Golden Agri-Resources Ltd
Listed on the Singapore Exchange

Preserving the Present
Ensuring the Future

Annual Report 2011

Contents

Corporate Profile

Listed on the Singapore Exchange since 1999, Golden Agri-Resources Ltd and its subsidiaries ("GAR" or the "Company") form one of the largest integrated oil palm plantation companies in the world, with total revenue of almost US$6.0 billion, net profit of US$1.3 billion and core net profit of US$571 million in 2011.

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

GAR cultivates approximately 455,700 hectares of oil palm plantations in Indonesia, including plasma smallholders. Our thirty-seven mills extract CPO and PK from FFB, with a total capacity of 9.87 million tonnes per annum.

Part of our CPO is processed further into value-added bulk, industrial and branded products through our own refineries, with a total capacity of 1.38 million tonnes per annum. The PK is crushed in our kernel crushing plants, which have an annual capacity of 819 thousand tonnes, producing higher-value palm kernel oil and palm kernel meal.

GAR also has a presence in China, where we operate an integrated business including a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products such as noodles.

Vision

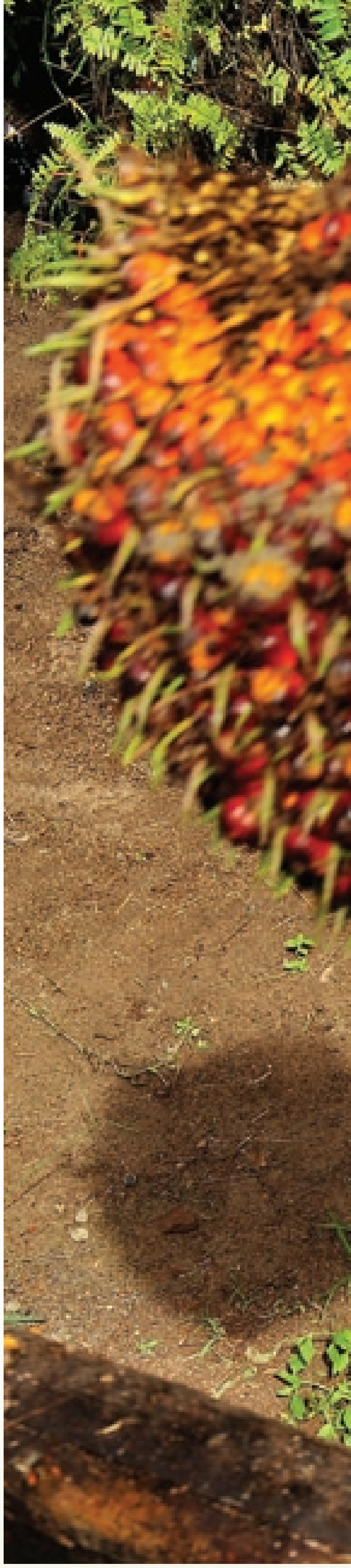
We aim to be the best

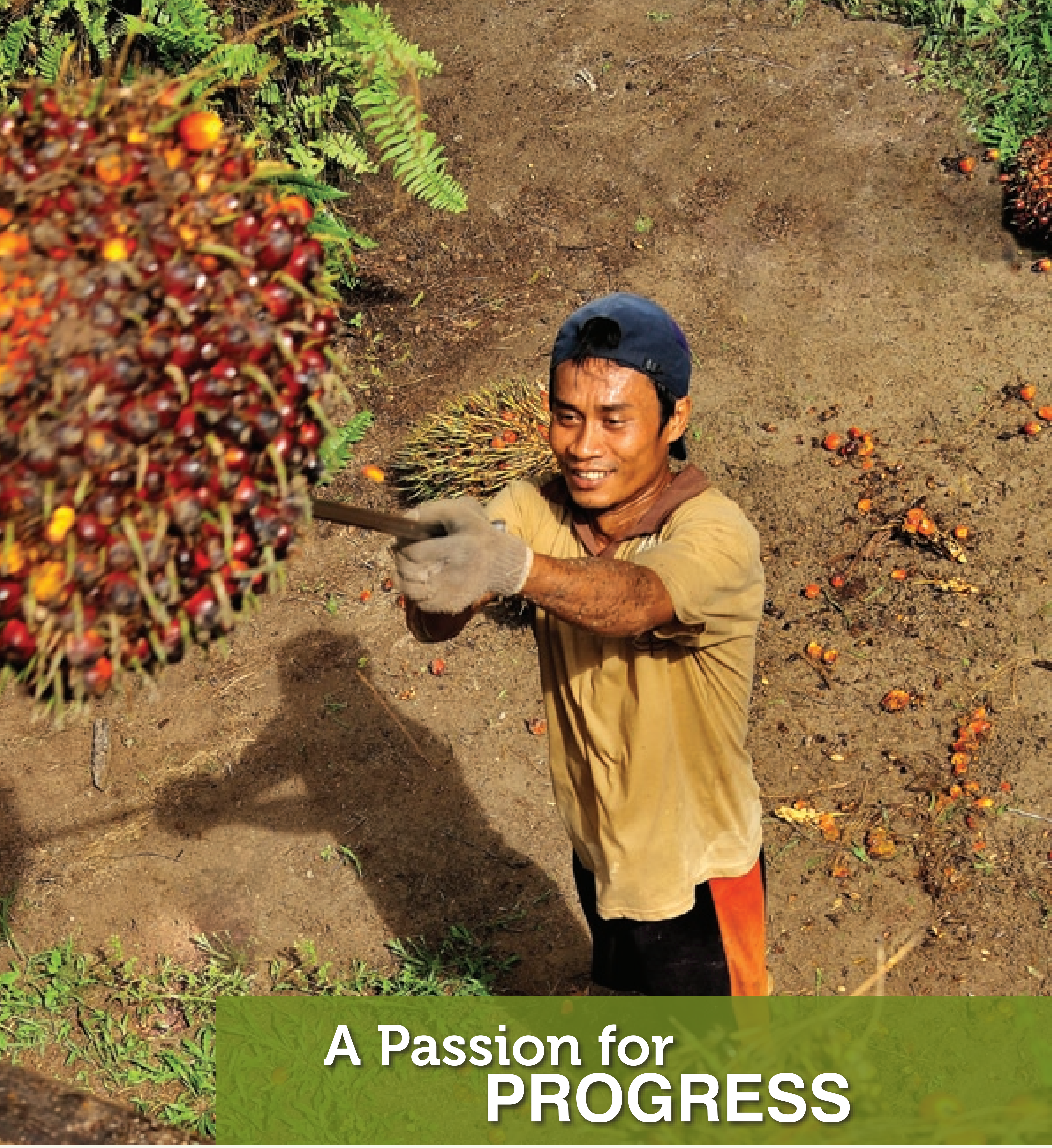
To become the largest integrated and most profitable palm-based consumer company

Mission

- Surpassing the highest standard of quality
- Maintaining the highest level of sustainability and integrity
- Empowering society and community
- Trend setting innovation and technology
- Achieving maximum value for shareholders





A Passion for PROGRESS

GAR upholds its best practices in research and development, plantation management, state-of-the-art management information technology, materials sourcing and accessing domestic and international markets as well as the strength of management's superior strategic, operational and financial skills, which are essential in sustaining operational excellence. This enables GAR to create a sustainable balance between promoting long-term business growth and preserving the environment. Together, we are moving towards a bright future for both the Company and the environment.

Chairman's Statement

"Despite continued unstable economic conditions in western countries, we experienced a good year in FY2011 and remain positive for 2012 and ahead. Fundamentals of the palm oil industry are expected to remain sound, due to stable and robust demand for vegetable oils for edible, substitute and alternative uses, combined with the limited growth of global supply."

Dear Valued Shareholders,

The Board of Directors of Golden Agri-Resources Ltd ("GAR" or the "Group") is pleased to present excellent results for the financial year ended 31 December 2011 ("FY2011"). Crude palm oil ("CPO") prices were at a consistently strong level throughout the year, benefiting from strong industry fundamentals. Following unfavourable weather conditions in FY2010, GAR's fruit production recovered rapidly in FY2011, supported by our well-managed plantations.

GAR proves that passion and perseverance deliver results. By adhering to the highest quality standards, we will sustain our performance and solidify our position to capitalise on the positive outlook for the palm oil industry.

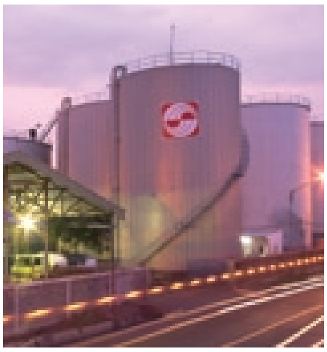
Record FY2011 Financial Performance

Another record performance was achieved in FY2011, with GAR recording revenue of approximately US$6.0 billion against US$3.5 billion the previous year. EBITDA in FY2011 rose significantly by 43 percent to US$942 million from US$661 million a year ago. Core net profit was US$571 million, a notable 48 percent higher than last year, resulting in earnings per share of US$0.10.

In recognition of our sterling performance in FY2011, the Board is proposing to distribute a final dividend of 1.84 Singapore cents per share, more than double the previous year's distribution. This distribution rewards shareholders for their support, and is in line with GAR's focus on enhancing long-term shareholder value.

FY2011 Operational Achievements

GAR's production performance in FY2011 was outstanding throughout the year, boosted by favourable weather conditions. Full year fruit production (including plasma) reached 8.5 million tonnes, an increase of 13 percent compared to FY2010. As a result, palm products output also increased by 16 percent to 2.6 million tonnes. This upsurge was



supported by a larger mature area (including plasma area) of approximately 391,000 hectares by the end of FY2011.

Strategic Business Expansion

We strengthened GAR's position as the largest oil palm plantation company, by hectarage, in Indonesia, by expanding our planted area to a total of 455,700 hectares as at 31 December 2011. We also expanded the capacity of our processing facilities with the addition of a mill and two kernel crushing plants in Kalimantan and Lampung. We will continue to expand our upstream business by utilising our land resources through organic growth as well as exploring strategic acquisition opportunities.

Other than our existing operations in Indonesia, we continue to develop a long-term project in Liberia through Verdant Fund LP. This is still at an early stage, with the establishment of a nursery for seedlings and planting expected to commence this year. By providing technical expertise to the project, GAR will ensure that, like all our plantations in Indonesia, the palm oil cultivation in Liberia follows good sustainability practices.

In the downstream, GAR focuses its business strategy on expanding and deepening its presence in large and fast growing edible oil consumer markets such as China. We are strengthening the distribution network of our products and entering new geographical areas that are still underserved. We are building synergy with Florentina International Holdings Limited ("FIH"), which we acquired in September 2010, by leveraging its market knowledge, customer base and extensive distribution channels to grow our market presence in edible oils and specialty fats. In relation to this, we are also constructing a new crushing, refinery and consumer product facility in Tianjin, China with operations scheduled to commence in the first half of 2012.

The new export tax scheme initiated by the Government of Indonesia in September 2011 has encouraged downstream players to intensify their refining capabilities to benefit from the lower export tax for refined palm oil products. This is also in line with our strategy to focus on the production of higher value-added products. GAR will continue to maintain the balance between upstream and downstream capacity to ensure that we are able to leverage the optimum benefit from our integrated value chain.

As part of our value creation efforts, GAR regularly evaluates all investment opportunities, regardless of geographic location, that have the potential to contribute to the long-term growth of shareholder value.

Positive Outlook for Palm Oil

Despite continued unstable economic conditions in western countries, we experienced a good year in FY2011 and remain positive for 2012 and ahead. Fundamentals of the palm oil industry are expected to remain sound, due to stable and robust demand for vegetable oils for edible, substitute and alternative uses, combined with the limited growth of global supply. While continually implementing best-in-class sustainable plantation management, we will also be nimble and equip ourselves to seize new opportunities that may arise. Supported by our solid financial position, this will enable our business to expand through both organic growth and strategic acquisitions.

Chairman's Statement

Sustainable Development

We are pleased to highlight that GAR has embarked on progressive milestones towards sustainable palm oil production. On 4 April 2011, GAR announced that it joined its subsidiaries PT Sinar Mas Agro Resources and Technology ("SMART") and PT Ivo Mas Tunggal ("IMT") to become a member of the Roundtable on Sustainable Palm Oil ("RSPO"). GAR has engaged an international NGO, The Forest Trust ("TFT"), to help prepare for RSPO certification of all of GAR's palm oil operations (as at 30 June 2010) by 2015.

To date, 33,716 hectares of plantations and four mills belonging to SMART and IMT have received RSPO certification. Important customers like Unilever and Nestlé have resumed their business relationships with GAR. We are pleased that our customers recognise our commitment and efforts toward sustainable palm oil production.

Sustainability has always been an integral part of our business and has the full backing of our management and the Board. GAR believes that by focusing on the common ground and an open process involving multi-stakeholders, we will continue to harness the potential and energy of industry stakeholders in constructive dialogue to develop solutions for sustainable palm oil production.

On 9 February 2011, GAR and SMART launched a Forest Conservation Policy ("FCP") together with TFT which focuses on: no development on High Carbon Stock ("HCS") forests, High Conservation Value ("HCV") forest areas and peat lands; free, prior and informed consent from indigenous and local communities; and compliance with all relevant laws and internationally accepted certification principles and criteria. The FCP builds on GAR's sustainability efforts articulated on 4 February 2010, which include no conversion of land with HCS (including no planting on peat land regardless of depth), no conversion on HCV areas, and continuous oil palm yield improvement.

In addition, we have launched a Social and Community Engagement Policy ("SCEP") and a Yield Improvement Policy ("YIP"). The SCEP ensures that our palm oil operations improve the lives of the communities they impact, while the YIP leverages technology and innovation to improve CPO yield in order to improve the livelihoods of smallholders and also to reduce the pressure to open new land. We have taken a multi-stakeholder approach in developing these policies, collaborating with TFT and also consulting the Government of Indonesia, local stakeholders and NGOs such as Greenpeace.

Appreciation

On behalf of the Board of Directors, I would like to express my deepest gratitude to all stakeholders for their loyal and sincere support for GAR. Our accomplishments today are the result of these strong relationships and cooperation. With our continued efforts, financial strength, and positive industry outlook, we believe we will be able to achieve GAR's vision to become the largest integrated and most profitable palm-based consumer company.

Franky Oesman Widjaja
Chairman and Chief Executive Officer
16 March 2012

Financial Highlights

	2011	2010	2009	2008
Consolidated Income Statement (US$'000)				
Revenue	5,952,924	3,504,659	2,293,699	2,985,948
Gross profit	1,836,687	954,594	509,430	876,117
EBITDA (1)	941,959	661,022	401,088	597,230
Core net profit (2)	571,433	387,179	202,598	376,783
Net profit attributable to owners of the Company	1,267,970	1,423,045	606,962	1,382,526
Weighted average number of shares (million shares)*	12,139	12,139	11,558	11,067
Core net profit per share (US$ cents)#	4.71	3.19	1.75	3.40
Earning per share (US$ cents)#	10.45	11.72	5.25	12.49
Consolidated Statement of Financial Position (US$'000)				
Total assets	11,837,377	10,114,452	7,900,480	6,825,507
Total current assets	1,881,801	1,491,907	1,105,699	707,481
Total current liabilities	1,143,322	1,060,898	724,272	547,989
Total long-term liabilities	2,581,589	2,108,411	1,642,453	1,570,688
Non-controlling interests	87,429	119,283	96,062	93,104
Equity attributable to owners of the Company	8,025,037	6,825,860	5,437,693	4,613,726
Ratios				
Revenue growth	70%	53%	-23%	59%
Gross profit growth	92%	87%	-42%	33%
EBITDA (1) growth	43%	65%	-33%	12%
Core net profit (2) growth	48%	91%	-46%	32%
Net profit (3) growth	-11%	134%	-56%	19%
Gross profit margin	31%	27%	22%	29%
EBITDA (1) margin	16%	19%	17%	20%
Core net profit (2) margin	10%	11%	9%	13%
Net profit (3) margin	21%	41%	26%	46%
Return on equity (4)	16%	21%	11%	30%
Return on assets (5)	11%	14%	8%	20%
Current ratio (times)	1.65	1.41	1.53	1.29
Net debt to equity (6) (times)	0.09	0.10	0.06	0.09
Receivable turnover (7) (days)	14	16	19	16
Inventory turnover (8) (days)	61	74	68	48
Other Information				
Average CPO market price - FOB Belawan (US$ per tonne)	1,083	859	632	872

Remarks

(1) EBITDA = earnings before tax, non-controlling 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) Core net profit = net profit attributable to owners of the Company excluding gain from changes in fair value of biological assets, foreign exchange gain or loss and exceptional items (net of tax and non-controlling interests)
(3) Net profit = net profit attributable to owners of the Company
(4) Return on equity = net profit attributable to owners of the Company / equity attributable to owners of the Company
(5) Return on assets = net profit attributable to owners of the Company / total assets
(6) Net debt to equity = (total borrowings - cash and cash equivalents - short-term investments) / equity attributable to owners of the Company
(7) Receivable turnover = average trade receivables / revenue * 365
(8) Inventory turnover = average inventory / cost of sales * 365

* As adjusted for the impact of the share split that was effected in February 2008 as well as the effect of bonus issue and rights issue that were effected in April and July 2009

\# Computed based on the weighted average number of shares adjusted for the share splits that were effected in February 2008, bonus issue and rights issue that were effected in April and July 2009, in accordance with IAS 33, Earnings per Share

Operations Highlights

	2011	2010	2009	2008
INDONESIA OPERATIONS				
Total planted area (hectares)				
Young (4 - 6 years)	90,513	73,408	47,279	23,037
Prime (7 - 18 years)	199,541	219,609	237,301	244,263
Old (> 18 years)	100,705	70,460	49,377	41,521
Total mature plantations	390,759	363,477	333,957	308,821
Immature plantations	64,901	78,993	93,296	82,821
Total planted area	455,660	442,470	427,253	391,642
Nucleus planted area (hectares)				
Young (4 - 6 years)	85,521	69,800	43,879	19,887
Prime (7 - 18 years)	138,980	153,731	165,921	170,388
Old (> 18 years)	82,326	57,900	42,786	37,991
Total mature plantations	306,827	281,431	252,586	228,266
Immature plantations	54,233	70,693	87,232	79,338
Total nucleus planted area	361,060	352,124	339,818	307,604
Plasma planted area (hectares)				
Young (4 - 6 years)	4,992	3,608	3,400	3,150
Prime (7 - 18 years)	60,561	65,878	71,380	73,875
Old (> 18 years)	18,379	12,560	6,591	3,530
Total mature plantations	83,932	82,046	81,371	80,555
Immature plantations	10,668	8,300	6,064	3,483
Total plasma planted area	94,600	90,346	87,435	84,038
FFB harvested (tonnes)				
Nucleus	6,397,955	5,705,524	5,716,112	5,049,810
Plasma	2,110,791	1,854,961	1,991,065	1,873,693
Total FFB harvested	8,508,746	7,560,485	7,707,177	6,923,503
FFB yield (tonnes per hectare)	21.8	20.8	23.1	22.4
CPO produced (tonnes)	2,152,809	1,849,879	1,913,654	1,689,982
PK produced (tonnes)	487,298	422,951	433,446	382,721
OER (%)	22.96	22.62	23.20	23.12
KER (%)	5.20	5.17	5.25	5.24
Plantation locations (hectares)				
Sumatra				
Nucleus	140,887	141,115	141,363	139,511
Plasma	75,521	75,141	74,696	74,034
Total Sumatra	216,408	216,256	216,059	213,545
Kalimantan				
Nucleus	206,818	197,682	185,124	155,317
Plasma	19,079	15,205	12,739	10,004
Total Kalimantan	225,897	212,887	197,863	165,321
Papua				
Nucleus	13,355	13,327	13,331	12,776
CHINA OPERATIONS				
Crude soybean oil produced (tonnes)	154,000	156,000	155,000	137,000
Soybean meal produced (tonnes)	688,000	689,000	685,000	591,000

Board of Directors

Standing, from left: Jacques Desire Laval Elliah, Frankle (Djafar) Widjaja, Hong Pian Tee, Lew Syn Pau, Kaneyalall Hawabhay
Seated, from left: Simon Lim, Muktar Widjaja, Franky Oesman Widjaja, Rafael Buhay Concepcion, Jr.

Franky Oesman Widjaja

Chairman and Chief Executive Officer

Mr. Franky Widjaja, aged 54 was appointed Chairman in 2000. He has been a Director and the Chief Executive Officer of the Company 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.

Mr. Franky Widjaja is a member of the Company's Executive/Board Committee, Nominating Committee and Remuneration Committee. He is President Commissioner of the Company'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 Sinarmas Land Limited ("SML"), Vice President Commissioner of its Indonesia Stock Exchange listed property subsidiaries, PT Bumi Serpong Damai Tbk and PT Duta Pertiwi Tbk and Director of Bund Center Investment Ltd ("BCI"). He is a member of the Boards of several subsidiaries of the Company, SML and BCI.

Muktar Widjaja

Director and President

Mr. Muktar Widjaja, aged 57 was appointed as President of the Company 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 2011. He obtained his Bachelor of Commerce in 1976 from the University Concordia, Canada.

Since 1983, Mr. Muktar Widjaja has been actively involved in the management and operations of the property, financial services, agriculture, chemical and pulp and paper businesses. Mr. Muktar Widjaja is a member of the Company's Executive/Board Committee and Vice President Commissioner of PT Sinar Mas Agro Resources and Technology Tbk.

He is Director and, since December 2006, Chief Executive Officer of Sinarmas Land Limited ("SML"). Mr. Muktar Widjaja is President Commissioner of PT Bumi Serpong Damai Tbk and PT Duta Pertiwi Tbk, and Director of Bund Center Investment Ltd ("BCI"). He is a member of the Boards of several subsidiaries of the Company, SML and BCI.

Frankle (Djafar) Widjaja

Director

Mr. Frankle Widjaja, aged 55 has been a Director of the Company since 1999. He became non-executive Director since December 2006. His last re-election as a Director was in 2010. He graduated from the University of California, Berkeley, USA, with a degree of Bachelor of Science in 1978.

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

Mr. Frankle Widjaja is a member of the Company's Executive/Board Committee. He is Chairman and Chief Executive Officer of Bund Center Investment Ltd ("BCI"), Director and President of Sinarmas Land Limited ("SML") and presently sits on the Boards of several subsidiaries of the Company, SML and BCI.

Simon Lim

Director and Chief Financial Officer

Mr. Lim, aged 49 was appointed as a Director and Chief Financial Officer of the Company in 2002. His last re-election as a Director was in 2010. He graduated from University of Trisakti, Indonesia, majoring in Accounting and Finance in 1988. 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 the Company's Executive/Board Committee, and Vice President Commissioner of PT Sinar Mas Agro Resources and Technology Tbk. He is Director and Deputy President of Sinarmas Land Limited ("SML") and he is a member of the Boards of several subsidiaries of the Company, SML and Bund Center Investment Ltd.

Rafael Buhay Concepcion, Jr.

Director

Mr. Concepcion, aged 45 was appointed as a Director of the Company in 2002. His last re-election as a Director was in 2011. 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 the Company's Executive/Board Committee.

He is Director and Chief Financial Officer of Sinarmas Land Limited ("SML"). He is a member of the Boards of several subsidiaries of the Company, SML and Bund Center Investment Ltd.

Hong Pian Tee

Independent Director and Chairman of Audit Committee and Nominating Committee

Mr. Hong, aged 67 joined the Company's Board of Directors in 2001. His last re-election as a Director was in 2010. 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.

He is Chairman of the Company's Audit Committee and Nominating Committee and member of its Remuneration Committee. He is Chairman of Pei Hwa Foundation Limited, Lead Independent Director of XMH Holdings Ltd. and Independent Director of Memstar Technology Ltd.

Lew Syn Pau

Independent Director and Chairman of Remuneration Committee

Mr. Lew, aged 58 re-joined the Company's Board of Directors in December 2007. Prior to that, he was Director of the Company from 1999 to May 2007. His last re-election as a Director was in 2011. 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 a Director of Capital Connections Pte Ltd. Prior to that, 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 Sinarmas Land 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, Achieva Ltd, Food Empire Holdings Ltd and Broadway Industrial Group Ltd. He was Chairman and Director of CarrierNet Global Ltd until 26 July 2011.

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

Kaneyalall Hawabhay

Independent Director

Mr. Hawabhay, aged 64 was appointed as a Director of the Company in 2003. His last re-election as a Director was in 2009. 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 & Co, Mauritius.

Mr. Hawabhay is a member of the Company's Audit Committee.

Jacques Desire Laval Elliah

Independent Director

Mr. Elliah, aged 48 was appointed as a Director of the Company in 2010. His last re-election as a Director was in 2011. He is a Fellow of the Association of Chartered and Certified Accountants since 1990. Mr. Elliah is currently the Chief Financial Officer of Naiade Resorts Ltd, a company listed on the Stock Exchange of Mauritius, a position which he held since March 2003. Previously, he was a Partner in the Assurance and Business Advisory Services of De Chazal du Mée & Co, Mauritius from 1998 to February 2003.

