	3,623	-	129,584	-	-	7	133,214
Trade and other receivables	-	-	15,853	-	6,535	325,526	347,914
Other financial assets	2,612	-	596	-	-	26,398	29,606
Non-financial assets	-	-	-	-	-	6,314,773	6,314,773
Total Assets	6,235	-	146,033	-	6,535	6,666,704	6,825,507
Liabilities							
Borrowings	31,095	42,843	225,124	216,371	38,484	-	553,917
Other financial liabilities	-	-	76,285	-	-	129,188	205,473
Non-financial liabilities	-	-	-	-	-	1,359,287	1,359,287
Total Liabilities	31,095	42,843	301,409	216,371	38,484	1,488,475	2,118,677

	Fixed Rates		Variable Rates			Non-Interest Bearing	Total
	Less than 1 year	1 to 5 years	Less than 1 year	1 to 5 years	Over 5 years		
At 31 December 2007	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Assets							
Cash and cash equivalents	-	-	124,475	-	-	12	124,487
Trade and other receivables	-	-	14,756	-	6,076	304,949	325,781
Other financial assets	19,804	-	2,261	-	-	25,050	47,115
Non-financial assets	-	-	-	-	-	4,515,431	4,515,431
Total Assets	19,804	-	141,492	-	6,076	4,845,442	5,012,814
Liabilities							
Borrowings	43,739	-	181,779	162,850	103,229	-	491,597
Other financial liabilities	-	-	90,566	-	-	128,806	219,372
Non-financial liabilities	-	-	-	-	-	920,635	920,635
Total Liabilities	43,739	-	272,345	162,850	103,229	1,049,441	1,631,604

4 Financial Risk Management (cont'd)

(ii) Foreign Currency Risk

The Group transacts in many currencies and its foreign currency exposures arise mainly from the exchange rate movements of the Indonesian rupiah ("IDR"), the Chinese renminbi ("RMB") and the United States dollar ("USD") which is also the Group's functional currency.

Except for sales to local customers within Indonesia and China which are denominated in their local currencies, export sales for most of the Group's products are quoted in United States dollar while its purchases and business operations in Indonesia and China are mainly denominated in their local currencies.

The Group's significant exposures to foreign currency are as follows:

At 31 December 2008	USD	IDR	RMB	Others	Total
Financial assets	US$'000	US$'000	US$'000	US$'000	US$'000
Cash and cash equivalents	54,881	27,743	49,760	830	133,214
Trade and other receivables	192,482	99,233	34,203	21,996	347,914
Other financial assets	25,056	1,938	2,612	-	29,606
	272,419	128,914	86,575	22,826	510,734
Financial liabilities					
Borrowings	462,121	21,557	29,285	40,954	553,917
Other financial liabilities	96,376	76,714	27,140	5,243	205,473
	558,497	98,271	56,425	46,197	759,390
Net financial (liabilities)assets	(286,078)	30,643	30,150	(23,371)	(248,656)
Net financial liabilities(assets) denominated in the respective entities' functional currencies	227,943	-	(31,761)	42,257	238,439
Currency exposure	(58,135)	30,643	(1,611)	18,886	(10,217)

At 31 December 2007	USD	IDR	RMB	Others	Total
Financial assets	US$'000	US$'000	US$'000	US$'000	US$'000
Cash and cash equivalents	37,701	57,398	28,623	765	124,487
Trade and other receivables	133,901	115,255	34,998	41,627	325,781
Other financial assets	25,050	2,261	19,804	-	47,115
	196,652	174,914	83,425	42,392	497,383
Financial liabilities					
Borrowings	430,659	722	23,112	37,104	491,597
Other financial liabilities	124,015	72,266	21,411	1,680	219,372
	554,674	72,988	44,523	38,784	710,969
Net financial (liabilities)assets	(358,022)	101,926	38,902	3,608	(213,586)
Net financial liabilities(assets) denominated in the respective entities' functional currencies	263,664	-	(38,859)	25,362	250,167
Currency exposure	(94,358)	101,926	43	28,970	36,581

4 Financial Risk Management (cont'd)

(ii) Foreign Currency Risk (cont'd)

A 5% strengthening/weakening of USD against RMB and IDR at the reporting date would decrease/increase the Group's profit before tax by US$4,150,000 (2007: US$9,347,000) as a result of higher foreign exchange loss. This analysis is prepared based on the currency exposure of USD, IDR and RMB as at year end assuming all other variables, in particular interest rates, remain constant.

(iii) Price Risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices. The Group's exposure to price risk relates to its trading activities of commodities. The Group monitors market closely to ensure that the risk exposure to the volatility of the commodities is kept minimum.

(iv) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counter-party to a financial instrument fails to meet its contractual obligations, and arises principally from the Group's receivables from customers. 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. The maximum exposure to credit risk in the event that the counter-parties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet.

(v) Significant Concentrations of Credit Risk

Concentrations of credit risk exist when changes in economic, industry or geographical factors similarly affect counter-parties 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 counter-parties and customers.

4 Financial Risk Management (cont'd)

(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.

	Less than 1 year	1 to 5 years	Over 5 years	Total
At 31 December 2008	US$'000	US$'000	US$'000	US$'000
Financial liabilities				
Borrowings	310,208	223,879	21,026	555,113
Other financial liabilities	205,473	-	-	205,473
Total Liabilities	515,681	223,879	21,026	760,586
At 31 December 2007	US$'000	US$'000	US$'000	US$'000
Financial liabilities				
Borrowings	263,555	200,691	28,740	492,986
Other financial liabilities	219,372	-	-	219,372
Total Liabilities	482,927	200,691	28,740	712,358

5 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) Impairment of Goodwill

The Group tests annually whether goodwill has suffered any impairment, in accordance with the accounting policy stated in Note 3(j). The recoverable amounts of the cash-generating units ("CGU") are determined from value in use calculation. The key assumptions for the value in use calculations are those regarding the discount rates and expected changes in crude palm oil ("CPO") prices and direct costs during the period. The growth and discount rates are based on industry forecasts. Changes in CPO prices and direct costs are based on past practices and expectations of future changes in the market. As of 31 December 2008, there is no impairment loss recognised in the financial statements and the carrying value of goodwill amounted to US$115,898,000 (2007: US$115,898,000) (Note 27).

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

(b) Income Taxes

The Group is subject to income taxes in numerous jurisdictions. Significant judgement is required in determining the capital allowances, deductibility of certain expenses and taxability of certain income during the estimation of the provision for income taxes. There are many transactions and calculations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities based on estimates of whether additional taxes will be due. Where the final tax outcome is different from the amounts that were initially recorded, such differences will impact the income tax and deferred income tax provisions in the period in which such determination is made.

(c) Useful Lives of Property, Plant and Equipment

The Group estimates the useful lives of property, plant and equipment based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment 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 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 plantation assets 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 during the period. The carrying value of property, plant and equipment as of 31 December 2008 amounted to US$971,004,000 (2007: US$819,946,000) (Note 22).

(d) Biological Assets

The Group determined the fair value of biological assets using the discounted cash flow method. The key assumptions for the discounted cash flow calculations are those regarding the average lives of plantations, yields per hectare, extraction rates, discount rates, expected changes in CPO and palm kernel oil prices and direct costs during the period as discussed in Note 23. The amount of changes in fair value would be different if there are changes to the assumptions used. A decrease in fair value would decrease the gain recognised during the year and the carrying value of biological assets. As of 31 December 2008, the carrying value of biological assets amounted to US$4,794,558,000 (2007: US$3,129,960,000) (Note 23).

(e) Impairment of Non-Financial Assets excluding Goodwill

The Group reviews the carrying amounts of the non-financial assets as at each balance sheet date 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 property, plant and equipment and other 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 Group to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the Group's financial position and results of operations.

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

(e) Impairment of Non-Financial Assets excluding Goodwill (cont'd)

The preparation of the estimated future cash flows involves significant judgement and estimations. While the Group 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. As of 31 December 2008, there is no significant impairment loss on assets recognised in the financial statements.

(f) Post-Employment Benefits

The determination of the obligation and cost for post-employment benefits is 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 compensation increase, are described in Note 36. In accordance with IAS 19 "Employee Benefits", actual results that differ from the assumptions are accumulated and amortised over future periods and therefore, generally affect the recognised expense and recorded obligation in such future periods. 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 retirement obligations. As of 31 December 2008, accrued post-employment benefits amounted to US$15,573,000 (2007: US$12,886,000) (Note 36).

(g) Deferred Tax Assets

The Group's assessment on the recognition of deferred tax assets on non-deductible temporary differences is based on the forecast taxable income of the following reporting period. This forecast is based on the Group's past results and future expectations on revenue and expenses. As of 31 December 2008, the Group has deferred tax assets of US$12,252,000 (2007: US$12,351,000) (Note 24).

6 Revenue

	Note	2008 US$'000	2007 US$'000
Sales in Indonesia			
Third parties		736,758	563,287
Associated companies		42,441	52,671
Related parties		6,775	-
		785,974	615,958
Sales outside Indonesia			
Third parties		2,195,702	1,252,940
Related parties	40a	4,272	4,454
		2,199,974	1,257,394
Total revenue		2,985,948	1,873,352

6 Revenue (cont'd)

	2008 US$'000	2007 US$'000
Sales in Indonesia		
Palm oil based products:		
Crude palm oil	252,539	215,645
Fresh fruit bunch	-	490
Margarine and fat	41,626	35,370
Palm fatty acid distillate	3,156	990
Palm kernel	66,405	46,041
Palm kernel meal	4,330	4,433
Palm kernel oil	11,335	16,857
Refined bleached deodorised olein	297,610	228,382
Refined bleached deodorised stearin	49,924	44,512
Refined bleached deodorised palm oil	24,298	20,386
Refined bleached deodorised palm kernel oil	13,060	40
Others	1,606	253
Sub total	765,889	613,399
Oleochemical products	18,374	-
Other products	1,711	2,559
Total sales in Indonesia	785,974	615,958
Sales outside Indonesia		
Palm oil based products:		
Crude palm oil	1,159,728	581,757
Margarine and fat	31,513	15,992
Palm fatty acid distillate	19,190	12,131
Palm kernel meal	12,682	9,417
Palm kernel oil	83,722	70,922
Refined bleached deodorised olein	210,116	125,968
Refined bleached deodorised palm oil	39,932	33,108
Refined bleached deodorised palm kernel oil	620	416
Refined bleached deodorised stearin	30,496	13,336
Others	35,282	104
Sub total	1,623,281	863,151
Oleochemical products	30,836	-
Soy bean based products	542,551	391,447
Revenue from provision of port and storage facilities	3,306	2,796
Total sales outside Indonesia	2,199,974	1,257,394
Total revenue	2,985,948	1,873,352

7 Cost of Sales

	2008 US$'000	2007 US$'000
Cost of inventories recognised as expenses	1,979,472	1,111,451
Depreciation charge for the year	46,200	39,584
Processing and direct costs	84,159	63,969
	2,109,831	1,215,004

8 Selling, General and Administrative Expenses

	2008 US$'000	2007 US$'000
Selling expenses:		
Export tax and administration	157,674	49,297
Transportation	42,791	19,091
Advertising and promotions	8,527	5,766
Salaries and employees' benefits	5,138	5,143
Depreciation	1,441	1,430
Bulking	1,420	509
Others	11,881	6,257
	228,872	87,493
General and administrative expenses:		
Salaries and employees' benefits	71,096	57,243
Depreciation	10,009	8,480
Travelling	7,277	6,651
Rent, tax and licenses	6,437	5,562
Management fees	5,044	5,274
Professional fees	4,068	3,552
Office supplies	1,198	1,032
Amortisation of deferred charges, brands and trademarks	371	818
Others	12,626	8,737
	118,126	97,349
	346,998	184,842

9 Financial Income and Financial Expenses

	Note	2008 US$'000	2007 US$'000
Interest income from:			
Third parties		3,901	5,290
Associated company		1,016	672
Related parties	40a	927	1,308
		5,844	7,270
Interest expense on:			
Third parties		(39,040)	(32,514)
Associated company		(59)	-
Related parties	40a	(28)	(70)
Amortisation of deferred loan charges		(815)	(2,440)
Finance charges		(1,318)	(483)
		(41,260)	(35,507)
Financial expenses, net		(35,416)	(28,237)

10 Other Operating Income, Net

	2008 US$'000	2007 US$'000
Gain(Loss) on sale of other materials and by-products	3,854	(131)
Gain on derivative transactions	-	175
Shipping income	923	759
Storage tank income	-	13
Workshop income	788	1,638
(Loss)Gain on disposal of property, plant and equipment	(1,004)	904
Property, plant and equipment written off	(998)	(416)
Impairment of receivables	-	(971)
Receivables written off	(476)	-
Impaired receivables recovered	-	194
Others	2,298	1,554
	5,385	3,719

11 Profit Before Income Tax

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

	Note	2008 US$'000	2007 US$'000
Non-audit services paid/payable to:			
Auditors of the Company		-	101
Auditors of the subsidiaries		-	104
Staff costs			
Wages and salaries		71,575	59,566
Post-employment benefit costs			
Defined benefit plans	36	4,777	3,930
Defined contribution plans		1,230	879

12 Income Tax

	2008 US$'000	2007 US$'000
Tax expense attributable to the profit is made up of:		
Current income tax	114,256	104,155
Deferred income tax	412,713	423,692
Share of taxes of associated companies	1,446	723
	528,415	528,570

Substantially all the Group's operations are located in Indonesia. Accordingly, the Indonesian statutory tax rate of 30% (2007: 30%) is used in the reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate.

