IMPORTANT NOTICE

NOT FOR DISTRIBUTION IN THE UNITED STATES

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering circular. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached offering circular. In accessing the attached offering circular, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of Your Representation: The attached offering circular is being sent at your request and by accepting the e-mail and accessing the attached offering circular, you shall be deemed to have represented to us (1) that you are not resident in the United States ("**U.S.**"), as defined in Regulation S under the U.S. Securities Act of 1933, as amended (the "**Securities Act**"), the electronic mail address that you gave us and to which this email has been delivered is not located in the U.S. and, to the extent you purchase the notes described in the attached offering circular, you will be doing so pursuant to Regulation S under the Securities Act, and (2) that you consent to delivery of the attached offering circular and any amendments or supplements thereto by electronic transmission. By accepting this document, if you are an investor in Singapore, you (A) represent and warrant that you are either an institutional investor as defined under Section 4A(1) of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), a relevant person as defined under Section 275(2) of the SFA or a person to whom an offer may be made pursuant to Section 275(1A) of the SFA, and (B) agree to be bound by the limitations and restrictions described herein.

The attached document has been made available to you in electronic form. You are reminded that documents or information transmitted via this medium may be altered or changed during the process of transmission and consequently none of Golden Assets International Investment Pte. Ltd., Golden Agri-Resources Ltd, Oversea-Chinese Banking Corporation Limited, MUFG Securities Asia (Singapore) Limited or any person who controls any of them nor any of their respective directors, officers, employees, representatives or affiliates accepts any liability or responsibility whatsoever in respect of any discrepancies between the document distributed to you in electronic format and the hard copy version. A hard copy version will be provided to you upon request.

Restrictions: The attached document is being furnished in connection with an offering of notes exempt from registration under the Securities Act solely for the purpose of enabling a prospective investor to consider the purchase of the notes described therein.

NOTHING IN THIS ELECTRONIC TRANSMISSION CONSTITUTES AN OFFER OF NOTES FOR SALE IN THE UNITED STATES OR ANY OTHER JURISDICTION WHERE IT IS UNLAWFUL TO DO SO. THE NOTES HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE U.S. OR OTHER JURISDICTION AND MAY NOT BE OFFERED, SOLD OR DELIVERED WITHIN THE U.S., EXCEPT PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT AND APPLICABLE STATE OR LOCAL SECURITIES LAWS.

Except with respect to eligible investors in jurisdictions where such offer is permitted by law, nothing in this electronic transmission constitutes an offer or an invitation by or on behalf of Golden Assets International Investment Pte. Ltd., Golden Agri-Resources Ltd, Oversea-Chinese Banking Corporation Limited or MUFG Securities Asia (Singapore), Limited to subscribe for or purchase any of the notes described therein, and access has been limited so that it shall not constitute in the United States or elsewhere a general solicitation or general advertising (as those terms are used in Regulation D under the Securities Act) or directed selling efforts (within the meaning of Regulation S under the Securities Act).

The attached offering circular or any materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the dealers or any affiliate of the dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the dealers or such affiliate on behalf of Golden Assets International Investment Pte. Ltd.

in such jurisdiction. The attached offering circular may only be communicated to persons in the United Kingdom in circumstances where section 21(1) of the Financial Services and Markets Act 2000 does not apply.

You are reminded that you have accessed the attached offering circular on the basis that you are a person into whose possession this offering circular may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not nor are you authorised to deliver this document, electronically or otherwise, to any other person. **If you have gained access to this transmission contrary to the foregoing restrictions, you will be unable to purchase any of the notes described therein.**

Actions that You May Not Take: If you receive this document by e-mail, you should not reply by e-mail, and you may not purchase any notes by doing so. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected.

YOU ARE NOT AUTHORISED AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING CIRCULAR, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING CIRCULAR IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THIS DOCUMENT AND THE ATTACHED OFFERING CIRCULAR IN WHOLE OR IN PART IS UNAUTHORISED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

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Offering Circular dated 10 October 2017

GOLDEN ASSETS INTERNATIONAL INVESTMENT PTE. LTD.

