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## Interim Performance Presentation

1H 2010 : first half period ended 30<sup>th</sup> June 2010

11 August 2010

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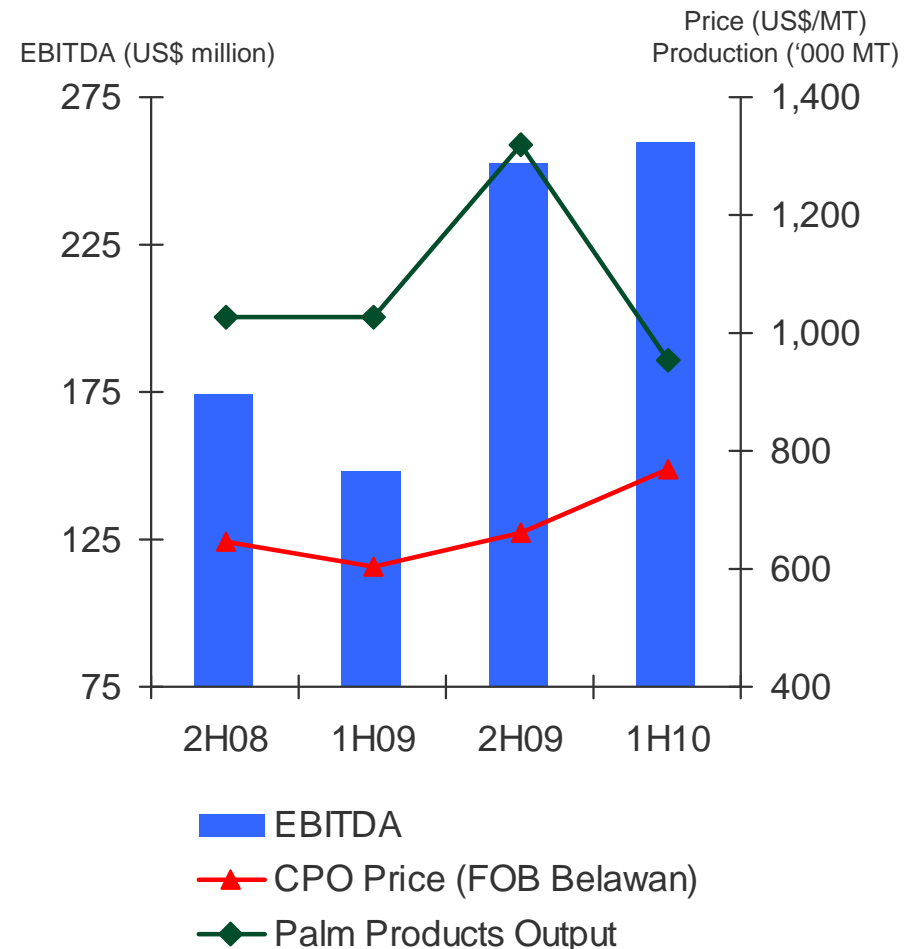
## Section 1

# Executive Summary

# Executive Summary

## Strong results for 1H 2010 compared to same period last year despite lower production

- 1H 2010 performance: Revenue up by 38%, increase in EBITDA by 76% and Net Profit more than double, compared to 1H 2009
  - CPO price improvement of 27% (FOB Belawan)
  - Decrease in palm products output by 7%
- 2Q 2010 performance: Revenue increased by 28%, EBITDA increased by 17%, while Net Profit rose by 20%, compared to 2Q 2009
  - CPO price strengthened by 11% (FOB Belawan)
  - Weaker palm products output by 13%





## Section 2

# Financial Highlights

## Financial Performance – 1H 2010



US\$ million	1H 2010	1H 2009	Change
<b>Revenue</b>	<b>1,351</b>	<b>978</b>	<b>38%</b>
<b>Gross Profit</b>	<b>342</b>	<b>194</b>	<b>77%</b>
<b>EBITDA</b>	<b>261</b>	<b>148</b>	<b>76%</b>
<i>Interest on borrowings</i>	<i>-21</i>	<i>-24</i>	<i>-14%</i>
<i>Depreciation and amortisation</i>	<i>-42</i>	<i>-32</i>	<i>31%</i>
<i>Foreign exchange gain/(loss), net</i>	<i>15</i>	<i>-8</i>	<i>n.m.</i>
<b>Net Profit attributable to owners of the Company</b>	<b>155</b>	<b>64</b>	<b>143%</b>

