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## Interim Performance Presentation

YTD June 2009 : first half period ended 30<sup>th</sup> June 2009

14 August 2009

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# Table of Contents



<b>Section 1</b>	<b>Executive Summary</b>	<b>3</b>
<b>Section 2</b>	<b>1H 2009 and 2Q 2009 Financial Highlights</b>	<b>5</b>
<b>Section 3</b>	<b>1H 2009 and 2Q 2009 Operational Highlights</b>	<b>11</b>
<b>Section 4</b>	<b>Growth Strategy</b>	<b>15</b>



## Section 1

# Executive Summary

## Executive Summary



- 1H 2009 results still lower compared to 1H 2008, but 2Q 2009 results showed strong recovery from previous quarter
- Lower Revenue and Net Profit<sup>1</sup> by 37% and 78%<sup>2</sup> in 1H 2009, respectively, compared to 1H 2008
- Stronger Revenue by 37%, more-than-double EBITDA and six-times Net Profit<sup>1</sup> in 2Q 2009 compared to the previous quarter
- Strong increase in 2Q 2009 palm products production by 30% compared to 1Q 2009 and 15% compared to 2Q 2008
- CPO price is robust and expected to be sustainable with the coming high demand season and low inventory in Malaysia

Notes:

1. Attributable to equity holders
2. 1H 2008 net profit was restated to conform to the current period's practice and presentation whereas the fair value of biological assets is determined on an annual basis



**Section 2**

**1H 2009 and 2Q 2009  
Financial Highlights**

## Financial Summary – 1H 2009



US\$ million	1H 2009	1H 2008	YoY Change
<b>Revenue</b>	<b>978</b>	<b>1,564</b>	<b>-37%</b>
<b>Gross Profit</b>	<b>194</b>	<b>564</b>	<b>-66%</b>
<b>EBITDA</b>	<b>148</b>	<b>424</b>	<b>-65%</b>
<i>Interest on borrowings</i>	-24	-17	40%
<i>Depreciation and amortisation</i>	-32	-28	15%
<i>Foreign exchange gain/(loss), net</i>	-8	6	n.m
<b>Net Profit attributable to equity holders<sup>1</sup></b>	<b>64</b>	<b>292</b>	<b>-78%</b>

Lower 1H 2009 results were attributable to:

- ♦ Decrease in average selling price affected by the decrease in CPO market price (FOB Belawan) by 45% to US\$604 per tonne in 1H 2009 from US\$1,097 per tonne in 1H 2008
- ♦ Higher fertiliser costs due to forward buying
- ♦ Lower production due to trees biological slowdown and less favourable weather conditions, especially in 1Q 2009, compared to last year

Notes:

1. 1H 2008 net profit was restated to conform to the current period's practice and presentation whereas the fair value of biological assets is determined on an annual basis.

## Financial Summary – 2Q 2009



US\$ million	2Q 2009	2Q 2008	YoY Change	1Q 2009	QoQ Change
<b>Revenue</b>	<b>566</b>	<b>817</b>	<b>-31%</b>	<b>412</b>	<b>37%</b>
<b>Gross Profit</b>	<b>130</b>	<b>300</b>	<b>-57%</b>	<b>63</b>	<b>105%</b>
<b>EBITDA</b>	<b>103</b>	<b>222</b>	<b>-54%</b>	<b>45</b>	<b>128%</b>
<i>Interest on borrowings</i>	-13	-8	69%	-11	22%
<i>Depreciation and amortisation</i>	-16	-14	13%	-16	-
<i>Foreign exchange gain/(loss), net</i>	-5	1	n.m	-3	43%
<b>Net Profit attributable to equity holders<sup>1</sup></b>	<b>55</b>	<b>156</b>	<b>-65%</b>	<b>9</b>	<b>543%</b>

Lower 2Q 2009 results vs 2Q 2008 results were attributable to:

- ♦ Decrease in average selling price affected by the decrease in CPO market price (FOB Belawan) by 38% to US\$696 per tonne in 2Q 2009 from US\$1,117 per tonne in 2Q 2008
- ♦ Higher fertiliser costs due to forward buying

Higher 2Q 2009 results vs 1Q 2009 results were attributable to:

- ♦ Increase in average selling price affected by the increase in CPO market price (FOB Belawan) by 36% to US\$696 per tonne in 2Q 2009 from US\$511 per tonne in the previous quarter
- ♦ Increase in sales volume in line with the increase in palm products production by 30%

Notes:

1. 2Q 2008 net profit was restated to conform to the current period's practice and presentation whereas the fair value of biological assets is determined on an annual basis.



