

GOLDEN AGRI-RESOURCES LTD

First Quarter Financial Statement And Dividend Announcement

FINANCIAL HIGHLIGHTS

	1st Qtr 2018 <u>US\$'000</u>	1st Qtr 2017 <u>US\$'000</u>	Change %
Revenue	1,816,172	2,046,446	(11.3)
Gross Profit	253,020	290,937	(13.0)
EBITDA ¹	121,134	182,780	(33.7)
Underlying profit ²	24,788	83,598	(70.3)
Underlying profit per share (USD cents)	0.19	0.66	(70.3)
Net Profit attributable to owners of the Company	11,851	37,552	(68.4)

Notes:

- (1) Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net loss from changes in fair value of biological assets and foreign exchange gain/(loss).
- (2) Net profit attributable to owners of the Company excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants and other non-operating items (foreign exchange gain or loss, net tax impact from tax-based asset revaluations, and other deferred tax income or expense).

PART I - INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR ANNOUNCEMENTS

1(a) An income statement and statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

**UNAUDITED CONSOLIDATED INCOME STATEMENT
FOR THE PERIOD ENDED 31 MARCH 2018**

	1st Qtr 2018 <u>US\$'000</u>	1st Qtr 2017 <u>US\$'000</u>	Change %
Revenue	1,816,172	2,046,446	(11.3)
Cost of sales	<u>(1,568,052)</u>	<u>(1,755,509)</u>	(10.7)
Gross profit	<u>248,120</u>	<u>290,937</u>	(14.7)
Operating expenses			
Selling expenses	(131,280)	(141,508)	(7.2)
General and administrative expenses	<u>(76,012)</u>	<u>(73,366)</u>	3.6
Total operating expenses	<u>(207,292)</u>	<u>(214,874)</u>	(3.5)
Operating profit	<u>40,828</u>	<u>76,063</u>	(46.3)
Other income/(expenses)			
Financial income	9,238	6,684	38.2
Financial expenses	(37,218)	(35,469)	4.9
Share of results of associated companies, net of tax	(112)	580	n.m.
Share of results of joint ventures, net of tax	(3,011)	1,609	n.m.
Foreign exchange gain/(loss), net	5,073	(1,155)	n.m.
Other operating income	<u>2,634</u>	<u>5,489</u>	(52.0)
	<u>(23,396)</u>	<u>(22,262)</u>	5.1
Profit before tax	17,432	53,801	(67.6)
Tax	<u>(4,002)</u>	<u>(15,545)</u>	(74.3)
Profit for the period	<u>13,430</u>	<u>38,256</u>	(64.9)
Attributable to:			
Owners of the Company	11,851	37,552	(68.4)
Non-controlling interests	<u>1,579</u>	<u>704</u>	124.3
	<u>13,430</u>	<u>38,256</u>	(64.9)

Note:

(1) n.m. – not meaningful.

**UNAUDITED CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE PERIOD ENDED 31 MARCH 2018**

	1st Qtr 2018 <u>US\$'000</u>	1st Qtr 2017 <u>US\$'000</u>
Profit for the period	<u>13,430</u>	<u>38,256</u>
Other comprehensive income/(loss):		
<u>Items that will not be reclassified subsequently to profit or loss:</u>		
Share of other comprehensive loss of a joint venture	(44)	-
<u>Items that may be reclassified subsequently to profit or loss:</u>		
Foreign currency translation differences on consolidation	2,107	2,739
Share of other comprehensive (loss)/income of a joint venture	(596)	453
Changes in fair value of cash flow hedges	-	(69)
Changes in fair value of financial assets	<u>(1,469)</u>	<u>(9,574)</u>
Other comprehensive loss, net of tax	<u>(2)</u>	<u>(6,451)</u>
Total comprehensive income for the period, net of tax	<u><u>13,428</u></u>	<u><u>31,805</u></u>
Total comprehensive income attributable to:		
Owners of the Company	12,298	31,036
Non-controlling interests	<u>1,130</u>	<u>769</u>
	<u><u>13,428</u></u>	<u><u>31,805</u></u>

ADDITIONAL INFORMATION

Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net loss from changes in fair value of biological assets and foreign exchange gain/(loss) ("EBITDA")

	1st Qtr 2018 <u>US\$'000</u>	1st Qtr 2017 <u>US\$'000</u>	Change %
Earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net loss from changes in fair value of biological assets and foreign exchange gain/(loss) ("EBITDA")	121,134	182,780	(33.7)
Interest on borrowings	(36,533)	(35,164)	3.9
Depreciation and amortisation	(71,431)	(91,773)	(22.2)
Net loss from changes in fair value of biological assets	(811)	(887)	(8.6)
Foreign exchange gain/(loss)	<u>5,073</u>	<u>(1,155)</u>	n.m.
Profit before tax	<u><u>17,432</u></u>	<u><u>53,801</u></u>	(67.6)

Note:

(1) n.m. – not meaningful.