Capitalising On Our COMPETITIVENESS

Managing

455,700

hectares of plantation

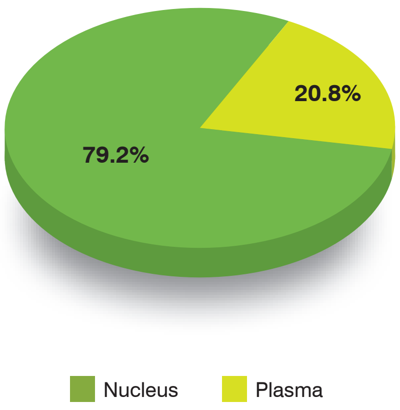
Yielding

2,640,100

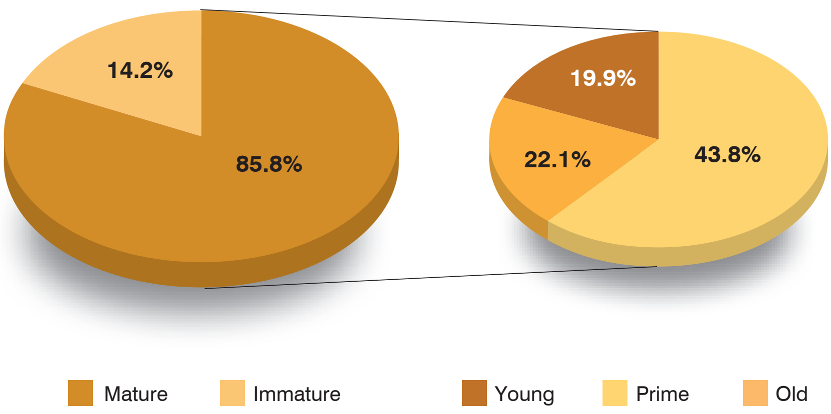
tonnes of palm products

Operations Review

Plantation Ownership Profile



Age Profile (Nucleus and Plasma)



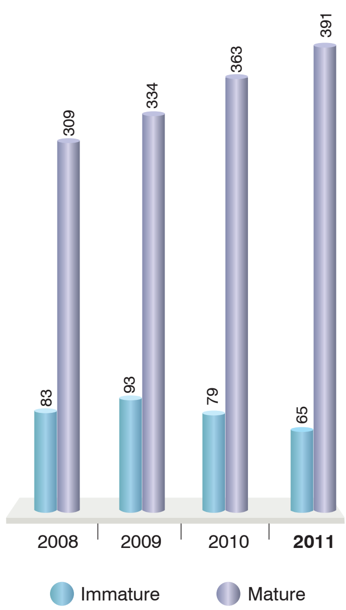
INDONESIA OPERATIONS

Largest oil palm plantation group in Indonesia with favourable age profile

With 151 oil palm estates spanning from the east to the west of the Indonesian archipelago and total planted area of close to 455,700 hectares under its care, GAR sustains its position as the largest oil palm plantation group, by hectarage, in Indonesia. At the end of 2011, this planted area consists of estates owned by GAR (called 'nucleus') of 361,100 hectares and estates owned by smallholders (called 'plasma') of 94,600 hectares. The operations are well supported by our world-class oil palm research and development center (SMART Research Institute or "SMARTRI"), maintaining GAR's plantations at their best quality. The plantings in recent years have also been supported by high-yielding Dami seed garden, which will secure the growth of GAR's production in the future.

During 2011, GAR successfully planted 13,200 hectares of new oil palm trees and replanted 2,400 hectares of old estates. The age profile of our estates is favourable, with average age of around 12 years, providing a solid foundation for GAR's long-term growth. Of the 455,700 hectares, 14 percent are immature while 86 percent are mature. Over 51 percent of the mature estates are at the prime age of 7 to 18 years that produces optimum yield and therefore contributes strongly to fruits production. Over 23 percent of the mature estates are still at the young age of 4 to 6 years, securing the medium-term growth of GAR's production.

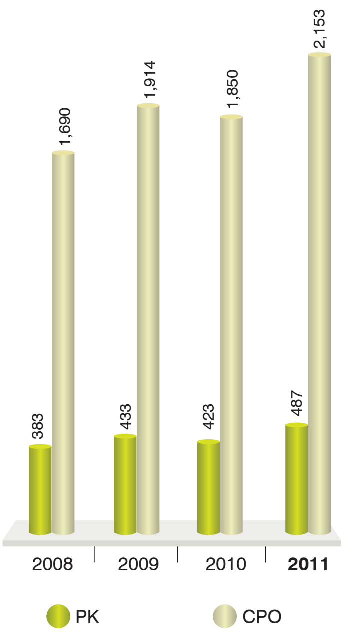
Planted Area (Nucleus and Plasma)
in thousand tonnes



Best-in-class estate management sustaining leading productivity

GAR's leading productivity results from having among the largest and best managed plantations in the industry. The best-in-class estate management is supported by an advanced information technology system, and the best oil palm research and development practices of SMARTRI.

Annual CPO and PK Production
in thousand tonnes



In managing our vast plantation area, the "War Room" management information system has served as a one-stop multi-function monitoring and management control centre. This unique integrated system deploys SAP applications, Geographical Information System (GIS), Google Earth, Reuters, CCTV, internet and satellite connectivity to provide operational, industry and general market information. This state-of-the-art system enables management to make decisions with complete factual input in a timely manner and to gather information in great detail as if on-site at each of our plantations.

SMARTRI plays an essential role in sustaining our high productivity by employing qualified scientists and agronomists who relentlessly provide recommendations and find innovative solutions for continual improvement in productivity, efficiency and environmental sustainability. SMARTRI has been accredited with ISO 9001 for quality management and ISO 17025 for excellent implementation of general requirements for testing and calibrating laboratories.

Throughout 2011, GAR was able to grow its FFB production by 13 percent to 8.51 million tonnes, including from its plasma estates. The average FFB yield per hectare also increased to 21.77 tonnes from 20.80 tonnes in 2010, despite an increase of newly-matured, low-yielding, young trees by 17,100 hectares to 90,500 hectares at end of 2011. The harvested FFB are processed in owned milling facilities, which are strategically located near the plantations, to produce CPO and PK. In 2011, GAR completed a new mill facility that raised total number of mills to 37 with a combined installed annual capacity of 9.87 million tonnes. In line with the growth of FFB production, CPO production also increased by 16 percent to 2.15 million tonnes while PK production was higher by 15 percent at 487,000 tonnes during 2011. This was also supported by higher oil extraction rate reaching 23 percent compared to 22.6 percent in the previous year, while kernel extraction rate was stable at 5.2 percent.

Well-established downstream operations capturing added value across the value chain

Part of the CPO and PK produced is further processed in GAR's refineries and kernel crushing plants, which are strategically located in Indonesia. They generate higher value-added products such as cooking oil, margarine, shortenings and fats, palm kernel oil and palm kernel meal.

GAR has four refineries with a combined installed capacity of 1.38 million tonnes of CPO per annum. Three of our existing refineries are accredited with ISO 22000 certification, an international recognition that our refined products (including cooking oil, margarine and shortening) meet food safety standards. During the year, we completed two new kernel crushing plants in Lampung and Kalimantan, which brought our total kernel crushing capacity to 819,000 tonnes of PK per annum.

In September 2011, the Indonesian government revised its export tax regulation providing more support to palm oil refined product producers. Our strategy to expand downstream facilities is in line with the government's policy to encourage higher value-added products. GAR will try to maximise and leverage the opportunity in a more conducive refined products market in the upcoming years.

We marketed our unbranded and branded products in Indonesia as well as in international markets. 2011 was another good year for our domestic branded products sales, despite increasing input prices of CPO. Our prudent and precise marketing strategy has successfully grown our branded products sales in Indonesia by 16 percent in 2011 compared to the previous year. We will focus our strategy to maintain our brands' image, strengthen our market share in selected markets, and enhance our sales force's competency.

The sales of our export branded products is targeted to expand in high growth countries in Asia, Africa, Middle East and South America regions. We will continue to focus on high value specialty products and reaching out directly to key industrial users. We will concentrate our international strategy on developing high end products and becoming a one-stop-shop supplier, increasing customer base and distribution channels, as well as improving brand equity.

CHINA OPERATIONS

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

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

The oilseed crushing operations produce soybean meal that is sold domestically under an in-house brand and crude soybean oil that is, in turn, processed by the refineries together with other edible oils including palm oil. These refined oils and value-added products such as margarine, shortening and butter oil substitute, are sold both in bulk and in consumer packs.

FILMA®
Kunci Mas®
mitra®
Masku®
bissOil
Palmboom®
PALMVITA®
SMARTBaker®
MENARA®
PUSAKA®
GOODFRY®
RED ROSE®
i-soc
DELICIO®

Improving performance in a challenging and competitive market

In Ningbo, Zhejiang Province, GAR operates a deep-sea port and storage facility for oils and grains, and an oilseed crushing plant with one million tonnes of annual capacity. GAR also has refining facilities in Ningbo and in Zhuhai, Guangdong Province, with combined annual capacity of 380,000 tonnes. The crushing business in China remained intensely competitive and challenging during 2011. Nevertheless, the oils and grains commodities market in China is still positive, supported by its strong demand growth. In 2011, 855,000 tonnes of soybeans were processed by our crushing operations, slightly lower than last year processed volume of 861,000 tonnes. This resulted in 688,000 tonnes of soybean meal with a yield of 80.5 percent and 154,000 tonnes of crude soybean oil with a yield of 18 percent. Our refinery processed 230,000 tonnes of soybean oil and palm oil, 38 percent higher than last year as less crude soybean oil was sold.

To overcome challenges posed by the intense competition, our strategy is to strengthen our competitive position in targeted markets by expanding sales distribution channels and strengthening business relationships with reputable customers. In addition, we continue to develop and penetrate into new markets where we have competitive advantages. We will continue to focus on the sales of palm oil products and specialty fats, which have been growing steadily during the year. Apart from developing its business activities with existing facilities in Ningbo and Zhuhai, GAR has strategically expanded its presence in China by doubling its current capacity through the construction of a new vegetable oil refinery and crushing facility in a strategic location in Tianjin, which will be commenced in first half 2012. GAR will capitalise on this new facility to further enhance its growth strategy in China.

Capitalise on integrated network of distribution channels of noodle business in China

To grow its presence in edible oils and specialty fats market in China, GAR will leverage the market knowledge, customer base and extensive distribution channels owned by Florentina International Holdings Limited ("FIH"). FIH is GAR's subisidiary acquired in September 2010, which manufactures and distributes a variety of economy and premium grade snack noodle and instant noodle products as well as ice sticks and jelly snack products in China. The products are produced through eight strategically located plants with total annual capacity of five billion packets of noodle and distributed via a strong integrated network of almost 25,000 distributors, 8,300 supermarkets, chain stores and hypermarkets, as well as convenience-stores and traditional retail outlets throughout the country.

BUSINESS STRATEGY

> " We consistently seek to sustain our cost leadership by relentlessly exploring options to further enhance the efficiency of our vertically integrated operations in upstream and downstream businesses."

Constantly expand core upstream business

We have maintained our optimistic outlook on the industry, as we view that the palm oil industry fundamentals remain robust. We will continue focusing on the expansion of oil palm plantations by 20,000 to 30,000 hectares annually in medium term, by leveraging our core competencies. In line with the expected growth of our oil palm fruits production, we will construct additional milling facilities to produce crude palm oil.

Sustainable utilisation of our land resources and close cooperation with local farmers are the basic principles in implementing this strategy. The execution will be focused on greenfield development. Separately, we will explore any strategic opportunities to acquire well-positioned and high quality oil palm estates and landbank specifically in Indonesia, while closely monitoring and studying the prospect of oil palm plantations development across geographical frontiers such as Liberia and other countries.

Strategically and selectively expand downstream and distribution capabilities

The new export tax scheme for palm oil products introduced by the Government of Indonesia in September 2011 is in line with our current strategy to expand our downstream capabilities. We continue to maintain the balance between upstream and downstream capacities, to provide flexibility to shift our product mix according to market demands and profitability. We target to expand our downstream capabilities selectively in strategic locations to capture the growing output of our palm products. Our priority is to enlarge the downstream capacity in the countries where we currently operate, Indonesia and China, while continuing to explore growth opportunities in other underserved countries.

We will also extend our capabilities to produce a full range of higher value-added products and become a one-stop-shop supplier. To leverage our capabilities, we will strengthen our penetration in existing markets and broaden it in other potential domestic and international markets.

To cater to our growing production flows and to anticipate alternatives in case of port congestion, we are enhancing our distribution and logistics infrastructure in strategic locations as well as optimising and leveraging available distribution and transport options. This will support us to independently secure and widen our market reach as well as realise cost efficiencies in distribution by leveraging operational scale and synergies.

Extend research and development capabilities

We constantly invest in research and development to invent new technologies that will enhance productivity of our oil palm operations in a sustainable way as well as to invent new product alternatives to meet customer demand. Our research institute has been integral in developing practical field applications with the latest technology. For future enhancement, the institute also undertakes research in plant breeding and biotechnology, such as tissue culture planting materials.

Increase profit margins through operational excellence

We consistently seek to sustain our cost leadership by relentlessly exploring options to further enhance the efficiency of our vertically integrated operations in upstream and downstream businesses.

We will carry on ensuring best-in-class field practices in agronomy at all of our nucleus and plasma estates, in terms of fertilising and harvesting techniques, transportation and processing efficiencies. For new plantings, we will continue to use high-yield seeds, improve planting techniques and ensure on-time delivery of new planting facilities.

We also aim to increase utilisation rate of all our processing facilities, capitalise on various distribution channels and transportation options, diversify supply sources for materials, as well as implement prudent and effective trading strategies to obtain the highest quality input materials at the lowest price.

Continued strong commitment to environmental and social responsibility

As the world's second largest palm oil plantation company, our mission and values commit us to being the leader in sustainable palm oil production by adopting the best industry practices and standards, managing the environment responsibly, creating employment and empowering the communities where we operate while maximising long-term shareholder value. Our sustainability strategy focuses on engaging multi-stakeholders proactively, implementing the best practices holistically (covering the environment, community, market place and workplace), benchmarking against industry standards, and reporting our progress in a timely and open manner.

We comply with all relevant laws and internationally accepted certification principles and criteria. As part of this commitment, GAR joined SMART and IMT to become a member of the Roundtable on Sustainable Palm Oil ("RSPO") in April 2011.

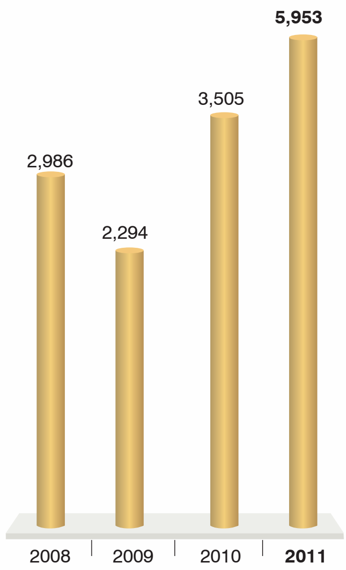
GAR has engaged an international NGO, The Forest Trust ("TFT"), to help prepare for RSPO certification of all of GAR's palm oil operations by 2015. To date, 33,716 ha of plantations and four mills from IMT and SMART have received RSPO certification. This brings GAR closer to our overall target of obtaining RSPO certification for all our palm oil operations (as at 30 June 2010) by December 2015. We also obtained our first International Sustainability and Carbon Certification ("ISCC") certificates for two IMT subsidiaries. These cover a total of 61,576 ha of plantations including smallholder plantations, six mills and one bulking station. In addition, we are working towards Indonesian Sustainable Palm Oil System (ISPO) certification.

To build on GAR's pre-existing sustainability efforts and as part of its holistic approach to sustainability, GAR together with TFT launched its Forest Conservation Policy and Social and Community Engagement Policy in 2011 and a Yield Improvement Policy in early 2012. GAR has taken a multi-stakeholder approach in developing the policies. We have collaborated with TFT and also engaged the Government of Indonesia, local stakeholders and NGOs to find solutions for sustainable palm oil.

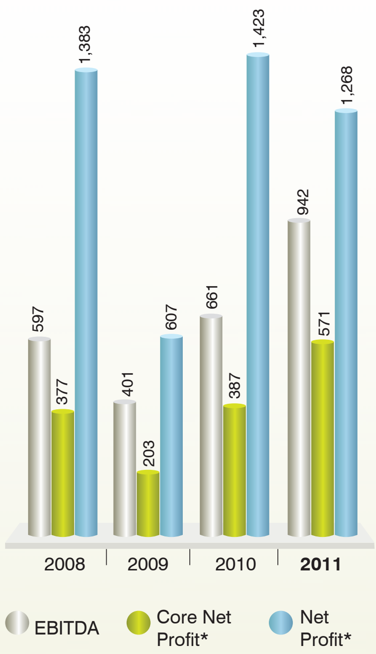
We recognise that wherever we operate, the local communities are important stakeholders. Our social activities will continue to focus on the empowerment of surrounding communities, which range from education and energy self-sufficiency, to healthcare and disaster relief, with the goal of helping them to flourish in a harmonious and healthy environment.

Financial Review

Revenue
in million US$



EBITDA, Core Profit and Net Profit
in million US$



* Note: Attributable to owners of the Company

GAR sustained its financial performance and reached a new record in 2011. Revenue increased significantly to US$6.0 billion while EBITDA grew to US$942 million. Excluding the effect of net gain from biological assets, exceptional items and foreign exchange gain, GAR's net profit was higher at US$571 million as compared to US$387 million last year. At year end 2011, net debt to equity ratio stood at 0.09 times, indicating that the financial position was in a good shape and ready to support the Company's growth.

Revenue

2011 revenue increased significantly by 70 percent and achieved a historical record at US$6.0 billion.

This accomplishment mostly came from Indonesia Operations, which contributed US$4.8 billion to the total revenue, 72 percent higher than that of 2010. The notable growth was supported by stronger CPO prices and higher sales volume compared to last year. During 2011, CPO prices (FOB Belawan) maintained at high levels, averaging US$1,083 per tonne, an increase of 26 percent compared to last year's average price.

Revenue from China Operations contributed US$1.1 billion to total revenue, 62 percent higher than in 2010. The increase was mostly provided by refined edible oil products on the back of both higher average selling prices and sales volume, as well as the additional revenue from noodle operations that were acquired in September 2010.

Cost of Sales

In line with the higher revenue, cost of sales increased by 61 percent to US$4.1 billion in 2011.

Cost of sales from Indonesia Operations increased by 61 percent to US$3.0 billion, largely attributable to higher purchase cost of FFB and CPO in line with the higher market prices and larger sales volumes during the year.

Higher cost of sales from China Operations by 61 percent to US$1.1 billion mainly resulted from higher raw material costs incurred for refined edible oil products in line with the higher market price and sales volume, coupled with inclusion of cost of sales incurred for noodle operations of US$144 million.

Gross Profit

Gross profit grew by 92 percent to US$1.8 billion as compared to US$955 million in 2010. Gross profit margin also strengthened to 31 percent from 27 percent previously, mainly contributed by Indonesia Operations with higher average selling prices and palm products output. The China Operations' gross profit margin remained flat at 6 percent despite higher input costs, offset with higher average selling prices of refined edible oil products.

Financial Review

Net Gain from Changes in Fair Value of Biological Assets

Gain was recognised in accordance with International Accounting Standard (IAS) 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. Net gain from changes in fair value of biological assets was US$903 million in 2011 as compared to US$1.4 billion in 2010. Lower net gain mainly resulted from the effect of higher costs attributable to the higher export tax expense as compared to the previous year.

Operating Expenses

Operating expenses increased to US$1.0 billion from US$411 million in 2010. The increase mainly resulted from higher selling expenses of US$821 million compared to US$236 million recorded in previous year, which was due to higher applicable export tax rates throughout 2011 in line with increased international market prices of CPO. General and administrative expenses also increased by 25 percent to US$219 million, which was primarily due to higher salaries and related expenses resulting from additional headcount and higher professional fees.

Financial Expenses, net

As compared to prior year, net financial expenses were higher by 31 percent to US$53 million mainly attributable to the increase of total Group's borrowings.

Foreign Exchange Gain, net

Foreign exchange gain was recorded at US$19 million in 2011. This was mainly due to gain arising from translation of USD denominated liabilities in China Operations following the weakening of USD against Chinese Renminbi, as well as realised foreign exchange gain recorded in Indonesia Operations.

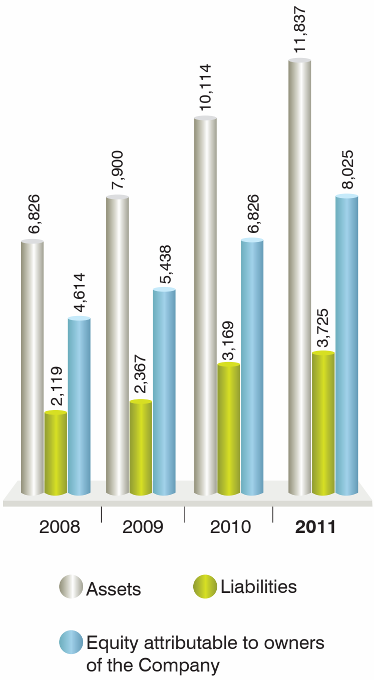
Other Operating Income, net

Net other operating income comprised mainly income from shipping and trucking services, income from sales of seedlings, rental and commission income. The increase in net other operating income to US$39 million in 2011 was mainly attributable to income from sales of seedlings in Indonesia Operations and higher rental income received during the year.

Income Tax

Income tax expense was 11 percent lower at US$428 million in 2011 mainly due to lower deferred income tax liabilities recognised in view of lower net gain on changes in fair value of biological assets for the year.

Assets, Liabilities and Equity
in million US$



Assets

Total assets increased by 17 percent from US$10.1 billion as at end of 2010 to US$11.8 billion as at end of 2011, mainly contributed by increased biological assets; property, plant and equipment; other current assets and inventories.

Biological assets increased by US$995 million due to recognition of net gain from changes in fair value of US$903 million recorded and additional planted area of 13,200 hectares during the year.

Property, plant and equipment increased by US$300 million as a result of the construction of plantation facilities, refinery facilities and other ancillary plantation facilities.

Other current assets were higher at US$527 million mainly attributable to higher prepaid value added tax arising from purchases and capital expenditure in Indonesia Operations, as well as additional deposits and advance payments for capital expenditure.

Inventories were higher by US$136 million mainly attributable to higher inventory level and higher unit cost in line with higher prices in Indonesia Operations.

Liabilities

As at 31 December 2011, total liabilities increased by US$556 million to US$3.7 billion primarily due to increase in deferred tax liabilities, total borrowings and trade payables.

Increase in deferred tax liabilities of US$245 million was mainly due to the provision for deferred income tax on the net gain from changes in fair value recognised during the year.

Total borrowings increased to US$1.1 billion from US$984 million last year, mainly attributable to additional borrowings for working capital purposes.

Trade payables were higher by US$163 million mainly resulting from higher soybean purchases for the China Operations.

Equity Attributable to Owners of the Company

Total equity attributable to owners of the Company increased to US$8.0 billion from US$6.8 billion in the previous year. The increase was mainly contributed by net income of US$1.3 billion obtained during 2011.

Human Capital

Our people are the key asset for the Company's present success and years ahead. Consistent investment and growth in this area are essential to build a durable human capital framework as a foundation to develop our business and overcome challenges.

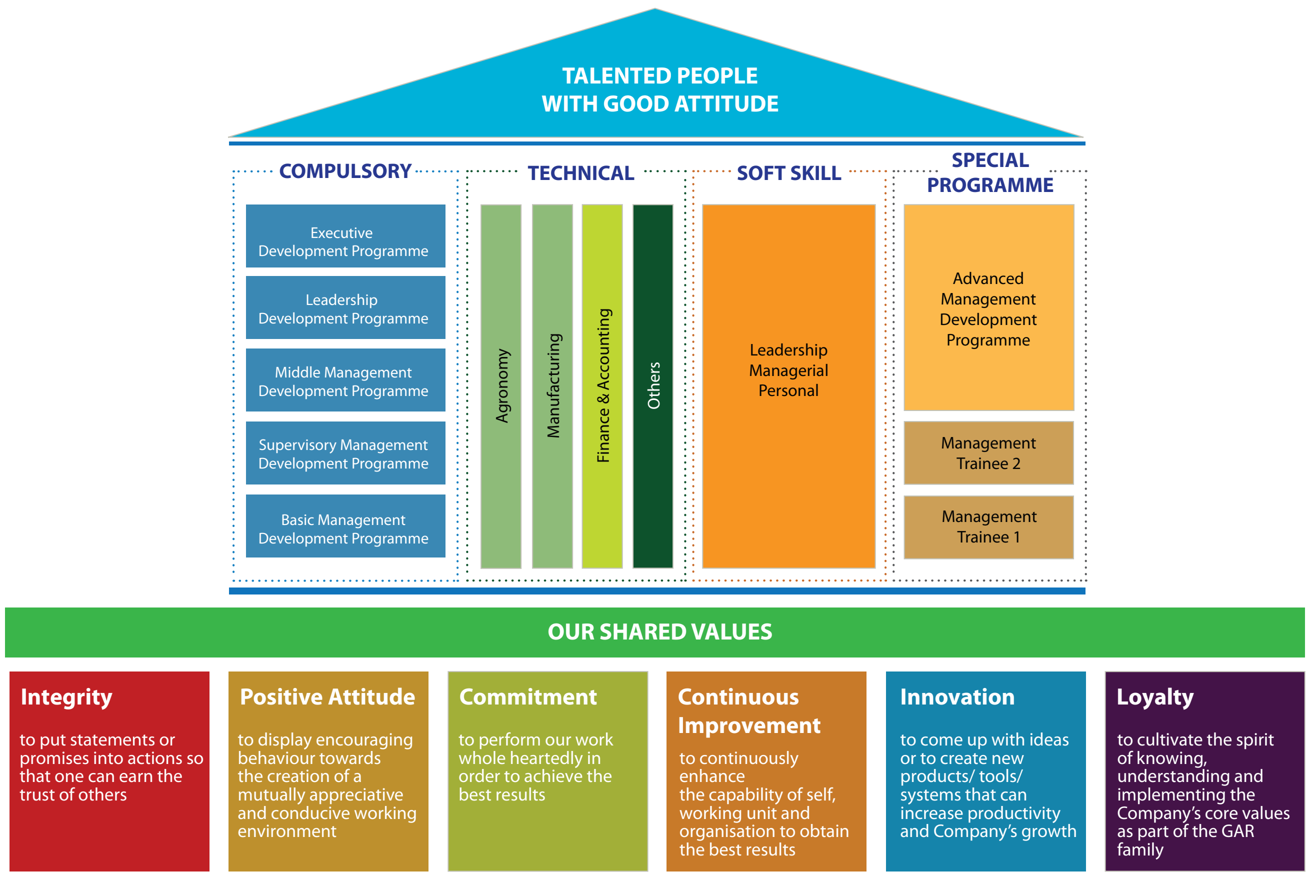
> " Management emphasises talent management and leadership development as one of the strategic factors in strengthening our competency, sustaining our growth capabilities and ensuring smooth regeneration of leaders in the future."