12 Income Tax (cont'd)

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

	2008 US$'000	2007 US$'000
Profit before income tax	1,947,060	1,802,945
Less: Share of results of associated companies, net	(5,382)	(2,646)
	1,941,678	1,800,299
Tax calculated at a tax rate of 30% (2007: 30%)	582,503	540,090
Effect of reduction in tax rates	(28,737)	-
Effect of different tax rates in other countries	(16,605)	(16,304)
Permanent differences arising mainly from remeasurement net of non-deductible expenses	(37,584)	4,799
Utilisation of previously unrecognised tax losses	(2,031)	(4,736)
Income tax at preferential rate	(10,903)	(11,795)
Unrecognised deferred tax assets	37,476	15,793
	524,119	527,847
Add: Share of taxes of associated companies	1,446	723
Add: Tax deducted at source	2,850	-
	528,415	528,570

Taxes Payable

As at the end of the financial year, the details of taxes payable are as follows:

	2008 US$'000	2007 US$'000
Estimated income tax payable of subsidiaries	21,957	26,798
Income and other taxes		
Article 21	2,002	2,084
Article 23	2,392	1,980
Article 25	5,872	179
Article 26	16	19
Value added tax	728	4,317
Total	32,967	35,377

At the balance sheet date, the unrecognised tax losses and capital allowances available for offsetting against future taxable profits amounted to US$218,559,000 (2007: US$96,463,000). The availability of the unrecognised 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. As at the end of the financial year 2008, the deferred tax benefit arising from unrecognised tax losses and unabsorbed capital allowances of US$52,964,000 (2007: US$26,459,000) has not been recognised in the financial statements.

13 Earnings Per Share and Net Asset Value Per Share

The earnings per ordinary share is based on profit attributable to equity holders of the Company amounting to US$1,382,526,000 (2007: US$1,164,792,000) divided by the weighted average number of ordinary shares in issue of 9,975,903,792 (2007: 9,542,170,458 adjusted for sub-division of shares in 2008) shares.

There is no dilution as the Group did not have any potential ordinary shares outstanding as at 31 December 2008 and 2007.

The net asset value per ordinary share based on the existing issued share capital of 9,975,903,792 as at 31 December 2008 is US$0.46 (2007: US$0.33 based on 9,975,903,792 shares, adjusted for sub-division of shares in 2008).

14 Cash and Cash Equivalents

Cash and cash equivalents which represent cash on hand, cash in banks and time deposits with maturity of less than three months are detailed as follows:

	2008 US$'000	2007 US$'000
Cash on hand	440	310
Cash in banks		
Chinese renminbi	46,035	28,549
United States dollar	37,476	5,875
Indonesian rupiah	17,867	10,032
Singapore dollar	748	374
Others	82	70
	102,208	44,900
Time deposits		
United States dollar	17,405	31,826
Indonesian rupiah	9,538	47,129
Euro	-	322
Chinese renminbi	3,623	-
	30,566	79,277
Total	133,214	124,487

The above bank balances include balances with related parties (Note 40a) of US$716,000 (2007: US$2,791,000). For the purpose of the consolidated cash flow statement, the cash and cash equivalents consist of the following:

	2008 US$'000	2007 US$'000
Total cash and cash equivalents	133,214	124,487
Less: Time deposits pledged	(4,608)	(3,982)
	128,606	120,505

14 Cash and Cash Equivalents (cont'd)

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

	2008	2007
	%	%
Indonesian rupiah	5.2 – 13.0	3.3 – 14.5
United States dollar	0.1 – 6.5	3.5 – 5.7
Chinese renminbi	1.5 – 4.1	-
Euro	-	2.5

15 Short-Term Investments

Short-term investments which represent placements in mutual funds and time deposits with maturity over three months but not more than one year are detailed as follows:

	2008	2007
	US$'000	US$'000
Time deposits		
Chinese renminbi	2,612	19,804
Indonesian rupiah	596	157
	3,208	19,961
Available-for-sale financial assets		
Quoted equity	6	353
Mutual funds		
Indonesian rupiah	1,342	1,751
	1,348	2,104
	4,556	22,065

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

	2008	2007
	%	%
Chinese renminbi	1.5 – 4.1	3.3
Indonesian rupiah	12.0	11.2

Time deposits of the Group amounting to US$2,612,000 (2007: US$19,804,000) have been pledged to banks as security for credit facilities (see Notes 28 and 32).

16 Trade Receivables

	Note	2008 US$'000	2007 US$'000
Third parties		139,836	117,026
Associated companies		53	2,661
Related parties	40a	1,424	299
		141,313	119,986
Less: provision for impairment of trade receivables		(483)	(560)
		140,830	119,426

Movements in provision for impairment of trade receivables are as follows:

	2008 US$'000	2007 US$'000
Balance as at beginning of the year	560	168
Provision for impairment during the year	-	540
Receivables recovered during the year	-	(11)
Receivables written off during the year	(171)	(168)
Arising from acquisition of subsidiaries	-	11
Translation adjustments	94	20
Balance as at end of the year	483	560

As at 31 December 2008, 10% (2007: 14%) and 2% (2007: 1%) of the Group's trade receivables are past due for less than 3 months and more than 3 months respectively. The above provision for impairment of trade receivables is made for certain receivables that are past due for more than 3 months and the recovery of these amounts is impossible.

The trade receivables are denominated in the following currencies:

	2008 US$'000	2007 US$'000
United States dollar	108,009	78,278
Indonesian rupiah	17,996	30,369
Chinese renminbi	14,825	10,779
	140,830	119,426

Trade receivables of the Group, including intra-group trade receivables, amounting to US$30,146,000 (2007: US$45,497,000) have been pledged as security for credit facilities (see Notes 28 and 32).

17 Other Receivables

	Note	2008 US$'000	2007 US$'000
Advances to suppliers		75,381	42,331
Prepaid value added tax		31,153	43,884
Prepaid expenses		10,404	8,628
Receivable from third parties		10,316	6,828
Deposits		9,765	46,833
Staff advances		2,917	2,344
Others		11,812	7,363
		151,748	158,211
Receivable from related parties *	40a	29,002	28,094
Advances to associated companies		47	-
		29,049	28,094
		180,797	186,305

* The amounts receivable from related parties are unsecured and repayable on demand. As at 31 December 2008, included in the amounts receivable from related parties are US$15,648,000 (2007: US$13,926,000) which bears interest at the rate of 3.3% to 6.4% (2007: 5.6% to 6.4%) per annum.

The other receivables are denominated in the following currencies:

	2008 US$'000	2007 US$'000
Indonesian rupiah	81,237	84,886
United States dollar	77,938	49,547
Chinese renminbi	19,378	24,219
Malaysian ringgit	1,392	21,503
Others	852	6,150
	180,797	186,305

18 Inventories

	2008 US$'000	2007 US$'000
Finished goods	58,729	73,995
Fertilisers and general material	82,895	28,481
Raw materials	69,516	165,501
Spare parts and fuel	10,886	8,474
Chemical and packing supplies	6,425	3,720
Others	18,376	6,292
Goods in transit	1,257	25,071
	248,084	311,534

During the financial year 2008, the Group recognised an allowance for net impairment loss of US$2,796,000 (2007:Nil) in cost of sales as the carrying amount of certain inventories was higher than the net realisable value due to reduction in selling prices.

Inventories amounting to US$43,822,000 (2007: US$64,393,000) have been pledged to banks as security for credit facilities (see Notes 28 and 32).

19 Long-Term Receivables and Assets

	2008 US$'000	2007 US$'000
Loan receivable from:		
Associated company (a)	6,535	6,076
Third party (b)	19,752	13,974
	26,287	20,050
Tax recoverable	93,383	49,962
Advances for projects	44,984	32,371
Land clearing	7,539	6,447
Advances for project plasma plantations, net (c)	7,255	3,208
Advances for investment in land	3,557	3,380
Advances for non-operating assets	1,434	1,201
Others	2,351	2,597
	186,790	119,216

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

	2008 US$'000	2007 US$'000
Indonesian rupiah	159,236	98,041
United States dollar	7,802	7,201
Japanese yen	19,752	13,974
	186,790	119,216

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

(a) The unsecured receivable bears interest at 8.5% (2007: 8.5%) per annum and is repayable by annual installments until 2014.

(b) The loan receivable is non-interest bearing, secured and repayable by 10 July 2011.

(c) 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

	2008 US$'000	2007 US$'000
Available-for-sale financial asset		
Unquoted equity shares, at cost	25,050	25,050

The available-for-sale financial asset is denominated in United States dollar and stated at cost as it does not have a quoted market price in an active market and accordingly the fair value of this investment cannot be reliably measured.

In the opinion of the directors, the recoverable amount of the above investment is not less than its carrying amount, on the basis that the present value of estimated future cash flows expected to arise from its operations over the next few years will exceed the carrying amount of the investment.

21 Associated Companies

	2008 US$'000	2007 US$'000
Unquoted equity shares, at cost	2,122	20,522
Share of post-acquisition profits(losses), net of dividend received	2,284	(1,704)
	4,406	18,818

Particulars of the associated companies are disclosed in Note 42 to the consolidated financial statements. Summarised financial information in respect of the Group's associated companies is as follows:

	2008 US$'000	2007 US$'000
Assets and liabilities		
Total assets	20,995	67,010
Total liabilities	(17,153)	(23,656)
Net assets	3,842	43,354
Results		
Revenue	53,675	98,764
Profit before tax for the year	6,621	5,668

As at 31 December 2008, the accumulated losses not recognised for an associated company amounted to US$3,124,000 (2007: US$1,658,000) as such losses are in excess of the Group's interest in that associated company.

22 Property, Plant and Equipment

	Land rights	Storage tanks, land improvements and bridges	Buildings	Machinery and equipment	Furniture and fixtures	Transportation equipment	Assets under finance lease	Construction in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost									
Balance at 1.1.2007	125,421	66,209	226,633	431,747	53,998	73,121	2,510	31,581	1,011,220
Translation adjustment	748	-	6,420	5,930	122	114	-	519	13,853
Additions	3,776	4,869	7,644	9,405	5,543	17,760	-	67,962	116,959
Disposals	(26,189)	-	(5,362)	(744)	(369)	(6,804)	-	(954)	(40,422)
Write off	-	(2)	(431)	(506)	(694)	(895)	-	(10)	(2,538)
Acquisition of subsidiaries	4,768	70	58,473	157	1,536	3,593	-	3,156	71,753
Transfers	(22)	6,220	16,042	8,277	731	1,485	(452)	(31,122)	1,159
Balance at 31.12.2007	108,502	77,366	309,419	454,266	60,867	88,374	2,058	71,132	1,171,984
Balance at 1.1.2008	108,502	77,366	309,419	454,266	60,867	88,374	2,058	71,132	1,171,984
Translation adjustment	809	-	4,160	6,556	145	115	-	336	12,121
Additions	24,614	9,656	3,983	21,690	4,335	22,095	-	93,100	179,473
Disposals	-	(538)	(1,679)	(5,903)	(894)	(7,536)	-	(172)	(16,722)
Write off	-	(79)	(286)	(1,112)	(842)	(1,044)	-	(149)	(3,512)
Acquisition of subsidiaries	6,632	-	19,955	45,374	1,298	2,521	-	3,646	79,426
Transfers	(286)	17,826	34,968	14,148	764	4,384	(1,998)	(69,377)	429
Balance at 31.12.2008	140,271	104,231	370,520	535,019	65,673	108,909	60	98,516	1,423,199

The Group holds land rights in Indonesia in the form of Hak Guna Usaha (HGU) with expiry dates between 2015 up to 2098 and the management believes that those land rights can be extended upon expiry. Certain licenses and certificates are expiring and are in the process of being extended.

22 Property, Plant and Equipment (cont'd)

	Land rights	Storage tanks, land improvements and bridges	Buildings	Machinery and equipment	Furniture and fixtures	Transportation equipment	Assets under finance lease	Construction in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Accumulated depreciation									
Balance at 1.1.2007	6,727	13,471	61,952	123,100	44,326	48,395	256	1,001	299,228
Translation adjustment	105	-	724	1,984	86	66	-	191	3,156
Charge for the year	396	1,847	9,060	19,323	6,381	12,339	148	-	49,494
Disposals	-	-	(9)	(321)	(250)	(3,745)	-	(757)	(5,082)
Write off	-	(1)	(186)	(431)	(668)	(836)	-	-	(2,122)
Impairment loss	-	-	-	-	-	-	-	3,220	3,220
Acquisition of subsidiaries	1,042	4	-	121	1,010	1,967	-	-	4,144
Transfers	-	(5)	5	(650)	(148)	257	(216)	757	-
Balance at 31.12.2007	8,270	15,316	71,546	143,126	50,737	58,443	188	4,412	352,038
Balance at 1.1.2008	8,270	15,316	71,546	143,126	50,737	58,443	188	4,412	352,038
Translation adjustment	124	-	857	2,272	86	60	-	315	3,714
Charge for the year	419	2,747	11,051	22,960	6,418	13,951	104	-	57,650
Disposals	-	(45)	(306)	(2,542)	(609)	(4,727)	-	-	(8,229)
Write off	-	(68)	(146)	(580)	(817)	(903)	-	-	(2,514)
Acquisition of subsidiaries	-	-	12,423	35,107	1,024	982	-	-	49,536
Transfers	(1,038)	32	1,011	(4)	(50)	315	(266)	-	-
Balance at 31.12.2008	7,775	17,982	96,436	200,339	56,789	68,121	26	4,727	452,195
Net book values									
At 31.12.2007	100,232	62,050	237,873	311,140	10,130	29,931	1,870	66,720	819,946
At 31.12.2008	132,496	86,249	274,084	334,680	8,884	40,788	34	93,789	971,004

As at 31 December 2008, the net carrying amount of property, plant and equipment which has been pledged as security for credit facilities (see Notes 28 and 32) amounted to US$291,812,000 (2007: US$302,011,000).