1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

UNAUDITED STATEMENTS OF FINANCIAL POSITION

	Group		Company	
	As at 31/3/2018 <u>US\$'000</u>	As at 31/12/2017 <u>US\$'000</u>	As at 31/3/2018 <u>US\$'000</u>	As at 31/12/2017 <u>US\$'000</u>
Assets				
Current Assets				
Cash and cash equivalents	117,979	159,189	81	43
Short-term investments	250,363	234,370	-	-
Trade receivables	526,220	486,045	-	-
Other current assets (note (a))	950,275	812,739	513	487
Inventories	1,080,077	992,418	-	-
Assets of disposal group held for sale	117,125	189,914	-	-
	3,042,039	2,874,675	594	530
Non-Current Assets				
Long-term receivables and assets (note (b))	255,520	260,745	-	-
Long-term investments	837,797	756,725	156,925	156,925
Subsidiary companies	-	-	2,092,766	2,092,902
Associated companies	13,325	12,352	-	-
Joint ventures	74,633	69,595	-	-
Investment properties	127	124	-	-
Property, plant and equipment	2,586,888	2,590,159	-	-
Bearer plants	1,083,873	1,101,513	-	-
Deferred tax assets	300,495	299,134	-	-
Intangible assets	172,347	172,758	-	-
	5,325,005	5,263,105	2,249,691	2,249,827
Total Assets	8,367,044	8,137,780	2,250,285	2,250,357

UNAUDITED STATEMENTS OF FINANCIAL POSITION (cont'd)

	Group		Company	
	As at 31/3/2018 <u>US\$'000</u>	As at 31/12/2017 <u>US\$'000</u>	As at 31/3/2018 <u>US\$'000</u>	As at 31/12/2017 <u>US\$'000</u>
Liabilities and Equity				
Current Liabilities				
Short-term borrowings	1,424,994	1,435,561	-	-
Bonds and notes payable	309,041	306,224	-	-
Trade payables	646,977	544,432	-	-
Other payables (note(c))	244,381	240,910	30,559	30,505
Taxes payable	29,205	32,888	-	-
Liabilities directly associated with disposal group held for sale	30,862	37,779	-	-
	2,685,460	2,597,794	30,559	30,505
Non-Current Liabilities				
Bonds and notes payables	239,326	125,106	-	-
Long-term borrowings	1,136,815	1,125,248	-	-
Deferred tax liabilities	79,442	78,243	-	-
Long-term payables and liabilities	105,311	102,836	-	-
	1,560,894	1,431,433	-	-
Total Liabilities	4,246,354	4,029,227	30,559	30,505
Equity Attributable to Owners of the Company				
Issued capital	320,939	320,939	320,939	320,939
Share premium	1,216,095	1,216,095	1,850,965	1,850,965
Treasury shares	(31,726)	(31,726)	(31,726)	(31,726)
Other paid-in capital	184,318	184,318	-	-
Other reserves				
Option reserve	31,471	31,471	31,471	31,471
Currency translation reserve	6,064	2,866	-	-
Reserve of disposal group held for sale	1,264	2,502	-	-
Fair value reserve	(4,218)	3,121	-	-
PRC statutory reserve	3,820	3,820	-	-
Other reserve	13,101	13,145	-	-
	51,502	56,925	31,471	31,471
Retained earnings	2,276,862	2,260,432	48,077	48,203
	4,017,990	4,006,983	2,219,726	2,219,852
Non-Controlling Interests	102,700	101,570	-	-
Total Equity	4,120,690	4,108,553	2,219,726	2,219,852
Total Liabilities and Equity	8,367,044	8,137,780	2,250,285	2,250,357

UNAUDITED STATEMENTS OF FINANCIAL POSITION (cont'd)

Note:

(a) Other Current Assets

	Group		Company	
	As at	As at	As at	As at
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Prepaid expenses	48,732	21,979	91	65
Prepaid taxes	161,360	162,323	421	421
Deposits and advances to suppliers	301,357	189,046	-	-
Biological assets	83,107	83,918	-	-
Derivative receivable	19,873	6,622	-	-
Others	145,057	146,053	1	1
	<u>759,486</u>	<u>609,941</u>	<u>513</u>	<u>487</u>
Receivable from joint ventures	154,937	166,290	-	-
Receivable from related parties	35,852	36,508	-	-
	<u>950,275</u>	<u>812,739</u>	<u>513</u>	<u>487</u>

(b) Long-Term Receivables and Assets

	Group		Company	
	As at	As at	As at	As at
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Loan receivable from joint ventures	23,883	24,150	-	-
Tax recoverable	164,516	169,012	-	-
Advances for plasma plantations, net	5,704	4,971	-	-
Advances for projects	39,121	39,775	-	-
Land clearing	1,579	1,765	-	-
Advances for investment in land	1,495	1,495	-	-
Others	19,222	19,577	-	-
	<u>255,520</u>	<u>260,745</u>	<u>-</u>	<u>-</u>

(c) Other Payables

	Group		Company	
	As at	As at	As at	As at
	31/3/2018	31/12/2017	31/3/2018	31/12/2017
	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>	<u>US\$'000</u>
Advances and deposits	40,923	40,276	-	-
Accrued expenses	62,603	56,352	228	284
Payable to third parties	97,568	107,839	-	-
Others	39,777	32,704	6	6
	<u>240,871</u>	<u>237,171</u>	<u>234</u>	<u>290</u>
Payable to related parties	3,510	3,739	30,325	30,215
	<u>244,381</u>	<u>240,910</u>	<u>30,559</u>	<u>30,505</u>

1(b)(ii) Aggregate amount of group's borrowings and debt securities

	As at 31/3/2018 US\$'000			As at 31/12/2017 US\$'000		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Amount repayable in one year or less, or on demand	955,603	778,432	1,734,035	890,646	851,139	1,741,785
Amount repayable after one year	1,064,700	311,441	1,376,141	1,051,018	199,336	1,250,354
Total	2,020,303	1,089,873	3,110,176	1,941,664	1,050,475	2,992,139

Details of any collateral

The secured borrowings are collateralised by certain cash and cash equivalents, short-term investments, inventories, trade receivables, bearer plants, biological assets and property, plant and equipment.

1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE PERIOD ENDED 31 MARCH 2018**

	1st Qtr 2018 <u>US\$'000</u>	1st Qtr 2017 <u>US\$'000</u>
Cash flows from operating activities		
Profit before tax	17,432	53,801
Adjustments for:		
Net loss from changes in fair value of biological assets	811	887
Depreciation	70,731	91,172
Amortisation	700	601
Unrealised foreign exchange (gain)/loss, net	(5,654)	6,092
Share of results of associated companies, net of tax	112	(580)
Share of results of joint ventures, net of tax	3,011	(1,609)
Loss on disposal of property, plant and equipment	473	75
Property, plant and equipment written off	221	120
Bearer plants written off	-	401
(Write-back of)/Allowance for impairment loss on:		
Inventories, net	(4,209)	1,425
Trade receivables, net	15	-
Changes in fair value of financial assets at fair value through profit or loss	2,841	463
Interest income	(9,238)	(6,684)
Interest expense	36,533	35,164
Operating cash flow before working capital changes	113,779	181,328
Changes in operating assets and liabilities:		
Trade receivables	(41,465)	(3,282)
Other current assets	(151,189)	(96,716)
Inventories	(83,519)	(65,005)
Net assets for disposal group held for sale	76,412	-
Trade payables	102,545	113,811
Other payables	9,432	66,947
Cash generated from operations	25,995	197,083
Interest received	7,904	3,393
Interest paid	(37,010)	(31,407)
Tax (paid)/refund	(10,083)	63,248
Net cash (used in)/generated from operating activities	(13,194)	232,317

UNAUDITED CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE PERIOD ENDED 31 MARCH 2018