(Incorporated in the Republic of Singapore on 20 November 2013)
(UEN/Company Registration No. 201331301Z)

US$1,500,000,000
Medium Term Note Programme

Unconditionally and irrevocably guaranteed by

GOLDEN AGRI-RESOURCES LTD

(Incorporated in the Republic of Mauritius on 15 October 1996)

Under the US$1,500,000,000 Programme described in this Offering Circular, Golden Assets International Investment Pte. Ltd. (the "**Issuer**"), subject to compliance with all relevant laws, regulations and directives, may from time to time issue notes (the "**Notes**") unconditionally and irrevocably guaranteed (the "**Guarantee**") by Golden Agri-Resources Ltd (the "**Guarantor**" or "**GAR**") under the Programme. Any Notes (as defined below) issued under the Programme on or after the date of this Offering Circular are issued subject to the provisions described herein. The provisions described herein do not affect any notes issued under the Programme prior to the date of this Offering Circular.

Application has been made to the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") for permission to deal in and the quotation of any Notes which are agreed at the time of issue thereof to be so listed on the SGX-ST. Such permission will be granted when such Notes have been admitted to the Official List of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any of the statements made or opinions expressed or reports contained herein. Admission to the Official List of the SGX-ST and quotation of any Notes on the SGX-ST is not to be taken as an indication of the merits of the Issuer, the Guarantor, their respective subsidiaries (if any), their respective associated companies (if any), their respective joint venture companies (if any), the Programme or such Notes.

The Programme provides that Notes may be listed or admitted to trading, as the case may be, on such other or further stock exchange(s) or market(s) as may be agreed between the Issuer and the relevant Dealer. The Issuer may also issue unlisted Notes and/or Notes not admitted to trading on any market. The relevant Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the SGX-ST or any other stock exchange.

The Notes and the Guarantee have not been and will not be registered under the United States Securities Act of 1933, as amended (the "Securities Act") or with any securities regulatory authority of any state of the United States, and the Notes may include Bearer Notes (as defined herein) that are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold, or, in the case of Bearer Notes, delivered within the United States. Registered Notes are subject to certain restrictions on transfer, see "*Subscription and Sale*".

The Notes of each Series issued in bearer form ("**Bearer Notes**") will be represented on issue by a temporary global note in bearer form (each a "**Temporary Global Note**") or a permanent global note in bearer form (each a "**Permanent Global Note**" and together with the Temporary Global Note, the "**Global Notes**"). Notes in registered form ("**Registered Notes**") will be represented by a global certificate in registered form (each a "**Global Certificate**", one Global Certificate being issued in respect of each Noteholder's and/or Securityholder's entire holding of Notes in registered form of one Series. Global Certificates may be deposited on the relevant issue date with a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**"), The Central Depository (Pte) Limited or with a subcustodian for the Central Moneymarkets Unit Service operated by the Hong Kong Monetory Authority. The provisions governing the exchange of interests in Global Notes and Registered Notes for other Global Notes and Registered Notes and definitive Notes are described in "*Summary of Provisions Relating to the Notes while in Global Form*".

The aggregate nominal amount of Notes outstanding will not at any time exceed US$1,500,000,000 (or its equivalent in other currencies), subject to increase as described herein. The Notes may be issued to any Dealer appointed under the Programme from time to time by the Issuer (each a "**Dealer**" and together the "**Dealers**"), which appointment may be for a specific issue or on an ongoing basis References in this Offering Circular to the "**Relevant Dealer**" shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe such Notes.

Investing in Notes issued under the Programme involves certain risks and may not be suitable for all investors. Investors should have sufficient knowledge and experience in financial and business matters to evaluate the information contained in this Offering Circular and in the applicable Pricing Supplement and the merits and risks of investing in a particular issue of Notes in the context of their financial position and particular circumstances. Investors also should have the financial capacity to bear the risks associated with an investment in Notes. Investors should not purchase Notes unless they understand and are able to bear risks associated with Notes. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Offering Circular.