Developing Culture

GAR continues to develop the shared values of the Company's culture: Integrity, Positive Attitude, Commitment, Continuous Improvement, Innovation and Loyalty. The Company relentlessly promotes these shared values to all employees as fundamental stances in their day-to-day work and personal life.

Learning

GAR designs a customised training development portfolio programme to optimally develop employees' competency and to fulfill its ever growing needs for qualified human capital. The portfolio programme consists of compulsory training for promoted employees, technical training, managerial and leadership training, and a special training programme designed to support the acceleration of the organisation's growth. During 2011, we conducted comprehensive training programmes for our employees covering a broad range of topics, involving more than 200 classes and more than 7,300 days of training.



Human Capital

Leadership Development

Management emphasises talent management and leadership development as one of the strategic factors in strengthening our competency, sustaining our growth capabilities and ensuring smooth regeneration of leaders in the future. Talent identification is conducted internally through the Gold Sieves Programme. Regular meetings are held to determine new talents, review existing talents and monitor their development, to ensure a sustainable pool of high-quality talents and future leaders.

Talent Searching

In supporting its growth, GAR proactively pursues competent candidates from qualified high schools and universities. We collaborate with many educational institutions to promote agribusiness advancement, hold seminars and present career opportunities in the palm oil agribusiness sector.

As part of its corporate sustainability and responsibility initiatives, the Company also continuously provides scholarships to talented students. Through several scholarship programmes designed to equip students with knowledge and expertise in the oil palm agribusiness sector, the Company identifies qualified high school graduates, provides funding for their education and employment opportunity in GAR.

Reward System

GAR practises merit-based compensation to reward its employees. High-performing employees receive better compensation and wider opportunities for long-term career development.

Report on Corporate Governance

The Company recognises the importance and is committed to attaining high standards of corporate governance. The Company has complied substantively with the principles and guidelines set out in the Code of Corporate Governance 2005 (the "Code") through effective self-regulatory corporate practices. This Report sets out the Company's corporate governance processes and activities with specific references to the Code, and provides explanation for deviations. For easy reference, the principles of the 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 realised.

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 financial statements.
- convening of members' meetings.
- material acquisitions and disposal of assets.
- annual budgets.
- interested person transactions.
- corporate governance.

The Board has delegated certain specific responsibilities to 4 committees, namely, the Audit Committee ("AC"), the Nominating Committee ("NC"), the Remuneration Committee ("RC") and the Executive/Board Committee. Information on these board committees is set out in paragraphs (i) to (iv) 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 2011, the Board held 5 meetings with 1 held at the end of the financial year which was focused on GAR'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 2011 are disclosed in the next page:

Name	No of Meetings Attended by Members			
	Board Meetings	Audit Committee Meetings	Nominating Committee Meetings	Remuneration Committee Meetings
Franky Oesman Widjaja (Executive)	5	-	1	2
Muktar Widjaja (Non-executive, Non-independent)	5	-	-	-
Frankle (Djafar) Widjaja (Non-executive, Non-independent)	5	-	-	-
Simon Lim (Executive)	5	-	-	-
Rafael Buhay Concepcion, Jr. (Executive)	5	-	-	-
Hong Pian Tee (Non-executive, Independent)	5	5	1	2
Lew Syn Pau (Non-executive, Independent)	5	5	1	2
Kaneyalall Hawabhay (Non-executive, Independent)	5	5	-	-
Jacques Desire Laval Elliah (Non-executive, Independent)	5	-	-	-
Number of Meetings Held	**5**	**5**	**1**	**2**

Newly appointed directors are provided with a formal letter setting out the terms of appointment, duties and obligations upon their appointment. They are also given the relevant GAR's 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 and/or externally conducted 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 GAR's business, may, upon the Chairman/NC's recommendation, be orientated through overseas trips to familiarise them with GAR's operations. Management will brief new directors on GAR's business as well as governance practices.

During the financial year, the independent directors visited GAR's operations in Indonesia and China during which they had the opportunity of meeting the operation management team and staff, and given insights to the operations, facilities and future plans.

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 composition of the Board thereby 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 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 that as a group provides 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.

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 within GAR. In view that the Chairman and Chief Executive Officer posts being held by the same person, the chairman of the 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 GAR 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.

The 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 ("NC") 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) review the independence element on the Board annually.

c) decide 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. Frankle (Djafar) Widjaja, Mr. Simon Lim 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. 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 considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC.

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 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 financial statements, interested person transactions and corporate governance, before submission to the Board for approval or adoption.

In performing its functions, the AC meets with the internal and external auditors, and reviews the audit plans and overall scope of both internal and external audits, and the co-operation and assistance given by management to the respective auditors. Where necessary, the AC also meets with the internal and external auditors without the presence of management. The internal and external auditors have unfettered access to the AC.

The AC reviews the independence of the external auditors. In the process of doing so, the AC also reviews all non-audit services provided by the external auditors to satisfy itself that the nature and extent of such non-audit services would not affect their independence. The AC confirms that after reviewing all non-audit services by the external auditors during the financial year, they would not, in the AC's opinion, affect the external auditors' independence. The AC has recommended to the Board that the external auditors be re-appointed for the ensuing year subject to shareholders' approval at the forthcoming AM.

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

Internal Audit

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.

Internal Controls

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 Board is satisfied that 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.

The Board, with the concurrence of the AC, is of the view that, throughout the financial year under review, the system of internal controls, including financial, operational and compliance controls, and risk management systems maintained by the Group's management, is adequate to meet the needs of the Group in its current business environment. However, the Board believes that the Company's system of internal controls and risk management provide reasonable, but not absolute assurance against the occurrence of material errors, poor judgement in decision-making, human error, losses, fraud or other irregularities.

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 GAR.

Remuneration of directors of the Company in the relevant bands for the year ended 31 December 2011 is as follows:

Name of Directors	Fixed Salary	Bonus / Benefit	Directors' Fees	Total
S$7,000,000 to below S$7,250,000				
Franky Oesman Widjaja	14.2%	85.8%	-	100%
S$750,000 to below S$1,000,000				
Simon Lim	50.3%	49.7%	-	100%
S$500,000 to below S$750,000				
Rafael Buhay Concepcion, Jr.	67.3%	32.7%	-	100%
Below S$250,000				
Muktar Widjaja	-	100%(1)	-	100%
Hong Pian Tee	-	-	100%	100%
Lew Syn Pau	-	-	100%	100%
Kaneyalall Hawabhay	-	-	100%	100%
Jacques Desire Laval Elliah	-	-	100%	100%
Nil				
Frankle (Djafar) Widjaja	-	-	-	-

(1) Consultancy Fee

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

The top 5 key executives of GAR who are not directors of the Company ("Key Executives") and their remuneration falling in bands of S$250,000 are as follows:

Jo Daud Dharsono
Ng Milton Subianto
Budi Wijana
The Biao Ling
Chen Sau Hua

Key Executives' Remuneration Band	Number of Key Executives
S$500,000 to below S$750,000	4
S$250,000 to below S$500,000	1

The Company believes that it may not be in the Group's interest to disclose the remuneration of the Key Executives to the level as recommended by the Code, as such disclosure may hamper its ability to retain the Group's talent pool in a competitive environment.

Mr. Franky Oesman Widjaja, Mr. Muktar Widjaja and Mr. Frankle (Djafar) Widjaja are brothers. For the year ended 31 December 2011, other than disclosed above, none of the directors had immediate family members who were employees and whose remuneration exceed S$150,000.

Share Scheme

The Company introduced the GAR Restricted Share Plan ("RSP") which was approved by shareholders at the Special Meeting of the Company held on 24 October 2008. 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 GAR 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 2011, 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 at the appropriate time 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 GAR. 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:

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

Group B
Simon Lim
Rafael Buhay Concepcion, Jr.

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. All announcements are also available in the Company's website www.goldenagri.com.sg.

The Company also meets with investors, analysts and fund managers from time to time. For presenting our quarterly results, we conducted analysts and press briefings, in which our Chairman and key management team were present to share their insights and business strategy of the Company. These were followed by conference call briefings to update foreign investors.

We also provided members of the global investing community with frequent updates on the Company throughout the year. This was done through one-on-one or group meetings, conference calls and participation in domestic and international conferences and road shows. Our efforts to improve transparency and communication have resulted in increased awareness and heightened investor interest in the Company. This is reflected in the high liquidity of the Company's stock, which is consistently among the top five traded stocks on the Singapore Exchange. The stock also has been included in the MSCI AC Far East ex-Japan index since May 2008 and the Straits Times Index since September 2008. In 2011, four additional financial institutions initiated coverage of the Company, bringing the total to more than 20 analysts.

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 GAR. Members of the AC, NC 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.

Financial Calendar 2012

27 February	Announcement of Full Year 2011 results
5 April	Release of Annual Report 2011
26 April	Annual Meeting 2012
	Proposed 2011 first and final dividend*
27 April	Last day for trading for cum dividend (scrip-less holders)
3 May 5:00 pm	Entitlement date
4 May	Books closure date
15 May	Dividend payment date
May**	Announcement of First Quarter 2012 results
August**	Announcement of Second Quarter 2012 results
November**	Announcement of Third Quarter 2012 results
February 2013**	Announcement of Full Year 2012 results

Notes:
The above calendar may not list every corporate event. For the latest updates, please refer to our website **www.goldenagri.com.sg**.

* Subject to shareholders' approval at the 2012 Annual Meeting

** Indicative timeline

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.

Leading Sustainable DEVELOPMENT

Finding solutions for sustainable palm oil production using a multi-stakeholder approach

Creating employment and empowering the communities

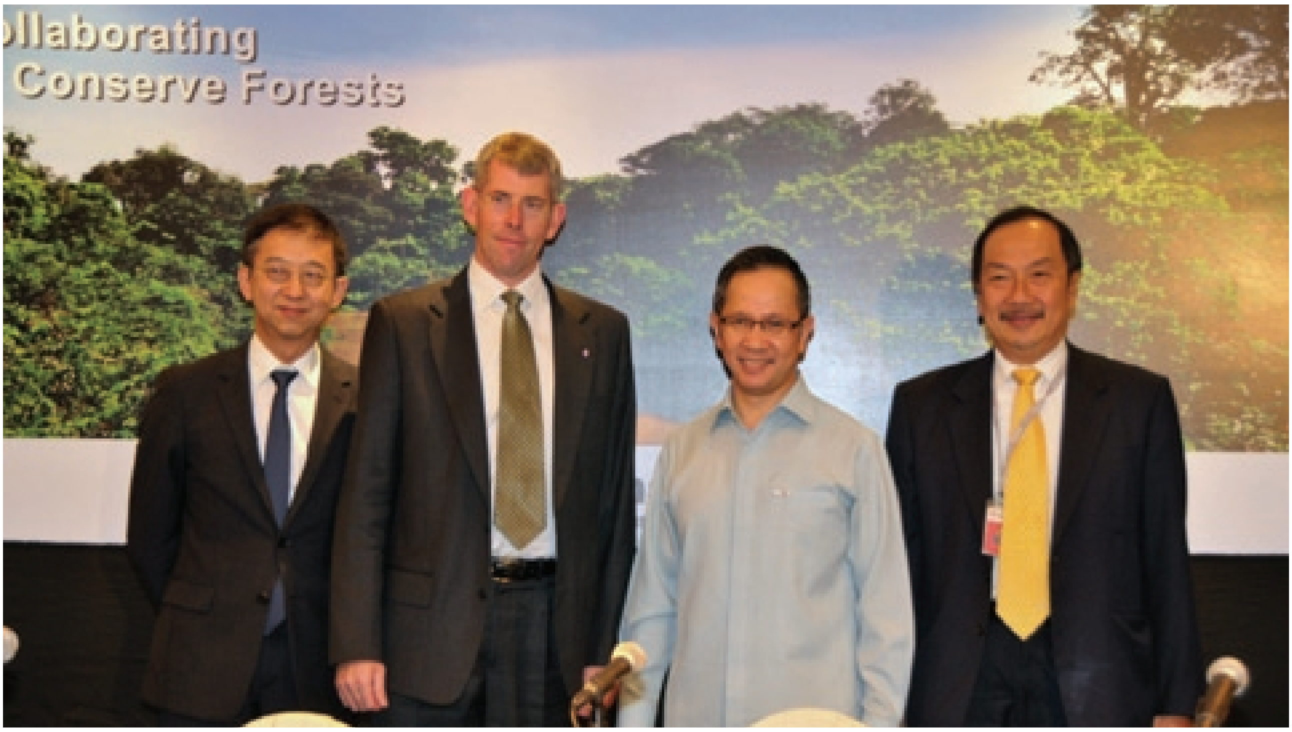
Leading
Sustainable Development

Our mission and values commit us to being the leader in sustainable palm oil production by adopting the best industry practices and standards, managing the environment responsibly, creating employment and empowering the communities where we operate, while maximising long-term shareholder value.

Sustainability has always been an integral part of our business and has the full backing of our management and Board. Our sustainability strategy focuses on engaging multi-stakeholders proactively, implementing best practices holistically (covering the environment, community, market place and workplace), benchmarking against industry standards, and reporting our progress in a timely and open manner.

Sustainability Report

We published our inaugural sustainability report on 25 May 2011, and are in the process of preparing our second sustainability report which is targeted for publication by the first half of 2012. This report is a further step in accountability and open communication with all stakeholders. It also serves as a tool to track, measure and synergise our sustainability initiatives with management decision-making and corporate strategy. We hope the sustainability report gives our stakeholders a better appreciation and understanding of our priorities, performance and stakeholder engagement process to improve sustainable palm oil production.



Press conference on 9 February 2011 to announce FCP. From right: Daud Dharsono (President Director of SMART), Mahendra Siregar (former Vice Minister of Trade of Indonesia), Scott Poynton (Executive Director of TFT), Peter Heng (Managing Director of Communications and Sustainability, GAR).

ADVANCING THE MULTI-STAKEHOLDER ENGAGEMENT PROCESS

Recognising that GAR cannot act alone, we have made a commitment to engage with all our key stakeholders to develop solutions for sustainable palm oil production. Throughout FY2011, we have been actively engaging with our customers, the Government of Indonesia, civil society organisations, local and indigenous communities, and other key players and stakeholders in the palm oil industry.

Partnering with TFT to conserve forests

On 9 February 2011, we launched our Forest Conservation Policy ("FCP"), in collaboration with The Forest Trust ("TFT"), a Geneva-based international NGO. The FCP seeks to conserve forests and ensure that GAR has a no deforestation footprint, while creating long-term sustainable growth for GAR and the palm oil industry.

The FCP builds on GAR's pre-existing sustainability efforts, which included no conversion of land with High Carbon Stock ("HCS") (including no planting on peat land regardless of depth), no conversion of High Conservation Value ("HCV") areas, and continuous improvement of oil palm yield.

The FCP focuses on no development on HCS forests, HCV forest areas and peat lands; free, prior and informed consent from indigenous and local communities; and compliance with all relevant laws and internationally accepted certification principles and criteria. The FCP applies to all the plantations that GAR owns, manages or invests in regardless of the stake.

Leading Sustainable Development

Since the launch of the FCP, GAR and TFT have been conducting fieldwork to develop guidelines in identifying HCS areas to be conserved.

Holistic approach: complementary policies

The FCP is part of GAR's holistic approach towards sustainability. GAR also launched a Social and Community Engagement Policy in November 2011, to ensure that GAR's palm oil operations improve the lives of the communities it impacts. We also launched a Yield Improvement Policy in February 2012, to leverage technology and innovation to improve CPO yield, in order to improve the livelihoods of smallholders and also to reduce the pressure to open new land. GAR has taken a multi-stakeholder approach in developing these policies. We have collaborated with TFT and consulted the Government of Indonesia, local stakeholders and NGOs.

GAR's sustainability initiatives have received positive support from various stakeholders. The company was invited to present at the Oslo REDD Exchange 2011 workshop organised by Norway's International Climate and Forest Initiative and the Norwegian Agency for Development Cooperation, on 23-24 June 2011. The main aim of the Exchange was to promote the social sustainability of REDD+ and to inform ongoing activities, national policies and international negotiations.

At the Forests Indonesia Conference hosted in Jakarta by the Center for International Forestry on 27 September 2011, Erik Solheim, Norwegian Minister for the Environment and International Development, wrote in his foreword in the conference programme: "There are pioneers within the business community too, but we need more. Businesses must look forward, be innovative and look for sustainable solutions. In Indonesia, Golden Agri-Resources has engaged with the NGO Forest Trust to improve the sustainability of their land use by committing to steer clear of carbon-rich forests and peatlands, and respect indigenous peoples' land rights. International companies like Nestlé and others have committed to buy only sustainably produced palm oil. I sincerely hope that these companies will prove to be true pioneers, and inspire other businesses to follow."

Working with the RSPO

GAR has been working closely with the Roundtable on Sustainable Palm Oil ("RSPO").

In September 2010, the RSPO Grievance Panel entered into a constructive dialogue with representatives of GAR and subsidiaries SMART and IMT, with the goal of agreeing on actions to resolve cases of non-compliance with the RSPO Code of Conduct. GAR, SMART and IMT subsequently presented the Grievance Panel with a full response detailing the action plans.

In April 2011, GAR joined SMART and IMT to become a member of the RSPO. This followed the submission of GAR's full application in November 2010 and a review of the application by the RSPO Grievance Panel. The Panel was satisfied with the dialogue with GAR, SMART and IMT, and made its recommendations to the RSPO Executive Board which subsequently accepted the membership application.

As part of the RSPO Grievance Panel process, SMART and IMT submitted a historic HCV assessment and compensation and peat mitigation plans in May 2011, and are currently working closely with the RSPO to implement these plans. In June the same year, SMART proceeded to publish its social research report which focused on issues arising from the development of some oil palm plantations in West and Central Kalimantan. We have since incorporated the findings and recommendations of this report into our standard operating procedures and Social and Community Engagement Policy.

In November, GAR, SMART and IMT completed the requirements of the RSPO Grievance Panel, who will continue to monitor the progress of implementation bi-annually.

As part of our multi-stakeholder engagement process for the FCP, GAR has engaged the RSPO Greenhouse Gas Working Group 2. The latest presentation of our FCP fieldwork was made at the 9th Annual RSPO meeting in November 2011.

Since June 2011, GAR has also been an active member of the RSPO New Planting Procedure Working Group.

Engaging customers

We remain committed to actively engaging all our customers to address any sustainability concerns they may have. In September 2011, Nestlé resumed palm oil purchases from SMART. In order to meet Nestlé's Responsible Sourcing Guidelines, SMART implemented innovative processes and supply chain controls to ensure that the delivered oil is fully traceable from the supplying plantations, through processing and transportation to the Nestlé factory in Indonesia. The full traceability across the supply chain has been further audited by Nestlé-appointed international agency TÜV Rheinland Group.

Unilever also resumed palm oil purchases from SMART in October 2011. We view the decisions of our customers as an acknowledgement of our on-going sustainability commitments and efforts to find solutions to produce palm oil in a sustainable, environmentally and socially responsible manner.

ICOPE 2012

As a leader in the Indonesian oil palm industry, we are in a position to lead and shape the industry by collaborating with all our stakeholders and by leveraging the vast resources in our network.

The third International Conference on Oil Palm and Environment ("ICOPE"), co-organised by SMART, WWF-Indonesia and CIRAD, was held in February 2012 in Bali, Indonesia. This 2012 edition was entitled "Conserving Forests, Expanding Sustainable Palm Oil Production".

The first ICOPE was held in November 2007, and was attended by scientists, supply chain stakeholders and representatives of institutions and NGOs. In 2010, Bali hosted the second ICOPE, centring on the environmental impacts of oil palm production. This third edition confirmed both the importance and the long-term perspective of the ICOPE initiative in the scientific development and promotion of good practices aimed at ensuring sustainable oil palm cultivation.

INDUSTRY CERTIFICATIONS

GAR has progressed in its RSPO certification plans. In September 2011, we achieved RSPO certification for 14,955 ha of plantations and one mill under SMART in North Sumatra. These were the first palm oil operations from GAR to receive RSPO certification.

Then in January 2012, GAR's subsidiary IMT announced that it had received RSPO certification for two of its subsidiaries PT Ramajaya Pramukti ("RJP") and PT Buana Wiralestari Mas ("BWL"). The certification covered 18,762 ha of plantations and three mills in Kampar District, Riau Province.

To date, 33,716 ha of plantations and four mills belonging to IMT and SMART have received RSPO certification. This brings GAR closer to our overall target of obtaining RSPO certification for all our palm oil operations by December 2015.

GAR has engaged TFT to help us prepare for RSPO certification for the rest of our existing 433,200 ha of palm oil plantations and 42 mills (as at June 2010). This includes about 89,000 ha of plasma scheme plantations involving about 45,000 smallholders. Palm oil operations established after 30 June 2010 will be part of a separate time-bound plan.

Meanwhile, IMT's subsidiaries RJP and BWL also obtained the Company's first International Sustainability and Carbon Certification ("ISCC") certificates. These cover a total of 61,576 ha of plantations including smallholder plantations, six mills and one bulking station. The audit was conducted by GUTcert, the German partner of AFNOR Group. The objectives of the ISCC are the establishment of an internationally oriented, practical and transparent system for the certification of biomass and bioenergy. ISCC is oriented towards the reduction of greenhouse gas emissions, the sustainable use of land, the protection of natural biospheres and social sustainability.

GAR is also supportive of the Indonesian Sustainable Palm Oil System ("ISPO"). ISPO is a policy taken by the Indonesian Ministry of Agriculture to improve the competitiveness of Indonesian palm oil in world markets and to meet Indonesia's commitment to reduce greenhouse gases and to focus on environmental issues. SMART and IMT took part in the ISPO field trials in early 2011 to provide feedback and input on the implementation of ISPO standards.

> "We are committed to a holistic approach towards sustainability. As part of this process, we are always looking at ways to increase productivity and thus reduce the impact on our land."

PROMOTING PRODUCTIVITY OF THE INDUSTRY

We are committed to a holistic approach towards sustainability. As part of this process, we are always looking at ways to increase productivity and thus reduce the impact on our land.

We achieved a significant milestone when we launched our Yield Improvement Policy ("YIP") in early 2012. The policy leverages technology and innovation to improve GAR's CPO yield. Increasing productivity will enable GAR to produce more palm oil from less land, reducing the impact of the palm oil industry on the environment. Higher yields

will also help improve the livelihoods of smallholders and at the same time reduce the pressure to open new land.

The YIP focuses on best practices in planting material, agronomical practices, plantation management and land suitability. It applies to GAR's total cultivated area of 455,660 ha as at 31 December 2011, which includes 64,000 smallholders with a total of 94,600 ha.

GAR has been leading the industry in palm oil productivity. By 2015, we aim to achieve an average CPO yield of 5.8 tonnes per ha for our own plantations and 5.6 tonnes per ha for smallholders, from oil palms in the prime age of 7-18 years. This would represent a 12% increase from the average CPO yield we achieved in 2010. The average CPO yields for the Indonesian industry and Indonesian smallholders in 2010 were 3.8 tonnes per ha and 3.4 tonnes per ha respectively.

GAR is committed to taking a multi-stakeholder approach toward developing and implementing the YIP. The consultations aim to provide a platform for all stakeholders to share experiences and challenges with regard to increasing productivity in the palm oil industry in order to move the industry forward in sustainable palm oil production.

Together with the Indonesian Oil Palm Association, smallholders and government bodies, we promote the use of seeds that are derived from selected highly productive oil palms. We also encourage prudent use of pesticides and biological pest control to enhance productivity of the entire industry. As approximately 94,600 hectares or 21 percent of plantations belong to smallholders, increasing the productivity of these plantations is crucial.

Our collaboration with smallholders (plasma) has been successful. In 2011, the CPO yield per ha of our plasma was 5.0 tonnes, higher than the industry average. To reach out to smallholders who have not yet taken advantage of our expertise, largely because of limited financial means, we supply fertilisers together with the usual agricultural advice and allow them to pay in affordable instalments.

Our research institute, SMARTRI, continues to push the frontiers of innovation to enhance productivity of palm oil production in our estates as well as in smallholdings. An ongoing project involving the research units of a dozen Indonesian palm oil producers to breed palm oil seeds that are disease resistant, drought tolerant and productive is making good progress.

Another significant project involving SMARTRI is the Oil Palm Genome Project, a worldwide initiative by a consortium of 16 reputable research organisations from seven countries. The project uses molecular biology as a tool to support conventional breeding. The main objective is to map the entire genome spectrum of oil palm varieties, including identification of specific traits such as disease resistance, drought tolerance, superior quality oil, and high yield. The first phase started in 2009, and progress will be monitored closely over the next three years. As an active participant in this project, we have formed a separate team in our biotechnology division, and our staff has been involved in related research activities in Spain and France.

ENSURING ENVIRONMENTAL SUSTAINABILITY

As a natural resource based company, we have a fundamental responsibility for the effective management of the environmental impacts throughout the entire value chain of our activities — from the acquisition of land and its development to the management of our plantations and mills, our manufacturing operations, the use of our product and, where appropriate, its recycling and disposal.

We want to ensure that our palm oil operations have a no deforestation footprint. The FCP ensures that we conserve HCS forests while building on our existing commitments not to develop on HCV forest areas and peat lands regardless of depth.

We recognise that the Government of Indonesia plays a critical role in HCS conservation, particularly with respect to adopting new regulations and enacting relevant legislation to enable the transformation of the palm oil industry (including establishing and implementing a land swap process). Key players in the Indonesian palm oil industry should address the conservation policy with respect to HCS while civil society organisations, local and indigenous communities and other stakeholders must engage in the process to transform the industry.