# Segmental Results



<i>(in US\$ million)</i>	Indonesia Operations			China Operations		
	1H09	1H08	%Change	1H09	1H08	%Change
Revenue	717	1,213	-41%	261	351	-26%
Gross Profit	180	547	-67%	14	18	-22%
<i>Gross Profit Margin</i>	25%	45%	-20%	5%	5%	-
EBITDA	138	411	-66%	10	13	-21%
<i>EBITDA Margin</i>	19%	34%	-15%	4%	4%	-
Net Profit attributable to equity holders <sup>1</sup>	59	281	-79%	5	10	-51%

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

- Lower CPO market price (FOB Belawan) of US\$604 per tonne in 1H 2009 compared to US\$1,097 per tonne in 1H 2008 (decrease by 45%)
- Relatively fixed cost of sales despite lower revenue, i.e. fertilisers and overhead costs

Gross profit and EBITDA margins in China operations improved slightly to 5.3% and 3.9%, respectively, in spite of lower average selling price of refined edible oil products.

Note:

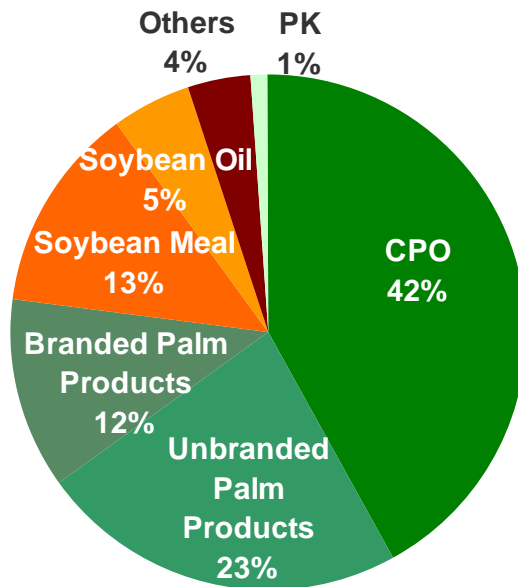
1. Indonesia Operations' 1H08 net profit was restated to conform to the current period's practice and presentation whereas the fair value of biological assets is determined on an annual basis.

# Revenue By Product and Geographical Location

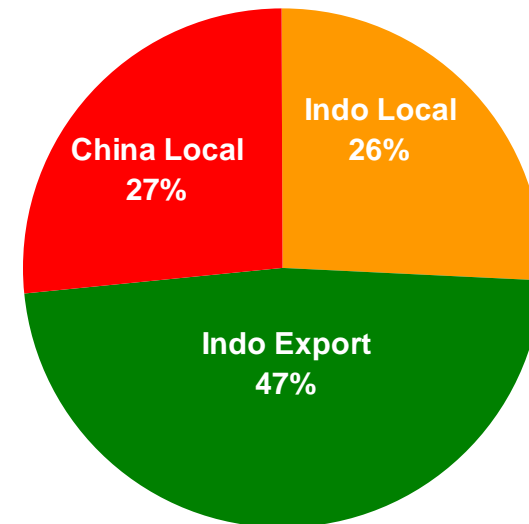


1H 2009 revenues of US\$978 million mainly from CPO and refined palm oil based products

Revenue - By Product



Revenue – By Country



Note: Data per 1H 2009

# Financial Position



## Strong balance sheet with low debt to equity ratio

(in US\$ million)	30-Jun-09	31-Dec-08	% Change
Total Assets	7,043	6,826	3.2%
Cash and Short-Term Investments	129	138	-6.4%
Receivables and Inventories	896	757	18.4%
Fixed Assets (including Biological Assets)	5,833	5,766	1.2%
Total Liabilities	2,272	2,119	7.2%
Interest Bearing Debts	659	554	19.0%
Total Equity Attributable to Equity Holders	4,678	4,614	1.4%
Net Debt <sup>1</sup> /Equity Ratio	0.11x	0.09x	
Net Debt <sup>1</sup> /Total Assets	0.08x	0.06x	