23 Biological Assets

	2008 US$'000	2007 US$'000
Balance at the beginning of the year	3,129,960	1,616,502
Additions	64,593	38,730
Disposals	(2,148)	(1,232)
Acquisition of subsidiaries	131,416	172,469
Transfers	13,540	19,029
	3,337,361	1,845,498
Net gain from changes in fair value	1,457,197	1,284,462
Balance at the end of the year	4,794,558	3,129,960

The Group's oil palm plantations are located in Indonesia. As at the end of the year, the Group's total planted area of mature and immature plantations is approximately 308,900 (2007: 292,600) hectares and 82,900 (2007: 67,200) hectares respectively.

During the financial year, the Group harvested approximately 5,050,000 (2007: 5,078,000) tonnes of fresh fruits bunches ("FFB") from its nucleus plantations, which has a fair value less estimated point-of-sale costs of approximately US$782,447,000 (2007: US$583,005,000). The fair values of FFB were determined with reference to their market prices.

Matured oil palm trees produce FFB, which are used to produce Crude Palm Oil ("CPO") and Palm Kernel ("PK"). The fair values of biological assets are determined based on the present value of their expected net cash inflows of the underlying plantations. The expected net cash inflows of oil palm plantations are determined using the expected market price of CPO and PK which are largely dependent on the historical price trend of CPO.

Significant assumptions made in determining the fair values of the oil palm plantations are as follows:

(a) No new planting or re-planting activities are assumed;
(b) Oil palm trees have an average life of 25 years, with the first three years as immature and remaining years as mature;
(c) Yield per hectare, based on average historical performance;
(d) Discount rate of 11.3% (2007: 10.7%) per annum; and
(e) Average market price of CPO of US$670 (2007: US$504) per tonne.

The fair values of biological assets would be affected by changes in the above assumptions, particularly the average CPO price used. If we assume the market CPO prices as at year end increased/decreased by 5% with all other variables including exchange rate being held constant, profit attributable to the equity holders of the Company and total equity attributable to the Company would have increased/decreased by approximately US$5 million (2007: US$11 million), as a result of higher/lower gains arising from changes in fair value of biological assets net of tax and minority interests.

As at 31 December 2008, the fair value of biological assets which have been pledged as security for credit facilities (see Notes 28 and 32) amounted to US$1,701,250,000 (2007: US$1,391,730,000).

24 Deferred Income Tax

	Accelerated tax depreciation	Deferred charges	Unutilised tax losses/ capital allowances	Valuation allowances/ others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1 January 2007	(68,455)	(152)	75,875	(398,978)	(391,710)
(Charged)Credited to income statement	(6,242)	46	(36,870)	(380,626)	(423,692)
Acquisition of subsidiaries	(3,577)	-	-	(41,488)	(45,065)
Translation adjustment	(18,028)	-	20,200	170	2,342
Balance at 31 December 2007	(96,302)	(106)	59,205	(820,922)	(858,125)
Balance at 1 January 2008	(96,302)	(106)	59,205	(820,922)	(858,125)
(Charged)Credited to income statement	(4,525)	37	30,900	(439,125)	(412,713)
Acquisition of subsidiaries	(3,536)	124	-	(33,965)	(37,377)
Translation adjustment	8,393	-	743	584	9,720
Balance at 31 December 2008	(95,970)	55	90,848	(1,293,428)	(1,298,495)

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 balance sheet:

	2008	2007
	US$'000	US$'000
Deferred tax liabilities	(1,310,747)	(870,476)
Deferred tax assets	12,252	12,351
	(1,298,495)	(858,125)

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.

As at 31 December 2008, a subsidiary, Golden Agri International Pte Ltd ("GAI") has not provided for deferred tax liabilities amounting to approximately US$3,452,000 (2007: US$3,468,000) that would be payable upon remittance into Singapore of its offshore interest income, which amounted to approximately US$19,177,000 (2007: US$19,269,000) as at 31 December 2008 as it is the intention of the directors of GAI to permanently reinvest the unremitted interest income.

Deferred income tax liabilities of US$17,405,000 (2007: US$12,941,000) have not been recognised for taxes that would be payable on the remittance to Mauritius of unremitted retained earnings of US$580,181,000 (2007: US$431,365,000) 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.

25 Deferred Charges

	2008 US$'000	2007 US$'000
Cost		
Balance at the beginning of the year	7,481	6,783
Acquisition of subsidiaries	55	-
Additions	520	758
Write off	-	(56)
Transfers from(to) land rights	300	(4)
Balance at the end of the year	8,356	7,481
Less: accumulated amortisation		
Balance at the beginning of the year	1,965	1,175
Acquisition of subsidiaries	15	-
Amortisation charged to general and administrative expenses	50	498
Amortisation charged to cost of sales	179	339
Write off	-	(47)
Balance at the end of the year	2,209	1,965
Net carrying amount	6,147	5,516

26 Brands and Trademarks

	2008 US$'000	2007 US$'000
Cost	6,924	6,924
Less: accumulated amortisation		
Balance at the beginning of the year	4,682	4,362
Amortisation charged to general and administrative expenses	321	320
Balance at the end of the year	5,003	4,682
Net carrying amount	1,921	2,242

27 Goodwill

	2008 US$'000	2007 US$'000
Balance at the beginning of the year	115,898	44,099
Arising from additional interests in subsidiaries	-	80,957
Reversal arising from changes in effective interest in subsidiaries	-	(9,158)
Balance at the end of the year	115,898	115,898

For the purpose of impairment testing, goodwill is allocated to the Group's cash-generating units ("CGU") identified according to countries of operations which is the business segment and operating units within the business segment which the goodwill is monitored for internal management purposes.

The above goodwill is allocated to the Indonesia Agri-Business segment.

The recoverable amount of the goodwill was determined based on value-in-use calculations using a 10-year cash flow projection. A terminal value was estimated based on the 10th year's future cash flow at a 5% growth rate and a pre-tax discount rate of 11.3%. No impairment loss is recognised for the year ended 31 December 2008.

28 Short-Term Loans

	Note	2008 US$'000	2007 US$'000
Short-term bank loans:			
United States dollar		210,244	193,795
Chinese renminbi		29,285	23,112
Indonesian rupiah		14,799	722
		254,328	217,629
Current maturities of long-term borrowings	32	55,874	45,333
		310,202	262,962
Less: Unamortised loan charges	32	(659)	(515)
		309,543	262,447

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

	2008 US$'000	2007 US$'000
Secured bank loans	244,328	196,907
Unsecured bank loans	10,000	20,722
	254,328	217,629

As at 31 December 2007, short-term bank loans included US$722,000 that were granted by a related party (Note 40a). As at end of the financial year, there is no breach of loan covenants.

28 Short-Term Loans (cont'd)

The above short-term bank loans have a maturity period ranging from 1 to 12 months from the end of the financial year and bear interest at the following rates per annum during the year:

	2008	2007
	%	%
United States dollar	3.4 – 10.0	5.4 – 8.1
Chinese renminbi	5.8 – 8.2	5.8 – 8.0
Indonesian rupiah	12.8 – 15.0	10.3

29 Trade Payables

	Note	2008	2007
		US$'000	US$'000
Trust receipts payable		76,285	88,066
Trade payables to:			
Third parties		70,736	53,531
Associated companies		172	353
Related parties	40a	3,776	11,003
		150,969	152,953

The above trust receipts payable, which represent amounts due to certain banks, bear interest ranging from 2.2% to 3.2% (2007: 6.1% to 6.7%) per annum. The trust receipts payable and trade payables are denominated in the following currencies:

	2008	2007
	US$'000	US$'000
United States dollar	89,256	107,665
Indonesian rupiah	43,819	38,997
Chinese renminbi	17,803	6,230
Others	91	61
Total	150,969	152,953

30 Other Payables

	Note	2008 US$'000	2007 US$'000
Accrued expenses		16,442	13,423
Advances from customers		12,550	14,319
Payable to third parties		12,151	13,094
Derivative payable (a)		3,763	11,058
Interest payable		2,627	1,992
Others		4,640	9,406
		52,173	63,292
Associated company		-	2,513
Related parties (b)	40a	2,331	615
		54,504	66,420

The other payables are denominated in the following currencies:

	2008 US$'000	2007 US$'000
Indonesian rupiah	32,895	33,269
United States dollar	7,120	16,350
Chinese renminbi	9,337	15,181
Singapore dollar	5,152	1,615
Others	-	5
	54,504	66,420

(a) As at 31 December 2008, this represented foreign exchange forward contracts amounting to US$30 million. As at 31 December 2007, this represented forward contracts to purchase soybean amounting to US$25.9 million.

(b) The unsecured payables to related parties are interest free and repayable on demand.

31 Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2008	2007	2008	2007
	US$'000	US$'000	US$'000	US$'000
Finance leases payable:				
Within one year	7	624	6	593
In the second to fifth year	29	34	24	27
After five years	-	1	-	1
	36	659	30	621
Less: Future finance charges	(6)	(38)		
Present value of lease obligation	30	621		
Less: Amount due for settlement within 12 months			(6)	(593)
Amount due for settlement after 12 months			24	28
Interest rate per annum			2.9%	2.9% - 9.2%

32 Long-Term Borrowings

	Note	2008	2007
		US$'000	US$'000
Long-term borrowings:			
United States dollar		253,073	237,667
Japanese yen		-	4,851
Singapore dollar		40,924	32,218
Indonesian rupiah		6,758	-
Total long-term borrowings		300,755	274,736
Less: Current maturities of long-term borrowings	28	(55,874)	(45,333)
Non-current portion		244,881	229,403
Less: Unamortised loan charges		(537)	(874)
Non-current portion		244,344	228,529

Movements in unamortised loan charges are as follows:

	Note	2008	2007
		US$'000	US$'000
At the beginning of the year		1,389	2,856
Additions		622	985
Repayment		-	(12)
Amortisation during the year		(815)	(2,440)
At the end of the year		1,196	1,389
Less: Current portion	28	(659)	(515)
Non-current portion		537	874

32 Long-Term Borrowings (cont'd)

The long-term borrowings of the Group bear interest at the following rates per annum during the year:

	2008	2007
	%	%
United States dollar	4.2 – 10.0	5.0 – 9.0
Japanese yen	-	3.4 – 3.8
Singapore dollar	2.5 – 4.1	3.7 – 4.8
Indonesian rupiah	15.0	-

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

	2008	2007
	US$'000	US$'000
Secured borrowings	257,172	274,736
Unsecured borrowings	43,583	-
	300,755	274,736

(a) Certain time deposits, trade receivables, inventories, biological assets and property, plant and equipment have been pledged to banks to obtain the above secured borrowings (as disclosed in Notes 14, 15, 16, 18, 22 and 23).

(b) 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.

(c) The scheduled maturities of the Group's borrowings as at 31 December 2008 and 2007 are as follows:

Year	Original loan currency			U.S. Dollar Equivalent
As at 31 December 2008	US$'000	Rp'000	S$'000	US$'000
Long-term borrowings:				
2009	55,326	6,000,000	-	55,874
2010	56,721	12,000,000	2,400	59,485
2011	27,131	12,000,000	2,400	29,895
2012	30,312	12,000,000	2,400	33,076
2013	64,383	12,000,000	51,690	101,399
Thereafter	19,200	20,000,000	-	21,026
Total	253,073	74,000,000	58,890	300,755
Current portion (Note 28)	(55,326)	(6,000,000)	-	(55,874)
Non-current portion	197,747	68,000,000	58,890	244,881

32 Long-Term Borrowings (cont'd)

(c)

Year	Original loan currency			U.S. Dollar Equivalent
As at 31 December 2007	US$'000	¥'000	S$'000	US$'000
Long-term borrowings:				
2008	39,710	550,000	1,110	45,333
2009	55,845	-	900	56,471
2010	56,669	-	44,320	87,489
2011	26,392	-	-	26,392
2012	30,312	-	-	30,312
Thereafter	28,739	-	-	28,739
Total	237,667	550,000	46,330	274,736
Current portion (Note 28)	(39,710)	(550,000)	(1,110)	(45,333)
Non-current portion	197,957	-	45,220	229,403

33 Long-Term Payables

	2008	2007
	US$'000	US$'000
Payable to minority shareholders	-	1,895
Retirement benefit obligations (note 36)	15,573	12,886
	15,573	14,781

The long-term payables are denominated in the following currencies:

	2008	2007
	US$'000	US$'000
Chinese renminbi	-	1,895
Indonesian rupiah	15,573	12,886
	15,573	14,781

As at 31 December 2007, the payable to minority shareholders was unsecured and interest-free.

34 Issued Capital

	2008		2007	
	No of shares	US$'000	No of shares	US$'000
Issued and fully paid:				
Balance at beginning of the year	4,987,951,896	249,397	2,168,675,948	216,867
Issuance of shares (a)	-	-	325,300,000	32,530
Subdivision of share (b)	-	-	2,493,975,948	-
Subdivision of share (c)	4,987,951,896	-	-	-
Balance at end of the year	9,975,903,792	249,397	4,987,951,896	249,397

Following the abolition of the concept of authorised share capital pursuant to the Companies Act 2001 of Mauritius and the approval given by shareholders at the Extraordinary General Meeting held on 29 April 2008 for the adoption of the new constitution of the Company, the Company shall have a stated capital and shall issue ordinary shares of par value US$0.025 each. The ordinary shares have equal voting rights.