Conserving peat lands and pioneering zero burning policy

In February 2010, we made an important decision to stop any development on peat regardless of depth. This builds on our pioneering zero burning policy. Since 1997, we have established policies on zero burning and adhered to the ASEAN Policy on Zero Burning. All our land is cleared using manual methods such as bulldozing and stacking of trees, thereby preventing air pollution, preserving the soil structure and retaining nutrients in the soil as the biomass decomposes.

Preserving High Conservation Value areas

We support efforts to preserve HCV. Our HCV assessments are benchmarked against best practices and are incorporated into management plans for plantation development. Where necessary, we engage external experts to provide input to these HCV assessments.

If an HCV area is found in our plantations, we take the following measures to enhance its natural value and biodiversity:

- protecting the flora and fauna, especially endangered species, by eliminating threats from illegal activities such as poaching;
- avoiding degradation and deterioration;
- continuously reviewing management plans to conserve HCV; and
- monitoring the HCV regularly and enriching or rehabilitating, if necessary.

Fauna and flora biodiversity in established plantations is promoted through the conservation of adequate habitats. An example is our commitment to conserve the important orangutan. To date, we have set aside a 1,400 hectare sanctuary in Central Kalimantan for an orangutan habitat. SMART has also entered into a two-year partnership programme with Orangutan Foundation International to further support the conservation and protection of orangutans.

Monitoring environmental impact

We manage and regularly monitor 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) and the Environment Monitoring Plan (Rencana Pemantauan Lingkungan), as approved in the Social Environmental Impact Assessment (Analisa Mengenai Dampak Lingkungan) documents submitted to the Government of Indonesia. Assessment of the environmental parameters is conducted by SMARTRI, our ISO 9001:2008 and ISO 17025 accredited internal laboratory, as well as external laboratories referred by the Indonesian authorities.

Our regular internal monitoring and assessments are guided by the ISO 14001:2004 Environment Management Systems and ISO 9001:2008 Quality Management Systems.

In China, GAR's manufacturing facilities comply with all environmental laws and regulations related to air protection, waste management and water protection, as stipulated by the Chinese authorities. We are committed to adopting effective measures to prevent pollution and environmental hazards arising from production, such as waste gases, waste water and other residues.

Zero waste and integrated pest management

Our zero waste strategy is to reuse, recover and recycle. We recycle all production waste as organic fertiliser and as a source of energy. For example, we return nutrient-enriched waste from harvested fruit bunches and palm oil mill effluents to the plantations as organic fertiliser. This practice is fully integrated in our fertiliser management plan. We have invested in technology to convert the methane gas that is produced by the nutrient-enriched waste into energy. This technology is being implemented progressively in our operations. In addition, solid waste from the mills, such as the fibre from oil palm mesocarp and shell from the nuts, is used as fuel.

The zero waste practices not only minimise the impact on the environment, but also result in significant cost savings. Regular control of soil fertility is implemented throughout our plantations in order to ensure that our nutrient management practices maintain or, when required, improve the soil fertility.

Integrated pest management is an essential part of oil palm cultivation and we are careful to minimise and mitigate the impact of chemical pesticides on the environment. The preferred method is to deploy biological controls. We use beneficial plants, natural predators and pathogens or bacteria, and handpicking or mechanical traps. Pesticides are deployed only to control outbreaks of infestation and are used carefully in compliance with national laws. Their use is minimised throughout all growth phases of the palms.

We recognise the concerns over the use of chemical fertilisers and pesticides. Over the long term, by collaborating with national and international institutions, we will continue to research and investigate ways to phase out the use of such chemicals. We will then implement such solutions together with other key players in the industry.

> "We recognise the concerns over the use of chemical fertilisers and pesticides. Over the long term, through collaborating with national and international institutions, we will continue to research and investigate to find ways to phase out the use of such chemicals."

EMPOWERING THE COMMUNITY

As a leader in the industry, we recognise our vital role in the well-being of our employees and the communities where we operate. We believe that the cultivation of oil palm is an effective way to create jobs and alleviate poverty, and hence has the potential to empower people to secure a better livelihood for themselves and future generations.

Our strategy is to mobilise stakeholders such as local communities, government bodies and our financial resources. GAR's leadership takes an active role by participating in and driving our comprehensive community programmes, which range from education and energy self-sufficiency to healthcare and disaster relief. Some of these programmes are carried out in collaboration with the Eka Tjipta Foundation (a non-profit social organisation founded by the family of Eka Tjipta Widjaja in 2006) and the Tzu Chi Foundation in Indonesia (affiliated with the non-denominational global Tzu Chi organisation established in Taiwan).

Together with TFT, we launched a Social and Community Engagement Policy ("SCEP") in November to ensure that our palm oil operations improve the lives of the communities they impact. The SCEP will guide and shape the company's decisions in engaging with communities.

Educating the next generation

Education is a key pillar of community development. We continue to support the Government of Indonesia's efforts, especially among promising but underprivileged students, through five scholarship schemes.

We fund the SMART Diploma, a scholarship jointly administered with the Palm Oil Vocational Programme of Bogor Agricultural Institute, the most prominent agricultural university in Indonesia. The diploma equips students to be employed in the growing oil palm industry and also provides foundation skills for careers in the agriculture industry. This diploma is open to our employees as well as students who reside in the vicinity of our

operations. Recipients are granted a full scholarship, including living expenses during the academic year. During 2011, a total of 70 students were awarded scholarships. Since its inception in 2007, 387 students have been awarded the SMART Diploma.

SMART Engineer was initiated in 2009, in collaboration with the Institute of Agricultural STIPER Yogyakarta of Palm Oil Industrial Engineering Programme ("INSTIPER"). This scholarship programme has 92 participating students. Graduates are guaranteed jobs in our mills.

The Tjipta Agro Scholarship is awarded and administered by the Eka Tjipta Foundation ("ETF"). This programme offers scholarships to high-performing agriculture undergraduates in 25 universities all over Indonesia. After completing the academic programme, scholars are encouraged to return to their hometowns and contribute to the development in the area. Since its inception in 2006, the programme has funded the education of more than 150 students.

The Tjipta Pemuda Bangun Palma scholarship programme was launched in 2010 in collaboration with ETF, INSTIPER and University of Tadulako, Central Sulawesi for undergraduates. Since its inception, 58 students have received funding for their education and living costs.

We also have an ongoing scholarship scheme with the Tzu Chi Foundation for needy students who perform well academically. Under this scheme, 238 students, from elementary school to university level, received funding for their school fees in 2011.

Since 2011, we have been collaborating with Bandung Institute of Technology and Science on a scholarship scheme for the palm processing technology diploma programme. Upon graduation from this programme, scholars will be directly employed as mill assistants. There are 16 students in the first batch.

In 2011, we launched the Tjipta Guru Scholarship, our latest collaboration with ETF. The objective of the scholarship programme is to encourage bachelor's degree holders to take up teaching in private companies or foundations. The scholarship is awarded to students with educational degrees all over Indonesia. So far, 18 scholarships have been awarded.

In addition to scholarships, we provide funding to build and maintain schools and other educational facilities in our plantations. This complements the efforts of local authorities to provide a good education to children of our employees as well as children living near our plantations.

To date, the company has built 198 schools for 33,195 students in our estates. Children of our employees living in the estates receive free education from kindergarten to junior high school and heavily subsidised higher education. In the wider community, children living around our estates receive heavily subsidised education at all levels.

Our investment in educating the young also includes providing free training and teaching materials for our teachers. Sekolah SMART, our strategic collaboration with ETF, is a school quality improvement programme for schools located in our plantations. Its main aim is to prepare those schools for the National Standard School certification from the Ministry of National Education. The programme also focuses on character development in students within an environmentally friendly school community.

Sekolah SMART focuses on quality training for teachers, school management and community involvement. Participating teachers receive instructions on pedagogical approaches to school principal leadership and capacity building. Sekolah SMART's pilot programme has been implemented in five elementary schools and one junior high school in Central Kalimantan.

We also provide funding to build and maintain schools and other educational facilities located in the vicinity of our operations. In addition, we donated books to elementary students in Medan, Jakarta, South Kalimantan and in collaboration with the Tzu Chi Foundation, we donated about 1,200 elementary school books to 195 students in South Kalimantan in 2011.

Starting mid-2011, GAR has been building 23 Rumah Pintar ("Smart House") in some of our concessions, in support of the programme initiated by the Indonesia First Lady, Mrs. Ani Bambang Yudhoyono who is a member of Solidaritas Istri Kabinet Indonesia Bersatu ("Solidarity of Spouses of United Indonesia Cabinet"). The goal of Rumah Pintar is to improve the quality of Indonesian people through the empowerment of children, mothers and other community members, in order to create smart and prosperous communities throughout Indonesia. Each Rumah Pintar is designed as a community learning centre focusing on early childhood education, education of women in empowerment activities and nurturing of family health.

Assisting the needy

Our collaboration with the Tzu Chi Foundation is the cornerstone of our community efforts. Together, we have implemented many successful programmes to assist and enable the needy. Our initiatives in 2011 included:

- Free medical and dental services for approximately 5,600 patients in Jambi, Lampung, Riau, South Kalimantan and West Kalimantan;

- Mobilisation of 294 medical personnel in our plantation clinics to provide free treatment for about 860 patients daily;
- Eye check-ups for almost 24,300 students and teachers in Bangka, Jogjakarta, Central Kalimantan, East Kalimantan, South Kalimantan, and West Java, where more than 5,100 were provided with free spectacles;
- Surgery for about 270 patients with conditions such as harelip, hernia, cataracts and tumours;
- Health education and awareness programmes for women on pregnancy, breast-feeding and children's health conducted for more than 4,600 mothers in North Sumatra;
- The sale of more than 285,000 litres of our branded cooking oil at below market prices in impoverished areas, mainly in Jakarta, Lampung, Medan, South Kalimantan and several cities in Java island.

ENGAGING OUR EMPLOYEES IN THE COMMUNITY

We provide employment for about 157,000 people in Indonesia, of which 41,000 are direct employees, 64,000 are smallholders and 52,000 are casual workers on plantations.

Apart from our employees, many more people depend indirectly on the plantations for their livelihood. For example, GAR helps to develop micro-economies near our estates by using local transporters to move our products, and engaging local contractors for land preparation and planting.

In addition to developing our people (see page 24 - "Our Human Capital"), we continue to engage and mobilise our staff for various causes. For example, we mobilise employees and tenants at our corporate headquarters in Jakarta to participate in regular blood donation drives for the Indonesian Red Cross. About 1,050 donors responded in 2011. Also, our employees are encouraged to make regular donations to the Tzu Chi Foundation. A dedicated team sees to the distribution and responsible use of these donations.

We also seek to meet the needs of our employees and the people living near our operations, by:

- building and maintaining public infrastructure such as roads, bridges, and places of worship such as mosques and churches;
- providing the facilities and know-how to run cooperatives that ensure basic necessities are available at affordable prices;
- constructing well-built dwellings and health, education and sporting facilities; and
- providing financial help for communities to celebrate festive and religious events.

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
Jacques Desire Laval Elliah

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

Share Registrar and Transfer Office
B.A.C.S. Private Limited
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: Christopher Bruce Johnson
(Appointed during the financial year ended 31 December 2009)

Moore Stephens
Chartered Certified Accountants
6th Floor, Newton Tower
Sir William Newton Street
Port Louis, Republic of Mauritius
Tel: (230) 211 6535 Fax: (230) 211 6964
Partner-in-charge: Ravindra Ramphul ACCA
(Appointed during the financial year ended 31 December 2011)

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

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

REPORT OF THE DIRECTORS
31 DECEMBER 2011

The directors are pleased to present their report to the members together with the audited financial statements of Golden Agri-Resources Ltd ("GAR" or the "Company") and its subsidiaries (the "Group") for the financial year ended 31 December 2011.

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
Jacques Desire Laval Elliah

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 2011 had an interest in the shares, share awards, warrants or debentures of the Company as at 31 December 2011 and 21 January 2012.

4 Directors' Receipt and Entitlement to Contractual Benefits

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

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

5 Share Plan

The GAR Group Restricted Share Plan ("RSP") was approved and adopted by shareholders at the Special Meeting of the Company held on 24 October 2008. Please refer to page 32 of the Corporate Governance Statement for details of the RSP.

6 Warrants

During 2009, the Company issued 705,493,728 free detachable warrants, each warrant carrying the right to subscribe for one (1) new ordinary share of US$0.025 each ("New Share") at an exercise price of S$0.54 for each New Share, on the basis of two (2) warrants for every five (5) rights shares subscribed pursuant to the underwritten renounceable rights issue. The warrants may only be exercised on the third (3rd) anniversary of the date of the issue of the warrants (i.e. on 23 July 2012) ("Exercise Date"). If the Exercise Date falls on a day on which the Register of Members and/or the Register of Warrantholders are closed or is not a business day, the Exercise Date shall be the next business day on which the Register of Members and Register of Warrantholders are open. Warrants remaining unexercised after the Exercise Date shall lapse and cease to be valid. At the end of the financial year, the outstanding number of warrants is 705,493,728.

7 Interested Person Transactions Disclosure

The aggregate value of all interested person transactions during the financial year ended 31 December 2011 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$
Eka Tjipta Widjaja	733,500	Nil
Ningbo Asia Paper Tube & Carton Box Co., Ltd	Nil	1,302,529
Ningbo Asia Pulp & Paper Co., Ltd	Nil	123,688
Ningbo Zhonghua Paper Co., Ltd	Nil	105,826
PT Asuransi Sinar Mas	Nil	3,517,536
PT Bank Sinarmas	Nil	50,346,460 [a]
PT Rolimex Kimia Nusamas	Nil	70,435,679
PT Royal Oriental	Nil	1,949,099
PT Sinar Jati Mitra	Nil	1,588,190
Total	733,500	129,369,007

Notes:

* Renewed at Annual Meeting on 27 April 2011 pursuant to Rule 920 of the Singapore Exchange Securities Trading Limited's Listing Manual.

a. The aggregated balances comprising principal and interest at any one time during the financial year 2011 did not exceed US$25.7 million. Principal amount as at 31 December 2011 is approximately US$1.2 million.

8 Independent Auditors

The independent auditors, Moore Stephens LLP, Public Accountants and Certified Public Accountants, have expressed their willingness to accept reappointment.

On behalf of the Board of Directors,

FRANKY OESMAN WIDJAJA
Director

SIMON LIM
Director

Date: 16 March 2012

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

STATEMENT BY THE DIRECTORS
31 DECEMBER 2011

In the opinion of the directors, the consolidated financial statements set out on pages 5 to 70 are drawn up so as to give a true and fair view of the state of affairs of the Group as at 31 December 2011 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	SIMON LIM
Director	Director

Date: 16 March 2012

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

We have audited the accompanying consolidated financial statements of Golden Agri-Resources Ltd (the "Company") and its subsidiaries (the "Group") as set out on pages 5 to 70, which comprise the consolidated statement of financial position of the Group as at 31 December 2011 and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's Responsibility for the Consolidated Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated 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.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

Opinion

In our opinion, the accompanying consolidated financial statements give a true and fair view of the financial position of the Group as of 31 December 2011 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.

Moore Stephens LLP
Public Accountants and
Certified Public Accountants

Singapore
Date: 16 March 2012

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

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 US$'000	2010 US$'000
Revenue	6	5,952,924	3,504,659
Cost of sales	7	(4,116,237)	(2,550,065)
Gross profit		1,836,687	954,594
Net gain from changes in fair value of biological assets	24	903,032	1,370,980
Operating expenses			
Selling expenses	8	(820,594)	(235,984)
General and administrative expenses	8	(218,918)	(174,837)
		(1,039,512)	(410,821)
Operating Profit		1,700,207	1,914,753
Other income/(expenses)			
Financial income	9	12,556	8,136
Financial expenses	9	(65,925)	(48,874)
Share of results of associated companies, net of tax		733	3,187
Foreign exchange gain, net		19,146	29,908
Other operating income, net	10	39,423	28,131
		5,933	20,488
Exceptional items			
Gain on equity interest	39a	9,591	-
Impairment loss on:			
Long-term investment	20	(3,478)	-
Loan receivable		-	(6,061)
		6,113	(6,061)
Profit before income tax	11	1,712,253	1,929,180
Income tax	12	(428,185)	(482,033)
Profit for the year		1,284,068	1,447,147
Attributable to:			
Owners of the Company		1,267,970	1,423,045
Non-controlling interests		16,098	24,102
		1,284,068	1,447,147
Earnings per ordinary share (cents)			
Basic	13	10.45	11.72
Diluted	13	10.32	11.66

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

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	2011 US$'000	2010 US$'000
Profit for the year	1,284,068	1,447,147
Other comprehensive income:		
Foreign currency translation differences on consolidation	8,672	7,377
Changes in fair value of cash flow hedges transferred to income statement	-	1,584
Other comprehensive income for the year, net of income tax	8,672	8,961
Total comprehensive income for the year	1,292,740	1,456,108
Total comprehensive income attributable to:		
Owners of the Company	1,276,230	1,431,745
Non-controlling interests	16,510	24,363
	1,292,740	1,456,108

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	2011 US$'000	2010 US$'000
Assets			
Current Assets			
Cash and cash equivalents	14	277,014	218,279
Short-term investments	15	92,839	57,561
Trade receivables	16	233,856	209,925
Other current assets	17	526,929	390,613
Inventories	18	751,163	615,529
		1,881,801	1,491,907
Non-Current Assets			
Long-term receivables and assets	19	163,631	155,455
Long-term investments	20	90,723	45,779
Associated companies	21	4,422	12,848
Investment properties	22	1,479	1,499
Property, plant and equipment	23	1,758,850	1,459,129
Biological assets	24	7,804,466	6,809,048
Deferred tax assets	25	4,715	11,977
Deferred charges	26	10,432	9,632
Brands and trademarks	27	960	1,280
Goodwill	28	115,898	115,898
		9,955,576	8,622,545
Total Assets		11,837,377	10,114,452

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

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 31 DECEMBER 2011

	Note	2011 US$'000	2010 US$'000
Liabilities and Equity			
Current Liabilities			
Short-term loans	29	421,631	540,613
Trade payables	30	490,852	328,248
Other payables	31	156,291	139,668
Taxes payable	12	74,527	52,348
Obligations under finance leases	32	21	21
		1,143,322	1,060,898
Non-Current Liabilities			
Obligations under finance leases	32	62	84
Long-term borrowings	33	664,148	443,635
Deferred tax liabilities	25	1,876,427	1,631,733
Long-term payables	34	40,952	32,959
		2,581,589	2,108,411
Total Liabilities		3,724,911	3,169,309
Equity Attributable to Owners of the Company			
Issued capital	35	303,467	303,467
Share premium		934,297	934,297
Other paid-in capital		184,318	184,318
Other reserves		(48)	1,136
Currency translation reserve		15,077	6,817
PRC statutory reserve		2,116	2,116
Retained earnings		6,585,810	5,393,709
		8,025,037	6,825,860
Non-Controlling Interests		87,429	119,283
Total Equity		8,112,466	6,945,143
Total Liabilities and Equity		11,837,377	10,114,452

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 2011

	Attributable to Owners of the Company										
	Issued Capital	Share Premium	Other Paid-in Capital	Other Reserves	Hedging Reserve	Currency Translation Reserve	PRC Statutory Reserve	Retained Earnings	Total	Non-Controlling Interests	Total Equity
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 1.1.2011	303,467	934,297	184,318	1,136	-	6,817	2,116	5,393,709	6,825,860	119,283	6,945,143
Total comprehensive income for the year	-	-	-	-	-	8,260	-	1,267,970	1,276,230	16,510	1,292,740
Change in interests in a subsidiary (Note 39b)	-	-	-	(1,184)	-	-	-	-	(1,184)	(45,020)	(46,204)
Dividends (Note 36)	-	-	-	-	-	-	-	(75,869)	(75,869)	-	(75,869)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(3,344)	(3,344)
Balance at 31.12.2011	303,467	934,297	184,318	(48)	-	15,077	2,116	6,585,810	8,025,037	87,429	8,112,466
Balance at 1.1.2010	303,467	934,315	184,318	1,136	(1,584)	(299)	2,116	4,014,224	5,437,693	96,062	5,533,755
Total comprehensive income for the year	-	-	-	-	1,584	7,116	-	1,423,045	1,431,745	24,363	1,456,108
Adjustment to share issuance expenses	-	(18)	-	-	-	-	-	-	(18)	-	(18)
Dividends (Note 36)	-	-	-	-	-	-	-	(43,560)	(43,560)	-	(43,560)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	-	-	(1,142)	(1,142)
Balance at 31.12.2010	303,467	934,297	184,318	1,136	-	6,817	2,116	5,393,709	6,825,860	119,283	6,945,143

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 US$'000	2010 US$'000
Cash flows from operating activities			
Profit before income tax		1,712,253	1,929,180
Adjustments for:			
Net gain from changes in fair value of biological assets	24	(903,032)	(1,370,980)
Depreciation of investment properties	22	88	24
Depreciation of property, plant and equipment	23	93,507	81,371
Amortisation	26,27	1,044	964
Unrealised foreign exchange (gain)/loss on short-term loans, long-term borrowings and receivables, net		(1,948)	10,748
Share of results of associated companies, net of tax		(733)	(3,187)
Gain on disposal of property, plant and equipment	10	(278)	(1,860)
Property, plant and equipment written off	10	1,434	1,027
Allowance for impairment loss on:			
Inventories	18	4,707	-
Trade receivables	16	38	-
Other receivables	10	32	21
Loan receivable		-	6,061
Long-term investment	20	3,478	-
Trade receivables written off		30	27
Trade payables written back	10	(144)	(622)
Changes in fair value of financial assets at fair value through profit or loss		1,195	(3,169)
Gain on equity interest	39a	(9,591)	-
Interest income	9	(12,556)	(8,136)
Interest expense	9	64,091	47,497
Operating cash flows before working capital changes		953,615	688,966
Changes in operating assets and liabilities:			
Trade receivables		(23,540)	(106,052)
Other receivables		(139,340)	(153,479)
Inventories		(139,466)	(185,650)
Trade payables		162,706	40,876
Other payables		24,247	33,507
Cash generated from operations		838,222	318,168
Interest paid		(58,890)	(44,492)
Interest received		12,709	8,119
Income tax paid		(141,512)	(114,381)
Net cash generated from operating activities		650,529	167,414

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

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

CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 US$'000	2010 US$'000
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		2,570	4,549
Proceeds from disposal of biological assets	24	3,486	2,844
Capital expenditure on property, plant and equipment	23	(387,080)	(260,214)
Capital expenditure on biological assets	24	(59,093)	(63,357)
(Investments in)/Proceeds from short-term investments, net		(30,036)	11,413
Investments in long-term investments, net		(54,859)	(20,559)
Dividend received from an associated company		3,604	-
Investments in an associated company		-	(1,068)
Investments in Plasma/KKPA program plantations, net		(4,332)	(9,074)
Acquisition of subsidiaries, net of cash acquired	39a,39c	(5,421)	(124,491)
Payments for deferred expenditure	26	(1,524)	(2,331)
Net increase in long-term receivables and assets		(28,786)	(7,500)
Net cash used in investing activities		(561,471)	(469,788)
Cash flows from financing activities			
Proceeds from short-term loans		1,091,070	763,931
Proceeds from long-term borrowings		388,570	219,364
Payments of dividends		(79,213)	(44,702)
Payments of short-term loans		(1,186,840)	(605,753)
Payments of long-term borrowings		(188,025)	(103,878)
Payments of obligations under finance leases		(22)	(24)
Acquisition of additional interests in a subsidiary	39b	(46,204)	-
Payments of deferred loan charges and bank loan administration costs		(9,659)	(3,031)
Decrease/(Increase) in time deposits pledged		11,622	(41,536)
Net cash (used in)/generated from financing activities		(18,701)	184,371
Net increase/(decrease) in cash and cash equivalents		70,357	(118,003)
Cash and cash equivalents at the beginning of the year		161,906	279,909
Cash and cash equivalents at the end of the year	14	232,263	161,906

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

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
31 DECEMBER 2011

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 is 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 43 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 2011 were authorised for issue by the Board of Directors on 16 March 2012.

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

(a) Adoption of New and Revised IFRSs and Interpretations to IFRSs

The Group has adopted the following revised and amended IFRSs and Interpretations to IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 January 2011. The adoption of these IFRSs and Interpretations to IFRSs did not have any effect on the financial performance and financial position of the Group. They did however give rise to additional disclosures including, in some cases, revisions to accounting policies.

(i) IAS 24 (Revised), Related Party Disclosures

IAS 24 (Revised) clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in the application. It expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity.

(ii) Annual Improvements to IFRSs (May 2010)

- *IAS 1 (Amendment), Presentation of Financial Statements*

  The amendment clarifies that the analysis of the components of other comprehensive income by item can be presented either in the statement of changes in equity or within the notes to the financial statements. The Group has presented the analysis of the components of other comprehensive income by item in the statement of changes in equity.

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

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

(ii) Annual Improvements to IFRSs (May 2010) (cont'd)

- *IFRS 3 (Amendment), Business Combinations*

  The amendment clarifies that the choice of measuring non-controlling interests at fair value or at the proportionate share of the acquiree's net assets applies only to instruments that represent present ownership interests and entitle their holders to a proportionate share of the net assets in the event of liquidation. All other components of non-controlling interests are measured at fair value unless another measurement basis is required by IFRSs.

  It further clarifies that contingent consideration arrangements arising from business combinations with acquisition dates preceding the application of IFRS 3 revised (2008) are to be accounted for in accordance with the guidance in the previous version of IFRS 3 (as issued in 2004), at initial recognition, i.e. contingent consideration is recognised at fair value if it is deemed to be probable of payment and can be measured reliably at the date of the acquisition. Under the revised IFRS 3, contingent consideration is required to be recognised at fair value even if it is deemed not to be probable of payment at the date of the acquisition. All subsequent changes in contingent consideration are recognised in the income statement, rather than adjusted against goodwill.

- *IFRS 7 (Amendment), Financial Instruments: Disclosures*

  The amendments include removal of the requirement to disclose the carrying amount of renegotiated financial assets that would be past due or impaired if not for the renegotiation. It also clarifies that disclosure of the amount that best represents maximum exposure to credit risk is not required when this amount is represented by the carrying amount of the financial instrument and the requirement to disclose fair value of collateral and other credit enhancements is replaced with a description to disclose the financial effect of collateral and other credit enhancements.