Arrangers and Dealers

MUFG OCBC Bank

CONTENTS

NOTICE

MUFG Securities Asia (Singapore) Limited and Oversea-Chinese Banking Corporation Limited (the "**Arrangers**") have been authorised by the Issuer to arrange the Programme. Under the Programme, the Issuer may, subject to compliance with all relevant laws, regulations and directives, from time to time issue Notes denominated in Singapore dollars and/ or any other currencies. All sums payable in respect of the Notes are unconditionally and irrevocably guaranteed by the Guarantor.

This Offering Circular contains information with regard to the Issuer, the Guarantor, the Group (as defined herein), the Programme, the Notes and the Guarantee. The Issuer and the Guarantor accept responsibility for the information contained in this Offering Circular. The Issuer confirms that this Offering Circular contains all information which is material in the context of the Programme and the issue and offering of the Notes, that such information is true and accurate in all material respects, that the opinions, expectations and intentions of the Issuer expressed in this Offering Circular have been carefully considered and honestly given, are based on all relevant considerations and facts existing at the date of this Offering Circular and are fairly, reasonably and honestly held by the directors of the Issuer, and that there are no other facts the omission of which in the context of the Programme and the issue and offering of the Notes would make any such information or expressions of opinion, expectation or intention misleading in any material respect. The Guarantor confirms that this Offering Circular contains all information which is material in the context of the Programme and the giving of the Guarantee, that such information is true and accurate in all material respects, that the opinions, expectations and intentions of the Guarantor expressed in this Offering Circular have been carefully considered and honestly given, are based on all relevant considerations and facts existing at the date of this Offering Circular and are fairly, reasonably and honestly held by the directors of the Guarantor, and that there are no other facts the omission of which in the context of the Programme and the giving of the Guarantee would make any such information or expressions of opinion, expectation or intention misleading in any material respect.

The Notes may be issued in series having one or more issue dates and the same maturity date, and on identical terms (including as to listing) except (in the case of Notes other than variable rate notes (as described under the section "*Summary of the Programme*")) for the issue dates, issue prices and/ or the dates of the first payment of interest, or (in the case of variable rate notes) for the issue prices and rates of interest. Each series may be issued in one or more tranches on the same or different issue dates. The Notes will be issued in bearer or registered form and may be listed on a stock exchange. The Notes will initially be represented by either a Temporary Global Note (as defined herein) in bearer form or a Permanent Global Note (as defined herein) in bearer form or a registered Global Certificate which will on the issue date be, (in the case of a registered Global Certificate) registered in the name of and, deposited with either The Central Depository (Pte) Limited ("**CDP**") or a common depositary on behalf of Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking S.A. ("**Clearstream, Luxembourg**") or with a subcustodian for the Central Moneymarkets Unit Service ("**CMU**") operated by the Hong Kong Monetary Authority or otherwise delivered as agreed between the Issuer and the relevant Dealer (as defined herein). Subject to compliance with all relevant laws, regulations and directives, the Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer and may be subject to redemption or purchase in whole or in part. The Notes will bear interest at a fixed, floating or variable rate or may not bear interest or may be such other notes as may be agreed between the Issuer and the relevant Dealer. The Notes will be repayable at par, at a specified amount above or below par or at an amount determined by reference to a formula, in each case with terms as specified in the Pricing Supplement (as defined herein) issued in relation to each series or tranche of Notes. Details applicable to each series or tranche of Notes will be specified in the applicable Pricing Supplement which is to be read in conjunction with this Offering Circular.

The maximum aggregate principal amount of the Notes to be issued, when added to the aggregate principal amount of all Notes outstanding (as defined in the Trust Deed referred to herein) shall be US$1,500,000,000 (or its equivalent in any other currencies) or such increased amount in accordance with the terms of the Programme Agreement (as defined herein).