	1st Qtr 2018 <u>US\$'000</u>	1st Qtr 2017 <u>US\$'000</u>
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	4,490	148
Proceeds from disposal of bearer plants	280	341
Capital expenditure on property, plant and equipment	(39,754)	(34,425)
Capital expenditure on bearer plants	(4,728)	(2,945)
Investment in financial assets, net	(101,375)	(10,828)
Investment in an associated company	(1,164)	-
Investments in Plasma/KKPA Program plantations, net	(818)	(631)
Dividend received from a joint venture	4,743	-
Payments for deferred expenditure and intangible assets	(1,471)	(1,441)
Net decrease/(increase) in long-term receivables and assets	1,373	(12,827)
Net cash used in investing activities	<u>(138,424)</u>	<u>(62,608)</u>
Cash flows from financing activities		
Proceeds from short-term borrowings	1,357,647	531,810
Proceeds from long-term borrowings	161,500	160,000
Payments of short-term borrowings	(1,359,915)	(794,405)
Payments of long-term borrowings	(147,597)	(28,223)
Proceeds from notes issue	112,613	-
Payments of obligations under finance lease	-	(33)
Payments of deferred loan charges and bank loan administration costs	(1,073)	(1,904)
Decrease in cash in banks and time deposits pledged	20,841	23,387
Net cash generated from/(used in) financing activities	<u>144,016</u>	<u>(109,368)</u>
Net (decrease)/increase in cash and cash equivalents	<u>(7,602)</u>	<u>60,341</u>
Cash and cash equivalents at the beginning of the period	<u>127,198</u>	<u>122,690</u>
Cash and cash equivalents at the end of the period	<u>119,596</u>	<u>183,031</u>
(See Note below)		

Note:

Cash and cash equivalents included in consolidated statement of cash flows consist of the following:

	31/3/2018 <u>US\$'000</u>	31/3/2017 <u>US\$'000</u>
Time deposits, cash and bank balances	117,979	189,961
Less: Cash in banks and time deposits pledged	(12,412)	(6,930)
	<u>105,567</u>	<u>183,031</u>
Cash and bank balances included in disposal group held for sale	14,029	-
	<u>119,596</u>	<u>183,031</u>

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Group	<----- Attributable to Owners of the Company ----->						Total	Non- Controlling Interests	Total Equity
	Issued Capital	Share Premium	Treasury Shares	Other Paid-in Capital	Other Reserves	Retained Earnings			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000			
Balance at 31 Dec 2017	320,939	1,216,095	(31,726)	184,318	56,925	2,260,432	4,006,983	101,570	4,108,553
Effect of adoption of IFRS 9	-	-	-	-	(5,870)	4,579	(1,291)	-	(1,291)
Balance at 1 Jan 2018	320,939	1,216,095	(31,726)	184,318	51,055	2,265,011	4,005,692	101,570	4,107,262
Profit for the period	-	-	-	-	-	11,851	11,851	1,579	13,430
Other comprehensive income/(loss)	-	-	-	-	447	-	447	(449)	(2)
Total comprehensive income for the period	-	-	-	-	447	11,851	12,298	1,130	13,428
Balance at 31 Mar 2018	320,939	1,216,095	(31,726)	184,318	51,502	2,276,862	4,017,990	102,700	4,120,690
Balance at 1 Jan 2017	320,939	1,216,095	(31,726)	184,318	55,225	2,308,899	4,053,750	42,201	4,095,951
Profit for the period	-	-	-	-	-	37,552	37,552	704	38,256
Other comprehensive (loss)/income	-	-	-	-	(6,516)	-	(6,516)	65	(6,451)
Total comprehensive (loss)/income for the period	-	-	-	-	(6,516)	37,552	31,036	769	31,805
Balance at 31 Mar 2017	320,939	1,216,095	(31,726)	184,318	48,709	2,346,451	4,084,786	42,970	4,127,756

1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

The Company	Issued Capital	Share Premium	Treasury Shares	Option Reserve	Retained Earnings	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Balance at 1 Jan 2018	320,939	1,850,965	(31,726)	31,471	48,203	2,219,852
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(126)	(126)
Balance at 31 Mar 2018	<u>320,939</u>	<u>1,850,965</u>	<u>(31,726)</u>	<u>31,471</u>	<u>48,077</u>	<u>2,219,726</u>
Balance at 1 Jan 2017	320,939	1,850,965	(31,726)	31,471	171,302	2,342,951
Loss for the period, representing total comprehensive loss for the period	-	-	-	-	(8)	(8)
Balance at 31 Mar 2017	<u>320,939</u>	<u>1,850,965</u>	<u>(31,726)</u>	<u>31,471</u>	<u>171,294</u>	<u>2,342,943</u>

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

Details of the Company's issued and paid-up capital were as follows:

	As at	
	31 Mar 2018	31 Dec 2017
Number/Percentage of treasury shares	102,792,400 / 0.8%	102,792,400 / 0.8%
Number of issued shares (excluding treasury shares)	12,734,756,156	12,734,756,156

There were no movements in the Company's issued share capital (excluding treasury shares) since 31 December 2017.