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

As at the date of these consolidated financial statements, the following revisions and amendments to the IFRSs and new Interpretations to IFRSs that are relevant to the Group's operations have been issued but are not yet effective:

- *Amendments to IAS 12, Deferred Tax – Recovery of Underlying Assets*
- *Amendments to IAS 1, Presentation of Items of Other Comprehensive Income*
- *IFRS 9, Financial Instruments – Classification of Financial Assets and Financial Liabilities*
- *IFRS 10, Consolidated Financial Statements*
- *IFRS 11, Joint Arrangements*
- *IFRS 12, Disclosure of Interests in Other Entities*
- *IFRS 13, Fair Value Measurements*
- *IAS 19, Employee Benefits*
- *IAS 27, Separate Financial Statements*
- *IAS 28, Investments in Associates and Joint Ventures*

The directors expect the adoption of the new and revised IFRSs and Interpretations above will have no material financial impact on the financial statements in the period of initial application.

3 Summary of Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements 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 IFRSs.

The preparation of financial statements requires the use of estimates and judgements that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses as well as the disclosures of contingent assets and liabilities. Although these estimates are based on management's best knowledge of current events and actions, actual results may actually differ from these estimates. Critical accounting estimates and assumptions used that are significant to the consolidated financial statements, and areas involving a higher degree of judgement or complexity, are disclosed in Note 5 to the consolidated financial statements.

(b) Functional and Presentation Currency

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

The consolidated financial statements are presented in United States dollar, which is the Company's functional currency and presentation currency.

(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.

Subsidiaries are entities over which any of the Group companies generally has the power to govern the financial and operating policies of the company so as to obtain benefits from its activities, which generally accompanies a shareholding of more than 50% of the voting rights. The financial statements 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.

The acquisition method of accounting is used to account for the acquisition of subsidiaries. The consideration transferred in a business combination is measured at fair value at the date of acquisition, which is the sum of the fair values of the assets transferred, the liabilities incurred by the acquirer to former owners of the acquiree, and the equity interests issued by the acquirer. Acquisition related costs are to be expensed through the income statement as incurred. Changes in ownership interest in a subsidiary that do not result in loss of control are accounted for as equity transactions. Identifiable assets acquired and liabilities assumed in a business combination are measured at their fair values at the date of acquisition. Any non-controlling interest at the date of acquisition in the acquiree is measured at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. For business combinations achieved in stages, the Group recognises any non-controlling interest in the acquiree at fair value of the acquiree's net identifiable assets at the date of acquisition.

3 Summary of Significant Accounting Policies (cont'd)

(c) Basis of Consolidation (cont'd)

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

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

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 profits 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 receivables, 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 investment, and is assessed for impairment as part of the investment.

(e) Foreign Currencies

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

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

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

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 dollar, the presentation currency of the Company, as follows:

(i) assets and liabilities are translated at the exchange rates approximating those prevailing at the end of the reporting period;

(ii) share capital and reserves are translated at historical exchange rate; and

(iii) income and expenses are translated at the average exchange rates for the period (unless the average rate is not a reasonable approximation of the cumulative effect of the rates prevailing on the transaction dates, in which case, income and expenses are translated using the exchange rates at the dates of the transactions).

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

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

(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.

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

	No. of years
Storage tanks, land improvements and bridges	- 50
Buildings	- 20 to 50
Machinery and equipment	- 4 to 25
Leasehold improvements	- 4
Furniture and fixtures	- 3 to 10
Transportation equipment	- 5 to 10

Land rights in the China Agri-business segment 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.

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

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

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 & 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 are derecognised and any resulting gains or losses are recognised in the income statement.

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

(g) Investment Properties

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

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

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

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

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

(h) Biological Assets

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

Plantations are stated on initial recognition and at the end of each reporting period, at fair value less estimated point-of-sale costs. Any resultant gains or losses arising from changes in fair value are recognised in the income statement.

The harvested product of the Group's biological assets, fresh fruit bunch ("FFB"), is measured at fair value less estimated point-of-sale costs at the point of harvest. The fair values of FFB were determined with reference to their market prices.

Nurseries are recognised at fair value which is normally the costs incurred in the preparation of the nursery, purchase of seedlings and their maintenance. 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.

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

(i) Deferred Charges

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

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

(j) Brands and Trademarks

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

(k) Goodwill

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

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

(l) Financial Assets

The Group classifies its non-derivative financial assets in the following categories: loans and receivables, fair value through profit or loss, and available-for-sale. The classification depends on the purpose for which the financial assets are acquired. Management determines the classification of its financial assets at initial recognition.

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)

(l) Financial Assets (cont'd)

Financial assets at fair value through profit or loss are financial assets held for trading and those designated at fair value through profit or loss at inception. Financial assets at fair value through profit or loss are initially recognised at fair value with subsequent changes in fair value recognised in the income statement.

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

(m) Cash and Bank Balances

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 with maturities of three months or less and which are subject to an insignificant risk of changes in value.

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

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

(n) Inventories

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

(o) Impairment of Non-Financial Assets excluding Goodwill

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

3 Summary of Significant Accounting Policies (cont'd)

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

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

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

(p) Financial Instruments and Hedge Accounting

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

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

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

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

(q) 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.

3 Summary of Significant Accounting Policies (cont'd)

(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 and Other Payables

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

(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 statement of financial position at the fair value of the leased assets at the inception of the leases. The excess of the lease payments over the recorded lease obligations is treated as a financial expense which is amortised over each lease term to give a constant rate of charge on the remaining balance of the obligation.

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

(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 and it is probable that it will result in an outflow of economic benefits that can be reasonably estimated.

3 Summary of Significant Accounting Policies (cont'd)

(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 substantively enacted by the end of each reporting period.

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

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

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

(y) Employee Benefits

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

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

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

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

Actuarial gains or losses are amortised on a straight-line method over the expected average remaining working lives. 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.

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

3 Summary of Significant Accounting Policies (cont'd)

(z) Revenue Recognition

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

(i) Revenue from sales arising from physical delivery of products is recognised when delivery has taken place and transfer of risks and rewards has been completed.

(ii) Revenue from processing, shipping, repair services and trucking services is recognised when the services are rendered.

(iii) Rental income from operating leases is recognised on a straight-line basis over the term of the lease contracts.

(iv) Dividend income from investments is recognised on the date the dividends are declared payable by the investees.

(v) 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

The chief operating decision maker has been identified as the Executive Committee of the Group, which consist of the Chairman and Chief Executive Officer, and the Executive Directors. This committee reviews the Group's internal reporting in order to assess performance and allocate resources. Operating segments are reported in a manner consistent with the internal reporting.

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

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 maximise the return to 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 2010.

The capital structure of the Group consists of total equity comprising share capital, share premium, reserves, retained earnings and non-controlling interests and net debts, which includes the borrowings and net of cash and cash equivalents.

Neither the Group nor the Company is subject to externally imposed capital requirements.

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

(a) Capital Risk Management (cont'd)

The net debts-to-equity ratio as at 31 December 2011 and 2010 are as follows:

	2011 US$'000	2010 US$'000
Total borrowings	1,085,862	984,353
Cash and cash equivalents	(277,014)	(218,279)
Net debts	808,848	766,074
Total equity	8,112,466	6,945,143
Net debts-to-equity ratio (times)	0.10	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, foreign currency risk, price risk), credit risk, liquidity risk, and cash flow risks. The Group's overall risk management strategy seeks to minimise adverse effects from the unpredictability of financial markets on the Group's financial performance. The Group may use relevant financial instruments to manage certain risks. Such financial instruments are not held for trade or speculative purposes.

(i) Interest Rate Risk

The Group's exposure to cash flow and fair value interest rate risk arises primarily on its existing interest-bearing borrowings. Cash flow interest rate risk is the risk that the future cash flow of borrowings at variable rate will fluctuate because of changes to market interest rates. Fair value interest rate risk is the risk that the fair values of borrowings at fixed rate will fluctuate because of changes to market interest rates. The interest rate that the Group will be able to obtain on debt financing will depend on market conditions at that time, and may differ from the rates the Group has secured currently.

At 31 December 2011, if interest rates on all borrowings at variable rate had been 0.5% higher/lower with all other variables held constant, profit before income tax and total equity for the year would have been approximately US$5,365,000 and US$4,403,000 (2010: US$4,429,000 and US$3,504,000) 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 end of the reporting period was outstanding for the whole year.

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

(b) Financial Risk Management (cont'd)

(i) Interest Rate Risk (cont'd)

In respect of interest-earning financial assets and interest-bearing financial liabilities, the interest rates and repayment terms are disclosed in the respective notes to the consolidated financial statements. The tables below set out the interest rate profile of the Group's interest-bearing financial instruments at carrying amount.

	2011	2010
	US$'000	US$'000
Financial Assets		
Variable rate	278,875	239,681
Fixed rate	84,506	57,047
Non-interest bearing	370,009	269,260
	733,390	565,988
Financial Liabilities		
Variable rate	1,063,897	881,321
Fixed rate	133,892	198,867
Non-interest bearing	449,229	282,606
	1,647,018	1,362,794

(ii) Foreign Currency Risk

The Group operates in several countries. Entities within the Group regularly transact in currencies other than their respective functional currency ("foreign currency") such as Indonesian rupiah ("IDR"), the Chinese renminbi ("RMB") and the United States dollar ("USD") which is also the Group's presentation currency.

Sales to domestic customers within Indonesia and China are denominated in their local currencies, while export sales for most of the Group's products and cost of certain key purchases are quoted in United States dollar. Purchases and operating expenses in Indonesia and China are mainly denominated in their local currencies. To the extent that the revenue and purchases of the Group are denominated in different currencies, and may not evenly match in terms of quantum and/or timing, the Group has exposure to foreign currency risk.

The Group seeks to manage its foreign currency exposure by constructing a natural hedge where it matches revenue and expenses in any single currency or through financial instruments. The Group is also exposed to currency translation risk arising from its net investments in foreign operations. These net investments are not hedged as currency positions in these foreign operations are considered long-term in nature.

If the relevant foreign currencies strengthen/weaken against USD by 5% at the end of the reporting period, with all other variables, including interest rates remain constant, the Group's profit before income tax would all increase/(decrease) by the amounts shown as follows:

	2011	2010
	US$'000	US$'000
IDR	4,058	3,900
RMB	3,057	8,172

4 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(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 the market closely to ensure that the risk exposure to the volatility of the commodities is kept at minimum level. No sensitivity analysis is presented as management believes that price risk is not significant.

(iv) 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 and cash and cash equivalents. The Group's exposure to credit risk is influenced mainly by the individual characteristics of each customer. The Group performs ongoing credit evaluation of its customers' financial conditions. Customers may be required to provide security in terms of cash deposits or letters of credit.

Cash and cash equivalents mainly comprise deposits with reputable banks with acceptable credit ratings.

The maximum exposure to credit risk in the event that the counter-parties fail to perform their obligations as at the end of the reporting period is the carrying amount of each class of assets in the statement of financial position.

(v) Significant Concentrations of Credit Risk

Concentrations of credit risk exists 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.

(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 2011	US$'000	US$'000	US$'000	US$'000
Borrowings	425,874	592,668	76,357	1,094,899
Other financial liabilities	561,156	-	-	561,156
Total Financial Liabilities	987,030	592,668	76,357	1,656,055

4 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(vi) Liquidity Risk (cont'd)

At 31 December 2010	Less than 1 year US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
Borrowings	543,117	351,028	94,696	988,841
Other financial liabilities	378,441	-	-	378,441
Total Financial Liabilities	921,558	351,028	94,696	1,367,282

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) Critical Accounting Estimates and Assumptions

(i) Impairment of Goodwill

The Group performed impairment tests on goodwill on an annual basis, in accordance with the accounting policy stated in Note 3(k). The recoverable amounts of the cash-generating units are determined from value in use calculations. The key assumptions for the value in use calculations are those regarding the discount rates and expected 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 2011, there is no impairment loss recognised in the consolidated financial statements and the carrying amount of goodwill amounted to US$115,898,000 (2010: US$115,898,000) (Note 28).

(ii) Estimated 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 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 year. As of 31 December 2011, the carrying amount of property, plant and equipment amounted to US$1,758,850,000 (2010: US$1,459,129,000) (Note 23).

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

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

(iii) Fair Value of 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 prices and direct costs during the period as discussed in Note 24. 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 amount of biological assets. As of 31 December 2011, the carrying amount of biological assets amounted to US$7,804,466,000 (2010: US$6,809,048,000) (Note 24).

(b) Critical Judgements in Applying Accounting Policies

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 expenses and income tax payable in the period in which such determination is made. As of 31 December 2011, the Group has taxes payable of US$74,527,000 (2010: US$52,348,000) (Note 12).

6 Revenue

	Note	2011 US$'000	2010 US$'000
Sales in Indonesia			
Third parties		615,345	498,708
Associated companies		24,296	26,412
Related parties	41a	4,969	5,421
		644,610	530,541
Sales outside Indonesia			
Third parties		5,308,081	2,971,982
Related parties	41a	233	2,136
		5,308,314	2,974,118
		5,952,924	3,504,659

6 Revenue (cont'd)

	2011 US$'000	2010 US$'000
Sales in Indonesia		
Palm oil based products:		
Crude palm oil	119,880	150,446
Margarine and fat	57,017	38,141
Palm fatty acid distillate	7,360	6,516
Palm kernel	54,969	48,205
Palm kernel meal	5,820	3,578
Palm kernel oil	2,694	201
Refined bleached deodorised olein	275,352	208,878
Refined bleached deodorised stearin	82,227	33,609
Refined bleached deodorised palm oil	14,439	8,730
Refined bleached deodorised palm kernel oil	2,192	5,485
Others	1,687	888
Sub total	623,637	504,677
Oleochemical products	20,973	25,864
Total sales in Indonesia	644,610	530,541
Sales outside Indonesia		
Palm oil based products:		
Crude palm oil	2,625,260	1,518,347
Margarine and fat	92,876	56,889
Palm fatty acid distillate	42,867	21,378
Palm kernel meal	35,358	14,873
Palm kernel oil	320,980	153,181
Refined bleached deodorised olein	984,916	384,133
Refined bleached deodorised palm oil	85,303	75,484
Refined bleached deodorised palm kernel oil	5,736	8,490
Refined bleached deodorised stearin	92,750	72,946
Others	24,908	30,327
Sub total	4,310,954	2,336,048
Oleochemical products	92,098	57,496
Soy bean based products	728,125	527,391
Noodles and snack products	173,892	49,234
Revenue from provision of port and storage facilities	3,245	3,949
Total sales outside Indonesia	5,308,314	2,974,118
	5,952,924	3,504,659

7 Cost of Sales

	2011 US$'000	2010 US$'000
Cost of inventories recognised as an expense	3,831,952	2,362,816
Depreciation of property, plant and equipment	73,821	59,940
Processing and direct costs	210,464	127,309
	4,116,237	2,550,065

8 Selling, General and Administrative Expenses

	Note	2011 US$'000	2010 US$'000
Selling expenses:			
Export tax and administration		635,570	128,401
Transportation		114,629	67,643
Advertising and promotions		18,269	10,450
Salaries and employee benefits expense		17,543	9,972
Bulking		3,139	4,060
Depreciation of property, plant and equipment		2,606	2,193
Others		28,838	13,265
		820,594	235,984
General and administrative expenses:			
Salaries and employee benefits expense		130,257	104,157
Professional fees		18,753	11,207
Depreciation of property, plant and equipment		14,683	17,078
Travelling		12,429	10,398
Rent, tax and licenses		7,230	5,809
Repairs and maintenance		6,655	5,494
Office supplies and utilities		4,462	4,325
Amortisation of deferred charges, brands and trademarks	26, 27	753	703
Others		23,696	15,666
		218,918	174,837
		1,039,512	410,821

9 Financial Income and Financial Expenses

	Note	2011 US$'000	2010 US$'000
Interest income from:			
Third parties		11,876	7,152
Associated company		453	608
Related parties	41a	227	376
Financial income		12,556	8,136
Interest on borrowings		(58,985)	(44,501)
Amortisation of deferred loan charges	33	(5,106)	(2,996)
Total interest expense		(64,091)	(47,497)
Finance charges		(1,834)	(1,377)
Financial expenses		(65,925)	(48,874)
Financial expenses, net		(53,369)	(40,738)

10 Other Operating Income, Net

	Note	2011 US$'000	2010 US$'000
Income from sales of seedlings		6,349	-
Gain on sale of other materials and by-products		5,488	3,385
Rental income		5,196	1,587
Miscellaneous income		2,638	1,646
Insurance and product claims		2,481	3,308
Investment income net of changes in fair value of financial assets at fair value through profit or loss		2,283	3,169
Commission income		11,206	10,436
Shipping income		934	1,270
Workshop income		549	662
Gain on disposal of property, plant and equipment		278	1,860
Trade payables written back		144	622
Depreciation of property, plant and equipment		(2,397)	(2,160)
Property, plant and equipment written off		(1,434)	(1,027)
Depreciation of investment properties	22	(88)	(24)
Allowance for impairment loss on other receivables	17	(32)	(21)
Others		5,828	3,418
		39,423	28,131

11 Profit Before Income Tax

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

	Note	2011 US$'000	2010 US$'000
Audit fees paid/payable to:			
Auditors of the Company		279	276
Auditors of the subsidiaries		829	759
Non-audit services paid/payable to:			
Auditors of the Company		50	18
Auditors of the subsidiaries		-	-
Employee compensation:			
Wages and salaries		145,802	108,795
Post employment benefits expense	37	8,779	8,120
Employer's contributions to defined contribution plans		2,190	1,458

12 Income Tax

	2011 US$'000	2010 US$'000
Income tax expense/(credit) attributable to the profit is made up of:		
Current income tax		
- Current year	181,866	126,769
- Over-provision in respect of prior years	(514)	(7,402)
	181,352	119,367
Deferred income tax	246,833	362,666
	428,185	482,033

Substantially all the Group's operations are located in Indonesia. Accordingly, the Indonesian statutory tax rate of 25% (2010: 25%) is used in the reconciliation of the tax expense and the product of accounting profit multiplied by the applicable tax rate.

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

	2011 US$'000	2010 US$'000
Profit before income tax	1,712,253	1,929,180
Less: Share of results of associated companies, net of tax	(733)	(3,187)
	1,711,520	1,925,993
Tax calculated at a tax rate of 25% (2010: 25%)	427,880	481,498
Effect of different tax rates in other countries	2,751	(7,958)
Permanent differences arising mainly from remeasurement, net of non-deductible expenses	(20,945)	13,072
Utilisation of previously unrecognised tax losses	(12,303)	(3,050)
Income tax at preferential rate	(3,047)	(7,538)
Unrecognised deferred tax assets	34,363	13,411
Over-provision in prior years' current income tax	(514)	(7,402)
	428,185	482,033

Taxes Payable

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

	2011 US$'000	2010 US$'000
Estimated income tax payable of subsidiaries	57,256	32,660
Income and other taxes:		
Article 21	2,896	1,338
Article 23	2,556	4,221
Article 25	8,263	7,837
Article 26	346	250
Value added tax	3,210	6,042
	74,527	52,348

13 Earnings Per Share and Net Asset Value Per Share

a) Basic Earnings Per Share

Basic earnings per share amounts are calculated by dividing net profit attributable to the owners of the Company by the weighted average number of ordinary shares outstanding during the year.

	2011	2010
Profit attributable to the owners of the Company (US$'000)	1,267,970	1,423,045
Weighted average number of ordinary shares ('000)	12,138,677	12,138,677
Basic earnings per share (US cents)	10.45	11.72

b) Diluted Earnings Per Share

Diluted earnings per share are calculated by dividing net profit attributable to the owners of the Company by the weighted average number of ordinary shares during the year after adjustment for the effect of all dilutive potential ordinary shares.

	2011	2010
Profit attributable to the owners of the Company (US$'000)	1,267,970	1,423,045
Weighted average number of ordinary shares ('000)	12,285,405	12,205,715
Diluted earnings per share (US cents)	10.32	11.66

c) Net Asset Value Per Share

Net asset value per share is calculated by dividing total equity attributable to the owners of the Company by the number of issued ordinary shares as at the end of the reporting period.

	2011	2010
Total equity attributable to the owners of the Company (US$'000)	8,025,037	6,825,860
Number of ordinary shares as at the end of the reporting period ('000)	12,138,677	12,138,677
Net asset value per share (US$)	0.66	0.56

14 Cash and Cash Equivalents

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

	2011 US$'000	2010 US$'000
Cash on hand	395	419
Cash in banks:		
Chinese renminbi	103,501	49,019
United States dollar	65,927	81,134
Indonesian rupiah	51,073	30,375
Singapore dollar	1,599	1,395
Others	123	120
	222,223	162,043
Time deposits:		
United States dollar	23,073	18,608
Chinese renminbi	19,888	30,156
Indonesian rupiah	11,435	7,053
	54,396	55,817
	277,014	218,279

The above bank balances include balances with related parties (Note 41a) of US$157,000 (2010: US$219,000). For the purpose of the consolidated statement of cash flows, the cash and cash equivalents consist of the following:

	2011 US$'000	2010 US$'000
Total cash and cash equivalents	277,014	218,279
Less: Cash in banks and time deposits pledged	(44,751)	(56,373)
	232,263	161,906

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

	2011 %	2010 %
United States dollar	0.1 – 3.6	0.2 – 3.0
Indonesian rupiah	5.8 – 7.3	6.0 – 14.5
Chinese renminbi	0.5 – 3.1	0.4 – 2.3

15 Short-Term Investments

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

	2011 US$'000	2010 US$'000
Time deposits:		
Chinese renminbi	57,420	22,913
Indonesian rupiah	1,053	-
	58,473	22,913
Financial assets at fair value through profit or loss:		
Quoted bonds, denominated in United States dollar	16,210	32,965
Quoted equity, denominated in United States dollar	16,594	-
Quoted equity, denominated in Indonesian rupiah	6	6
Mutual funds, denominated in Indonesian rupiah	1,556	1,677
	34,366	34,648
	92,839	57,561

The above Indonesian rupiah denominated time deposits represent balances with a related party (Note 41a). As at 31 December 2011, time deposits amounting to US$57,420,000 (2010: US$22,913,000) have been pledged to banks as security for credit facilities (see Notes 29 and 33).

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

	2011 %	2010 %
Chinese renminbi	3.3 – 3.5	2.3
Indonesian rupiah	7.0	-

16 Trade Receivables

	Note	2011 US$'000	2010 US$'000
Third parties		232,429	206,216
Associated companies		376	2,109
Related parties	41a	1,368	1,807
		234,173	210,132
Less: Allowance for impairment on trade receivables		(317)	(207)
		233,856	209,925

Trade receivables of the Group, including intra-group trade receivables which have been eliminated at consolidation, amounting to US$89,632,000 (2010: US$23,985,000) have been pledged as security for credit facilities (see Notes 29 and 33).

16 Trade Receivables (cont'd)

Movements in allowance for impairment on trade receivables are as follows:

	2011 US$'000	2010 US$'000
Balance at the beginning of the year	207	555
Allowance for impairment loss during the year	38	-
Receivables written off against allowance during the year	-	(396)
Translation adjustments	72	48
Balance at the end of the year	317	207

As at 31 December 2011, 24% (2010: 8%) and 1% (2010: 2%) of the Group's trade receivables are past due for less than 3 months and more than 3 months respectively. The above allowance for impairment on trade receivables is made for certain receivables that are past due for more than 3 months and the recovery of these amounts is remote.

The trade receivables are denominated in the following currencies:

	2011 US$'000	2010 US$'000
United States dollar	165,940	145,007
Indonesian rupiah	34,992	39,856
Chinese renminbi	32,924	25,062
	233,856	209,925

17 Other Current Assets

	Note	2011 US$'000	2010 US$'000
Receivable from third parties		21,659	18,225
Receivable from related parties	41a	19	12
Receivable from an associated company		1,216	-
Derivative receivable		-	895
Staff advances		6,386	5,733
		29,280	24,865
Advances and deposits to suppliers		355,348	243,164
Prepaid taxes, net		113,874	79,419
Prepaid expenses		26,101	36,537
Others		2,326	6,628
		526,929	390,613

17 Other Current Assets (cont'd)

The other current assets are denominated in the following currencies:

	2011 US$'000	2010 US$'000
Indonesian rupiah	235,915	214,196
Chinese renminbi	194,991	137,759
United States dollar	93,426	33,385
Others	2,597	5,273
	526,929	390,613

The amounts receivable from third parties shown above are net of allowance for impairment. Movements in allowance for impairment on other receivables are as follows:

	Note	2011 US$'000	2010 US$'000
Balance at the beginning of the year		613	620
Allowance for impairment loss during the year	10	32	21
Receivables written off against allowance during the year		(112)	(58)
Translation adjustments		51	30
Balance at the end of the year		584	613

The amounts receivable from related parties are interest-free, unsecured and repayable on demand.

The amounts receivable from an associated company are interest-free, unsecured and repayable on demand.

18 Inventories

	2011 US$'000	2010 US$'000
Raw materials	372,241	328,908
Finished goods	164,241	124,788
Goods in transit	92,773	83,992
Fertilizers and general material	71,282	42,670
Spare parts and fuel	21,044	14,061
Chemical and packing supplies	11,552	7,695
Others	18,030	13,415
	751,163	615,529

During the current financial year, the Group recognised an allowance for impairment loss of US$4,707,000 (2010: US$Nil) in cost of sales as the carrying amount of certain inventories was higher than the net realisable value.

Inventories amounting to US$139,674,000 (2010: US$65,026,000) have been pledged to banks as security for credit facilities (see Notes 29 and 33).