No person has been authorised to give any information or to make any representation other than those contained in this Offering Circular and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, The Bank of New York Mellon, Singapore Branch, as trustee (the "**Trustee**"), the Arrangers or any of the Dealers. Save as expressly stated in this Offering Circular, nothing contained herein is, or may be relied upon as, a promise or representation as to the future performance or policies of the Issuer, the Guarantor or any of their respective subsidiaries (if any) or associated companies (if any) or joint venture companies (if any). Neither this Offering Circular nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme may be used for the purpose of, and does not constitute an offer of, or solicitation or invitation by or on behalf of the Issuer, the Guarantor, the Trustee, the Arrangers or any of the Dealers to subscribe for or purchase, the Notes in any jurisdiction or under any circumstances in which such offer, solicitation or invitation is unlawful, or not authorised or to any person to whom it is unlawful to make such offer, solicitation or invitation. The distribution and publication of this Offering Circular or any such other document or information and the offer of the Notes in certain jurisdictions may be restricted by law. Persons who distribute or publish this Offering Circular or any such other document or information or into whose possession this Offering Circular or any such other document or information comes are required to inform themselves about and to observe any such restrictions and all applicable laws, orders, rules and regulations.

The Notes and the Guarantee have not been, and will not be, registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and the Notes are subject to U.S. tax law requirements and restrictions. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States.

Neither this Offering Circular nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme shall be deemed to constitute an offer of, or an invitation by or on behalf of the Issuer, the Guarantor, the Trustee, the Arrangers or any of the Dealers to subscribe for or purchase, any of the Notes.

This Offering Circular and any other document or material in relation to the issue, offering or sale of the Notes have been prepared solely for the purpose of the initial sale by the relevant Dealers of the Notes from time to time to be issued pursuant to the Programme. This Offering Circular and such other documents or materials are made available to the recipients thereof solely on the basis that they are persons falling within the ambit of Section 274 and/or Section 275 of the SFA (as defined herein) and may not be relied upon by any person other than persons to whom the Notes are sold or with whom they are placed by the relevant Dealers as aforesaid or for any other purpose. Recipients of this Offering Circular shall not reissue, circulate or distribute this Offering Circular or any part thereof in any manner whatsoever.

Neither the delivery of this Offering Circular (or any part thereof) nor the issue, offering, purchase or sale of the Notes shall, under any circumstances, constitute a representation, or give rise to any implication, that there has been no change in the prospects, results of operations or general affairs of the Issuer, the Guarantor or any of their respective subsidiaries (if any) or associated companies (if any) or joint venture companies (if any) or in the information herein since the date hereof or the date on which this Offering Circular has been most recently amended or supplemented.

The Arrangers, the Trustee and the Dealers have not separately verified the information contained in this Offering Circular. None of the Arrangers, the Trustee, the Dealers or any of their respective officers, employees or agents is making any representation or warranty expressed or implied as to the merits of the Notes or the subscription for, purchase or acquisition thereof, or the creditworthiness or financial condition or otherwise of the Issuer, the Guarantor or their respective subsidiaries (if any) or associated companies (if any) or joint venture companies (if any). Further, neither the Arrangers, the Trustee nor any of the Dealers makes any representation or warranty as to the Issuer, the Guarantor, their respective subsidiaries (if any) or associated companies (if any) or joint venture companies (if any) or as to the accuracy, reliability or completeness of the information set out herein (including the legal and regulatory requirements pertaining to Sections 274, 275 and 276 or any other provisions of the SFA) and the documents which are incorporated by reference in, and form part of, this Offering Circular.

