agribusiness and food

Press Release

Second quarter 2016 performance of Golden Agri-Resources impacted by low plantation output following the severe El Niño

- EBITDA[1] for the second quarter 2016 reported at US$86 million leading to first half EBITDA[1] of US$228 million
- Palm product output in the first half of 2016 was 25 percent lower year-on-year

FINANCIAL HIGHLIGHTS

US$'million	First half ended 30 Jun		Change	Quarter ended		Change
	2016 (1H 2016)	2015 (1H 2015)		30 Jun 2016 (2Q 2016)	30 Jun 2015 (2Q 2015)	
Revenue	3,235	3,384	**-4%**	1,742	1,831	**-5%**
Gross Profit[2]	426	458	**-7%**	163	255	**-36%**
EBITDA[1]	**228**	**273**	**-17%**	**86**	**145**	**-41%**
Net Profit[2,3]	**134**	**7**	**1,754%**	**40**	**10**	**279%**
Earnings per Share[2,4] (US$ cents)	1.05	0.06	1,761%	0.31	0.08	279%

Singapore, 12 August 2016 – For the first half of 2016 Golden Agri-Resources Ltd. and its subsidiaries ("GAR" or the "Company") recorded revenue of US$3.2 billion. EBITDA[1] and net profit[3] registered at US$228 million and US$134 million, respectively. GAR posted second quarter EBITDA[1] and net profit[3] of US$86 million and US$40 million, respectively.

Weaker EBITDA[1] performance was in line with the low plantation crop resulting from the severe drought conditions in 2015. 2016 net profit[3] was lifted by the deferred tax income arising from the increase in tax depreciable value of its plantation assets. For future tax benefit, GAR revalued some of its plantation assets in Indonesia resulting in substantial deferred tax income contributing to its current bottom line. The net tax impact recorded from this revaluation was US$131 million in the first half including US$104 million in the second quarter of 2016.

GAR's sound financial position was maintained with an adjusted net gearing ratio[5] of 0.51 times as at 30 June 2016, while total consolidated assets grew further to US$8.3 billion. GAR complied with the amended IAS 16 and IAS 41 and restated the 2015 financial statements. The plantation assets (bearer plants) are measured at historical costs.

SEGMENTAL PERFORMANCE

Plantations and palm oil mills

Palm product output in the first six months of 2016 was slightly above one million tonnes, 25 percent lower than the same period last year. Palm product output in the second quarter 2016 declined by 37 percent year-on-year to 455,000 tonnes. The decline in fruit production has been expected as most of GAR's estates experienced water deficits during the El Niño conditions in 2015.

The weaker output and the July 2015 implementation of the export levy affected the financial performance of our upstream business. EBITDA[1] was recorded at US$149 million during the first six months of 2016, 29 percent lower than in the same period last year. Whilst for the second quarter 2016, GAR reached an EBITDA[1] of US$73 million.

As at end of June 2016, GAR's total managed planted area was 483,075 hectares, comprising 381,854 hectares of nucleus plantations and 101,221 hectares of plasma smallholder plantations. The total area has slightly declined since the end of 2015 as some older estates have been prepared for replanting. In 2016 GAR is focusing on replanting with newer-generation, higher-yielding seeds to support sustainable production growth.

Palm and laurics

The palm and laurics business continued its improvement from last year as the integration of downstream assets progresses, shown by 35 percent growth in first half EBITDA[1] to US$75 million. However, weakening palm oil supply caused refining margins to compress, dragging down the second quarter 2016 EBITDA[1] to US$13 million.

Oilseeds and Others

For the first six months of 2016, the oilseeds and others segments continued their positive contributions by achieving a total EBITDA[1] of US$3.9 million. Nonetheless, market volatility in the China oilseed business continued, leading to a negative EBITDA[1] of US$1.3 million in the second quarter of 2016. Prudent management allowed us to minimise the impact of these market conditions while we continue to evaluate strategic alternatives for this business.

OUTLOOK AND STRATEGY

Mr Franky Widjaja, GAR Chairman and Chief Executive Officer commented: "Our second quarter 2016 performance reflects the combination of anticipated low plantation output and a competitive market environment. We expect better results due to larger harvest volumes in the second half of the year. Positive developments include restocking activities in large consuming countries, potential La Niña conditions, and further implementation of Indonesia's biodiesel mandate. In the meantime, we continue to focus on optimising our integrated value chain, through yield improvement, cost efficiency and implementation of our sustainability initiatives."

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About Golden Agri-Resources Ltd (GAR)

GAR is one of the leading palm oil plantation companies with a total planted area of 483,075 hectares (including smallholders) as at 30 June 2016, located in Indonesia. It has integrated operations focused on the production of palm-based edible oil and fat.

Founded in 1996 GAR was listed on the Singapore Exchange in 1999 with a market capitalisation of US$3.3 billion as at 30 June 2016. Flambo International Limited, an investment company, is currently GAR's largest shareholder, with a 50.35 percent stake. GAR has several subsidiaries, including PT SMART Tbk which was listed on the Indonesia Stock Exchange in 1992.

GAR is focused on sustainable palm oil production. In Indonesia, its primary activities include cultivating and harvesting of oil palm trees; processing of fresh fruit bunch into crude palm oil (CPO) and palm kernel; refining CPO into value-added products such as cooking oil, margarine and shortening; as well as merchandising palm products throughout the world. It also has operations in China and India including a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products such as noodles.

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[1] *Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net gain from changes in fair value of biological assets and foreign exchange gain/loss.*
[2] *The comparative figures for 1H 2015 and 2Q 2015 have been restated to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41.*
[3] *Net profit attributable to owners of the Company.*
[4] *Earnings per share is net profit attributable to owners of the Company divided by weighted average number of shares.*
[5] *Adjusted net debt (interest bearing debts less cash and short-term investments as well as liquid working capital) divided by equity attributable to owners of the Company.*