19 Long-Term Receivables and Assets

	2011 US$'000	2010 US$'000
Loan receivable from:		
Associated company (a)	3,033	3,978
Third party (b)	6,645	5,601
	9,678	9,579
Tax recoverable	75,912	91,315
Advances for projects	39,206	21,968
Advances for project plasma plantations, net (c)	24,793	20,461
Land clearing	1,882	2,507
Advances for investment in land	4,234	4,211
Others	7,926	5,414
	163,631	155,455

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

	2011 US$'000	2010 US$'000
Indonesian rupiah	154,971	147,016
Japanese yen	6,645	5,601
United States dollar	2,015	2,838
	163,631	155,455

(a) The unsecured receivable bears interest ranging from 9.5% to 12.0% (2010: 12.0%) per annum and is repayable by 2014.

(b) The loan receivable is secured and non-interest bearing. The amount shown is net of allowance for impairment of US$15,260,000 (2010: US$15,260,000).

(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

	2011 US$'000	2010 US$'000
Available-for-sale financial assets:		
Unquoted equity, denominated in United States dollar	21,715	25,186
Unquoted fund, denominated in United States dollar	21,543	2,000
Unquoted fund, denominated in Euro	24,118	-
	67,376	27,186
Financial assets at fair value through profit or loss:		
Quoted bonds, denominated in United States dollar	8,651	18,593
Quoted equity, denominated in United States dollar	14,696	-
	23,347	18,593
	90,723	45,779

During the current financial year, the Group recognised an allowance for impairment loss of US$3,478,000 (2010: US$Nil) on available-for-sale financial assets.

21 Associated Companies

	2011 US$'000	2010 US$'000
Unquoted equity shares, at cost	3,459	5,363
Share of post-acquisition profits, net of dividend received	963	7,485
	4,422	12,848

Particulars of the associated companies are disclosed in Note 43 to the consolidated financial statements. Summarised financial information in respect of the Group's associated companies is as follows:

	2011 US$'000	2010 US$'000
Assets and liabilities		
Total assets	22,541	41,242
Total liabilities	(12,427)	(14,276)
Net assets	10,114	26,966
Results		
Revenue	48,203	54,502
Profit for the year	2,332	11,251

As at 31 December 2011 and 2010, there are no losses which are in excess of the Group's interests in the associated companies.

22 Investment Properties

	2011 US$'000	2010 US$'000
Cost		
Balance at the beginning of the year	1,540	-
Acquisition of subsidiaries	-	1,570
Translation adjustments	122	37
Transfer to property, plant and equipment	-	(67)
Balance at the end of the year	1,662	1,540
Less: Accumulated depreciation		
Balance at the beginning of the year	41	-
Translation adjustments	54	17
Charge for the year	88	24
Balance at the end of the year	183	41
Net carrying amount	1,479	1,499

As at 31 December 2011, the net carrying amount of investment properties which has been pledged as security for credit facilities (see Notes 29 and 33) amounted to US$1,479,000 (2010: US$1,499,000). As at 31 December 2011, the fair value of the Group's investment properties, determined based on internal valuations, is approximately US$3,156,000 (2010: US$2,642,000).

Investment properties are held mainly for use by tenants under operating leases. The following amounts are recognised in the Group's income statement:

	2011 US$'000	2010 US$'000
Rental income	176	39
Direct operating expenses arising from investment properties that generate rental income	109	28

23 Property, Plant and Equipment

	Freehold land	Land rights	Storage tanks, land improvements and bridges	Buildings	Machinery and equipment	Leasehold improvements, furniture and fixtures	Transportation equipment	Construction in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost									
Balance at 1.1.2011	8,079	215,710	138,552	611,387	660,947	78,829	141,972	178,786	2,034,262
Translation adjustment	(81)	2,158	-	3,586	7,370	320	191	1,114	14,658
Additions	280	24,816	2,814	3,376	28,689	14,359	31,254	281,492	387,080
Disposals	-	-	(19)	(1)	(4,266)	(1,891)	(5,661)	(4,896)	(16,734)
Write off	-	(11)	(173)	(638)	(1,214)	(1,390)	(1,574)	(2)	(5,002)
Acquisition of subsidiaries	-	29	63	493	51	94	32	-	762
Transfers	36	(88)	17,882	88,613	27,889	6,212	7,011	(147,555)	-
Balance at 31.12.2011	8,314	242,614	159,119	706,816	719,466	96,533	173,225	308,939	2,415,026
Accumulated depreciation									
Balance at 1.1.2011	-	15,338	26,262	126,850	253,582	67,556	80,864	4,681	575,133
Translation adjustment	-	143	-	1,231	3,573	266	118	215	5,546
Charge for the year	-	2,057	4,883	23,205	30,945	9,460	22,957	-	93,507
Disposals	-	-	(19)	(1)	(2,953)	(1,719)	(4,854)	(4,896)	(14,442)
Write off	-	-	(56)	(379)	(647)	(1,120)	(1,366)	-	(3,568)
Transfers	-	-	-	2	(604)	602	-	-	-
Balance at 31.12.2011	-	17,538	31,070	150,908	283,896	75,045	97,719	-	656,176
Net book values									
Balance at 31.12.2011	8,314	225,076	128,049	555,908	435,570	21,488	75,506	308,939	1,758,850

23 Property, Plant and Equipment (cont'd)

	Freehold land	Land rights	Storage tanks, land improvements and bridges	Buildings	Machinery and equipment	Leasehold improvements, furniture and fixtures	Transportation equipment	Construction in progress	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Cost									
Balance at 1.1.2010	7,354	154,135	119,944	429,130	561,498	71,964	126,725	144,404	1,615,154
Translation adjustment	676	764	-	9,977	4,325	15	100	263	16,120
Additions	49	27,915	1,491	3,361	18,312	7,967	27,972	173,147	260,214
Disposals	-	(59)	(1)	(1,175)	(904)	(638)	(18,145)	-	(20,922)
Write off	-	-	(258)	(856)	(746)	(1,403)	(1,648)	(54)	(4,965)
Acquisition of subsidiaries	-	32,905	-	108,833	24,324	1,096	849	587	168,594
Transfer from investment properties	-	-	-	67	-	-	-	-	67
Transfers	-	50	17,376	62,050	54,138	(172)	6,119	(139,561)	-
Balance at 31.12.2010	8,079	215,710	138,552	611,387	660,947	78,829	141,972	178,786	2,034,262
Accumulated depreciation									
Balance at 1.1.2010	-	9,063	21,600	109,847	225,197	62,180	80,139	4,520	512,546
Translation adjustment	-	84	-	904	2,080	96	62	161	3,387
Charge for the year	-	6,205	4,375	16,860	27,292	7,702	18,937	-	81,371
Disposals	-	(14)	-	(217)	(586)	(613)	(16,803)	-	(18,233)
Write off	-	-	(132)	(544)	(409)	(1,388)	(1,465)	-	(3,938)
Transfers	-	-	419	-	8	(421)	(6)	-	-
Balance at 31.12.2010	-	15,338	26,262	126,850	253,582	67,556	80,864	4,681	575,133
Net book values									
Balance at 31.12.2010	8,079	200,372	112,290	484,537	407,365	11,273	61,108	174,105	1,459,129

The Group holds land rights in Indonesia in the form of Hak Guna Usaha (HGU) which will be expired in 2015 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.

As at 31 December 2011, the net carrying amount of property, plant and equipment which has been pledged as security for credit facilities (see Notes 29 and 33) amounted to US$447,897,000 (2010: US$405,594,000).

24 Biological Assets

	2011 US$'000	2010 US$'000
Balance at the beginning of the year	6,809,048	5,357,537
Additions	59,093	63,357
Disposals	(3,486)	(2,844)
Acquisition of a subsidiary	26,216	-
Transfers from land clearing	10,563	20,018
	6,901,434	5,438,068
Net gain from changes in fair value	903,032	1,370,980
Balance at the end of the year	7,804,466	6,809,048

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 390,700 (2010: 363,500) hectares and 65,000 (2010: 79,000) hectares respectively.

During the current financial year, the Group harvested approximately 6,398,000 (2010: 5,706,000) tonnes of FFB from its nucleus plantations, which has a fair value less estimated point-of-sale costs of approximately US$1,270,442,000 (2010: US$1,097,857,000). The fair values of FFB were determined with reference to their market prices.

Matured oil palm trees produce FFB, which are used to produce 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 10.2% (2010: 10.5%) per annum; and
(e) Average market price of CPO of US$833 (2010: US$775) 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 owners of the Company and total equity attributable to the owners of the Company would have increased/decreased by approximately US$7 million (2010: US$8 million), as a result of higher/lower gain arising from changes in fair value of biological assets net of tax and non-controlling interests.

As at 31 December 2011, the fair value of biological assets which have been pledged as security for credit facilities (see Notes 29 and 33) amounted to US$2,830,024,000 (2010: US$2,548,664,000).

25 Deferred Income Tax

	Accelerated tax depreciation US$'000	Deferred charges US$'000	Unutilised tax losses/capital allowances US$'000	Valuation allowances/ others US$'000	Total US$'000
Deferred tax assets/(liabilities)					
Balance at 1 January 2011	(115,341)	111	93,401	(1,597,927)	(1,619,756)
Charged to income statement	(15,262)	58	(6,705)	(224,924)	(246,833)
Acquisition of a subsidiary	(93)	-	-	(6,394)	(6,487)
Translation adjustment	1,234	-	(42)	172	1,364
Balance at 31 December 2011	(129,462)	169	86,654	(1,829,073)	(1,871,712)
Balance at 1 January 2010	(102,307)	94	97,095	(1,226,427)	(1,231,545)
Charged to income statement	(10,009)	15	(7,020)	(345,652)	(362,666)
Acquisition of subsidiaries	-	-	1,189	(24,230)	(23,041)
Translation adjustment	(3,025)	2	2,137	(1,618)	(2,504)
Balance at 31 December 2010	(115,341)	111	93,401	(1,597,927)	(1,619,756)

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when the deferred tax assets and deferred tax liabilities relate to income taxes levied by the same tax authority on different entities which intend to settle on a net basis, or realise the assets and liabilities simultaneously in the future. The following amounts, determined after appropriate offsetting, are shown in the statement of financial position:

	2011 US$'000	2010 US$'000
Deferred tax liabilities	(1,876,427)	(1,631,733)
Deferred tax assets	4,715	11,977
	(1,871,712)	(1,619,756)

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 2011, a subsidiary, Golden Agri International Pte Ltd ("GAI") has not provided for deferred tax liabilities, after taking into consideration of relevant deductible expenses, amounting to approximately US$351,000 (2010: US$121,000) that would be payable upon remittance into Singapore of its offshore interest income, which amounted to approximately US$9,356,000 (2010: US$3,742,000) as it is the intention of the directors of GAI to permanently reinvest the unremitted interest income.

Deferred tax liabilities of US$60,106,000 (2010: US$45,058,000) have not been recognised for taxes that would be payable on the remittance to Mauritius of unremitted retained earnings of US$2,003,538,000 (2010: US$1,501,927,000) 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 Income Tax (cont'd)

At the end of the reporting period, certain subsidiaries have unutilised tax losses and capital allowances available for offsetting against future taxable profits amounted to US$271,300,000 (2010: US$175,922,000). The availability of the unutilised tax losses and capital allowances for set-off against future taxable profits is subject to the tax regulations of the respective countries in which the Group companies are incorporated. The deferred tax benefit arising from these unrecognised tax losses and unabsorbed capital allowances of US$51,318,000 (2010: US$30,614,000) has not been recognised in the consolidated financial statements.

26 Deferred Charges

	2011 US$'000	2010 US$'000
Cost		
Balance at the beginning of the year	13,009	10,678
Additions	1,524	2,331
Balance at the end of the year	14,533	13,009
Less: Accumulated amortisation		
Balance at the beginning of the year	3,377	2,734
Amortisation charged to general and administrative expenses	433	382
Amortisation charged to cost of sales	291	261
Balance at the end of the year	4,101	3,377
Net carrying amount	10,432	9,632

27 Brands and Trademarks

	2011 US$'000	2010 US$'000
Cost	6,924	6,924
Less: Accumulated amortisation		
Balance at the beginning of the year	5,644	5,323
Amortisation charged to general and administrative expenses	320	321
Balance at the end of the year	5,964	5,644
Net carrying amount	960	1,280

28 Goodwill

	2011 US$'000	2010 US$'000
Balance at the beginning and 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 flows projection. A terminal value was estimated based on the 10^{th} year's future cash flow at a 5% growth rate and a pre-tax discount rate of 10.2%. No impairment loss is recognised for the year ended 31 December 2011.

If the management estimates the growth rate at 4.5%, the recoverable amount of the goodwill will still exceed its carrying amount.

29 Short-Term Loans

	Note	2011 US$'000	2010 US$'000
Short-term bank loans:			
United States dollar		317,034	397,662
Chinese renminbi		7,938	22,295
		324,972	419,957
Current maturities of long-term borrowings	33	100,877	123,135
		425,849	543,092
Less: Unamortised loan charges	33	(4,218)	(2,479)
		421,631	540,613

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

	2011 US$'000	2010 US$'000
Secured bank loans	309,972	412,457
Unsecured bank loans	15,000	7,500
	324,972	419,957

As at the end of the financial year, there is no breach of loan covenants.

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

	2011 %	2010 %
United States dollar	2.5 – 6.5	0.8 – 5.1
Chinese renminbi	5.8 – 6.9	5.3 – 6.4

30 Trade Payables

	Note	2011 US$'000	2010 US$'000
Trust receipts payable		111,927	95,835
Trade payables to:			
Third parties		354,478	223,774
Associated companies		36	286
Related parties	41a	24,411	8,353
		490,852	328,248

The above trust receipts payable, which represent amounts due to certain banks, bear interest ranging from 1.7% to 3.5% (2010: 2.1% to 2.5%) per annum. The trust receipts payable and trade payables are denominated in the following currencies:

	2011 US$'000	2010 US$'000
United States dollar	153,215	243,579
Indonesian rupiah	108,015	77,902
Chinese renminbi	229,382	6,634
Others	240	133
	490,852	328,248

31 Other Payables

	Note	2011 US$'000	2010 US$'000
Payable to third parties		68,418	47,311
Derivative payable (a)		324	1,403
Interest payable		1,258	1,164
Payable to related parties (b)	41a	304	315
		70,304	50,193
Advances from customers		43,211	50,238
Accrued expenses		42,776	39,237
		156,291	139,668

The other payables are denominated in the following currencies:

	2011 US$'000	2010 US$'000
Indonesian rupiah	78,802	59,557
Chinese renminbi	38,112	40,901
United States dollar	37,737	35,383
Singapore dollar	1,416	3,347
Others	224	480
	156,291	139,668

(a) As at 31 December 2010, this mainly represented forward contracts to purchase soybeans of US$32.2 million.

(b) The unsecured payable to related parties is interest-free and repayable on demand.

32 Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2011	2010	2011	2010
	US$'000	US$'000	US$'000	US$'000
Finance leases payable:				
Within one year	25	25	21	21
In the second to fifth year	71	83	62	72
After five years	-	14	-	12
	96	122	83	105
Less: Future finance charges	(13)	(17)		
Present value of lease obligation	83	105		
Less: Amount due for settlement within 12 months			(21)	(21)
Amount due for settlement after 12 months			62	84
Net book value of assets under finance leases			55	86
Interest rate per annum			2.2% - 2.9%	2.2% - 2.9%

33 Long-Term Borrowings

	Note	2011	2010
		US$'000	US$'000
Long-term borrowings:			
United States dollar		641,905	432,730
Indonesian rupiah		67,710	78,524
Singapore dollar		44,866	47,187
Chinese renminbi		15,350	10,321
Total long-term borrowings		769,831	568,762
Less: Current maturities of long-term borrowings	29	(100,877)	(123,135)
		668,954	445,627
Less: Unamortised loan charges		(4,806)	(1,992)
Non-current portion		664,148	443,635

Movements in unamortised loan charges are as follows:

	Note	2011	2010
		US$'000	US$'000
Balance at the beginning of the year		4,471	4,436
Additions		9,659	3,031
Amortisation during the year	9	(5,106)	(2,996)
Balance at the end of the year		9,024	4,471
Less: Current portion	29	(4,218)	(2,479)
Non-current portion		4,806	1,992

33 Long-Term Borrowings (cont'd)

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

	2011	2010
	%	%
United States dollar	2.9 – 6.5	3.3 – 6.5
Indonesian rupiah	9.0 – 11.0	9.8 – 12.0
Singapore dollar	1.7 – 1.9	1.9 – 2.1
Chinese renminbi	6.6 – 7.1	6.1

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

	2011	2010
	US$'000	US$'000
Secured borrowings	769,831	568,022
Unsecured borrowings	-	740
	769,831	568,762

Certain time deposits, trade receivables, inventories, investment properties, biological assets and property, plant and equipment have been pledged to banks to obtain the Group's total secured borrowings (as disclosed in Notes 14, 15, 16, 18, 22, 23 and 24).

The loan agreements generally include covenants that require the maintenance of certain financial ratios, limit or require written notification of the amount of additional borrowings that may be incurred, and limit the transfer or disposal of pledged assets and acting as guarantor to other parties. Any non-compliance with these covenants will result in these loans becoming repayable immediately upon service of a notice of default by the lenders. In addition, certain loan agreements contain cross default clauses whereby non-compliance with covenants for other financial indebtedness would result in acceleration of the outstanding loan balances. As at end of the financial year, there is no breach of loan covenants.

The scheduled maturities of the Group's borrowings as at 31 December 2011 and 2010 are as follows:

As at 31 December 2011	Original loan currency				U.S. Dollar Equivalent
Year	US$'000	Rp'000	S$'000	RMB'000	US$'000
Long-term borrowings:					
2012	84,473	132,000,000	2,400	-	100,877
2013	128,350	132,000,000	55,881	-	185,924
2014	286,525	173,000,000	-	-	305,603
2015	39,650	177,000,000	-	-	59,170
2016	41,900	-	-	-	41,900
Thereafter	61,007	-	-	96,674	76,357
Total	641,905	614,000,000	58,281	96,674	769,831
Current portion (Note 29)	(84,473)	(132,000,000)	(2,400)	-	(100,877)
Non-current portion	557,432	482,000,000	55,881	96,674	668,954

33 Long-Term Borrowings (cont'd)

As at 31 December 2010	Original loan currency				U.S. Dollar Equivalent
Year	US$'000	Rp'000	S$'000	RMB'000	US$'000
Long-term borrowings:					
2011	111,036	92,000,000	2,400	-	123,135
2012	113,112	132,000,000	2,400	-	129,660
2013	40,850	132,000,000	55,881	50,000	106,570
2014	33,400	173,000,000	-	18,061	55,380
2015	39,650	177,000,000	-	-	59,335
Thereafter	94,682	-	-	-	94,682
Total	432,730	706,000,000	60,681	68,061	568,762
Current portion (Note 29)	(111,036)	(92,000,000)	(2,400)	-	(123,135)
Non-current portion	321,694	614,000,000	58,281	68,061	445,627

34 Long-Term Payables

	Note	2011 US$'000	2010 US$'000
Post employment benefits liability, denominated in Indonesian rupiah	37	39,797	31,812
Rental deposits, denominated in Singapore dollar		1,155	1,147
		40,952	32,959

35 Issued Capital

	2011 No of Shares	2011 US$'000	2010 No of Shares	2010 US$'000
Issued and fully paid:				
Balance at beginning and end of the year	12,138,676,942	303,467	12,138,676,942	303,467

As at 31 December 2011, the number of outstanding warrants was 705,493,728 (31 December 2010: 705,493,728). Each warrant carries the right to subscribe for 1 new ordinary share at an exercise price of S$0.54 and may only be exercised on the third (3rd) anniversary of the date of issuance (i.e. 23 July 2012).

36 Dividends

	2011 US$'000	2010 US$'000
Final dividend paid in respect of the previous year of S$0.0077 (2010: S$0.00495) per share	75,869	43,560

At the Annual Meeting to be held on 26 April 2012, a first and final dividend (tax not applicable) of S$0.0184 per share, amounting to S$223,351,655.73 (equivalent to approximately US$171,941,000) will be recommended. These consolidated financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings for the financial year ending 31 December 2012.

37 Post Employment Benefits Liability and Share-Based Payment

Certain subsidiaries have defined contribution retirement plan covering substantially all of their eligible permanent employees.

On top of the benefits provided under the defined contribution retirement plan, the subsidiaries have also recorded additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to the qualified employees, as required under the Labor Law. The amounts for such additional provisions were determined based on actuarial computations valuations prepared by the independent actuary, PT Dayamandiri Dharmakonsilindo, using the projected unit credit method. The principal actuarial assumptions used by the actuaries were as follows:

	2011	2010
Discount rate	6.25%	8.25%
Salary growth rate	8.0%	8.0%
Retirement age	55 years	55 years

The amounts of additional provision for post employment benefits recognised in the statement of financial position are determined as follows:

	Note	2011 US$'000	2010 US$'000
Present value of unfunded employees retirement benefit obligations in addition to the defined contribution scheme		65,321	52,977
Unrecognised net actuarial loss		(24,160)	(19,442)
Unrecognised past service cost		(1,364)	(1,723)
Post employment benefit liability	34	39,797	31,812

37 Post Employment Benefits Liability and Share-Based Payment (cont'd)

The movements in the above-mentioned post employment benefits liability are as follows:

	Note	2011 US$'000	2010 US$'000
Balance at the beginning of the year		31,812	23,042
Post employment benefits expense during the year	11	8,779	8,120
Payments made during the year		(322)	(480)
Acquisition of a subsidiary		55	-
Translation adjustment		(527)	1,130
Balance at the end of the year		39,797	31,812

The components of the post employment benefit expenses recognised in the income statement are as follows:

	2011 US$'000	2010 US$'000
Current service cost	3,018	4,863
Interest cost	4,223	2,879
Amortisation of actuarial losses and past service cost	1,538	378
Total post employment benefits expense	8,779	8,120

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 2011, no awards have been granted by the Company under the RSP.

38 Financial Instruments

Fair Value of Financial Instruments

The carrying amounts of financial assets and liabilities with a maturity of less than one year, which include cash and cash equivalents, time deposits, short-term investments, trade and other receivables, trade and other payables, short-term loans, and obligations under finance leases are assumed to approximate their fair values due to their short-term maturities.

The fair values of long-term receivables and long-term interest-bearing borrowings are calculated based on discounted expected future principal and interest cash flows. The discount rates used are based on market rates for similar instruments at the end of the reporting period. As at 31 December 2011 and 2010, the carrying amounts of the long-term receivables and long-term interest-bearing borrowings approximate their fair values.

38 Financial Instruments (cont'd)

Fair Value Hierarchy

The following table presents financial assets measured at fair value and classified by level of the following fair value measurement hierarchy:

(a) Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;
(b) Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (that is as prices) or indirectly (i.e. derived from prices); and
(c) Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

At 31 December 2011	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at fair value through profit or loss	57,713	-	-	57,713
Available-for-sale financial assets	-	-	67,376	67,376
	57,713	-	67,376	125,089

At 31 December 2010	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
Financial assets at fair value through profit or loss	53,241	-	-	53,241
Available-for-sale financial assets	-	-	27,186	27,186
	53,241	-	27,186	80,427

39 Business Combinations

(a) In January 2011, the Group acquired the remaining 50% shares in an associated company, PT Dami Mas Sejahtera ("DMS"), at a purchase consideration of US$15,146,000. Following the acquisition, DMS became a subsidiary of the Group. The Group recognised a gain of US$9,591,000 as a result of re-measuring previously held equity interest in DMS before the business combination. The gain is included as an exceptional item in the consolidated income statement for the current financial year.

The revenue and net profit of DMS between the date of acquisition and the end of the reporting period were US$9,054,000 and US$6,713,000 respectively.

39 Business Combinations (cont'd)

(a) The identifiable assets and liabilities acquired in the above transactions are as follows:

Net assets acquired:	Previous carrying amount in DMS US$'000	Fair value adjustments US$'000	Fair value recognised on acquisition US$'000
Property, plant and equipment	762	-	762
Biological assets	640	25,576	26,216
Cash and cash equivalents	9,725	-	9,725
Trade and other receivables	575	-	575
Inventories	891	-	891
Trade and other payables	(1,335)	-	(1,335)
Non-current liabilities	(55)	-	(55)
Deferred tax liability	(93)	(6,394)	(6,487)
	11,110	19,182	30,292
Less: Transfer from investment in an associated company			(5,555)
Less: Gain on equity interest			(9,591)
Total purchase consideration			15,146
Cash of acquired subsidiary			(9,725)
Net cash outflow on acquisition of subsidiary			5,421

(b) In July 2011, the Company, through its wholly-owned subsidiary, acquired an aggregate of 57,420,000 shares of nominal value of IDR200 each, representing approximately 2% of the shareholdings in PT Sinar Mas Agro Resources and Technology Tbk ("SMART") at IDR396,198,000,000 (equivalent to US$46,204,000). Following this transaction, the Group's ownership in SMART increased from 95.21% to 97.20%.

The Group recognised a decrease in non-controlling interests and other reserves of US$45,020,000 and US$1,184,000 respectively.

(c) In September 2010, the Group acquired from Sinarmas Land Limited *(formerly known as AFP Properties Limited)*, a related party, 100% shareholding in Florentina International Holdings Limited ("FIH"), an investment holding company incorporated in Mauritius, with several subsidiaries that are principally engaged in the manufacturing and sale of food products and instant noodles (the "FIH Group") in China.

The fair value of the identifiable assets and liabilities of FIH Group acquired amounted to US$142,838,000 after taking into account the fair value adjustments of US$80,368,000.

39 Business Combinations (cont'd)

(c) The identifiable assets and liabilities acquired in the above transactions are as follows:

Net assets acquired:	Previous carrying amount in FIH Group US$'000	Fair value adjustments US$'000	Fair value recognised on acquisition US$'000
Property, plant and equipment	61,436	107,158	168,594
Investment properties	1,570	-	1,570
Other non-current assets	136	-	136
Cash and cash equivalents	18,347	-	18,347
Trade and other receivables	13,825	-	13,825
Inventories	9,754	-	9,754
Borrowings	(18,196)	-	(18,196)
Trade and other payables	(28,151)	-	(28,151)
Deferred tax asset/(liability)	3,749	(26,790)	(23,041)
Total purchase consideration	62,470	80,368	142,838
Cash of acquired subsidiaries			(18,347)
Net cash outflow on acquisition of subsidiaries			124,491

40 Operating Segment Information

The Group's reportable segments are the strategic business units that offer different products and services and operate in two different principal geographical areas, namely Indonesia and China. They are managed separately because each business unit requires different marketing strategies. Set out below are the Group's reportable segments:

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 - ownership and operation of port, oilseed storage, crushing and refineries and producer of refined edible oil and food products in China.