1(d)(iii) To show the number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

The total number of issued shares excluding treasury shares as at 31 March 2018 and 31 December 2017 respectively was 12,734,756,156 ordinary shares.

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

There were no changes in the number of ordinary shares held as treasury shares by the Company since 31 December 2017.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

These figures have not been audited, or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

Except as disclosed in Note 5 below, the Group has applied the same accounting policies and methods of computation consistent with those used in the most recent audited annual financial statements for the year ended 31 December 2017.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group adopted various new and revised IFRSs that are relevant to its operations and effective for period beginning 1 January 2018. Except as disclosed below, the adoption of the new and revised IFRSs has had no material financial impact on the Group's financial statements.

IFRS 9, *Financial Instruments* contains new requirements for classification and measurement of financial instruments, a new expected credit loss model for calculating impairment of financial assets, and new general hedge accounting requirements.

Prior to adoption of IFRS 9, the Groups classifies its non-derivative financial assets as 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. Upon adoption of IFRS 9, the Group's investments in equity instruments that are currently classified as available-for-sale and satisfy certain conditions will be classified as at fair value through other comprehensive income ("FVOCI"). All other financial assets will be held at fair value through profit or loss ("FVTPL"). Fair value reserve relating to the fair value changes of unit trusts and funds will be reclassified to retained earnings as these investments are classified as FVTPL. Also, impairment of financial assets measured at amortised cost or fair value through other comprehensive income (FVOCI) (except for investments in equity instruments) is now based on the expected credit loss model instead of the previous "incurred loss" model used previously. The Group does not restate the comparative information for the effect of adopting IFRS 9 due to the exemptions allowed under the transition provision of IFRS 9 but has instead recognised the effect in retained earnings and other reserves as at 1 January 2018.

The following reconciliations summaries the impacts on initial application of IFRS 9 on the Group's financial statements.

Consolidated statement of financial position as at 31 December 2017 and 1 January 2018

	At 31 Dec 2017	Effect of	At 1 Jan 2018
	US\$'000	IFRS 9	US\$'000
		US\$'000	
Trade receivables	486,045	(1,291)	484,754
Fair value reserve	3,121	(5,870)	(2,749)
Retained earnings	2,260,432	4,579	2,265,011

6. **Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

Earnings per ordinary share for the period after deducting any provision for preference dividends:-

(i) Based on weighted average number of shares

- Weighted average number of shares

(ii) On a fully diluted basis

The Group	
1st Qtr 2018	1st Qtr 2017
USD0.09cents	USD0.29cents
12,734,756,156	12,734,756,156
Not applicable	Not applicable

7. **Net asset value (for the issuer and group) per ordinary share based on issued shares excluding treasury shares of the issuer at the end of the (a) current financial period reported on and (b) immediately preceding financial year**

Net asset value per ordinary share based on existing issued share capital of 12,734,756,156 shares

The Group		The Company	
As at 31 Mar 2018	As at 31 Dec 2017	As at 31 Mar 2018	As at 31 Dec 2017
US\$0.32	US\$0.31	US\$0.17	US\$0.17

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. The review must discuss any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors. It must also discuss any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

	1st Qtr 2018 <u>US\$'000</u>	1st Qtr 2017 <u>US\$'000</u>	Change %
Revenue by segment			
Plantations and palm oil mills	342,822	475,247	(27.9)
Palm and laurics	1,610,022	1,854,675	(13.2)
Oilseeds	143,746	187,286	(23.2)
Others	50,984	45,658	11.7
Inter-segment eliminations	(331,402)	(516,420)	(35.8)
Total Revenue	<u>1,816,172</u>	<u>2,046,446</u>	(11.3)
EBITDA by segment			
Plantations and palm oil mills	94,834	140,715	(32.6)
Palm and laurics	25,316	38,994	(35.1)
Oilseeds	2,304	2,321	(0.7)
Others	490	603	(18.7)
Inter-segment eliminations	(1,810)	147	n.m.
Total EBITDA	<u>121,134</u>	<u>182,780</u>	(33.7)

Notes:

- (1) EBITDA refers to earnings before tax, non-controlling interests, interest on borrowings, depreciation and amortisation, net loss from changes in fair value of biological assets and foreign exchange gain/(loss).
- (2) Plantations and palm oil mills segment refers to products from upstream business.
- (3) Palm and laurics segment refers to processing and merchandising of palm based products, i.e. bulk and branded as well as oleochemicals and other vegetable oils.
- (4) Oilseeds segment refers to processing and merchandising of oilseed based products, i.e. bulk and branded.
- (5) Others refer to production and distribution of food & consumer products in China and Indonesia.