Strong 1H 2010 results mainly attributable to increase in average selling price, in line with the increase in CPO market price (FOB Belawan) by 27% to US\$769 per tonne in 1H 2010 from US\$604 per tonne in 1H 2009

## Financial Performance – 2Q 2010



US\$ million	2Q 2010	2Q 2009	YoY Change	1Q 2010	QoQ Change
<b>Revenue</b>	<b>726</b>	<b>566</b>	<b>28%</b>	<b>625</b>	<b>16%</b>
<b>Gross Profit</b>	<b>168</b>	<b>130</b>	<b>29%</b>	<b>174</b>	<b>-3%</b>
<b>EBITDA</b>	<b>120</b>	<b>103</b>	<b>17%</b>	<b>140</b>	<b>-14%</b>
<i>Interest on borrowings</i>	<i>-11</i>	<i>-13</i>	<i>-18%</i>	<i>-10</i>	<i>10%</i>
<i>Depreciation and amortisation</i>	<i>-24</i>	<i>-16</i>	<i>48%</i>	<i>-18</i>	<i>32%</i>
<i>Foreign exchange gain/(loss), net</i>	<i>8</i>	<i>-5</i>	<i>n.m</i>	<i>7</i>	<i>13%</i>
<b>Net Profit attributable to owners of the Company</b>	<b>66</b>	<b>55</b>	<b>20%</b>	<b>89</b>	<b>-25%</b>

Strong 2Q 2010 results vs 2Q 2009 were attributable to:

- ◆ Increase in average selling price in line with the increase in CPO market price (FOB Belawan) by 11% to US\$773 per tonne in 2Q 2010 from US\$696 per tonne in 2Q 2009

Lower 2Q 2010 results vs 1Q 2010 were attributable to:

- ◆ Higher CPO inventory of 40,000 tonnes at end of June 2010
- ◆ Higher fertiliser cost due to increased fertiliser volume applied in 2Q 2010



# Segmental Results



## Strong contribution from our Indonesia operations supported by China operations

<i>(in US\$ million)</i>	Indonesia Operations			China Operations		
	1H 2010	1H 2009	Change	1H 2010	1H 2009	Change
Revenue	1,082	717	51%	269	261	3%
Gross Profit	328	180	82%	14	14	5%
<i>Gross Profit Margin</i>	30%	25%	5%	5%	5%	-
EBITDA	250	138	81%	11	10	4%
<i>EBITDA Margin</i>	23%	19%	4%	4%	4%	-
Net Profit attributable to owners of the Company	149	59	155%	5	5	5%

Higher gross profit and EBITDA margins in Indonesia Operations due to:

- Higher CPO market price (FOB Belawan) of US\$769 per tonne in 1H 2010 compared to US\$604 per tonne in 1H 2009, an increase of 27%
- Lower cost of sales, due to lower fertiliser prices

Gross Profit and EBITDA margins of China operations remained constant

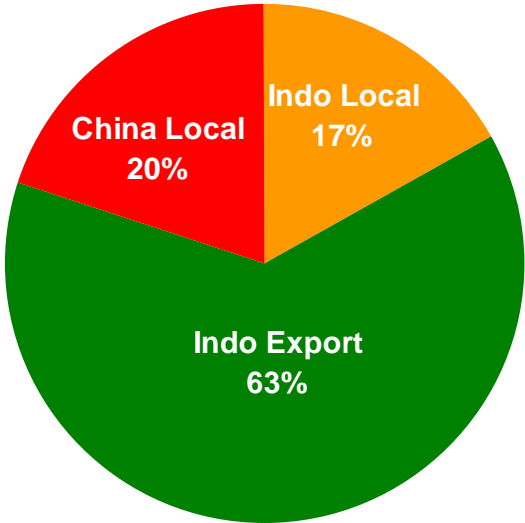
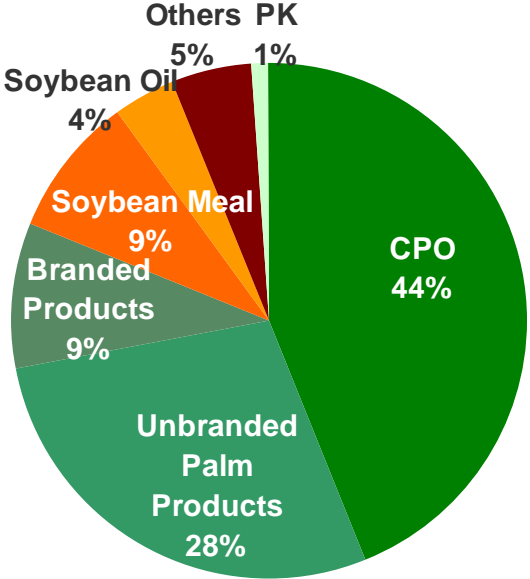
# Revenue By Product and Geographical Location