Neither this Offering Circular nor any other document or information (or any part thereof) delivered or supplied under or in relation to the Programme or the issue of the Notes is intended to provide the basis of any credit or other evaluation and should not be considered as a recommendation by the Issuer, the Guarantor, the Arrangers, the Trustee or any of the Dealers that any recipient of this Offering Circular or such other document or information (or such part thereof) should subscribe for or purchase any of the Notes. A prospective purchaser shall make its own assessment of the foregoing and other relevant matters including the financial condition and affairs and the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries (if any), associated companies (if any) and joint venture companies (if any), and obtain its own independent legal or other advice thereon, and its investment shall be deemed to be based on its own independent investigation of the financial condition and affairs and its appraisal of the creditworthiness of the Issuer, the Guarantor and their respective subsidiaries (if any), associated companies (if any) and joint venture companies (if any). Accordingly, notwithstanding anything herein, none of the Arrangers, the Trustee, the Dealers or any of their respective officers, employees or agents shall be held responsible for any loss or damage suffered or incurred by the recipients of this Offering Circular or such other document or information (or such part thereof) as a result of or arising from anything expressly or implicitly contained in or referred to in this Offering Circular or such other document or information (or such part thereof) and the same shall not constitute a ground for rescission of any purchase or acquisition of any of the Notes by a recipient of this Offering Circular or such other document or information (or such part thereof).

To the fullest extent permitted by law, neither the Arrangers, the Trustee nor any of the Dealers accept any responsibility for the contents of this Offering Circular or for any other statement, made or purported to be made by the Arrangers, the Trustee or any of the Dealers or on its behalf in connection with the Issuer, the Guarantor or the issue and offering of the Notes. The Arrangers, the Trustee and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Circular or any such statement.

The following documents published or issued from time to time after the date hereof shall be deemed to be incorporated by reference in, and to form part of, this Offering Circular: (1) any annual reports, audited consolidated accounts and/or unaudited financial statements of the Guarantor and (2) any supplement or amendment to this Offering Circular issued by the Issuer including each relevant Pricing Supplement. This Offering Circular is to be read in conjunction with all such documents which are incorporated by reference herein and, with respect to any series or tranche of Notes, any Pricing Supplement in respect of such series or tranche. Any statement contained in this Offering Circular or in a document deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purpose of this Offering Circular to the extent that a statement contained in this Offering Circular or in such subsequent document that is also deemed to be incorporated by reference herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Offering Circular.

Copies of all documents deemed incorporated by reference herein are available for inspection at the specified office of the Issuing and Paying Agent (as defined herein).

Any purchase or acquisition of the Notes is in all respects conditional on the satisfaction of certain conditions set out in the Programme Agreement and the issue of the Notes by the Issuer pursuant to the Programme Agreement. Any offer, invitation to offer or agreement made in connection with the purchase or acquisition of the Notes or pursuant to this Offering Circular shall (without any liability or responsibility on the part of the Issuer, the Guarantor, the Arrangers, the Trustee or any of the Dealers) lapse and cease to have any effect if (for any other reason whatsoever) the Notes are not issued by the Issuer pursuant to the Programme Agreement.

Any discrepancies in the tables included herein between the listed amounts and totals thereof are due to rounding.

The distribution of this Offering Circular and the offering of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Circular comes are required by the Issuer, the Guarantor, the Arrangers and the Dealers to inform themselves about and to observe any such restrictions. The attention of recipients of this Offering Circular is drawn to the restrictions on resale of the Notes set out in the section "*Subscription, Purchase and Distribution*".

IMPORTANT — EEA RETAIL INVESTORS — If the Pricing Supplement in respect of any Notes includes a legend entitled ''Prohibition of Sales to EEA Retail Investors", the Notes are not intended, from 1 January 2018, to be offered, sold or otherwise made available to and, with effect from such date, should not be offered, sold or otherwise made available to any retail investor in the European Economic Area

("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU ("**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC ("**IMD**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"). Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPS Regulation.