REVIEW OF PERFORMANCE FOR THREE MONTHS ENDED 31 MARCH 2018

The Group recorded a 11.3% decrease in revenue to US\$1,816.2 million for the three months ended 31 March 2018 (“1Q2018”) with EBITDA lower at US\$121.1 million as compared to US\$182.8 million in the corresponding period in 2017 (“1Q2017”). The operating performance of the Group was affected by lower production output and softer crude palm oil (“CPO”) prices during the current period.

PLANTATIONS AND PALM OIL MILLS

Revenue from our plantation and palm oil mills segment decreased by 27.9% to US\$342.8 million in 1Q2018, mainly attributable to decreases in production yield and CPO prices during the current period. Fresh fruit bunch (“FFB”) and total palm product output for the current period were lower at 2,125,000 tonnes and 612,000 tonnes respectively as compared to 2,449,000 tonnes and 696,000 tonnes respectively in 1Q2017. The production yield was lower in the current period due to the tree-stress effect after the high production in 2017 following the recovery from El Nino weather condition.

The average international CPO (FOB Belawan) price for the current period was US\$645 per tonne as compared to US\$734 per tonne in 1Q2017. Consequently, EBITDA from our plantations and palm oil mills segment decreased by 32.6% to US\$94.8 million in 1Q2018.

PALM AND LAURICS

Revenue from our palm and laurics segment was lower by 13.2% to US\$1,610.0 million in 1Q2018 mainly attributable to lower sales volume and lower average net realised prices. EBITDA decreased from US\$39.0 million in 1Q2017 to US\$25.3 million in the current period with lower EBITDA margin as CPO market prices are affected by the recent governments’ intervention in commodity markets, such as in India and Malaysia.

OILSEEDS

Revenue from our oilseeds segment decreased by 23.2% to US\$143.7 million while EBITDA remained at US\$2.3 million in 1Q2018. Lower revenue was mainly due to lower sales and crushing volume during the current period, while margins were slightly stronger.

FINANCIAL EXPENSES, NET

Net financial expenses comprised net interest expenses (after deducting interest income), amortisation of deferred loan charges and other finance charges. Net financial expenses decreased from US\$28.8 million in 1Q2017 to US\$28.0 million in the current period mainly due to higher interest income from time deposit and financial products.

SHARE OF RESULTS OF JOINT VENTURES, NET

The Group recorded share of loss in joint ventures of US\$3.0 million in the current period as compared to share of profit of US\$1.6 million in 1Q2017 primarily due to loss in a joint venture that started commercial operations in the last quarter of 2017.

FOREIGN EXCHANGE GAIN/(LOSS), NET

The Group recorded a net foreign exchange gain of US\$5.1 million in 1Q2018 as compared to net loss of US\$1.2 million in 1Q2017. The fluctuation was mainly attributable to fair value gain on forward foreign currency contracts entered to hedge the currency exposure of Malaysian Ringgit (“MYR”) during the current period.

OTHER OPERATING INCOME

Net other operating income comprised mainly changes in fair value of biological assets (agricultural produce) and financial assets, income from sales of seedlings and other materials, as well as rental income. The Group recorded lower net other operating income of US\$2.6 million in 1Q2018 as compared to US\$5.5 million in 1Q2017. This was mainly due to fair value loss on financial assets during the current period.

TAX

Income tax comprised provision for current and deferred income tax derived by applying the varying statutory tax rates of the different countries in which the Group operates on its taxable profit and taxable temporary difference. No group relief is available for set-off of taxable profits against tax losses of companies within the Group.

The Group recorded a lower net tax expense of US\$4.0 million in 1Q2018 in line with the lower taxable profit recorded during the current period.