1H 2010 revenue of US\$1.4 billion mainly from CPO and refined palm oil based products

Revenue - By Product

Revenue - By Country



Note: Data per 1H 2010

## Financial Position



### Balance sheet remained strong with ample cash and low gearing

(in US\$ million)	30-Jun-10	31-Dec-09	Change
Total Assets	8,015	7,900	1%
Cash and Short-Term Investments	228	353	-36%
Trade Receivables and Inventories	547	523	5%
Fixed Assets <sup>1</sup>	6,596	6,460	2%
Total Liabilities	2,364	2,367	-
Interest Bearing Debts	731	683	7%
Total Equity Attributable to Owners of the Company	5,551	5,438	2%
Net Debt <sup>2</sup> /Equity Ratio	0.09x	0.06x	
Net Debt <sup>2</sup> /Total Assets	0.06x	0.04x	

Notes:

1. Include Biological Assets and Property, Plant and Equipment
2. Interest bearing debts less cash and short-term investments



### Section 3

## Plantation Highlights

## Plantation Area



**GAR is the largest Indonesian plantation company with integrated operations**

(in ha)	30 Jun 2010	30 Jun 2009	30 Jun 2009/2010 % increase	31 Dec 2009
<b>Planted Area</b>	<b>433,178</b>	<b>401,407</b>	<b>7.9%</b>	<b>427,253</b>
Nucleus	344,308	316,032	8.9%	339,818
Plasma	88,870	85,375	4.1%	87,435
<b>Mature Area</b>	<b>364,109</b>	<b>334,153</b>	<b>9.0%</b>	<b>333,957</b>
Nucleus	282,048	252,781	11.6%	252,586
Plasma	82,061	81,372	0.8%	81,371

**Increase in planted area by 5,900 hectares during 1H 2010 through new planting**

**Increase in mature area by 30,200 hectares during 1H 2010**

# Age Profile



**GAR's long-term growth is supported by favourable age profile of planted area underpinned by large immature and young plantations**

(in ha)	Immature (0-3 years)	Young (4-6 years)	Prime (7-18 years)	Old 1 (19-25 years)	Old 2 (>25 years)	Total
<b>1H 2010</b>						
Nucleus	62,260	69,837	153,869	53,314	5,028	344,308
Plasma	6,809	3,608	65,893	12,560	-	88,870
<b>Total Area</b>	<b>69,069</b>	<b>73,445</b>	<b>219,762</b>	<b>65,874</b>	<b>5,028</b>	<b>433,178</b>
% of total planted area	16%	17%	51%	15%	1%	100%
<b>1H 2009</b>						
Nucleus	63,251	43,881	166,073	39,324	3,503	316,032
Plasma	4,003	3,400	71,381	6,591	-	85,375
<b>Total Area</b>	<b>67,254</b>	<b>47,281</b>	<b>237,454</b>	<b>45,915</b>	<b>3,503</b>	<b>401,407</b>
% of total planted area	17%	12%	59%	11%	1%	100%

Note:

Average age of plantations is 12 years

## Production Performance



**Production showed quarter-on-quarter improvement, but not as high as last year**

	1H 2010	1H 2009	Change	2Q 2010	1Q 2010	Change
<b>FFB Production ('000 tonne)</b>	<b>3,129</b>	<b>3,396</b>	<b>-8%</b>	<b>1,664</b>	<b>1,465</b>	<b>14%</b>
<i>Nucleus</i>	2,387	2,513	-5%	1,248	1,139	10%
<i>Plasma</i>	742	883	-16%	416	326	28%
FFB Yield (tonne/ha)	8.6	10.2	-16%	4.6	4.0	15%
<b>Palm Products Output ('000 tonne)</b>	<b>953</b>	<b>1,028</b>	<b>-7%</b>	<b>503</b>	<b>450</b>	<b>12%</b>
<i>CPO</i>	777	840	-8%	411	366	12%
<i>PK</i>	176	188	-6%	92	84	10%
Oil Extraction Rate	23.0%	23.2%	-0.2%	22.6%	23.3%	-0.7%
Kernel Extraction Rate	5.2%	5.2%	-	5.1%	5.4%	-0.3%
CPO Yield (tonne/ha)	2.0	2.4	-17%	1.0	0.9	11%