2011	Indonesia Agri-Business US$'000	China Agri-Business US$'000	Total US$'000
Total revenue	5,406,955	1,139,809	6,546,764
Inter-segment sales	(593,840)	-	(593,840)
Revenue from external customers	4,813,115	1,139,809	5,952,924
EBITDA	914,056	27,903	941,959

40 Operating Segment Information (cont'd)

2011 (cont'd)	Indonesia Agri-Business US$'000	China Agri-Business US$'000	Total US$'000
Other information			
Capital expenditure	361,018	85,155	446,173
Depreciation and amortisation	(81,741)	(12,898)	(94,639)
Net gain from changes in fair value of biological assets	903,032	-	903,032
Exceptional gain, net	6,113	-	6,113
Interest on borrowings	(57,561)	(6,530)	(64,091)
Share of results of associated companies, net of tax	733	-	733
Assets			
Segment assets	11,360,987 *	876,575	12,237,562
Liabilities			
Segment liabilities	(3,358,335)	(762,331)	(4,120,666)

* Segment assets in Indonesia Agri-Business include investment in associated companies of US$4,422,000.

2010	Indonesia Agri-Business US$'000	China Agri-Business US$'000	Total US$'000
Total revenue	3,307,154	704,792	4,011,946
Inter-segment sales	(507,287)	-	(507,287)
Revenue from external customers	2,799,867	704,792	3,504,659
EBITDA	635,341	25,681	661,022
Other information			
Capital expenditure	287,279	36,292	323,571
Depreciation and amortisation	(73,567)	(8,792)	(82,359)
Net gain from changes in fair value of biological assets	1,370,980	-	1,370,980
Exceptional loss	(6,061)	-	(6,061)
Interest on borrowings	(43,142)	(4,355)	(47,497)
Share of results of associated companies, net of tax	3,187	-	3,187
Assets			
Segment assets	9,759,565 *	689,051	10,448,616
Liabilities			
Segment liabilities	(2,913,493)	(598,848)	(3,512,341)

* Segment assets in Indonesia Agri-Business include investment in associated companies of US$12,848,000.

40 Operating Segment Information (cont'd)

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

	2011 US$'000	2010 US$'000
EBITDA for reportable segments	941,959	661,022
Net gain from changes in fair value of biological assets	903,032	1,370,980
Depreciation and amortisation	(94,639)	(82,359)
Foreign exchange gain, net	19,146	29,908
Interest on borrowings	(64,091)	(47,497)
Exceptional items, net	6,113	(6,061)
Share of results of associated companies, net of tax	733	3,187
Profit before income tax	1,712,253	1,929,180

A reconciliation of total assets for reportable segments to total assets is as follows:

	2011 US$'000	2010 US$'000
Total assets for reportable segments	12,237,562	10,448,616
Elimination of inter-segment receivables	(400,185)	(334,164)
Total assets	11,837,377	10,114,452

A reconciliation of total liabilities for reportable segments to total liabilities is as follows:

	2011 US$'000	2010 US$'000
Total liabilities for reportable segments	4,120,666	3,512,341
Elimination of inter-segment payables	(395,755)	(343,032)
Total liabilities	3,724,911	3,169,309

Revenue based on geographical location of customers is as follows:

	2011 US$'000	2010 US$'000
China	1,664,953	890,084
India	827,123	566,315
Indonesia	644,610	530,541
Rest of Asia	2,551,818	1,447,716
Europe	236,300	52,484
Others	28,120	17,519
Consolidated revenue	5,952,924	3,504,659

40 Operating Segment Information (cont'd)

The following is an analysis of the carrying amount of non-current assets, analysed by the geographical areas in which the assets are located:

	2011 US$'000	2010 US$'000
Indonesia	9,290,262	8,077,366
China	300,029	219,154
Singapore	101,794	99,966
Total non-current assets	9,692,085	8,396,486

41 Related Party Transactions

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

(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:

	2011 US$'000	2010 US$'000
(i) Sale of services		
Management fee income from associated companies	-	17
Rental income from a related party	195	179
Port and storage handling fees from a non-controlling shareholder of a subsidiary	451	902
(ii) Purchase of goods and services		
Insurance premium to a related party	6,712	5,769
Purchase of agricultural products from associated companies	27	5,333
Purchase of non-palm oil products from related parties	71,155	32,967
Rental and service charge expense to a related party	5,748	5,009
Management fee expense to a related party	-	1,480
Toll manufacturing expense to an associated company	261	792
Transport and port expense to related parties	877	736
Advisory fee to a related party	239	220
Purchase of land from a related party	-	264
Port and storage charges to a non-controlling shareholder of a subsidiary	1,716	1,664

41 Related Party Transactions (cont'd)

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

	2011 US$'000	2010 US$'000
Directors' remuneration:		
Directors of the holding company	7,363	4,258
Directors of subsidiaries	8,280	8,674

Included in the above remuneration are post-employment benefits of US$151,000 for the financial year ended 31 December 2011 (2010: US$112,000).

42 Significant Commitments

Operating lease commitments

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

	2011 US$'000	2010 US$'000
Within one year	4,725	5,514
Between one year to five years	4,814	7,452
After five years	720	966
Minimum lease payments paid under operating leases	7,275	5,907

Capital expenditure commitment

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

	2011 US$'000	2010 US$'000
Capital expenditure	81,576	82,705

43 Group Companies

The details of the subsidiaries are as follows:

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2011 %	Effective interest of the Company 2010 %
Subsidiaries held by the Company				
Asia Integrated Agri Resources Limited (b1)	Investment holding	Bermuda	100.00	100.00
Asia Palm Oil Investment Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Blue Sky Golden Energy Ltd (b1)	Investment holding	Mauritius	100.00	100.00
Easton Capital Resources Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Agri Capital Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Agri International Finance Ltd (b1)	Treasury management	Mauritius	100.00	100.00
Golden Agri International Finance (2) Ltd (b2)	Treasury management	British Virgin Islands	100.00	100.00
Golden Agri International (Mauritius) Ltd (b1)	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
Golden Assets International Finance Limited (b2)	Treasury management	British Virgin Islands	100.00	100.00
Golden Bio Energy (S) Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Golden Logistics International Limited (b3)	Investment holding	Hong Kong	100.00	100.00
Madascar Investment Ltd (b1)	Investment holding	Mauritius	100.00	100.00

43 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2011 %	Effective interest of the Company 2010 %
Subsidiaries held by the Company (cont'd)				
PT Purimas Sasmita ("Purimas") (b1)	Investment holding, business and management consultancy, trading, and palm oil producer	Indonesia	100.00 [a]	100.00 [a]
Subsidiaries held through subsidiaries				
Aerolink Investment Ltd	Investment holding	Singapore	100.00	100.00
AFP Agri-Resources Trading (M) Sdn. Bhd. (b1)	Investment holding	Malaysia	100.00	100.00
AFP International Trading (Shanghai) Co., Ltd (b9)	Trading in edible oils and its related products	People's Republic of China	100.00	100.00
PT Aditunggal Mahajaya (b7)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrokarya Primalestari (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrolestari Mandiri (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrolestari Sentosa (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agropalma Sejahtera (b5)	Investment holding	Indonesia	100.00	100.00
PT Aimer Sawitmas (b4)	Investment holding	Indonesia	100.00	100.00
PT Alam Sumber Rahmat (b4)	Oil palm cultivation and palm oil producer	Indonesia	97.48	95.68
PT Bangun Nusa Mandiri (b7)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Belino Investments Limited (b2)	Investment holding	British Virgin Islands	100.00 [e]	-
PT Berau Sarana Jaya (b4)	Oil palm cultivation and palm oil producer	Indonesia	97.20	95.21
PT Bhakti Manunggal Karya (b5)	Training services	Indonesia	100.00	100.00
PT Binasawit Abadipratama (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Blue Sky Golden FPS Ltd (b2)	Investment holding	British Virgin Islands	100.00	100.00
Blue Sky Golden Fulcrum Ltd (b2)	Investment holding	British Virgin Islands	100.00	100.00

43 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2011 %	2010 %
Subsidiaries held through subsidiaries (cont'd)				
PT Buana Adhitama (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Buana Artha Sejahtera (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Buana Indah Mandiri (b5)	Transportation service	Indonesia	100.00	100.00
PT Buana Wiralestari Mas (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Bumi Persada Sejahtera (b5)	Investment holding	Indonesia	100.00	100.00
PT Bumi Sawit Permai (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Bumipalma Lestaripersada (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Bumipermai Lestari (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Cahayanusa Gemilang (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Citra Bhakti Mandiri (b5)	Investment holding	Indonesia	100.00	100.00
PT Dami Mas Sejahtera (Note 39a) (b8)	Production and sale of oil palm seeds	Indonesia	100.00	50.00
PT Djuandasawit Lestari (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Dragon Capital Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Dumai Golden Industry Complex (b5)	Refinery operation	Indonesia	100.00	100.00
Eco Investment Ltd (b2)	Investment holding	Malaysia	100.00	100.00
PT Elang Nusantara Air (b4)	Air transportation	Indonesia	100.00	100.00
Enterprise Capital Corporation (b2)	Investment holding	Malaysia	100.00	100.00
Fiducia Finance S.A. ("FFSA") (b4)	Investment holding	Luxembourg	- [c]	100.00

43 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2011 %	Effective interest of the Company 2010 %
Subsidiaries held through subsidiaries (cont'd)				
Florentina International Holdings Limited ("FIH") (b1)	Investment holding	Mauritius	100.00	100.00
PT Forestalestari Dwikarya (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Genta Mas Perkasa (b7)	Investment holding	Indonesia	100.00	100.00
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 India Holding Pte. Ltd. (b4)	Investment holding and provision of management and consultancy services	Singapore	100.00 [f]	-
Golden Agri International (L) Ltd (b1)	Trading in crude palm oil and related products	Malaysia	100.00	100.00
Golden Agri International (M) Trading Sdn. Bhd. (b4)	Trading in palm oil and related products	Malaysia	100.00 [f]	-
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 Plaza Pte. Ltd.	Commercial and industrial real estate management	Singapore	100.00	100.00
Golden Agri SEA (Labuan) Ltd (b1)	Trading in edible oils and its related products	Malaysia	100.00	100.00
Golden Agri Trading (L) Ltd (b1)	Trading in edible oils and its related products	Malaysia	100.00	100.00
Golden Airlines Limited (b3)	Ownership of aircraft(s)	Hong Kong	100.00	100.00
Golden MK Holding Pte. Ltd.	Investment holding	Singapore	100.00 [f]	-
Golden Natural Resources (HK) Investment Co. Limited (b3)	Investment holding	Hong Kong	100.00	100.00

43 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2011 %	2010 %
Subsidiaries held through subsidiaries (cont'd)				
PT Griyagraha Sarimakmur (b4)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Harford Holdings Limited (b2)	Investment holding	British Virgin Islands	100.00 [e]	-
Huafeng Foodstuff (Fuxin) Co., Ltd (b4)	Manufacturing and sale of processed instant noodles, snack products and beverage	People's Republic of China	100.00	100.00
Huafeng Foodstuff (Xian Yang) Co., Ltd (b9)	Manufacturing and sale of processed instant noodles, snack products, beverages and seasoning	People's Republic of China	100.00	100.00
PT Ivo Mas Tunggal (b1)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Ivomas Oil & Fat (b5)	Investment holding	Indonesia	100.00	100.00
PT Ivomas Tunggal Lestari (b1)	Provision of maintenance services for palm oil processing units	Indonesia	100.00	100.00
PT Kartika Prima Cipta (b7)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Kencana Graha Permai (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Kresna Duta Agroindo (b1)	Oil palm cultivation and palm oil producer	Indonesia	97.20	95.21
PT Kurnia Cakra Sakti (b4)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Langgeng Subur (b5)	Cultivation of ornamental plants	Indonesia	97.20	95.21
Madascar Capital Pte. Ltd.	Investment holding	Singapore	100.00	100.00
PT Mantap Andalan Unggul (b4)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Maskapai Perkebunan Leidong West Indonesia (b1)	Oil palm cultivation and palm oil producer	Indonesia	97.20	95.21
PT Meganusa Intisawit (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00

43 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2011 %	Effective interest of the Company 2010 %
Subsidiaries held through subsidiaries (cont'd)				
PT Meganusa Karya Langgeng (b7)	Investment holding	Indonesia	100.00	100.00
PT Mitra Ekasukses Abadi (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Mitrakarya Agroindo (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Nabati Energi Mas (b5)	Production of palm oil based bio-diesel and other renewable resources based bio-fuel	Indonesia	97.20	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
PT Nusantara Candra (b4)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Paramitra Agung Cemerlang (b1)	Provision of shipping and chartering services	Indonesia	100.00	100.00
PT Paramitra Internusa Pratama (b7)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Pelangi Sungai Siak (b4)	Oil palm cultivation and palm oil producer	Indonesia	82.62	80.92
PT Persada Graha Mandiri (b7)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Perusahaan Perkebunan Panigoran (b5)	Oil palm cultivation and palm oil producer	Indonesia	97.20	95.21
PT Pratama Ronaperintis (b4)	Investment holding	Indonesia	68.04	66.64
Premier Foods International Ltd ("Premier") (b1)	Investment holding	Mauritius	- [d]	100.00
PT Propertindo Prima (b5)	Transportation service	Indonesia	97.20	95.21
PT Putra Manunggal Abadi (b5)	Investment holding	Indonesia	100.00	100.00

43 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2011 %	Effective interest of the Company 2010 %
Subsidiaries held through subsidiaries (cont'd)				
PT Rama Flora Sejahtera (b4)	Oil palm cultivation and palm oil producer	Indonesia	97.20	95.21
PT Ramajaya Pramukti (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Rapid Growth Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Rawa Bangunyaman (b4)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Sangatta Andalan Utama (b4)	Oil palm cultivation and palm oil producer	Indonesia	97.20	95.21
PT Satrindo Jaya Agropalma (b5)	Transportation service	Indonesia	100.00	100.00
PT Satya Kisma Usaha (b5)	Oil palm cultivation and palm oil producer	Indonesia	97.20	95.21
PT Sawit Mas Sejahtera (b5)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Sawitakarya Manunggul (b12)	Oil palm cultivation and palm oil producer	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
Silverand Holdings Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Sinar Kencana Inti Perkasa (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Sinar Mas Agro Resources and Technology Tbk (b1)	Investment holding, oil palm cultivation and palm oil producer, refinery and producer of consumer cooking oil, shortening and margarine	Indonesia	97.20	95.21
Sinar Mas Natural Resources (China) Investment Co., Ltd (b10)	Investment holding	People's Republic of China	100.00	100.00

43 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2011 %	Effective interest of the Company 2010 %
Subsidiaries held through subsidiaries (cont'd)				
Sinarmas Food (Hong Kong) Co., Limited (b4)	Investment holding	Hong Kong	100.00 [f]	-
Sinarmas Natural Resources Foodstuff Technology (Nanjing) Co., Ltd (b6)	Refinery of palm and vegetable oil	People's Republic of China	100.00	100.00
Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd (b11)	Refinery of palm and vegetable oil	People's Republic of China	100.00	100.00
PT Sinar Mas Super Air (b5)	Aerial manuring	Indonesia	99.02	98.32
Sinarkonex Korea Co., Ltd (b4)	Dormant	Korea	70.00	70.00
PT Soci Mas (b1)	Oleochemical industries	Indonesia	97.23	95.26
Sterling International Investment Ltd (b4)	Investment holding	Malaysia	100.00	100.00
Straits Investments Ltd (b1)	Investment holding	Mauritius	84.31	84.31
PT Sumber Indahperkasa (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Swakarya Adhi Usaha (b5)	Provision of maintenance services for palm oil processing units	Indonesia	100.00	100.00
PT Tapian Nadenggan (b1)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	97.20	95.21
PT Tarunacipta Kencana (b1)	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)	Oil palm cultivation and palm oil producer	Indonesia	85.00	85.00
PT Trans Indojaya Mas (b5)	Transportation services	Indonesia	99.03	98.34
PT Universal Transindo Mas (b5)	Transportation services	Indonesia	99.03	98.34
PT Usaha Malindo Jaya (b5)	Construction service	Indonesia	100.00	100.00

43 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2011 %	2010 %
Subsidiaries held through subsidiaries (cont'd)				
Windflower Investments Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00
Wuhan Jin Ding Foodstuff Co., Ltd (b9)	Manufacturing and sale of food products and instant noodles	People's Republic of China	100.00	100.00
Zhongshan Huifeng Investment Advisory Co., Ltd (b9)	Dormant	People's Republic of China	100.00	100.00
Zhuhai Huafeng Food Industry (Group) Co., Ltd (b9)	Manufacturing and sale of food products and instant noodles	People's Republic of China	100.00	100.00
Zhuhai Huafeng Foodstuff Co., Ltd (b9)	Manufacturing and sale of instant noodles	People's Republic of China	100.00	100.00
Zhuhai Shining Gold Oil and Fats Industry Co., Ltd (b1)	Refinery of palm and vegetable oil	People's Republic of China	85.00	85.00
The Group's associated companies are:				
PT Catur Paramita (b4)	Property owner for education purposes	Indonesia	30.30	30.30
PT Hortimart Agrogemilang (b4)	Production and sale of seeds	Indonesia	38.01	37.23
PT Sinar Meadow International Indonesia (b1)	Production of special vegetable oil and fat	Indonesia	50.00	50.00
PT Dami Mas Sejahtera (Note 39a) (b8)	Production and sale of oil palm seeds	Indonesia	-	50.00

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43 Group Companies (cont'd)

Notes:

(a) 86.04% of the share capital of Purimas is directly held by the Company and the remaining 13.96% of the share capital is held by Silverand Holdings Ltd.

(b) The above group companies are audited by Moore Stephens LLP, Singapore except for group companies that are indicated below:

(1) Audited by member firms of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is a member.

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

(3) Audited by other firm of accountants, TCL & Company, Certified Public Accountants (Practising) and Lam, Lee & So C.P.A. Company Limited for financial year 2011 and 2010 respectively.

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

(5) Audited by other firm of accountants, Tanubrata Sutanto Fahmi & Rekan (BDO).

(6) Audited by other firm of accountants, Jiangsu Tianhua Dapeng CPA, PRC.

(7) Audited by other firm of accountants, Hendrawinata Eddy Siddharta (Kreston International) and Eddy Siddharta & Rekan for financial year 2011 and 2010 respectively.

(8) Audited by other firm of accountants, Purwantono, Suherman & Surja (Ernst & Young).

(9) Audited by other firm of accountants, Zhonghua CPA, PRC.

(10) Audited by other firm of accountants, Reanda CPA, PRC.

(11) Audited by other firm of accountants, Tianjin Guangxin CPA Co., Ltd and Tianjin Chengtai CPA, PRC for financial year 2011 and 2010 respectively.

(12) Audited by other firm of accountants, Purwantono, Suherman & Surja (Ernst & Young) and Tanubrata Sutanto Fahmi & Rekan (BDO) for financial year 2011 and 2010 respectively.

(c) During the current financial year, FFSA obtained approval from the Luxembourg supervisory authority, the Commission for the Supervision of the Financial Sector ("CSSF"), to be converted into a société d'investissement en capital à risque (SICAR) in accordance with the Luxembourg law of 15 June 2004 relating to the investment company in risk capital (the "SICAR Law") and has been renamed to Agri Renewable Fund Sicar S.A. ("ARF").

ARF takes the form of a société anonyme (public limited company), with a fixed share capital, established and organised under the laws of Luxembourg and is registered with the CSSF as a SICAR.

The investment policy of ARF is to invest in the renewable energy sector in Europe, in compliance with the SICAR Law.

(d) During the current financial year, FIH, a wholly-owned subsidiary, was amalgamated with another wholly-owned subsidiary of the Group, Premier, with the former as the surviving company.

(e) During the current financial year, the Company purchased 2 wholly-owned subsidiaries, Belino Investments Limited and Harford Holdings Limited, each with an initial issued and paid-up capital of US$1 comprising 1 ordinary share. The amount paid for each purchase was US$650.

43 Group Companies (cont'd)

Notes: (cont'd)

(f) During the current financial year, the following new companies have been incorporated:

Subsidiaries	Initial Issued and Paid-up Capital
Golden Agri International India Holding Pte. Ltd.	1 ordinary share of US$1 each
Golden Agri International (M) Trading Sdn. Bhd.	2 ordinary shares of RM1 each
Golden MK Holding Pte. Ltd.	4 ordinary shares of US$1 each
Sinarmas Food (Hong Kong) Co., Limited	1 ordinary share of HK$1 each

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Financial Statements

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

REPORT OF THE DIRECTORS
AND FINANCIAL STATEMENTS

31 DECEMBER 2011

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

FINANCIAL STATEMENTS FOR THE YEAR ENDED
31 DECEMBER 2011

CONTENTS	**PAGE**

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

COMMENTARY OF THE DIRECTORS

The directors present their commentary, together with the audited financial statements of Golden Agri-Resources Ltd (the "Company") for the financial year ended 31 December 2011.

PRINCIPAL ACTIVITY

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

RESULTS AND DIVIDENDS

The Company's total comprehensive loss for the year ended 31 December 2011 was **US$1,097,000** (2010: US$2,917,000).

At the Annual Meeting to be held on 26 April 2012, a first and final dividend (tax not applicable) of S$0.0184 per share, amounting to S$223,351,655.73 (equivalent to approximately US$171,941,000) will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings for the financial year ending 31 December 2012.

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 will be 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, 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 2011.

CORPORATE SECRETARY
c/o Multiconsult Limited
Rogers House,
5, President John Kennedy Street,
Port Louis,
MAURITIUS

Date: 16 March 2012

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

This report is made solely to the members of **Golden Agri-Resources Ltd**, the **"Company"**, as a body, in accordance with Section 205 of the Mauritian Companies Act 2001. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Report on the Financial Statements

We have audited the financial statements of the Company, set out on pages 5 to 22, which comprise the statement of financial position at 31 December 2011 and the statement of comprehensive income, statement of changes in equity and statement of cash flows 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.

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

Opinion

In our opinion, the financial statements on pages 5 to 22 give a true and fair view of the financial position of the Company at 31 December 2011 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 capacity as auditors.

We have obtained all the information and explanations we have required.

In our opinion, proper accounting records have been kept by the Company as far as it appears from our examination of those records.

Moore Stephens
Chartered Accountants

Port Louis, Mauritius
Date: 16 March 2012

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

STATEMENT OF COMPREHENSIVE INCOME
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 US$'000	2010 US$'000
Administrative expenses		(3,488)	(3,835)
Financial income	6	1,026	1,018
Financial expenses	7	(50)	(96)
Foreign exchange gain, net		1,510	78
Receivables written off	12	-	(82)
Loss before income tax	8	(1,002)	(2,917)
Income tax	9	(95)	-
Loss for the year, representing total comprehensive loss for the year		(1,097)	(2,917)

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

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2011

	Note	2011 US$'000	2010 US$'000
Current assets			
Cash and cash equivalents	10	200	132
Other current assets	11	86	47
		286	179
Non-current assets			
Interest in subsidiaries	12	2,604,154	2,695,171
Long-term investments	13	17,000	2,000
		2,621,154	2,697,171
Total Assets		2,621,440	2,697,350
Current liabilities			
Accrued operating expenses		515	307
Other payables		2	2
Non-trade payable to a related party	14	123	141
Loans and advances from subsidiaries, unsecured	15	31,032	30,166
		31,672	30,616
Net Assets		2,589,768	2,666,734
Equity			
Issued capital	16	303,467	303,467
Share premium		1,569,167	1,569,167
Retained earnings		717,134	794,100
		2,589,768	2,666,734

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 2011

	Issued Capital US$'000	Share Premium US$'000	Retained Earnings US$'000	Total US$'000
Balance at 1 January 2011	303,467	1,569,167	794,100	2,666,734
Dividends paid for 2010 (Note 18)	-	-	(75,869)	(75,869)
Total comprehensive loss for the year	-	-	(1,097)	(1,097)
Balance at 31 December 2011	303,467	1,569,167	717,134	2,589,768
Balance at 1 January 2010	303,467	1,569,185	840,577	2,713,229
Adjustment to share issuance expenses	-	(18)	-	(18)
Dividends paid for 2009 (Note 18)	-	-	(43,560)	(43,560)
Total comprehensive loss for the year	-	-	(2,917)	(2,917)
Balance at 31 December 2010	303,467	1,569,167	794,100	2,666,734

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

GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED 31 DECEMBER 2011

	Note	2011 US$'000	2010 US$'000
Cash flows from operating activities			
Loss before income tax		(1,002)	(2,917)
Adjustments for:			
Interest expense		50	96
Interest income		(1,026)	(1,018)
Receivables written off	12	-	82
Operating cash flow before working capital changes		(1,978)	(3,757)
Changes in operating assets and liabilities:			
Non-trade payable to a related party		(18)	13
Accrued operating expenses		208	(112)
Non-trade receivable from a related party		-	386
Other current assets		(39)	(2)
Cash used in operations		(1,827)	(3,472)
Interest paid		-	(52)
Interest received		-	3
Income tax paid		(95)	-
Net cash used in operating activities		(1,922)	(3,521)
Cash flows from investing activities			
Proceeds from loans and advances to subsidiaries, net		92,043	61,090
Payments for long-term investments		(15,000)	(2,000)
Net cash generated from investing activities		77,043	59,090
Cash flows from financing activities			
Proceeds from/(Repayments of) loans and advances from subsidiaries, net		816	(3,017)
Repayment of short-term bank loan, unsecured		-	(10,000)
Payment of dividends		(75,869)	(43,560)
Decrease in time deposits pledged		-	950
Net cash used in financing activities		(75,053)	(55,627)
Net increase/(decrease) in cash and cash equivalents		68	(58)
Cash and cash equivalents at the beginning of the year		132	190
Cash and cash equivalents at the end of the year	10	200	132

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

NOTES TO THE FINANCIAL STATEMENTS
31 DECEMBER 2011

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 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 16 March 2012.