(a) On 19 April 2007, the Company entered into a placement agreement with BNP Paribas Capital (Singapore) Ltd., CIMB-GK Securities Pte. Ltd. and Oversea-Chinese Banking Corporation Limited (collectively, the "Placement Agents") pursuant to which the Placement Agents agree to use their best endeavours to procure purchases for up to 325,300,000 new ordinary shares of US$0.10 each in the Company (the "Placement"). The Placement was fully subscribed and the 325,300,000 placement shares fully taken up. On 26 April 2007, the completion date of the Placement, the Company issued 325,300,000 ordinary shares of US$0.10 each at S$2.4588 (equivalent to US$1.62) per share for cash. The placement shares ranked pari passu in all respects with the existing shares of the Company.

The net proceeds of approximately S$772 million (equivalent to US$508 million) from the above placement will be utilised for the expansion of plantation and planting programme, funding of bio-diesel operations, expanding downstream business and general corporate purposes. As at 31 December 2008, the net proceeds of S$772 million (equivalent to US$508 million) was utilised in accordance with the percentage allocated for the above mentioned purposes.

(b) Pursuant to the approval given by the shareholders at an Extraordinary General Meeting held on 6 September 2007, each ordinary share of the Company of par value US$0.10 each was sub-divided into two ordinary shares of par value US$0.05 each on 13 September 2007.

(c) Subsequently, pursuant to the approval given by the shareholders at an Extraordinary General Meeting held on 15 February 2008, each ordinary share of the Company of par value US$0.05 each was further sub-divided into two ordinary shares of par value US$0.025 each on 22 February 2008.

Subsequent to year end, on 27 February 2009, the Company announced the proposed bonus issue of up to 399,036,151 new ordinary shares of US$0.025 each ("Bonus Shares") in the capital of the Company ("Bonus Issue") on the basis of one Bonus Share credited as fully paid for every twenty five existing shares held in the capital of the Company. On 12 March 2009, the Singapore Exchange Securities Trading Limited ("SGX-ST") has granted its approval in-principle for the listing and quotation of 399,036,151 Bonus Shares in the capital of the Company, subject to compliance with the SGX-ST's listing requirements and availability of the share issue mandate. SGX-ST's approval in-principal for the listing and quotation of the Bonus Shares is not an indication of the merits of the Bonus Issue. The Bonus Shares, when allotted and issued, will rank pari passu in all respects with the existing shares of the Company. The record date for the Bonus Issue is at 5.00 p.m. on 30 March 2009.

35 Dividends

	2008 US$'000	2007 US$'000
Final dividend paid in respect of the previous year of S$0.005 (2007: US$0.014) per qualifying share	36,768	34,916
Interim dividend paid in respect of the current year of S$0.008 (2007: S$0.01) per qualifying share	55,576	32,326
	92,344	67,242

36 Retirement Benefit Obligations and Share-Based Payment

In August 1995, certain subsidiaries within the Group established defined benefit pension plans under which pension benefits are to be paid based on the latest basic salaries and number of years of service of the employees. The plans are managed by Dana Pensiun SMART.

In addition to the post-employment benefit provided under the above-mentioned plans, certain subsidiaries within the Group also recognised additional post-employment benefit expense, as required by Labour Law No. 13/2003 of the Republic of Indonesia. The post-employment benefit expenses were determined based on actuarial 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:

	2008 %	2007 %
Discount rate	12.0	10.0 – 12.0
Salary growth rate	8.0	8.0 – 9.0

The component of the net post-employment benefit expenses and liabilities is as follows:

	2008 US$'000	2007 US$'000
Current service cost	2,524	2,042
Net amortisation and deferral	396	395
Interest cost	1,857	1,493
Net post-employment benefit expense	4,777	3,930
Present value of employees' retirement benefit obligations	16,076	18,531
Unrecognised net actuarial gain(loss)	1,295	(3,378)
Unamortised past service cost	(1,798)	(2,267)
Retirement benefit obligations	15,573	12,886

36 Retirement Benefit Obligations and Share-Based Payment (cont'd)

The movements in retirement benefit obligations are as follows:

	2008 US$'000	2007 US$'000
Balance at the beginning of the year	12,886	9,221
Net post-employment benefit expense	4,777	3,930
Adjustment for curtailment and settlement	(111)	(30)
Translation adjustment	(1,979)	(235)
Balance at the end of the year	15,573	12,886

Share-based Payment

The Company introduced the GAR Group Restricted Share Plan ("RSP") which was approved by shareholders at the special meeting of the Company held on 24 October 2008. The RSP is intended to align the interests of key management and executives of the Company and its subsidiaries with the interests of shareholders. It is also expected to enhance the Company's competitiveness in motivating and retaining talented key senior management and executives. The plan contemplates the award of fully paid shares of the Company upon meeting prescribed performance target(s) and/or service condition(s). Awards granted will vest upon the satisfactory achievement of pre-determined operational and financial performance target(s).

As at 31 December 2008, no awards have been granted by the Company under the RSP.

37 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, and short-term loans 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 balance sheet. As at 31 December 2008 and 2007, the carrying amounts of the long-term receivables and long-term interest-bearing borrowings approximate their fair values.

38 Business Combinations

(a) In September 2008, the Group through its wholly owned subsidiary, Asia Palm Oil Investment Pte. Ltd. ("APOI"), has acquired Eco Investment Limited ("Eco Investment") at a consideration of US$99,000,000. Subsequent to this acquisition, Eco Investment, its subsidiaries and associated company ("Eco Group") became subsidiaries of the Group. The net assets of Eco Group acquired amounted to US$101,061,000 after taken into account the fair value adjustments of US$79,252,000.

The acquired Eco Group contributed profit of US$22.0 million to the Group's profit before income tax for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on 1 January 2008, total Group's revenue and profit before tax for the year would have been US$2,985,948,000 and US$2,064,513,000 respectively.

(b) In April 2008, PT Sinar Oleochemical International, now known as PT Soci Mas ("PTSM"), became a subsidiary of the Group after the acquisition of 27,600 shares, representing the remaining 60% shareholding in PTSM at a consideration of approximately US$254 per share.

The carrying amount on the consolidated financial statements on the date of acquisition of PTSM was US$41,361,000. The Group recognised a decrease in interests in associated companies of US$16,712,000.

PTSM contributed loss of US$1.2 million to the Group's profit before income tax for the period between the date of acquisition and the balance sheet date. If the acquisition had been completed on 1 January 2008, total Group's revenue and profit before tax for the year would have been US$3,007,403,000 and US$1,948,230,000 respectively.

The net assets acquired in the above transactions are as follows:

Net assets acquired:	Acquiree's carrying amount before combination	Fair value adjustments	Fair value
	US$'000	US$'000	US$'000
Property, plant and equipment	29,890	-	29,890
Biological assets	18,199	113,217	131,416
Other non-current assets	17,914	-	17,914
Cash and cash equivalents	2,117	-	2,117
Trade and other receivables	18,327	-	18,327
Inventories	13,197	-	13,197
Trade and other payables	(6,822)	-	(6,822)
Current tax liability	(717)	-	(717)
Deferred tax liability	(3,412)	(33,965)	(37,377)
Other non-current liabilities	(41,812)	-	(41,812)
	46,881	79,252	126,133
Negative goodwill			(20,133)
Total consideration			106,000

39 Group Segmental Reporting

Geographical Segment

For management purposes, the Group is currently organised into two geographical operating divisions, namely Indonesia Agri-business and China Agri-business. These divisions are the basis on which the Group reports its primary segment information (based on location of assets). Principal activities are as follows:

Indonesia Agri-business	-	ownership and cultivation of oil palm plantation, ownership and operation of mills and refineries and producer of consumer cooking oil and margarine in Indonesia; and
China Agri-business	-	refinery, port, storage and oilseed crushing operations in China.

Segmental information by geographical segment is presented as follows:

2008	Indonesia Agri-Business US$'000	China Agri-Business US$'000	Elimination US$'000	Consolidated US$'000
Revenue				
External revenue	2,327,611	658,337	-	2,985,948
Inter-segment sales	392,334	-	(392,334)	-
Total revenue	2,719,945	658,337	(392,334)	2,985,948
Results				
Segment results from operations	1,952,290	4,671	-	1,956,961
Exceptional items, net	20,133	-	-	20,133
Financial income	-	-	-	5,844
Financial expenses	-	-	-	(41,260)
Profit before share of results of associated companies	-	-	-	1,941,678
Share of results of associated companies, net	5,382	-	-	5,382
Profit before income tax				1,947,060
Income tax				(528,415)
Profit for the year				1,418,645
Assets				
Segment assets	6,359,419	188,228	-	6,547,647
Investment in associated companies	4,406	-	-	4,406
Unallocated corporate assets	-	-	-	273,454
Consolidated total assets				6,825,507
Liabilities				
Segment liabilities	(191,257)	(26,936)	-	(218,193)
Unallocated corporate liabilities				(1,900,484)
Consolidated total liabilities				(2,118,677)

39 Group Segmental Reporting (cont'd)

	Indonesia Agri-Business US$'000	China Agri-Business US$'000	Elimination US$'000	Consolidated US$'000
2008 (cont'd)				
Other information				
Capital expenditure	239,791	4,274	-	244,065
Depreciation and amortisation	51,241	6,959	-	58,200
Net gain from changes in fair value of biological assets	1,457,197	-	-	1,457,197
2007				
Revenue				
External revenue	1,394,913	478,439	-	1,873,352
Inter-segment sales	205,680	-	(205,680)	-
Total revenue	1,600,593	478,439	(205,680)	1,873,352
Results				
Segment results from operations	1,721,293	36,863	-	1,758,156
Exceptional items, net	73,600	(3,220)	-	70,380
Financial income	-	-	-	7,270
Financial expenses	-	-	-	(35,507)
Profit before share of results of associated companies	-	-	-	1,800,299
Share of results of associated companies, net	2,646	-	-	2,646
Profit before income tax				1,802,945
Income tax				(528,570)
Profit for the year				1,274,375
Assets				
Segment assets	4,483,859	258,593	-	4,742,452
Investment in associated companies	18,818	-	-	18,818
Unallocated corporate assets	-	-	-	251,544
Consolidated total assets				5,012,814
Liabilities				
Segment liabilities	(196,893)	(35,256)	-	(232,149)
Unallocated corporate liabilities	-	-	-	(1,399,455)
Consolidated total liabilities				(1,631,604)
Other information				
Capital expenditure	144,904	10,785	-	155,689
Depreciation and amortisation	44,514	6,137	-	50,651
Net gain from changes in fair value of biological assets	1,284,462	-	-	1,284,462
Impairment loss on property, plant and equipment	-	3,220	-	3,220

39 Group Segmental Reporting (cont'd)

Segmental revenue based on geographical location of customers is as follows:

	2008 US$'000	2007 US$'000
Indonesia	785,974	611,643
China	690,537	622,702
Rest of Asia	1,101,346	511,732
Europe	114,150	66,666
India	236,737	41,921
Others	57,204	18,688
Consolidated total	2,985,948	1,873,352

40 Related Party Transactions

(a) Related parties are entities (except for the holding company and associated company) with common direct or indirect shareholders and/or directors. Parties are considered to be related (directly or indirectly) if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(b) In addition to the related party information disclosed elsewhere in the consolidated financial statements, significant transactions with related parties, on terms agreed between parties, were as follows:

	2008 US$'000	2007 US$'000
i) Sale of services		
Management fee income from associated companies	21	1,298
Port and storage handling fees from a minority shareholder of a subsidiary	879	667
ii) Purchase of goods and services		
Insurance premium to a related party	4,151	4,845
Management fee expense to a related party	4,943	5,199
Purchase of palm oil products from associated companies	898	648
Purchase of non-palm oil products from related parties	43,079	27,242
Rental and service charge expense to a related party	4,224	3,980
Toll manufacturing expense to an associated company	817	1,013
Transport and port expense to related parties	781	1,215
Advisory fee to a related party	141	-
Purchase of land from a related party	16,269	-
Port and storage charges to a minority shareholder of a subsidiary	1,878	1,165

40 Related Party Transactions (cont'd)

(c) The remuneration of key management personnel who are also directors are as follows:

	2008 US$'000	2007 US$'000
Directors' remuneration:		
Directors of the holding company	3,085	1,222
Directors of subsidiaries	3,378	2,568

Included in the above remuneration are post-employment benefits of US$98,000 (2007: US$117,200) for the financial year ended 31 December 2008.

41 Significant Commitments

Operating lease commitments

At the balance sheet date, the commitment in respect of non-cancellable operating leases for the rental of office premises and properties with a term of more than one year are as follows. The leases have varying terms, escalation clauses and renewal rights.