- 2Q 2010 FFB and CPO yields recorded quarter-on-quarter increase of 15% and 11%, respectively
- 1H 2010 FFB and CPO yields declined compared to 1H 2009 contributed by:
  - Trees biological slowdown after peak crop in 2H 2009 resulting in slower recovery especially in Sumatra
  - High rainfall disrupted harvesting in some areas in central part of Sumatra
  - Larger newly-matured area (trees at low-FFB-yielding-age of 4 years increased from 47,000 ha in 1H 2009 to 73,000 ha in 1H 2010)

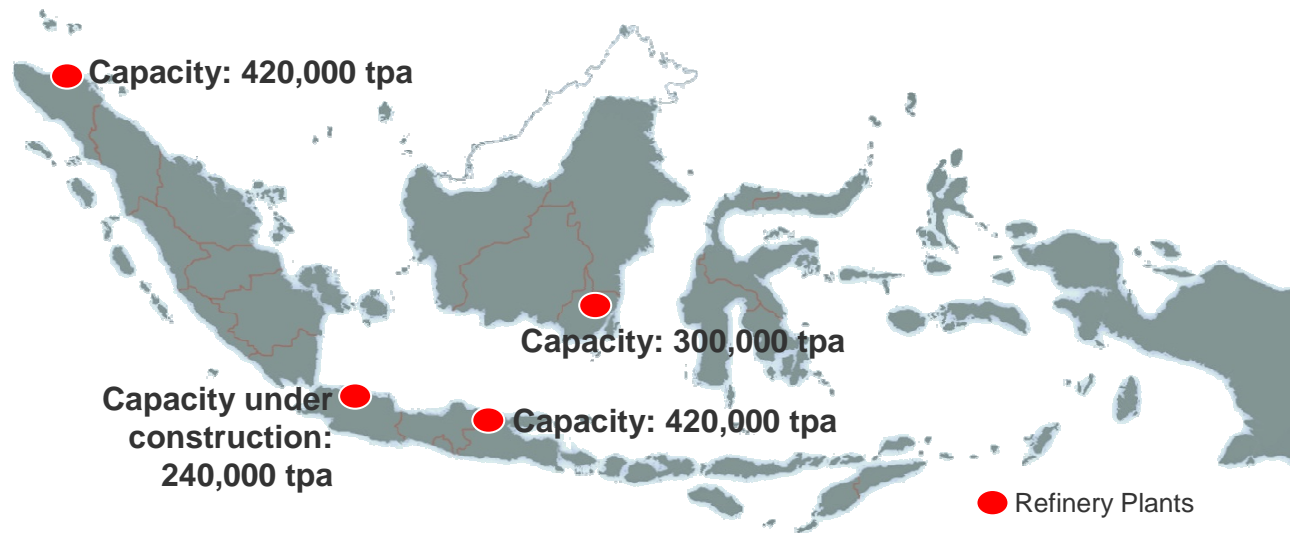


## Section 4

# Downstream Highlights



# Downstream – Indonesia Operations



## Our Brands

**FILMA**<sup>®</sup> *Kunci Mas*<sup>®</sup>

بِسْمِ اللّٰهِ  
**MENARA**<sup>®</sup>

**Mitra**<sup>®</sup> *Palmboom*<sup>®</sup>

**PALMVITA**<sup>®</sup> **DELICOA 38**<sup>®</sup>

**GOODFRY**<sup>®</sup>

**PUSAKA**<sup>®</sup> **DELICIO**<sup>®</sup>

### Domestic Branded Sales

- Our prominent cooking oil brands, Filma and Kunci Mas, are among the leaders in Indonesia
- 1H 2010 domestic sales volume of branded cooking oil and margarine grew tremendously by 48% year-on-year
- Nation-wide coverage with hundreds of distributors and thousands of retailers

### Export Branded Sales

- Our growing foothold presences in international markets, such as ASEAN, Middle East, Africa, Far East, Sub Asia, Eastern Block, South America and Pacific regions
- Moving towards higher value premium oils and fats, directly targeting the industrial users

# Downstream – China Operations



China is one of the largest and fastest growing edible oils consumers

GAR will strategically expand its presence in China by constructing new facilities and acquiring established distribution network (FIH)