In connection with the issue of any Tranche of Notes, as the case may be, the Dealer or Dealers (if any) named as the Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in the applicable Pricing Supplement may over-allot Notes, as the case may be, or effect transactions with a view to supporting the market price of the Notes, as the case may be, at a level higher than that which might otherwise prevail. However stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes, as the case may be, is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes, as the case may be, and 60 days after the date of the allotment of the relevant Tranche of Notes, as the case may be. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or persons acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

Any person(s) who is invited to purchase or subscribe for the Notes or to whom this Offering Circular is sent shall not make any offer or sale, directly or indirectly, of any Notes or distribute or cause to be distributed any document or other material in connection therewith in any country or jurisdiction except in such manner and in such circumstances as will result in compliance with any applicable laws and regulations.

It is recommended that persons proposing to subscribe for or purchase any of the Notes consult their own legal and other advisers before purchasing or acquiring the Notes.

FORWARD LOOKING STATEMENTS

All statements contained in this Offering Circular that are not statements of historical fact constitute "forward-looking statements". Some of these statements can be identified by forward-looking terms such as "expect", "believe", "plan", "intend", "estimate", "anticipate", "may", "will", "would" and "could" or similar words. However, these words are not the exclusive means of identifying forward-looking statements. All statements regarding the expected financial position, business strategy, plans and prospects of the Issuer, the Guarantor and/or the Group (including statements as to the Issuer's, the Guarantor's and/or the Group's revenue and profitability, prospects, future plans and other matters discussed in this Offering Circular regarding matters that are not historical fact and including the financial forecasts, profit projections, statements as to the expansion plans of the Issuer, the Guarantor and/or the Group, expected growth in the Issuer, the Guarantor and/or the Group and other related matters), if any, are forward-looking statements and accordingly, are only predictions. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the Issuer, the Guarantor and/or the Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. The following list includes some, but not necessarily all, of the factors that may cause actual results to differ from those anticipated or predicted:

- changes in weather conditions that might have adverse impacts on production;
- conditions of and changes in the social, economic and political condition and regulatory environment in the countries/territories that the Group operates in and/or where the Group's customers and suppliers are located;
- changes in the competitive conditions in the Group's industry and the Group's ability to compete under those conditions;

- changes in the future capital needs of the Group and the availability of financing and capital to fund those needs;
- changes in commodity prices;
- natural disasters or outbreaks of infectious diseases affecting the Group's oil palm trees;
- risk of not being able to implement the new strategies outlined by the Group;
- risk of being unable to realise the anticipated growth opportunities;
- changes in the availability and effectiveness of futures contracts or other derivative instruments as hedging instruments, and the risks associated with such instruments;
- changes in currency exchange rates;
- changes in short-term and long-term interest rates;
- changes in customer preferences and needs; and
- other factors beyond the control of the Issuer and the Group.

These factors are discussed in greater detail under, in particular, but not limited to, the section "*Risk Factors*".

Given the risks and uncertainties that may cause the actual future results, performance or achievements of the Issuer, the Guarantor or the Group to be materially different from the results, performance or achievements expected, expressed or implied by the financial forecasts, profit projections and forward-looking statements in this Offering Circular, undue reliance must not be placed on those forecasts, projections and statements. The Issuer, the Guarantor, the Arrangers, the Trustee and the Dealers do not represent or warrant that the actual future results, performance or achievements of the Issuer, the Guarantor or the Group will be as discussed in those statements.

Neither the delivery of this Offering Circular nor the issue of any Notes by the Issuer shall under any circumstances constitute a continuing representation or create any suggestion or implication that there has been no change in the affairs of the Issuer, the Guarantor, the Group or any statement of fact or information contained in this Offering Circular since the date of this Offering Circular or the date on which this Offering Circular has been most recently amended or supplemented.

Further, the Issuer, the Guarantor, the Arrangers, the Trustee and the Dealers disclaim any responsibility, and undertake no obligation, to update or revise any forward-looking statements contained herein to reflect any changes in the expectations with respect thereto after the date of this Offering Circular or to reflect any change in events, conditions or circumstances on which any such statements are based.