REVIEW OF FINANCIAL POSITION AS AT 31 MARCH 2018

ASSETS

The Group's total assets increased from US\$8,137.8 million as at 31 December 2017 to US\$8,367.0 million as at 31 March 2018. This increase was mainly due to higher inventories and other current assets, as well as additional long-term investments.

Inventories increased by US\$87.7 million to US\$1,080.1 million mainly attributable to higher inventories level for our downstream operations.

Other current assets increased by US\$137.5 million to US\$950.3 million mainly attributable to higher prepaid expenses and higher deposits and advances for CPO purchases.

Long-term investments increased by US\$81.1 million mainly due to additional investments in technology related investments.

LIABILITIES

Total liabilities of the Group increased by US\$217.1 million to US\$4,246.4 million as at 31 March 2018. This was mainly attributable to higher trade payables and total borrowings.

Trade payables increased by US\$102.5 million mainly due to higher trade finance payable in line with increased shipments during the current period.

Total borrowings increased by US\$118.0 million to US\$3,110.2 million mainly due to additional medium-term notes issued for working capital and general corporate purposes.

REVIEW OF CASH FLOWS FOR THREE MONTHS ENDED 31 MARCH 2018

The Group recorded a net cash outflow for its operating activities (after payment of taxes and interest expenses) in 1Q2018 of US\$13.2 million as compared to a net cash inflow in the previous corresponding period. This was mainly due to lower operating results, higher tax payment, as well as higher working capital requirement for our downstream activities.

Net cash used in investing activities of US\$138.4 million was mainly related to capital expenditures on our property, plant and equipment, and additional investment in long-term funds.

Net cash generated from financing activities of US\$144.0 million was mainly related to net of proceeds from issuance of additional notes during the current period.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months

The Group's operating performance will continue to be affected by the prices of CPO and competing seed oils, fluctuating foreign currency exchange rates and weather conditions. We expect the demand of palm oil to remain strong supported by global demand growth, including the implementation of the biodiesel mandate in Indonesia. The Group will continue to enhance its integrated operation capabilities to optimise profit opportunities across the value chain, as well as to improve its yield, cost efficiency and sustainability initiatives.

11. Dividend

(a) Current Financial Period Reported On

Any ordinary dividend declared for the current financial period reported on? No.

(b) Corresponding Period of the Immediately Preceding Financial Year

Any ordinary dividend declared for the corresponding period of the immediately preceding financial year? No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommended, a statement to that effect

No dividend has been declared for the quarter ended 31 March 2018.

13. Interested persons transactions disclosure

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than SGD100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than SGD100,000)
	1Q2018	1Q2018
	US\$	US\$
Muktar Widjaja #1	700,000	-
PT Asuransi Sinar Mas	-	1,975,459
PT Bank Sinarmas Tbk #2	-	6,541,630
PT Bumi Serpong Damai Tbk	-	864,014
PT Cakrawala Mega Indah	-	13,230,493
PT Golden Energy Mines Tbk	-	1,121,294
PT Maritim Sinar Utama	-	489,794
PT Rolimex Kimia Nusamas	-	2,351,905
PT Roundhill Capital Indonesia	-	2,270,341
PT Royal Oriental	-	1,592,593
PT Sinar Jati Mitra	-	433,681
PT Sinar Mas Teladan	-	140,589
Sinarmas Land Limited	-	371,304
Total	700,000	31,383,097

Notes:

#1 FY2017 special bonus for consultancy services.

#2 Principal amount of placement as at 31 March 2018 is approximately US\$6.77 million.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

14. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Not applicable.

15. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

16. A breakdown of sales

Not applicable.

17. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year

Not applicable.

18. Confirmation pursuant to the Rule 705(5) of the listing manual

We, Franky Oesman Widjaja and Rafael Buhay Concepcion, Jr., being two directors of Golden Agri-Resources Ltd (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of their knowledge, nothing has come to their attention which would render the first quarter ended 31 March 2018 unaudited financial results to be false or misleading.

On behalf of the board of directors

Franky Oesman Widjaja
Director

Rafael Buhay Concepcion, Jr.
Director

19. Confirmation pursuant to the Rule 720(1) of the listing manual

The Company confirms that it has procured undertakings from all its directors and executive officers in the form set out in Appendix 7.7 under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Rafael Buhay Concepcion, Jr.
Director
15 May 2018

Submitted by Kimberley Lye Chor Mei, Director, Corporate Secretarial on 15 May 2018 to the SGX