	2008 US$'000	2007 US$'000
Within one year	3,749	2,702
Between one year to five years	10,724	3,042
Minimum lease payments paid under operating leases	4,230	3,585

Capital expenditure commitment

At the balance sheet date, the estimated significant capital expenditure committed but not provided for in the financial statements are as follows:

	2008 US$'000	2007 US$'000
Capital expenditure	26,157	21,449

42 Group Companies

The details of the subsidiaries are as follows:

Name of Company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2008 %	2007 %
Subsidiaries held by the Company				
Asia Integrated Agri Resources Limited	Investment holding	Bermuda	100.00	100.00
Asia Palm Oil Investment Pte. Ltd.	Investment holding	Singapore	100.00 [c]	-
Blue Sky Golden Energy Ltd (b1)	Investment holding	Mauritius	100.00	100.00
Golden Agri International Finance Ltd (b1)	Treasury management	Mauritius	100.00	100.00
Golden Agri International Finance (2) Ltd (b2)	Treasury management	British Virgin Islands	100.00	100.00
Golden Agri International (Mauritius) Ltd (b6)	Provision of management and 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	Malaysia	100.00	100.00
Madascar Investment Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Purimas Sasmita ("Purimas") (b1)	Investment holding, business and management consultancy, and trading	Indonesia	100.00 [a]	100.00 [a]
Silverand Holdings Ltd (b1)	Investment holding	Mauritius	100.00	100.00

42 Group Companies (cont'd)

Name of Company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2008 %	2007 %
Subsidiaries held through subsidiaries				
AFP Agri-Resources Trading (M) Sdn. Bhd. (b1)	Investment holding	Malaysia	100.00	100.00
AFP International Trading (Shanghai) Co., Ltd (b7)	Dormant	People's Republic of China	100.00	100.00
PT Agrokarya Primalestari (Note 38) (b5)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	-
PT Agrolestari Mandiri (b5)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Agrolestari Sentosa (Note 38) (b5)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	-
PT Agropalma Sejahtera (b4)	Investment holding	Indonesia	100.00	100.00
PT Aimer Sawitmas (b4)	Investment holding	Indonesia	100.00	100.00
PT Alam Sumber Rahmat (b4)	Ownership and cultivation of oil palm plantation	Indonesia	95.68	95.68
PT Berau Sarana Jaya (b4)	Ownership and cultivation of oil palm plantation	Indonesia	95.21	95.21
PT Bhakti Manunggal Karya (b4)	Training services	Indonesia	100.00	100.00
PT Binasawit Abadipratama (b5)	Ownership and cultivation of oil palm plantation	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 (Note 38) (b5)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	-
PT Buana Artha Sejahtera (b5)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Buana Indah Mandiri (b5)	Investment holding, ownership and cultivation of oil palm plantation, transportation and general trading	Indonesia	100.00	100.00

42 Group Companies (cont'd)

Name of Company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2008 %	Effective interest of the Company 2007 %
Subsidiaries held through subsidiaries (cont'd)				
PT Buana Wiralestari Mas (b1)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	100.00	100.00
PT Bumi Persada Sejahtera (b5)	Investment holding, ownership and cultivation of oil palm plantation, transportation and general trading	Indonesia	100.00	100.00
PT Bumi Sawit Permai (b5)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	100.00	100.00
PT Bumipalma Lestaripersada (b1)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	100.00	100.00
PT Bumipermai Lestari (b5)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	100.00	100.00
PT Cahayanusa Gemilang (b5)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Citra Bhakti Mandiri (Note 38) (b5)	Investment holding	Indonesia	100.00	-
PT Djuandasawit Lestari (b5)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	100.00	100.00
Dragon Capital Investments Ltd (b6)	Investment holding	Mauritius	100.00	100.00
PT Dumai Golden Industry Complex (b5)	Refinery operation	Indonesia	100.00	100.00
Eco Investment Ltd (Note 38) (b2)	Investment holding	Malaysia	100.00	-
PT Forestalestari Dwikarya (b5)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	100.00	100.00
GAR Finance B.V. (b2)	Treasury management	The Netherlands	100.00	100.00

42 Group Companies (cont'd)

Name of Company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2008 %	2007 %
Subsidiaries held through subsidiaries (cont'd)				
PT Gemamina Kencana (b4)	Ownership and cultivation of oil palm plantation	Indonesia	95.21	95.21
PT Global Media Telekomindo (b4)	Telecommunication and multimedia services	Indonesia	100.00	100.00
Goederhand Finance B.V. (b2)	Treasury management	The Netherlands	100.00	100.00
Golden Agri International (Cayman) Ltd (b2)	Trading in crude palm oil and related products	Cayman Islands	100.00	100.00
Golden Agri International (L) Ltd (b1)	Trading in crude palm oil and related products	Malaysia	100.00	100.00
Golden Agri International Trading (Cayman) Ltd (b2)	Trading in crude palm oil and related products	Cayman Islands	100.00	100.00
Golden Agri International Trading (Mauritius) Ltd (b1)	Investment holding	Mauritius	100.00	100.00
Golden Agri SEA (Labuan) Ltd (b4)	Trading in crude palm oil and its related products	Malaysia	100.00 [c]	-
Golden Agri Trading (L) Ltd (b1)	Trading in edible oils and its related products	Malaysia	100.00 [c]	-
Golden Bio Energy (S) Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Golden Bluesky Energy Limited (b4)	Dormant	Hong Kong	100.00	100.00
Golden Techno Suites Pte. Ltd.	Commercial and industrial real estate management	Singapore	100.00	100.00
PT Griyagraha Sarimakmur (b4)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Ivo Mas Tunggal (b1)	Investment holding, ownership and cultivation of oil palm plantation, ownership and operation of mill and refinery	Indonesia	100.00	100.00
PT Ivomas Oil & Fat (b5)	Investment holding, ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00

42 Group Companies (cont'd)

Name of Company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2008 %	2007 %
Subsidiaries held through subsidiaries (cont'd)				
PT Ivomas Tunggal Lestari (b1)	Provision of maintenance services for palm oil processing units	Indonesia	100.00	100.00
PT Kencana Graha Permai (b5)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Kresna Duta Agroindo (b1)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	95.21	95.21
PT Kurnia Cakra Sakti (b4)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Langgeng Subur (b5)	Ownership and cultivation of ornamental plants	Indonesia	95.21	95.21
Madascar Capital Pte. Ltd.	Investment holding	Singapore	100.00	100.00
PT Mantap Andalan Unggul (b4)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Maskapai Perkebunan Leidong West Indonesia (b1)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	95.21	95.21
PT Meganusa Intisawit (b1)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Mitra Ekasukses Abadi (b4)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Mitrakarya Agroindo (b3)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	60.00
PT Nabati Energi Mas (b5)	Production of palm oil based bio-diesel and other renewable resources based bio-fuel	Indonesia	95.21	95.21
Ningbo Shining Gold Cereal Oil Port Co., Ltd (b1)	Port and storage facilities	People's Republic of China	68.91	68.91
Ningbo Shining Gold Cereal Oil Storage Co., Ltd (b1)	Provide services in port loading, storage, packaging and transportation	People's Republic of China	68.91	68.91

42 Group Companies (cont'd)

Name of Company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2008 %	2007 %
Subsidiaries held through subsidiaries (cont'd)				
PT Nusantara Candra (b4)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Paramitra Agung Cemerlang (b8)	Provision of shipping and chartering services	Indonesia	100.00	100.00
PT Pelangi Sungai Siak (b4)	Ownership and cultivation of oil palm plantation	Indonesia	80.92	80.92
PT Perusahaan Perkebunan Panigoran (b5)	Ownership and cultivation of oil palm plantation	Indonesia	95.21	95.21
PT Pratama Ronaperintis (b4)	Investment holding	Indonesia	66.64	66.64
Premier Foods International Ltd (b6)	Investment holding	Mauritius	100.00	100.00
PT Propertindo Prima (b5)	Transportation service	Indonesia	95.21	95.21
PT Putra Manunggal Abadi (Note 38) (b5)	Investment holding	Indonesia	100.00	-
PT Rama Flora Sejahtera (b4)	Ownership and cultivation of oil palm plantation	Indonesia	95.21	95.21
PT Ramajaya Pramukti (b1)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	100.00	100.00
Rapid Growth Investments Ltd (b6)	Investment holding	Mauritius	100.00	100.00
PT Rawa Bangunyaman (b4)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Sanggata Andalan Utama (b4)	Ownership and cultivation of oil palm plantation	Indonesia	95.21	95.21
PT Satrindojaya Agropalma (b4)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Satya Kisma Usaha (b5)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	95.21	95.21

42 Group Companies (cont'd)

Name of Company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2008 %	Effective interest of the Company 2007 %
Subsidiaries held through subsidiaries (cont'd)				
PT Sawit Mas Sejahtera (b5)	Investment holding, ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	100.00	100.00
PT Sawitakarya Manunggul (b3)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
Shining Gold Foodstuffs (Ningbo) Co., Ltd (b1)	Refinery of palm and vegetable oil	People's Republic of China	100.00	100.00
Shining Gold Oilseed Crushing (Ningbo) Co., Ltd (b1)	Manufacturing of crude vegetable oil	People's Republic of China	100.00	100.00
PT Sinar Kencana Inti Perkasa (b5)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	100.00	100.00
Sinarkonex Korea Co., Ltd (b1)	Dormant	Korea	70.00	70.00
PT Sinar Mas Agro Resources and Technology Tbk (b1)	Investment holding, ownership and cultivation of oil palm plantation, ownership and operation of mill, refinery and producer of consumer cooking oil, shortening and margarine	Indonesia	95.21	95.21
PT Sinar Mas Super Air (b5)	Aerial manuring	Indonesia	98.32	98.32
PT Soci Mas *(formerly known as PT Sinar Oleochemical International)* (Note 38) (b1)	Oleochemical industries	Indonesia	95.26	38.08
Sterling International Investment Ltd (b4)	Investment holding	Malaysia	100.00	100.00
Straits Investments Ltd (b6)	Investment holding	Mauritius	84.31	84.31
PT Sumber Indahperkasa (b5)	Ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	100.00	100.00

42 Group Companies (cont'd)

Name of Company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2008 %	2007 %
Subsidiaries held through subsidiaries (cont'd)				
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, ownership and cultivation of oil palm plantation, ownership and operation of mill	Indonesia	95.21	95.21
PT Tarunacipta Kencana (b8)	Ownership and operation of marine cargo	Indonesia	100.00	100.00
PT Tradisi Mas Sejahtera (b4)	Investment holding	Indonesia	62.50	62.50
PT Tradisi Sawit Mandiri Utama (b4)	Ownership and cultivation of oil palm plantation	Indonesia	85.00	85.00
PT Trans Indojaya Mas (b5)	Transportation services	Indonesia	98.34	98.34
PT Trimeru (b4)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
PT Universal Transindo Mas (b5)	Transportation services	Indonesia	98.34	98.34
PT Usaha Malindo Jaya (b4)	Ownership and cultivation of oil palm plantation	Indonesia	100.00	100.00
Zhuhai Shining Gold Oil and Fats Industry Co., Ltd (b1)	Refinery of palm and vegetable oil	People's Republic of China	85.00	85.00

42 Group Companies (cont'd)

Name of Company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2008 %	2007 %
The Group's associated companies are:				
PT Hortimart Agrogemilang (b4)	Production and sale of seeds	Indonesia	37.23	37.23
PT Sinar Meadow International Indonesia (b1)	Production of special vegetable oil and fat	Indonesia	50.00	50.00
PT Dami Mas Sejahtera (b5)	Production and sale of oil palm seeds	Indonesia	50.00	50.00
PT Soci Mas (Note 38) (b1)	Oleochemical industries	Indonesia	-	38.08

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 of which Moore Stephens LLP, Singapore is a member.

(2) Statutory audit not required by law in its country of incorporation.

(3) Audited by other firm of accountants, Kanaka Puradiredja, Robert Yogi, Suhartono.

(4) Statutory audit is not required as the subsidiary is newly incorporated/inactive.

(5) Audited by other firm of accountants, Drs. RB Tanubrata & Rekan (BDO).

(6) Audited by other firm of accountants, J. Louis Couacaud (F.C.A) and a member firm of Moore Stephens International for financial year 2007 and 2008 respectively.

(7) Audited by other firm of accountants, BDO International, Shanghai Zhonghua.

(8) Audited by other firm of accountants, Eddy Prakarsa Permana & Siddharta.

(c) During the financial year 2008, the following new companies have been incorporated:

Company	Initial Paid-up Capital
Asia Palm Oil Investment Pte. Ltd.	2 ordinary shares of S$4
Golden Agri Trading (L) Ltd	1 ordinary share of US$1
Golden Agri SEA (Labuan) Ltd	1 ordinary share of US$1

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2008

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

REPORT OF THE DIRECTORS AND FINANCIAL STATEMENTS

31 DECEMBER 2008

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GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

COMMENTARY OF THE DIRECTORS

The directors present their report, together with the audited financial statements of Golden Agri-Resources Ltd (the "Company") for the financial year ended 31 December 2008.

PRINCIPAL ACTIVITY

The Company was incorporated on 15 October 1996 and its principal activity is that of an investment holding company.

RESULTS AND DIVIDENDS

On 5 September 2008, an interim dividend of S$0.008 per share amounting to a total of US$55,576,133 was paid in respect of the current financial year.

The Company's net gain for the year ended 31 December 2008 was US$68,907,000 (2007: US$73,640,000).

The directors do not recommend the payment of any final dividend for the year under review.

On 27 February 2009, the Company announced a proposed bonus issue of up to 399,036,151 new ordinary shares of US$0.025 each in the capital of the Company ("Bonus Shares") on the basis of one Bonus Share credited as fully paid for every twenty five existing shares held in the capital of the Company.

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 Mauritian Companies Act 2001. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

INDEPENDENT AUDITORS

The independent auditors, Moore Stephens, have expressed their willingness to continue in office and are automatically reappointed under the Mauritian Companies Act 2001 at the next Annual Meeting.

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

CERTIFICATE FROM THE SECRETARY

We certify that, 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 Mauritian Companies Act 2001 for the financial year ended 31 December 2008.

for Multiconsult Limited
Corporate Secretary
10, Frère Félix de Valois Street,
Port Louis,
MAURITIUS

Date: 18 March 2009

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

This report, including the opinion, has been prepared for and only for the Company's members, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001 and for no other purpose. We do not in, giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this report is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Report on the Financial Statements

We have audited the financial statements of Golden Agri-Resources Ltd, set out on pages 5 to 23, which comprise the balance sheet at 31 December 2008 and the income statement, statement of changes in equity and cash flow statement for the year then ended and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Directors are responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards and in compliance with the requirements of the Mauritian Companies Act 2001. This responsibility includes: designing, implementing and maintaining internal control relevant to the preparation and fair representation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with International Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

Opinion

In our opinion, the financial statements on pages 5 to 23 give a true and fair view of the financial position of the Company at 31 December 2008 and of its financial performance, its changes in equity and its cash flows for the year then ended in accordance with International Financial Reporting Standards and comply with the Mauritian Companies Act 2001.