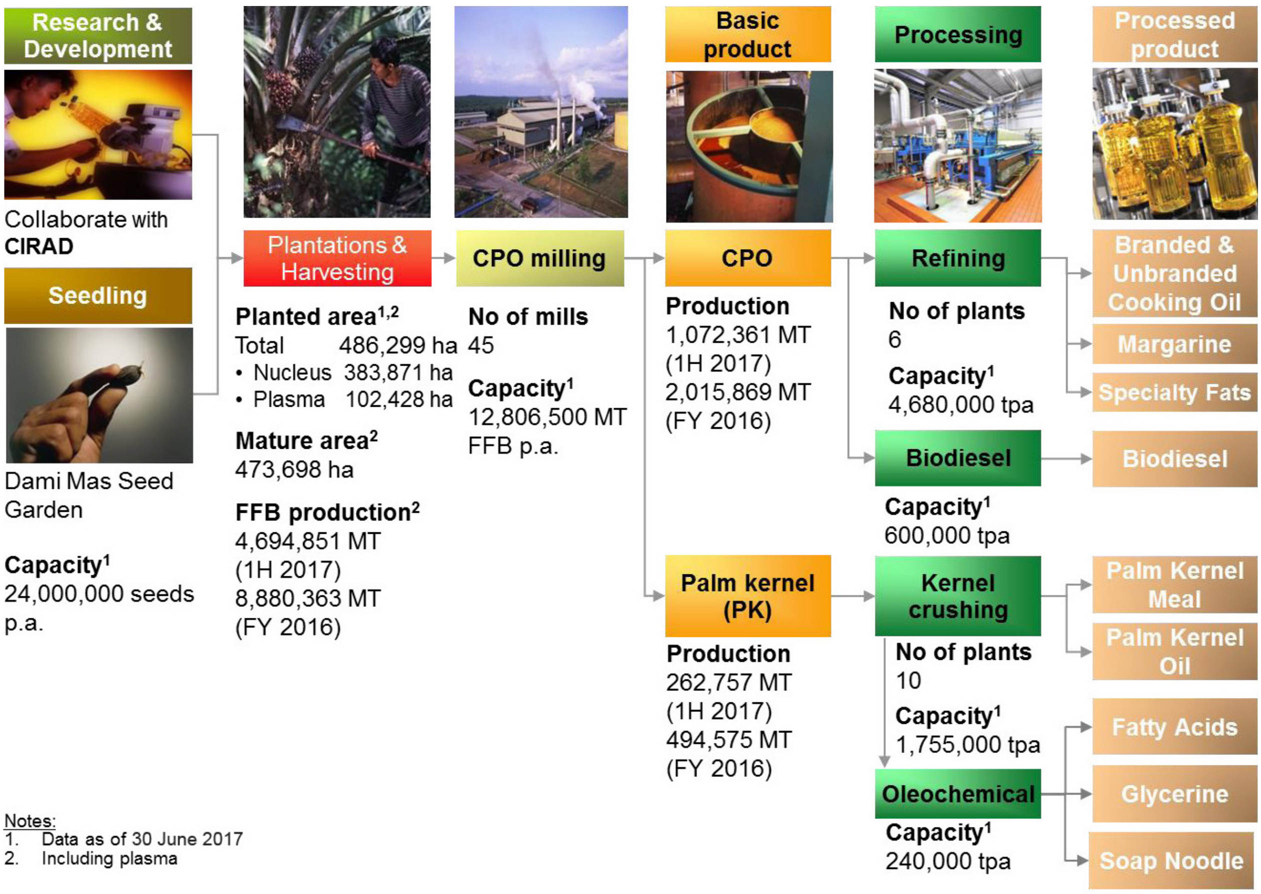
SUMMARY OF THE GROUP

GAR is one of the leading integrated palm oil plantation companies. 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, as well as merchandising palm products throughout the world.

GAR is focused on sustainable palm oil production, where its vertically-integrated operations involve:

- extensive research and development activities in oil palm production;
- developing and breeding its own seedlings;
- cultivating and harvesting oil palm plantations;
- milling FFB into CPO and palm kernel;
- refining CPO into value-added bulk, industrial and branded products;
- crushing palm kernel into palm kernel oil and palm kernel meal; and
- producing non-food products such as oleochemicals and biodiesel; and
- transportation and logistical support.