Note:

1. Interest bearing debts less cash and short term investments



### Section 3

## 1H 2009 and 2Q 2009 Operational Highlights

## Plantation Area



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

(in ha)	31 Dec 2008	30 Jun 2008	30 Jun 2009	30 Jun 2008/2009 % increase
<b>Planted Area</b>	<b>391,642</b>	<b>367,814</b>	<b>401,407</b>	<b>9.1%</b>
Nucleus	307,604	285,678	316,032	10.6%
Plasma	84,038	82,136	85,375	3.9%
<b>Mature Area</b>	<b>308,821</b>	<b>309,035</b>	<b>334,153</b>	<b>8.1%</b>
Nucleus	228,266	228,485	252,781	10.6%
Plasma	80,555	80,550	81,372	1.0%

**Increase in planted area by 9,800 hectares in 1H 2009 through new planting.**

**Increase in mature area by 25,300 hectares in 1H 2009.**

# 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 (>18 Years)	Total
<b>June 2009</b>					
Nucleus	63,251	43,881	166,073	42,827	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>49,418</b>	<b>401,407</b>
% of total planted area	17%	12%	59%	12%	100%
<b>June 2008</b>					
Nucleus	57,193	19,970	170,511	38,004	285,678
Plasma	1,586	3,150	73,870	3,530	82,136
<b>Total Area</b>	<b>58,779</b>	<b>23,120</b>	<b>244,381</b>	<b>41,534</b>	<b>367,814</b>
% of total planted area	16%	6%	67%	11%	100%

## Production Highlights



**The trees biological slowdown and less favourable weather conditions have eased in 2Q 2009 resulting to strong recovery in production, with 1H 2009 production only slightly lower by 2%**

	1H 2009	1H 2008	change	2Q 2009	2Q 2008	change
<b>FFB Production (tons)</b>	<b>3,395,915</b>	<b>3,466,628</b>	<b>-2%</b>	<b>1,919,145</b>	<b>1,683,731</b>	<b>14%</b>
<i>Nucleus</i>	2,513,238	2,558,814	-2%	1,409,691	1,227,100	15%
<i>Plasma</i>	882,677	907,814	-3%	509,454	456,631	12%
FFB Yield (ton/ha)	10.16	11.22	-9%	5.74	5.45	5%
<b>Palm Product Production (tons)</b>	<b>1,027,846</b>	<b>1,044,902</b>	<b>-2%</b>	<b>581,265</b>	<b>506,410</b>	<b>15%</b>
<i>CPO</i>	839,871	853,529	-2%	475,913	413,552	15%
<i>PK</i>	187,975	191,373	-2%	105,352	92,858	13%
Oil Extraction Rate	23.15%	23.29%	-0.14%	23.05%	23.14%	-0.09%
Kernel Extraction Rate	5.18%	5.22%	-0.04%	5.10%	5.20%	-0.10%
CPO Yield (ton/ha)	2.35	2.61	-10%	1.32	1.26	5%

Decline in 1H 2009 FFB yield compared to that of 1H 2008 is led by:

- Poor 1Q 2009 production affected by second year impact of drought in 2006 and trees' biological slowdown after the bumper crop in 2H 2007 and also longer than usual periods of heavy rainfall in southern part of Sumatra and South Kalimantan
- Larger newly-matured area (trees at low-FFB-yielding young age increased from 23,000 ha in 1H 2008 to 47,000 ha in 1H 2009)



## Section 4

# Growth Strategy



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

### Expand high-margin upstream business

- 2009 target additional planted area of 30,000 ha and normalised 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

- Extending 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
- Commit to obtain RSPO certification for several of our plantations by this year

**Our commitment to sound business strategies, operational excellence, and continued environmental and social responsibility will enable us to sustain growth and profitability**

## Growth Strategy for 2009



### **Expanding High-Margin Upstream Business**

- Target additional oil palm plantations area of 30,000 ha  
→ 9,800 ha of new planting achieved in 1H 2009
- Building CPO milling capacity to capture the growth of fruits production

### **Adding Downstream Processing/Refining Capacity**

- Constructing kernel crushing plant and refining facilities

**Projected capex for FY 2009 growth strategy: approximately US\$ 225 million**

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