Report on Other Legal and Regulatory Requirements

We have no relationship with or interests in the Company other than in our capacities as auditors and tax advisers.

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 Certified Accountants

Port Louis, Mauritius
Date: 18 March 2009

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 US$'000	2007 US$'000
Management fee income from subsidiaries		4,200	4,500
Administrative expenses		(6,637)	(7,300)
Dividend income from subsidiaries		43,113	53,500
Financial income	6	28,809	30,628
Financial expenses	7	(1,455)	(1,656)
Foreign exchange gain(loss), net		2,240	(3,709)
Profit before income tax	8	70,270	75,963
Income tax	9	(1,363)	(2,323)
Profit for the year		68,907	73,640

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

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

BALANCE SHEET
AS AT 31 DECEMBER 2008

	Note	2008 US$'000	2007 US$'000
Current assets			
Cash and cash equivalents	10	1,249	1,521
Non-trade receivable from a related party	13	377	326
Prepaid expenses		24	23
Other receivables		8	-
		1,658	1,870
Non-current assets			
Interest in subsidiaries	11	1,727,746	1,748,539
Total Assets		1,729,404	1,750,409
Current liabilities			
Short-term bank loan, unsecured	12	10,000	20,000
Accrued operating expenses		300	524
Other payables		245	221
Non-trade payable to a related party	13	2,331	560
Loans and advances from subsidiaries, unsecured	14	46,268	33,576
Provision for taxation		361	2,324
		59,505	57,205
Net Assets		1,669,899	1,693,204
Equity			
Share capital	15	249,397	249,397
Share premium		1,407,102	1,406,970
Retained earnings		13,400	36,837
		1,669,899	1,693,204

On behalf of the Board of Directors

FRANKY OESMAN WIDJAJA
Director

SIMON LIM
Director

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

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 31 DECEMBER 2008

	Share Capital US$'000	Share Premium US$'000	Retained Earnings US$'000	Total US$'000
Balance as at 1 January 2008	249,397	1,406,970	36,837	1,693,204
Adjustment to share issuance expenses	-	132	-	132
Dividends (Note 17)	-	-	(92,344)	(92,344)
Profit for the year	-	-	68,907	68,907
Balance as at 31 December 2008	249,397	1,407,102	13,400	1,669,899
Balance as at 1 January 2007	216,867	931,465	30,439	1,178,771
Share issue	32,530	494,378	-	526,908
Share issuance expenses	-	(18,873)	-	(18,873)
Dividends (Note 17)	-	-	(67,242)	(67,242)
Profit for the year	-	-	73,640	73,640
Balance as at 31 December 2007	249,397	1,406,970	36,837	1,693,204

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

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

CASH FLOW STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2008

	Note	2008 US$'000	2007 US$'000
Cash flows from operating activities			
Profit before income tax		70,270	75,963
Adjustments for:			
Interest expense		1,455	1,656
Interest income		(28,809)	(30,628)
Dividend income		(43,113)	(53,500)
Operating cash flow before working capital changes		(197)	(6,509)
Changes in operating assets and liabilities:			
Non-trade payable to a related party		1,771	560
Accrued operating expenses		(92)	181
Non-trade receivable from a related party		(51)	(326)
Prepaid expenses		(1)	(23)
Other payables		(64)	200
Cash generated from(used in) operations		1,366	(5,917)
Interest paid		(407)	(130)
Interest received		79	1,131
Tax paid		(3,326)	(1)
Net cash used in operating activities		(2,288)	(4,917)
Cash flows from investing activities			
Proceeds from(Disbursements of) loans and advances to subsidiaries		183,843	(585,385)
(Payments for)Redemption of bonds issued by subsidiaries, net		(134,328)	145,749
Dividends income received from subsidiaries		43,113	38,000
Acquisition of subsidiaries		-	(42,756)
Net cash generated from(used in) investing activities		92,628	(444,392)
Cash flows from financing activities			
Proceeds from shares issuance		-	508,035
Proceeds from(repayments of) loans and advances from subsidiaries		11,732	(7,891)
Proceeds from short-term bank loan, unsecured		-	16,500
Payment of short-term bank loan, unsecured		(10,000)	-
Payment of dividends		(92,344)	(67,242)
Increase in time deposits pledged		(36)	-
Net cash (used in)generated from financing activities		(90,648)	449,402
Net (decrease)increase in cash and cash equivalents		(308)	93
Cash and cash equivalents at the beginning of the year		572	479
Cash and cash equivalents at the end of the year	10	264	572

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

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") was incorporated in Mauritius on 15 October 1996 under Section 19 of the Companies Act 1984 as a private company limited by shares and was granted an offshore certificate under Section 16(4) of the Mauritius Offshore Business Activities ("MOBA") Act 1992 on 16 October 1996. On 9 July 1999, the Company was admitted to the Official List of the Singapore Exchange Securities Trading Limited.

The Companies Act 1984 and the MOBA Act 1992 had been repealed and replaced by the Companies Act 2001 and the Financial Services ("FS") Act 2007, respectively. With effect from 1 December 2001, "offshore companies" are now referred to as "Global Business Licence Category 1 ("GBL1") companies".

The registered office of the Company is at 10, Frère Félix de Valois Street, Port Louis, Mauritius. With effect from 30 March 2009, the registered office will be changed to c/o Multiconsult Limited, Rogers House, 5, President John Kennedy Street, Port Louis, 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 18 March 2009.

2 Adoption of New and Revised International Financial Reporting Standards ("IFRS")

During the current financial year, the Company has adopted all the revised IFRS and new Interpretations to IFRS issued that are relevant to its operations and effective for annual periods beginning on 1 January 2008. The adoption of these new and revised IFRS and Interpretations to IFRS has had no material impact on the financial statements of the Company.

As at the date of these financial statements, the following new revisions and amendments to the IFRSs and new Interpretation to IFRS that are relevant to the Company's operation were in issue but not yet effective:

- IAS 1, Presentation of Financial Statements – Comprehensive revision including requiring a statement of comprehensive income
- IAS 23, Borrowings Costs
- IAS 27, Consolidated and Separate Financial Statements – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 36, Impairment of Assets – Amendments resulting from May 2008 Annual Improvements to IFRSs
- IAS 39, Financial Instruments: Recognition and Measurement – Amendments resulting from May 2008 Annual Improvements to IFRSs

The directors anticipate that the adoption of these IFRSs in future periods will not have a material financial impact on the financial statements.

3 Summary of Accounting Policies

(a) Basis of Financial Statements Preparation

The financial statements, which are expressed in United States (U.S.) dollars, 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 IFRS.

The preparation of financial statements in conformity with IFRS 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 date of the financial statements 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.

(b) Functional and Presentation Currency

The functional and presentation currency of the Company is the U.S. dollar as the directors are of the opinion that the U.S. dollar provides information about the Company which is useful and reflects the primary economic environment in which the Company operates.

(c) Foreign Currencies

Transactions in a currency other than the functional currency ("foreign currency") are translated into U.S. dollars at the rates of exchange prevailing at the time the transactions are entered into. At the balance sheet date, monetary assets and liabilities denominated in foreign currencies are translated into U.S. dollars at exchange rates prevailing at such date. Exchange differences arising are taken to the income statement.

Currency translation differences on non-monetary items, such as equity investments held at fair value through profit or loss, are reported as part of the fair value gain or loss. Currency translation differences on non-monetary items, such as equity investments classified as available-for-sale financial assets, are included as part of the fair value gain or loss.

(d) Revenue Recognition

Management income is recognised in the period in which the services are rendered.

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.

Dividend income from investments is recognised when the Company's right to receive payment has been established.

3 Summary of Accounting Policies (cont'd)

(e) Income Tax

Current income tax for current and prior years is recognised at the amount expected to be paid to or recovered from the tax authorities, using the tax rates and tax laws that have been enacted or substantially enacted by the balance sheet date.

Deferred income tax is provided in full, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements.

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

Deferred income tax liabilities are recognised on temporary differences arising on investments in subsidiaries except where the timing of the reversal of the temporary difference can be controlled by the Company and it is probable that the temporary difference will not reverse in the foreseeable future.

Deferred income tax is charged or credited to the income statement, 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 balance sheet date 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 at the time of placement. For the purpose of the cash flow statement, cash and cash equivalents consist of cash and cash equivalents as defined above, net of time deposits pledged as security.

(g) Investment in Subsidiaries

Investment in subsidiaries is stated at cost less accumulated impairment losses. Where an indication of impairment exists, the carrying amount of the investment is assessed and written down to its recoverable amount.

A subsidiary is an entity controlled by the Company. Control is normally evidenced when the Company owns directly or indirectly, more than 50% of the voting rights of the entity's issued share capital and is able to govern the financial and operating policies of the entity so as to benefit from its activities.

(h) Financial Instruments and Equity

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 and other receivables.

3 Summary of Accounting Policies (cont'd)

(h) Financial Instruments and Equity (cont'd)

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 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.

Non-trade and other 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.

Interest-bearing bank loans are initially recorded at the proceeds received, net of direct issue costs and subsequently carried at amortised cost. Finance charges are recognised in the income statement over the period of borrowings using the effective interest method.

Ordinary shares are classified as equity. Equity is recorded at the proceeds received, net of direct issue costs.

(i) Impairment of Non-Financial Assets

At each balance sheet date, 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 to sell.

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.

(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 by the Company's shareholders.

3 Summary of Accounting Policies (cont'd)

(k) Financial Guarantees

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

Financial guarantee contracts are initially recognised at their fair values plus transaction costs.

Financial guarantee contracts are subsequently amortised to the income statement over the period of the subsidiaries' borrowings, unless the Company has incurred an obligation to reimburse the creditors for an amount higher than the unamortised amount.

In this case, the financial guarantee contracts shall be carried at the expected amount payable to the creditors.

4 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 and to maintain an optimal capital structure to reduce the cost of capital. The Company's overall strategy remains unchanged since 2007.

The capital structure of the Company consists of equity attributable to equity holders of the Company, comprising share capital, share premium and retained earnings and net debts, which includes the borrowings, loans and advances from subsidiaries, and net of cash and cash equivalents.

The debts-to-equity ratio as at 31 December 2008 and 2007 are as follows:

	2008 US$'000	2007 US$'000
Total bank borrowings	10,000	20,000
Loans and advances from subsidiaries	46,268	33,576
	56,268	53,576
Cash and cash equivalents	(1,249)	(1,521)
Net debts	55,019	52,055
Equity attributable to equity holders of the Company	1,669,899	1,693,204
Debts-to-equity ratio	0.03	0.03

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, foreign exchange risk and credit risk arising in the normal course of the Company's business. The Company's risk management 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 short-term bank loan and loans and advances to and from subsidiaries. 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 Company's interest rates and terms of repayment is disclosed in the respective notes to the financial statements on the Company's short-term bank loan and loans and advances to and from subsidiaries.

At 31 December 2008, if interest rates on all variable rate borrowings had been 0.5% higher/lower with all other variables held constant, profit before tax and total equity for the year would have been approximately US$50,000 and US$48,000 (2007: US$100,000 and US$97,000) lower/higher respectively, mainly as a result of higher/lower interest expense on the variable rate borrowings. This analysis is prepared assuming the amount of borrowings outstanding at balance sheet date was outstanding for the whole year.

Effective interest rates and re-pricing analysis

In respect of interest-earning financial assets and interest-bearing financial liabilities, the interest rates and repayment terms are disclosed in Notes 10 to 14 to the financial statements.

The tables below set out the Company's exposure to interest rate risks. Included in the tables are the assets and liabilities at carrying amounts, categorised by the earlier of contractual repricing or maturity dates.

	Variable Rates Less than 1 year	Non-interest bearing	Total
At 31 December 2008	US$'000	US$'000	US$'000
Assets			
Cash and cash equivalents	1,249	-	1,249
Other financial assets	361,382	353,957	715,339
Non-financial assets	-	1,012,816	1,012,816
Total Assets	362,631	1,366,773	1,729,404
Liabilities			
Borrowings	10,000	-	10,000
Other financial liabilities	13,451	35,693	49,144
Non-financial liabilities	-	361	361
Total Liabilities	23,451	36,054	59,505

4 Financial Risk Management (cont'd)

(i) Interest Rate Risk (cont'd)

At 31 December 2007	Variable Rates Less than 1 year US$'000	Non-interest bearing US$'000	Total US$'000
Assets			
Cash and cash equivalents	1,521	-	1,521
Other financial assets	582,884	138,898	721,782
Non-financial assets	-	1,027,106	1,027,106
Total Assets	584,405	1,166,004	1,750,409
Liabilities			
Borrowings	20,000	-	20,000
Other financial liabilities	15,954	18,927	34,881
Non-financial liabilities	-	2,324	2,324
Total Liabilities	35,954	21,251	57,205

(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 of good credit rating and the convertible bonds are monitored closely by the Company on an on-going basis.

The maximum exposure to credit risk in the event that the counterparties fail to perform their obligations as at the end of the financial year in relation to each class of recognised financial assets is the carrying amount of those assets as stated in the balance sheet, except as follows:

	2008 US$'000	2007 US$'000
Corporate guarantees provided to financial institutions on subsidiaries' borrowings:		
- Total facilities	526,510	301,771
- Total utilisation	223,906	208,891

As at the balance sheet date, 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 U.S. dollar which is also the Company's functional currency.

As at the balance sheet date, 96% of the Company's net monetary assets are denominated in U.S. dollar, hence the Company does not have any significant exposure to foreign currency.

4 Financial Risk Management (cont'd)

(iv) Liquidity Risk

To manage liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows.

The Company relies on funds from subsidiaries as a significant source of liquidity.