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

(a) Adoption of New and Revised IFRSs and Interpretations to IFRSs

During the current financial year, the Company has adopted the following revised and amended IFRSs and Interpretations to IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 January 2011. The adoption of these IFRSs and Interpretations to IFRSs did not have any effect on the financial performance and position of the Company. They did however give rise to additional disclosures including, in some cases, revisions to accounting policies.

(i) IAS 24 (Revised), Related Party Disclosures

IAS 24 (Revised) clarifies the definition of a related party to simplify the identification of such relationships and to eliminate inconsistencies in the application. It expands the definition of a related party and would treat two entities as related to each other whenever a person (or a close member of that person's family) or a third party has control or joint control over the entity, or has significant influence over the entity.

(ii) Annual Improvements to IFRSs (May 2010)

- *IAS 1 (Amendment), Presentation of Financial Statements*

  The amendment clarifies that for the analysis of the components of other comprehensive income by item can be presented either in the statement of changes in equity or within the notes.

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

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

(ii) Annual Improvements to IFRSs (May 2010) (cont'd)

- *IFRS 7 (Amendment), Financial Instruments: Disclosures*

  The amendments include removal of requirement to disclose carrying amount of renegotiated financial assets that would be past due or impaired if not for the renegotiation. It also clarifies that disclosure of amount that best represents maximum exposure to credit risk is not required when this amount is represented by the carrying amount of the financial instrument and requirement to disclose fair value of collateral and other credit enhancements is replaced with a description to disclose the financial effect of collateral and other credit enhancements.

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

As at the date of these financial statements, the following revisions and amendments to the IFRSs and new Interpretations to IFRSs that are relevant to the Company's operations have been issued but not yet effective:

- *Amendments to IAS 1, Presentation of items of other comprehensive income*
- *IFRS 9, Financial Instruments – Classification of financial assets and financial liabilities*
- *IFRS 10, Consolidated Financial Statements*
- *IFRS 11, Joint Arrangements*
- *IFRS 12, Disclosure of Interests in Other Entities*
- *IFRS 13, Fair Value Measurements*
- *IAS 27, Separate Financial Statements*
- *IAS 28 (Revised), Investments in Associates and Joint Ventures*

The directors expect the adoption of the new and revised IFRSs and Interpretations above will have no material financial impact on the financial statements in the period of initial application.

3 Summary of Accounting Policies

(a) Basis of Preparation

The financial statements, which are expressed in United States dollar, are prepared in accordance with the historical cost convention, except as disclosed in the accounting policies below and are drawn up in accordance with the provisions of IFRSs.

The preparation of financial statements in conformity with IFRSs requires the use of estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the end of the reporting period and the reported amounts of revenues and expenses during the financial year. Although these estimates are based on management's best knowledge of current events and actions, actual results may actually differ from these estimates. Critical accounting estimates and assumptions used that are significant to the financial statements and areas involving a higher degree of judgement and complexity are disclosed in Note 5 to the financial statements.

3 Summary of Accounting Policies (cont'd)

(b) Functional and Presentation Currency

The functional and presentation currency of the Company is the United States dollar as the directors are of the opinion that the United States 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 United States dollar at the rates of exchange prevailing at the time the transactions are entered into. At the end of each reporting period, monetary assets and liabilities denominated in foreign currencies are translated into United States dollar at exchange rates prevailing at such date. Exchange differences arising from the settlement of foreign currency transactions and from translation of foreign currency denominated monetary assets and liabilities are taken to the profit or loss.

Non-monetary items that are measured in terms of historical cost in foreign currency are translated using the exchange rates at the date of initial transactions. Non-monetary items denominated in foreign currencies that are measured at fair value are translated using the exchange rate at the date that the fair value was determined. Currency translation differences on monetary items are recognised as part of the fair value gain or loss in profit or loss, except for differences arising from translation of available-for-sale financial assets, which are recognised in other comprehensive income.

(d) Revenue Recognition

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is recognised in the profit or loss as follows:

(i) Interest income from time deposits and other financial assets are recognised on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

(ii) Dividend income from investments is recognised on the date the dividends are declared payable by the investees.

(e) Income Tax

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

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

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

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

3 Summary of Accounting Policies (cont'd)

(e) Income Tax (cont'd)

Deferred income tax is charged or credited to the profit or loss, except when it relates to items charged or credited directly to equity, in which case the deferred income tax is also dealt with in equity. Deferred income tax assets and liabilities are offset when they relate to income taxes levied by the same tax authority. Tax rates enacted or substantively enacted by the end of each reporting period are used to determine deferred tax.

(f) Cash and cash equivalents

Cash and cash equivalents classified under current assets comprise cash at banks and time deposits which are short-term, highly liquid assets that are readily convertible to known amounts of cash with maturities of three months or less and which are subject to an insignificant risk of changes in value.

(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 receivables and other receivables.

Receivables are measured at initial recognition at fair value which is normally the face value, and are subsequently measured at amortised cost using the effective interest method. Appropriate allowances for estimated irrecoverable amounts are recognised in the profit or loss when there is objective evidence that the asset is impaired. The allowance recognised is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the effective interest rate computed at initial recognition.

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

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

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

Non-trade payables 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.

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

(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 profit or loss 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 2010.

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

The Company is not subjected to externally imposed capital requirements.

The debts-to-equity ratio as at 31 December 2011 and 2010 are as follows:

	2011 US$'000	2010 US$'000
Loans and advances from subsidiaries	31,032	30,166
Less: Cash and cash equivalents	(200)	(132)
Net debts	30,832	30,034
Equity	2,589,768	2,666,734
Debts-to-equity ratio (times)	0.01	0.01

(b) Financial Risk Management

The Company's activities exposed it to a variety of financial risks, including the effects of changes in interest rate risk, foreign exchange risk, credit risk and liquidity 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 advances to and from subsidiaries. Cash flow interest rate risk is the risk that the future cash flow of borrowings at variable rate will fluctuate because of changes to market interest rates. The Company constantly reviews its debt portfolio and monitors the changes in interest rate environment to ensure that interest receipts and payments are within acceptable level. Information relating to the interest rates and terms of repayment of interest-bearing financial assets and liabilities are disclosed in Notes 10, 12, and 15 to the financial statements.

4 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(i) Interest Rate Risk (cont'd)

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

	2011 US$'000	2010 US$'000
Financial Assets at Variable Rates		
Cash and cash equivalents	200	132
Financial Assets at Fixed Rates		
Other financial assets	102,105	101,080
Financial Liabilities at Variable Rates		
Other financial liabilities	7,540	7,513

(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 are monitored closely by the Company on an on-going basis.

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

	2011 US$'000	2010 US$'000
Corporate guarantees provided to financial institutions on subsidiaries' borrowings:		
- Total facilities	1,135,687	701,911
- Total outstanding	643,366	334,551

As at the end of the reporting period, the Company does not have any significant concentration of credit risk.

(iii) Foreign Currency Risk

The Company's foreign currency exposure arises mainly from the exchange rate movements of the Singapore dollar and the United States dollar which is also the Company's functional currency.

As at the end of the reporting period, substantively all the Company's net monetary assets are denominated in United States dollar, hence the Company does not have any significant exposure to foreign currency.

4 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(iv) Liquidity Risk

To manage liquidity risk, the Company monitors and maintains a level of cash and cash equivalents deemed adequate by the management to finance its operations and mitigate the effects of fluctuations in cash flows. The Company relies on funds from subsidiaries as a significant source of liquidity.

The table below analyses the maturity profile of the Company's financial guarantees provided to financial institutions on subsidiaries' borrowings that shows the remaining contractual maturities:

	Less than 1 year	1 to 5 years	Total
At 31 December 2011	US$'000	US$'000	US$'000
Financial guarantee contracts	259,723	383,643	643,366
At 31 December 2010			
Financial guarantee contracts	226,943	107,608	334,551

5 Critical Accounting Estimate and Assumption

Impairment of Assets

The Company reviews the carrying amounts of the assets as at the end of each reporting period to determine whether there is any indication of impairment. If any such indication exists, the assets recoverable amount or value in use is estimated. Determining the value in use of long-lived assets, which require the determination of future cash flows expected to be generated from the continued use and ultimate disposition of such assets, requires the Company to make estimates and assumptions that can materially affect the financial statements. Any resulting impairment loss could have a material adverse impact on the Company's financial position and results of operations.

The preparation of the estimated future cash flows involves significant judgement and estimations. While the Company believes that the assumptions are appropriate and reasonable, significant changes in the assumptions may materially affect the assessment of recoverable amounts and may lead to future impairment charges.

As at 31 December 2011, there is no significant impairment loss recognised in the financial statements.

6 Financial Income

	2011	2010
	US$'000	US$'000
Interest income:		
- loans to subsidiaries	1,026	1,015
- cash and cash equivalents	-	3
	1,026	1,018

7 Financial Expenses

	2011 US$'000	2010 US$'000
Interest expenses:		
- short-term bank loan	-	26
- loans from subsidiaries	50	70
	50	96

8 Loss before Income Tax

This is arrived at after charging:

	2011 US$'000	2010 US$'000
Audit fees paid/payable to auditors	189	153
Non-audit services paid/payable to auditors	50	18
Staff costs*	524	794

* 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 2011, no awards have been granted by the Company under the RSP.

9 Income Tax

	2011 US$'000	2010 US$'000
Tax expense attributable to profit is made up of:		
- Under-provision of income tax in respect of prior years	95	-

9 Income Tax (cont'd)

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

	2011 US$'000	2010 US$'000
Loss before income tax	(1,002)	(2,917)
Tax calculated at tax rate of 15% (2010: 15%)	(150)	(438)
Expenses not deductible for tax purposes	119	85
Income not subject to tax	(227)	-
Unrecognised deferred tax assets	258	353
Under-provision of income tax in respect of prior years	95	-
	95	-

The Company, being a GBL1 company for the purpose of the FS Act 2007 (see Note 1), is taxed in Mauritius at a fixed rate of 15% (2010: 15%). It is, however, entitled to a tax credit equivalent to the higher of the foreign taxes paid and 80% (2010: 80%) of the Mauritius tax on its foreign source income, thereby giving an effective tax rate of 3%. Interest income from any bank under the Banking Act 2004 is exempt from tax and there is no tax on capital gains in Mauritius.

10 Cash and Cash Equivalents

	2011 US$'000	2010 US$'000
Cash at banks are denominated in:		
United States dollar	154	54
Singapore dollar	46	78
	200	132

11 Other Current Assets

	2011 US$'000	2010 US$'000
Prepaid expenses	86	37
Receivable from third parties	-	10
	86	47

Other current assets are denominated in the following currencies:

	2011 US$'000	2010 US$'000
United States dollar	59	42
Singapore dollar	27	5
	86	47

12 Interest in Subsidiaries

	2011 US$'000	2010 US$'000
Investment in unquoted equity shares, at cost [(a)]	826,575	826,575
Loans and advances to subsidiaries, unsecured [(b)]	1,777,579	1,868,596
	2,604,154	2,695,171

(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	Percentage of equity held by the Company 2011 %	2010 %	Cost of investment 2011 US$'000	2010 US$'000
Asia Integrated Agri Resources Limited (i) Bermuda	Investment holding	100	100	98,000	98,000
Asia Palm Oil Investment Pte. Ltd. (i) Singapore	Investment holding	100	100	-*1	-*1
Blue Sky Golden Energy Ltd Mauritius	Investment holding	100	100	-*1	-*1
Easton Capital Resources Pte. Ltd. (i) Singapore	Investment holding and treasury management	100	100	-*2	-*2
Golden Agri Capital Pte. Ltd. (i) Singapore	Investment holding and treasury management	100	100	-*2	-*2
Golden Agri International Finance Ltd Mauritius	Treasury management	100	100	-*1	-*1
Golden Agri International Finance (2) Ltd (ii) British Virgin Islands	Treasury management	100	100	-*3	-*3
Golden Agri International (Mauritius) Ltd Mauritius	Provision of management and consultancy services	100	100	-*1	-*1
Golden Agri International Pte Ltd (i) Singapore	Trading in crude palm oil and related products	100	100	14,614	14,614
Golden Agri International Trading Ltd (i) Malaysia	Trading in crude palm oil and related products	100	100	-*2	-*2
Golden Agri Investment (S) Pte. Ltd. ("GAIS") (i) Singapore	Investment holding	100	100	-*2	-*2
Golden Bio Energy (S) Pte. Ltd. (i) Singapore	Investment holding	100	100	-*5	-*5

12 Interest in Subsidiaries (cont'd)

Name of subsidiary/Country of incorporation and Place of business	Principal activities	Percentage of equity held by the Company 2011	2010	Cost of investment 2011	2010
		%	%	US$'000	US$'000
Golden Agri (Labuan) Ltd (i) Malaysia	Trading in crude palm oil and related products	100	100	-*2	-*2
Golden Logistics International Limited (iii) Hong Kong	Investment holding	100	100	-*4	-*4
Golden Assets International Finance Limited (ii) British Virgin Islands	Treasury management	100	100	1	1
Madascar Investment Ltd Mauritius	Investment holding	100	100	67,600	67,600
P.T. Purimas Sasmita (i) Indonesia	Investment holding, business and management consultancy, trading, and palm oil producer	100	100	646,360	646,360
				826,575	826,575

*1 Cost of investment amounted to US$2
*2 Cost of investment amounted to US$1
*3 Cost of investment amounted to US$450
*4 Cost of investment amounted to HK$1
*5 Cost of investment amounted to S$1

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) No statutory audit required by law in its country of incorporation.
(iii) Audited by other firm of accountants, TCL & Company, Certified Public Accountants (Practising) and Lam, Lee & So C.P.A. Company Limited for financial year 2011 and 2010 respectively.

(b) The loans to subsidiaries included US$102,105,000 (2010: US$101,080,000) which bears interest at 1.0% (2010: 1.0%) per annum and are not expected to be repaid in the near future. The fair value of loans and advances is not determinable as the timing of the future cash flows arising from this amount cannot be measured reliably, hence this amount is recognised at transaction price.

During the financial year 2010, an advance of US$82,000 owing from GAR Finance B.V., a direct subsidiary of GAIS, was written off following the liquidation of GAR Finance B.V..

12 Interest in Subsidiaries (cont'd)

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

	2011 US$'000	2010 US$'000
United States dollar	1,777,022	1,868,077
Singapore dollar	540	494
Malaysian ringgit	17	17
Chinese renminbi	-	8
	1,777,579	1,868,596

13 Long-Term Investments

	2011 US$'000	2010 US$'000
Available-for-sale financial asset:		
- Unquoted fund, at cost	17,000	2,000

14 Non-Trade Payable to a Related Party

The amount of non-trade payable to a related party is denominated in Singapore dollar, unsecured, interest-free and repayable on demand.

As at 31 December 2011 and 2010, the carrying amount of this payable approximates its fair value due to the relatively short-term maturity of this balance.

15 Loans and Advances from Subsidiaries, Unsecured

The unsecured loans and advances from subsidiaries, denominated in United States dollar, included US$7,540,000 (2010: US$7,513,000), which bears interest ranging from 0.4% to 1.0% (2010: 0.3% to 1.5%) per annum and are repayable on demand. The carrying amounts of these loans approximate their fair values due to the relatively short-term maturity of these balances.

16 Issued Capital

	2011		2010	
	No of Shares	US$'000	No of Shares	US$'000
Issued and fully paid:				
Balance at beginning and end of the year	12,138,676,942	303,467	12,138,676,942	303,467

As at 31 December 2011, the number of outstanding warrants was 705,493,728 (31 December 2010: 705,493,728). Each warrant carries the right to subscribe for 1 new ordinary share at an exercise price of S$0.54 and may only be exercised on the third (3^{rd}) anniversary of the date of issuance (i.e. 23 July 2012).

17 Related Party Transactions

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

(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:

	2011 US$'000	2010 US$'000
Advisory fee to a related party	239	220

18 Dividends

	2011 US$'000	2010 US$'000
Final dividend paid in respect of the previous year of S$0.0077 (2010: S$0.00495) per qualifying share	75,869	43,560

At the Annual Meeting to be held on 26 April 2012, a first and final dividend (tax not applicable) of S$0.0184 per share, amounting to S$223,351,655.73 (equivalent to approximately US$171,941,000) will be recommended. These financial statements do not reflect this dividend, which will be accounted for in shareholders' equity as an appropriation of retained earnings for the financial year ending 31 December 2012.

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GOLDEN AGRI-RESOURCES LTD

SHAREHOLDING STATISTICS AS AT 7 MARCH 2012

STATED CAPITAL : US$1,872,633,325.28
CLASS OF SHARES : Ordinary shares of US$0.025 each with equal voting rights

There are no treasury shares held in the capital of the Company.

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	4,296	12.78	1,878,213	0.01
1,000 - 10,000	16,426	48.85	92,122,672	0.76
10,001 - 1,000,000	12,823	38.14	574,108,502	4.73
1,000,001 & ABOVE	78	0.23	11,470,567,555	94.50
Total	**33,623**	**100.00**	**12,138,676,942**	**100.00**

TWENTY LARGEST SHAREHOLDERS

Name of Shareholders	No. of Shares	%
MASSINGHAM INTERNATIONAL LTD	3,170,816,678	26.12
RAFFLES NOMINEES (PTE) LTD	1,848,455,688	15.23
CITIBANK NOMINEES S'PORE PTE LTD	1,438,627,782	11.85
DBS NOMINEES PTE LTD	1,068,020,640	8.80
FLAMBO INTERNATIONAL LIMITED	931,733,159	7.68
HSBC (SINGAPORE) NOMINEES PTE LTD	862,348,364	7.10
DBSN SERVICES PTE LTD	720,659,256	5.94
UNITED OVERSEAS BANK NOMINEES PTE LTD	484,152,081	3.99
GOLDEN MOMENT LIMITED	305,000,000	2.51
DMG & PARTNERS SECURITIES PTE LTD	151,070,802	1.24
BNP PARIBAS SECURITIES SERVICES SINGAPORE	110,174,474	0.91
DB NOMINEES (S) PTE LTD	46,485,850	0.38
OCBC SECURITIES PRIVATE LTD	32,123,943	0.26
DBS VICKERS SECURITIES (S) PTE LTD	24,039,701	0.20
CIMB SECURITIES (S'PORE) PTE LTD	21,941,410	0.18
PHILLIP SECURITIES PTE LTD	20,610,119	0.17
MERRILL LYNCH (S'PORE) PTE LTD	19,375,932	0.16
UOB KAY HIAN PTE LTD	16,916,053	0.14
BANK OF SINGAPORE NOMINEES PTE LTD	14,676,740	0.12
MORGAN STANLEY ASIA (S'PORE) SECURITIES PTE LTD	12,108,918	0.10
Total	**11,299,337,590**	**93.08**

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")	4,547,910,393	37.47	-	-	37.47
FLAMBO INTERNATIONAL LIMITED[1] ("Flambo")	1,216,464,359	10.02	4,852,910,393	39.98	50.00
THE WIDJAJA FAMILY MASTER TRUST(2)[2] ("WFMT(2)")	-	-	6,069,374,752	50.00	50.00

Notes:

[1] The deemed interest of Flambo arises from its interest in 4,547,910,393 Shares and 305,000,000 Shares held by its wholly-owned subsidiaries, MIL and Golden Moment Limited ("Golden Moment") respectively in the Company.

[2] The deemed interest of WFMT(2) arises from its interest in 4,547,910,393 Shares held by MIL, 305,000,000 Shares held by Golden Moment and 1,216,464,359 Shares held by Flambo in the Company.

Based on the information available to the Company as at 7 March 2012, 50% 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

WARRANTHOLDING STATISTICS AS AT 7 MARCH 2012

NO. OF WARRANTS	:	705,493,728
EXPIRY DATE OF WARRANTS	:	23 July 2012 (“Exercise Date”), provided if such day falls on a day on which the Register of Members and/or the Register of Warrantholders are closed or is not a business day, then the Exercise Date shall be the next business day on which the Register of Members and the Register of Warrantholders are open.

Each Warrant entitles the holder to subscribe for one (1) new ordinary share of US$0.025 each (“New Share”) at an exercise price of S$0.54 for each New Share on the Exercise Date.

Size of Warrantholdings	No. of Warrantholders	%	No. of Warrants	%
1 - 999	9,459	63.80	4,259,618	0.60
1,000 - 10,000	4,786	32.28	12,128,821	1.72
10,001 - 1,000,000	555	3.74	44,950,464	6.37
1,000,001 & ABOVE	26	0.18	644,154,825	91.31
Total	**14,826**	**100.00**	**705,493,728**	**100.00**

TWENTY LARGEST WARRANTHOLDERS

Name of Warrantholders	No. of Warrants	%
FLAMBO INTERNATIONAL LIMITED	188,117,823	26.66
RAFFLES NOMINEES (PTE) LTD	167,735,658	23.78
CITIBANK NOMINEES S'PORE PTE LTD	63,124,564	8.95
MASSINGHAM INTERNATIONAL LTD	58,120,627	8.24
HSBC (SINGAPORE) NOMINEES PTE LTD	37,455,401	5.31
ABN AMRO CLEARING BANK N.V.	31,722,519	4.50
DMG & PARTNERS SECURITIES PTE LTD	30,919,677	4.38
MORGAN STANLEY ASIA (S'PORE) SECURITIES PTE LTD	13,474,484	1.91
DBS NOMINEES PTE LTD	8,854,036	1.26
LIM SENG KUAN	7,196,401	1.02
NG CHEE LEONG	5,000,120	0.71
MACQUARIE CAPITAL SECURITIES PTE LTD	4,654,984	0.66
OCBC SECURITIES PRIVATE LTD	3,978,935	0.56
DBSN SERVICES PTE LTD	3,574,093	0.51
MERRILL LYNCH (S'PORE) PTE LTD	2,707,611	0.38
TEE TONG CHU	2,357,000	0.33
DBS VICKERS SECURITIES (S) PTE LTD	2,271,230	0.32
TEY YEE YEE	1,847,520	0.26
NG CHEE KIAT	1,692,000	0.24
LIM CHEO TEE	1,666,080	0.24
Total	**636,470,763**	**90.22**

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"**) will be held on **Thursday, 26 April 2012 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 2011 together with the Directors' and Auditors' Reports thereon. **(Resolution 1)**

2. To declare a first and final dividend of S$0.0184 per ordinary share for the year ended 31 December 2011. **(Resolution 2)**

3. To approve the Directors' Fees of S$288,937 for the year ended 31 December 2011. (FY2010: S$275,887) **(Resolution 3)**

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

   a) Mr Frankle (Djafar) Widjaja **(Resolution 4)**
   b) Mr Simon Lim **(Resolution 5)**
   c) Mr Kaneyalall Hawabhay *{please see note 1}* **(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</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)

Renewal of Share Purchase Mandate

6B. "(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 3}* **(Resolution 9)**

Renewal of Interested Person Transactions Mandate

6C. "(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 2 to this Notice of Annual Meeting *{please see note 4}*, with any party who is of the class of Interested Persons described in the said Appendix 2, provided that such transactions are carried out in the ordinary course of business and in accordance with the guidelines of the Company for Interested Person Transactions as set out in the said Appendix 2 (the **"IPT Mandate"**);

(b) That the IPT Mandate shall, unless revoked or varied by the Company in members meeting, continue in force until the next Annual Meeting of the Company; and

(c) That the Directors of the Company be and are hereby authorised to complete and do all such acts and things (including executing all such documents as may be required) as they may consider expedient or necessary or in the interests of the Company to give effect to the IPT Mandate and/or this Resolution." *{please see note 4A}* **(Resolution 10)**

By Order of the Board

Simon Lim
Director
5 April 2012
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 108 Pasir Panjang Road, #06-00 Golden Agri Plaza, Singapore 118535 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 to issue shares and convertible securities in the capital of the Company not exceeding fifty percent (50%) of the issued capital of the Company (excluding treasury shares) 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, 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 1 to this Notice of Annual Meeting, which will, unless previously revoked or varied by the Company at members meeting, expire at the next Annual Meeting.

4. The mandate for transactions with Interested Persons as described in the Appendix 2 (the "Appendix 2") to this Notice of Annual Meeting includes the placement of deposits by the Company with financial institutions in which Interested Persons have an interest.

4A. The Ordinary Resolution 10 proposed in item 6C 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 2, which will, unless previously revoked or varied by the Company at members meeting, expire at the next Annual Meeting.

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

IMPORTANT
1. For investors who have used their CPF monies to buy shares of Golden Agri-Resources Ltd, 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

I/We, ______________________________ (Name)

of ______________________________ (Address)

being a member/members of Golden Agri-Resources Ltd (the "Company") 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 **Thursday, 26 April 2012 at 10.30 a.m.** at **Holiday Inn Atrium Singapore, Level 4, Atrium Ballroom, 317 Outram Road, Singapore 169075** 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	Declaration of First and Final Dividend		
3	Approval of Directors' Fees		
4	Re-election of Mr Frankle (Djafar) Widjaja		
5	Re-election of Mr Simon Lim		
6	Re-election of Mr Kaneyalall Hawabhay		
7	Re-appointment of Auditors		
	SPECIAL BUSINESS		
8	Renewal of authority to allot and issue shares		
9	Renewal of Share Purchase Mandate		
10	Renewal of Interested Person Transactions Mandate		

Dated this ____________ day of ________________ 2012

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 108 Pasir Panjang Road, #06-00 Golden Agri Plaza, Singapore 118535 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 108 Pasir Panjang Road
#06-00 Golden Agri Plaza
Singapore 118535

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Golden Agri-Resources Ltd

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#06-00 Golden Agri Plaza,
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