● AIAR's facilities

Facilities ('000 tpa)	Existing	Expansion Plan	Total
<b><u>Ningbo:</u></b>			
Refinery	280	-	280
Crushing	1,002	-	1,002
<b><u>Zhuhai:</u></b>			
Refinery	100	-	100
<b><u>Tianjin:</u></b>			
Refinery	-	396	396
Crushing	-	1,320	1,320
<b><u>Total</u></b>			
Refinery	380	396	776
Crushing	1,002	1,320	2,322

## Our Brands





## Section 5

# Growth Strategy

# Strategic Priorities



## Build on core competitive strengths to maximise long-term shareholder returns

### Expand high-margin upstream business

- Target additional planted area of 50,000 ha per annum
- Split between green field vs acquisition to be assessed based on opportunities

### Selectively expand downstream capabilities and distribution

- Increase downstream production capability in cooking oil, margarine, specialty fats and oleochemicals to shift product mix to higher value-added products according to market demands
- Extend distribution reach of value-added palm products in selected key countries, especially China

### Extend research and development capabilities

- Extend our leading position in R&D to support operational efficiencies and growth
- Continuous improvement of our elite seeds to enhance yield productivity

### Increase profit margins through operational excellence

- Sustain cost leadership through relentless focus on efficiency
- Leverage operating scale together with best-in-class technology and agronomical practices

### Deepen commitment to environmental and social responsibility

- Extend implementation of environmental, corporate and social responsibility initiatives
- Committed to obtain RSPO certification for all our plantations by 2015

**Our commitment to sound business strategies, operational excellence, and sustained environmental and social responsibility will enable us to achieve sustainable growth and profitability**



## Section 6

# Recent Developments

## Planned Acquisition of Florentina International



- On 14 May 2010, we announced the acquisition plan of Florentina International Holdings (“FIH”) from an affiliated company, Asia Food & Properties Ltd (AFP).
- FIH is involved in noodle and ice stick business, comprising:
  - 8 plants in China with total capacity of 5 billion packets of noodle and up to 112 million ice sticks per year
  - Extensive distribution network covering 7 provinces in China, including ± 26,500 distributors, ± 4,600 supermarkets and chain stores, as well as ± 600 hypermarkets
- The Purchase Price is US\$142.8 million after taking into consideration the independent valuation performed by PwC for GAR and Jones Lang LaSalle Sallmanns Limited for AFP
- Rationale of the acquisition:
  - Leveraging on market knowledge, customer base and extensive distribution channels of FIH to sell more palm oil products in China
  - Sharing production base and cutting logistic cost
  - Creating business synergies through integration and sharing of human resources
- The acquisition is subject to approval from independent shareholders of AFP at its EGM which is scheduled for 23 August 2010.

# Independent Verification Exercise on Greenpeace Report - Background



- In April 2010, SMART appointed the independent verification team after consulting with Unilever
  - CUC and BSI assisted by Prof. Dr. Bambang Hero Saharjo and Dr. Ir. H. Yanto Santosa from Bogor Agricultural Institute
- Scope of work:
  - to verify claims in the Greenpeace reports
  - to provide accurate, complete and contextual information to assess Greenpeace claim, and identify gaps, if any
  - to verify claims against:
    - Prevailing laws and regulation in Republic of Indonesia
    - The Indonesian national interpretation of Roundtable on Sustainable Palm Oil (RSPO) principles and criteria
    - SMART's standard operating procedures
- Coverage: 11 concessions area in West and Central Kalimantan
  - 182,528 ha, over 40% of GAR total planted area of 430,200 ha

# Independent Verification Exercise on Greenpeace Report - Findings



## Summary of findings

1. Degradation process of primary forest areas that were habitats for Borneo orang-utan happened before SMART started the operations of the concessions. All 11 concessions are on degraded land.
2. Clearing peat land is not as extensively as claimed. 1.8% (3,210 ha) of peat (>3m deep) cultivated on 182,528 ha of total concessions.
3. Could not find evidence of burning in land clearing and preparation
4. In compliance with necessary permits, although in Central Kalimantan, the environmental impact assessment or AMDAL process completed after Plantation Business Permit
5. Small holders and wider community perceive positive impact from plantations
6. GAR not RSPO member, only SMART and PT Ivo Mas Tunggal are members

## Conclusion

- Greenpeace claims are either exaggerated or wrong
- Not responsible for destruction of orang-utan habitats
- Not responsible for deforestation of primary forests
- Not responsible for burning
- Operates responsibly and within the laws
- Vital player and part of the solution



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