5 Critical Accounting Estimate and Assumption

Impairment of Assets

The Company reviews the carrying amounts of the assets as at each balance sheet date 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.

As at 31 December 2008, there is no significant impairment loss recognised in the financial statements.

6 Financial Income

	2008 US$'000	2007 US$'000
Interest income:		
- loans to subsidiaries	28,722	29,497
- cash and cash equivalents	87	1,131
	28,809	30,628

7 Financial Expenses

	2008 US$'000	2007 US$'000
Interest expenses:		
- short-term bank loan	495	138
- loans from subsidiaries	960	1,518
	1,455	1,656

8 Profit before Income Tax

This is arrived at after charging:

	2008 US$'000	2007 US$'000
Staff costs*	296	136
Amount paid/payable to auditors for non-audit services	-	101

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

Share-based Payment

The Company introduced the GAR Group Restricted Share Plan ("RSP") which was approved by shareholders at the special meeting of the Company held on 24 October 2008. The RSP is intended to align the interests of key management and executives of the Company and its subsidiaries with the interests of shareholders. It is also expected to enhance the Company's competitiveness in motivating and retaining talented key senior management and executives. The plan contemplates the award of fully paid shares of the Company upon meeting prescribed performance target(s) and/or service condition(s). Awards granted will vest upon the satisfactory achievement of pre-determined operational and financial performance target(s).

As at 31 December 2008, no awards have been granted by the Company under the RSP.

9 Income Tax

	2008 US$'000	2007 US$'000
Tax expense attributable to profit is made up of:		
- Current income tax	1,352	2,323
- Under provision of income tax in respect of prior year	11	-
	1,363	2,323

The reconciliation of the current year tax expense and the product of accounting profit multiplied by the Mauritius statutory tax rate is as follows:

	2008 US$'000	2007 US$'000
Profit before income tax	70,270	75,963
Tax calculated at tax rate of 15% (2007: 15%)	10,541	11,394
Expenses not deductible for tax purposes	63	284
Income not subject to tax	(3,791)	-
Under provision of income tax in respect of prior year	11	-
Deemed foreign tax credit	(5,461)	(9,355)
	1,363	2,323

The Company, being a GBL1 company for the purpose of the FS Act 2007 is taxed at a fixed rate of 15% (2007: 15%) on its chargeable income and is entitled to a deemed foreign tax credit of 80% (2007: 80%) on its foreign source income.

10 Cash and Cash Equivalents

	2008 US$'000	2007 US$'000
Cash at banks	264	452
Time deposits	985	1,069
Total cash and cash equivalents	1,249	1,521
Less: Time deposits pledged	(985)	(949)
Cash and cash equivalents for cash flow purposes	264	572

Cash and cash equivalents are denominated in the following currencies:

	2008 US$'000	2007 US$'000
United States dollar	1,147	1,368
Singapore dollar	102	153
	1,249	1,521

The above time deposits earn interest ranging from 2.6% - 4.7% (2007: 4.1% - 5.7%) per annum. Certain time deposit has been pledged as security for banker guarantee. The carrying amounts of these assets approximate their fair values due to the relatively short-term maturity of these balances.

11 Interest in Subsidiaries

	2008 US$'000	2007 US$'000
Investment in unquoted equity shares, at cost [(a)]	1,012,792	1,027,083
Loans and advances to subsidiaries, unsecured [(b)]	509,734	650,564
Bonds issued by subsidiaries, unsecured [(c)]	205,220	70,892
	1,727,746	1,748,539

(a) Details of the direct subsidiaries held by the Company are as follows:

Name of subsidiary/Country of incorporation and place of business	Principal activities	Effective interest of the Company 2008	2007	Cost of investment 2008	2007
		%	%	US$'000	US$'000
P.T. Purimas Sasmita ("Purimas") (i) Indonesia	Investment holding	100	100	646,360	646,360
Blue Sky Golden Energy Ltd Mauritius	Investment holding	100	100	-*	-*

11 Interest in Subsidiaries (cont'd)

Name of subsidiary/Country of incorporation and place of business	Principal activities	Effective interest of the Company 2008	2007	Cost of investment 2008	2007
		%	%	US$'000	US$'000
Silverand Holdings Ltd Mauritius	Investment holding	100	100	186,218	186,218
Asia Integrated Agri Resources Limited (i) Bermuda	Investment holding	100	100	98,000	98,000
Golden Agri International Pte Ltd ("GAI") (i),(e) Singapore	Trading in crude palm oil and related products	100	100	14,614	297
Golden Agri International Trading Ltd (i) Malaysia	Trading in crude palm oil and related products	100	100	- **	- **
Golden Agri International Finance Ltd ("GAIF") Mauritius	Treasury management	100	100	- *	- *
Golden Agri International Finance (2) Ltd ("GAIF2") (iii) British Virgin Islands	Treasury management	100	100	- ***	- ***
Golden Agri Investment (S) Pte. Ltd. (i) Singapore	Investment holding	100	100	- **	- **
Golden Agri (Labuan) Ltd (i) Malaysia	Trading in crude palm oil and related products	100	100	- **	- **
Golden Agri International (Mauritius) Ltd (ii) Mauritius	Provision of management and consultancy services	100	100	- *	- *
Golden Techno Suites Pte. Ltd. ("GTS") (i),(d) Singapore	Commercial and industrial real estate management	100	100	-	28,608
Madascar Investment Ltd Mauritius	Investment holding	100	100	67,600	67,600
Asia Palm Oil Investment Pte. Ltd. ("APOI") (i),(f) Singapore	Investment holding	100	-	- *	-
				1,012,792	1,027,083

* Cost of investment amounted to US$2.
** Cost of investment amounted to US$1.
*** Cost of investment amounted to US$450.

11 Interest in Subsidiaries (cont'd)

Notes:
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 of which Moore Stephens, Mauritius is a member.
(ii) Audited by Moore Stephens, Mauritius, except for 31 December 2007 which was audited by other firms of accountants, J. Louis Couacaud (F.C.A.).
(iii) No statutory audit required by law in its country of incorporation.

(b) The loans to subsidiaries bear interest from 3.6% - 6.4% (2007: 5.3% - 6.4%) per annum and are not expected to be repaid in the near future. The carrying amounts of these loans approximate their fair values. The advances to subsidiaries are interest free and repayable on demand.

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

	2008 US$'000	2007 US$'000
United States dollar	479,136	650,227
Singapore dollar	30,598	337
	509,734	650,564

(c) Details of the bonds issued by subsidiaries are as follows:

	2008 US$'000	2007 US$'000
Zero Percent Convertible Bonds issued by Purimas		
- Due in 2010	-	4,172
- Due in 2012	31,320	66,720
- Due in 2013	173,900	-
	205,220	70,892

The above 5-year Zero Percent Convertible Bonds are denominated in United States dollar.

The Zero Percent Convertible Bonds are convertible at the option of the Company from 54 months after the issuing date to 10 days prior to the fifth anniversary of the issuing date into ordinary shares of the subsidiary at an exercise price based on 100% of the net tangible assets value per share of the subsidiary at the exercise date. As at 31 December 2008, the Company has not exercised the convertible option of the bonds.

In the opinion of the directors, the recoverable amount of its interest in subsidiaries is not less than the carrying amount of the interest in subsidiaries, on the basis that the present value of estimated future cash flows expected to arise from the subsidiaries' operations over the next few years will exceed the carrying amount of the investment in these subsidiaries.

11 Interest in Subsidiaries (cont'd)

(d) During the financial year 2008, the Company disposed its entire interest in the issued share capital of GTS to its wholly-owned subsidiary, GAI, at a consideration of S$44,000,000 (US$28,608,000), and the Company, through this subsidiary, continues to hold 100% effective interest in GTS.

(e) During the financial year 2008, GAI has increased its issued and paid up share capital by allotment of 1,950,000 new fully paid up ordinary shares at S$10 each pursuant to conversion of shareholder's loan of S$19,500,000 (US$14,317,181) into 1,950,000 new ordinary shares.

(f) A wholly-owned subsidiary, APOI, was incorporated in financial year 2008 with an initial issued and paid up share capital of S$4 comprising of 2 ordinary shares.

12 Short-Term Bank Loan, Unsecured

The unsecured short-term bank loan, denominated in United States dollar, bears interest at 3.3% to 5.4% (2007: 5.4%) per annum and is repayable on demand. The carrying amount of this loan approximates its fair value due to the relatively short-term maturity of this balance.

13 Non-Trade Receivable from/Payable to a Related Party

The unsecured non-trade receivable from/payable to a related party is interest free, repayable on demand and is denominated in the following currencies:

	2008 US$'000	2007 US$'000
Receivable from a related party:		
Singapore dollar	377	326
Payable to a related party:		
Singapore dollar	2,331	533
United States dollar	-	27
	2,331	560

The carrying amount of this receivable/payable approximates its fair value due to the relatively short-term maturity of this balance.

14 Loans and Advances from Subsidiaries, Unsecured

The unsecured loans and advances from subsidiaries, denominated in United States dollar, bear interest ranging from 0% to 6.4% (2007: 0% to 6.9%) 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 Share Capital

	2008		2007	
	No of shares	US$'000	No of shares	US$'000
Issued and fully paid:				
Balance at beginning of the year	4,987,951,896	249,397	2,168,675,948	216,867
Issuance of shares (a)	-	-	325,300,000	32,530
Subdivision of share (b)	-	-	2,493,975,948	-
Subdivision of share (c)	4,987,951,896	-	-	-
Balance at end of the year	9,975,903,792	249,397	4,987,951,896	249,397

Following the abolition of the concept of authorised share capital pursuant to the Companies Act 2001 of Mauritius and the approval given by shareholders at the Extraordinary General Meeting held on 29 April 2008 for the adoption of the new constitution of the Company, the Company shall have a stated capital and shall issue ordinary shares of par value US$0.025 each. The ordinary shares have equal voting rights.

(a) On 19 April 2007, the Company entered into a placement agreement with BNP Paribas Capital (Singapore) Ltd., CIMB-GK Securities Pte. Ltd. and Oversea-Chinese Banking Corporation Limited (collectively, the "Placement Agents") pursuant to which the Placement Agents agree to use their best endeavours to procure purchases for up to 325,300,000 new ordinary shares of US$0.10 each in the Company (the "Placement"). The Placement was fully subscribed and the 325,300,000 placement shares fully taken up. On 26 April 2007, the completion date of the Placement, the Company issued 325,300,000 ordinary shares of US$0.10 each at S$2.4588 (equivalent to US$1.62) per share for cash. The placement shares ranked pari passu in all respects with the existing shares of the Company.

(b) Pursuant to the approval given by the shareholders at an Extraordinary General Meeting held on 6 September 2007, each ordinary share of the Company of par value US$0.10 each was sub-divided into two ordinary shares of par value US$0.05 each on 13 September 2007.

(c) Subsequently, pursuant to the approval given by the shareholders at an Extraordinary General Meeting held on 15 February 2008, each ordinary share of the Company of par value US$0.05 each was further sub-divided into two ordinary shares of par value US$0.025 each on 22 February 2008.

(d) Subsequent to year end, on 27 February 2009, the Company announced the proposed bonus issue of up to 399,036,151 new ordinary shares of US$0.025 each ("Bonus Shares") in the capital of the Company ("Bonus Issue") on the basis of one Bonus Share credited as fully paid for every twenty five existing shares held in the capital of the Company. On 12 March 2009, the Singapore Exchange Securities Trading Limited ("SGX-ST") has granted its approval in-principle for the listing and quotation of 399,036,151 Bonus Shares in the capital of the Company, subject to compliance with the SGX-ST's listing requirements and availability of the share issue mandate. SGX-ST's approval in-principal for the listing and quotation of the Bonus Shares is not an indication of the merits of the Bonus Issue. The Bonus Shares, when allotted and issued, will rank pari passu in all respects with the existing shares of the Company. The record date for the Bonus Issue is at 5.00 p.m. on 30 March 2009.

16 Related Party Transactions

(a) Related parties are entities (except for holding company and associated company) with common direct or indirect shareholders and/or directors. Parties are considered to be related (directly or indirectly) if one party has the ability to control the other party or exercise significant influence over the other party in making financial and operating decisions.

(b) In addition to the related party information disclosed elsewhere in the financial statements, significant transactions with related party, on terms agreed between parties, are as follows:

	2008 US$'000	2007 US$'000
Management fee expense paid/payable to a related party	4,943	5,199
Advisory fee to a related party	141	-
Acquisition of a subsidiary from a related party	-	28,608

17 Dividends

	2008 US$'000	2007 US$'000
Final dividend paid in respect of the previous year of S$0.005 (2007: US$0.014) per qualifying share	36,768	34,916
Interim dividend paid in respect of the current year of S$0.008 (2007: S$0.01) per qualifying share	55,576	32,326
	92,344	67,242

GOLDEN AGRI-RESOURCES LTD

SHAREHOLDING STATISTICS AS AT 11 MARCH 2009

ISSUED AND FULLY PAID-UP CAPITAL : US$249,397,594.80
CLASS OF SHARES : Ordinary shares of US$0.025 each with equal voting rights

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	554	2.02	212,390	0.00
1,000 - 10,000	14,951	54.43	87,884,940	0.88
10,001 - 1,000,000	11,890	43.28	604,291,683	6.06
1,000,001 & ABOVE	75	0.27	9,283,514,779	93.06
Total	**27,470**	**100.00**	**9,975,903,792**	**100.00**

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
FLAMBO INTERNATIONAL LIMITED	2,328,854,556	23.34
DBS NOMINEES PTE LTD	1,506,206,426	15.10
RAFFLES NOMINEES PTE LTD	1,473,102,873	14.77
MASSINGHAM INTERNATIONAL LTD	821,841,452	8.24
HSBC (SINGAPORE) NOMINEES PTE LTD	799,237,832	8.01
CITIBANK NOMINEES S'PORE PTE LTD	702,913,094	7.05
DBSN SERVICES PTE LTD	448,546,424	4.50
CIMB-GK SECURITIES PTE LTD	377,684,546	3.79
UNITED OVERSEAS BANK NOMINEES PTE LTD	238,698,544	2.39
NOMURA SINGAPORE LIMITED	196,666,724	1.97
DB NOMINEES (S) PTE LTD	73,493,613	0.74
MORGAN STANLEY ASIA (SINGAPORE) SECURITIES PTE LTD	37,312,803	0.37
OCBC SECURITIES PRIVATE LTD	31,411,396	0.31
UOB KAY HIAN PTE LTD	29,064,148	0.29
PHILLIP SECURITIES PTE LTD	15,047,172	0.15
OVERSEA-CHINESE BANK NOMINEES PTE LTD	14,931,964	0.15
MERRILL LYNCH (S'PORE) PTE LTD	14,016,050	0.14
DBS VICKERS SECURITIES (S) PTE LTD	11,732,664	0.12
TM ASIA LIFE SINGAPORE LTD - PAR FUND	9,870,000	0.10
WISNU KUSMIN	8,000,000	0.08
Total	**9,138,632,281**	**91.61**

SUBSTANTIAL SHAREHOLDERS

	No. of Shares in which they have an Interest				
Name	**Direct Interest**	**Percentage (%)**	**Deemed Interest**	**Percentage (%)**	**Total Percentage (Direct and Deemed Interest) (%)**
MASSINGHAM INTERNATIONAL LTD ("MIL")	1,953,575,276	19.58	-	-	19.58
FLAMBO INTERNATIONAL LIMITED[1] ("Flambo")	2,885,285,516	28.92	8,751,600	0.09	29.01
THE WIDJAJA FAMILY MASTER TRUST(2)[2] ("WFMT(2)")	-	-	4,847,612,392	48.59	48.59

Notes:

[1] The deemed interest of Flambo arises from its interest in 8,751,600 shares held by its wholly-owned subsidiary, Golden Moment Limited in the Company.

[2] The deemed interest of WFMT(2) arises from its interest in 1,953,575,276 shares held by MIL and 2,894,037,116 shares held by Flambo in the Company.

Based on the information available to the Company as at 11 March 2009, approximately 51% of the issued ordinary shares of the Company is held by the public and therefore, Rule 723 of the Listing Manual issued by the Singapore Exchange Securities Trading Limited is complied with.

GOLDEN AGRI-RESOURCES LTD
(Incorporated in the Republic of Mauritius)

NOTICE OF ANNUAL MEETING

NOTICE IS HEREBY GIVEN that an Annual Meeting of Golden Agri-Resources Ltd (the "Company" or "GAR") will be held on **Tuesday, 28 April 2009 at 10.30 a.m.** at Holiday Inn Atrium Singapore, Level 4, Atrium Ballroom, 317 Outram Road, Singapore 169075 to transact the following business:

AS ORDINARY BUSINESS

1. To receive and adopt the Audited Financial Statements for the year ended 31 December 2008 together with the Directors' and Auditors' Reports thereon. **(Resolution 1)**

2. To approve the Directors' Fees of S$228,000 for the year ended 31 December 2008. (FY2007: S$200,373) **(Resolution 2)**

3. To re-elect the following Directors retiring by rotation pursuant to Article 90 of the Constitution of the Company:

   a) Mr Muktar Widjaja **(Resolution 3)**
   b) Mr Rafael Buhay Concepcion, Jr. **(Resolution 4)**
   c) Mr Kaneyalall Hawabhay *{please see note 1}* **(Resolution 5)**

4. To re-elect the Director, Mr William Chung Nien Chin*,* retiring pursuant to Article 96 of the Constitution of the Company. **(Resolution 6)**

5. To re-appoint Moore Stephens LLP as Auditors and to authorise the Directors to fix their remuneration. **(Resolution 7)**

AS SPECIAL BUSINESS

6. To consider and, if thought fit, to pass with or without any amendments, the following resolutions as Ordinary Resolutions:

<u>Renewal of authority to allot and issue shares ("Share Issue Mandate")</u>

6A. "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) at the date of this Resolution, and provided further that where members of the Company with registered addresses in Singapore are not given an opportunity to participate in the same on a pro-rata basis, then the shares and convertible securities to be issued under such circumstances shall not exceed twenty percent (20%) of the issued share capital of the Company (excluding treasury shares) at the date of this Resolution."
{please see note 2} **(Resolution 8)**

Authority to allot and issue shares up to 100% of the total number of issued shares via a pro-rata renounceable rights issue

6B. "That subject to and pursuant to the share issue mandate in Resolution 8 above being obtained, and notwithstanding the fifty percent (50%) limit in Resolution 8 above, that pursuant to The Companies Act 2001 of Mauritius and in accordance with and subject to the requirements of the Singapore Exchange Securities Trading Limited, the Directors of the Company be and are hereby authorised to allot and issue shares in the Company at any time by way of a pro-rata renounceable rights issue to shareholders of the Company upon such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided that the aggregate number of shares to be issued pursuant to this Resolution shall not exceed one hundred percent (100%) of the issued share capital of the Company (excluding treasury shares) at the date of this Resolution." *{please see Note 3}* **(Resolution 9)**

Authority to allot and issue shares at a discount of up to 20% under Share Issue Mandate

6C. "That subject to and pursuant to the share issue mandate in Resolution 8 above being obtained, authority be and is hereby given to the Directors of the Company to allot and issue new shares on a non pro-rata basis at an issue price per new share which shall be determined by the Directors in their absolute discretion provided that such price shall not represent more than twenty percent (20%) discount to the weighted average price per share determined in accordance with the requirements of the Singapore Exchange Securities Trading Limited." *{please see Note 4}* **(Resolution 10)**

Renewal of Share Purchase Mandate

6D. "(a)That for the purposes of The Companies Act 2001 of Mauritius (the **"Act"**), 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 Act,

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

(ii) the date by which the next Annual Meeting of the Company is required by law to be held;

(c)That in this Resolution:

"Prescribed Limit" means ten percent (10%) of the issued ordinary share capital of the Company as at the date of the passing of this Resolution; and

“Maximum Price” in relation to a Share to be purchased, means an amount (excluding brokerage, stamp duties, applicable goods and services tax and other related expenses) not exceeding:

(i) in the case of a Market Purchase: 105% of the Average Closing Price

(ii) in the case of an Off-Market Purchase: 120% of the Highest Last Dealt Price

where:

“Average Closing Price” means the average of the closing market prices of a Share over the last five (5) market days, on which transactions in the Shares were recorded, preceding the day of the Market Purchase and deemed to be adjusted for any corporate action that occurs after the relevant 5-day period;

“Highest Last Dealt Price” means the highest price transacted for a Share as recorded on the market day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

“day of the making of the offer” means the day on which the Company announces its intention to make an offer for the purchase of Shares from Shareholders stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(d)That the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they may consider expedient or necessary to give effect to the transactions contemplated by this Resolution.” *{please see note 5}* **(Resolution 11)**

Renewal of Interested Person Transactions Mandate

6E. “(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 the Appendix 1 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 1, 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 1 (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 12)**

By Order of the Board

Simon Lim
Director
9 April 2009
Singapore

Notes:

A member entitled to attend and vote at the Annual Meeting is entitled to appoint no more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company. Proxies must be lodged at the mailing address of the Company at 3 Shenton Way, #17-03 Shenton House, Singapore 068805 not later than 48 hours before the Annual Meeting.

Additional information relating to the Notice of Annual Meeting:

1. Mr Kaneyalall Hawabhay if re-elected, will remain on the Audit Committee. Mr Kaneyalall Hawabhay is considered to be independent.

2. The Ordinary Resolution 8 proposed in item 6A above, if passed, is to empower the Directors from the date of the above Meeting until the date of the next Annual Meeting, to issue shares and convertible securities in the capital of the Company. The number of shares and convertible securities that the Directors may issue under this Resolution would not exceed fifty percent (50%) of the issued capital of the Company (excluding treasury shares) at the time this Resolution is passed. For issue of shares and convertible securities other than on a pro-rata basis to shareholders, the aggregate number of shares and convertible securities to be issued shall not exceed twenty percent (20%) of the issued capital of the Company (excluding treasury shares).

   The percentage of issued capital is based on the Company's issued capital (excluding treasury shares) 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.

3. The Ordinary Resolution 9 proposed in item 6B above, if passed, will empower the Directors from the date of the above Meeting until the date of the next Annual Meeting, to allot and issue shares in the Company up to 100% (from the existing 50%) of its issued capital by way of a pro-rata renounceable rights issue. This is one of the new measures introduced by Singapore Exchange Ltd, in consultation with the Monetary Authority of Singapore, on 20 February 2009 to accelerate and facilitate listed issuers' fund raising efforts and will be in effect until 31 December 2010.

   This mandate is conditional upon the Company:
   - making periodic announcements on the use of the proceeds as and when the funds are materially disbursed; and
   - providing a status report on the use of proceeds in the annual report.

   The percentage of issued capital is based on the Company's issued capital (excluding treasury shares) 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.

   This mandate, if passed, will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders' approval, in the event the need arises. Minority shareholders' interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares.

4. The Ordinary Resolution 10 proposed in item 6C above, if passed, is to authorise the Directors from the date of the above Meeting until the date of the next Annual Meeting, to allot and issue new shares on a non pro-rata basis at an issue price of up to 20% discount to the weighted average price per share determined in accordance with the requirements of the Singapore Exchange Securities Trading Limited. This is one of the new measures introduced by Singapore Exchange Ltd, in consultation with the Monetary Authority of Singapore, on 20 February 2009 to accelerate and facilitate listed issuers' fund raising efforts and will be in effect until 31 December 2010.

5. The Ordinary Resolution 11 proposed in item 6D 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 the 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.

6. The mandate for transactions with Interested Persons as described in the Appendix 1 (the "Appendix 1") 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 12 proposed in item 6E 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 the Appendix 1, which will, unless previously revoked or varied by the Company at members meeting, expire at the next Annual Meeting.

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IMPORTANT

1. For investors who have used their CPF monies to buy Golden Agri-Resources Ltd shares, the Annual Report is forwarded to them at the request of their CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.

2. The Proxy Form is not valid for use by such CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.

PROXY FORM
ANNUAL MEETING

gar agribusiness and food

GOLDEN AGRI-RESOURCES LTD
(Incorporated in the Republic of Mauritius)

I/We, ____(Name)

of____(Address)

being a member/members of Golden Agri-Resources Ltd (the "Company" or "GAR") hereby appoint:

Name	Address	NRIC / Passport Number	Proportion of Shareholdings	
			No. of Shares	%

and/or (delete as appropriate):

or failing him/her, the Chairman of the Annual Meeting of the Company (the "AM") as my/our proxy/proxies to attend and vote for me/us on my/our behalf and, if necessary, to demand a poll at the AM to be held on **Tuesday, 28 April 2009 at 10.30 a.m.** and at any adjournment thereof.

(Please indicate with an "X" in the space provided whether you wish your vote(s) to be cast for or against the resolution as set out in the Notice of AM. In the absence of specific direction, the proxy/proxies will vote or abstain as he/they will on any other matter arising at the AM).

No.	Resolutions	For	Against
	ORDINARY BUSINESS		
1	Adoption of Reports and Accounts		
2	Approval of Directors' Fees		
3	Re-election of Mr Muktar Widjaja		
4	Re-election of Mr Rafael Buhay Concepcion, Jr.		
5	Re-election of Mr Kaneyalall Hawabhay		
6	Re-election of Mr William Chung Nien Chin		
7	Re-appointment of Auditors		
	SPECIAL BUSINESS		
8	Renewal of authority to allot and issue shares		
9	Authority to allot and issue shares up to 100% of the total number of issued shares via a pro-rata renounceable rights issue		
10	Authority to allot and issue shares at a discount of up to 20% under Share Issue Mandate		
11	Renewal of Share Purchase Mandate		
12	Renewal of Interested Person Transactions Mandate		

Dated this _______ day of _____________ 2009.

Total Number of Shares Held

____
Signature(s) or Common Seal of Member(s)

IMPORTANT: PLEASE READ NOTES ON THE REVERSE

Notes:

1. Please insert the total number of shares held by you. If you have shares entered against your name in the Depository Register (as defined in the Constitution of the Company), you should insert that number. If you have shares registered in your name in the Register of Members of the Company, you should insert that number. If you have shares entered against your name in the Depository Register and registered in your name in the Register of Members, you should insert the aggregate number. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by you.

2. A member entitled to attend and vote at a meeting of the Company is entitled to appoint not more than two proxies to attend and vote on his behalf. A proxy need not be a member of the Company.

3. The instrument appointing a proxy or proxies must be deposited at the Company's mailing address at 3 Shenton Way #17-03 Shenton House Singapore 068805 not less than 48 hours before the time set for the AM.

4. Where a member appoints more than one proxy, the appointments shall be invalid unless he specifies the proportion of his holding to be represented by each proxy.

5. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed under its common seal or under the hand of its officer or attorney duly authorised.

6. Where an 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 AM, in accordance with Section 179 of the Companies Act, Cap 50 of Singapore.

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 48 hours before the time fixed for holding the AM, as certified by The Central Depository (Pte) Limited to the Company.

fold along this line

ANNUAL MEETING

PROXY FORM

Affix
Stamp
Here

The Company Secretary
GOLDEN AGRI-RESOURCES LTD
c/o 3 Shenton Way
#17-03 Shenton House
Singapore 068805

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Fax +65 6220 7020
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www.goldenagri.com.sg