The following is a flowchart of GAR's vertically integrated Indonesian agri-business operations:



Notes:
1. Data as of 30 June 2017
2. Including plasma

GAR maintains its position as the leading oil palm plantation group in Indonesia with its estates spanning from east to west across the archipelago. As of 30 June 2017, GAR manages 166 oil palm estates with a total area of 486,299 hectares (including 102,428 hectares of estates owned by landholders).

The harvested FFB are processed in owned milling facilities which are strategically located near the plantations, to produce CPO and PK. As of 30 June 2017, GAR has 45 mills with a combined installed annual capacity of 12.81 million tonnes.

Part of the CPO and PK produced are further processed in GAR's refineries and kernel crushing plants, which are strategically located in Indonesia, close to ports, consumer markets, and its plantations and employ state-of-the-art technology.

GAR has six refineries with a combined annual installed capacity of 4.68 million tonnes, of which five are accredited with ISO 22000 certification, an international recognition that its refined products (including cooking oil, margarine and shortening) meet stringent international food safety standards. GAR also owns kernel crushing plant with total capacity of 1.76 million tonnes of PK per annum and a 240 thousand tonnes per annum oleochemical plant. The Group's fatty acid and glycerine produced from the oleochemical plant have been accredited under certification standards such as ISO 22000, OHSAS 18001, KOSHER, GMP+B2, FDA registration and RSPO. Furthermore, the Group's joint venture with CEPSA Quimica, S.A. continues to progress well. The joint venture's new fatty alcohol plant in Riau has achieved full mechanical completion and commercial start up is slated for the second quarter of 2017.

GAR's products are sold globally to a diversified customer base by leveraging its extensive distribution network, strong merchandising, branding, and destination marketing. The Group's shipping and logistics capabilities are bolstered by its ownership of vessels, sea ports, jetties, warehouses and bulking facilities in strategic locations.

In support of the Indonesian Government's biodiesel policy, GAR has built its first biodiesel plant in South Kalimantan with annual capacity of 300 thousand tonnes. The plant commenced operations in the first half of 2016 and has participated in Indonesian state-owned oil and natural gas corporation Pertamina's biodiesel sourcing in growing volumes for consecutive periods. The Group's second biodiesel plant near Jakarta has also been completed and commenced its operations in the second quarter of 2017.

Through its subsidiary in India, Gemini Edibles & Fats India Private Limited, GAR is engaged in the business of manufacturing and marketing edible oils and fats in the country. It has refinery plants with a total annual capacity of 345 thousand tonnes and a solid and established brand in the eastern part of India, supported by an extensive distribution system.

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

In Ningbo, Zhejiang Province, GAR operates a deep-sea port and storage facility for oils and grains. The Group's oilseed crushing facilities located in Ningbo and Tianjin have an annual capacity is 2.3 million tonnes. GAR also has refining facilities in same locations, with total annual refining capacity of 676 thousand tonnes.

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.

GAR also operates a food business in China through Florentina International Holdings Limited ("**FIH**"), which manufactures and distributes a variety of snack and instant noodles as well as other snack products in the country. FIH commands a large market share in the noodle business in the region. The food products are produced through six strategically located plants with a total annual capacity of four billion packets of noodles. In addition to noodle products, FIH also produces and markets higher value snack products which include health and nutrition products.

In FY2016, the Group's revenue was US$7,208.8 million and its profit after tax was US$402.8 million with underlying profit(1) of US$186.3 million. For the six-month period ended 30 June 2017, the Group's revenue was US$3,803.0 million and its profit after tax was US$60.5 million with underlying profit of US$137.1 million.

1 The Group calculates underlying profit by excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional items and other non-operating items (foreign exchange gain or loss, net tax impact from tax-based asset revaluation, and other deferred tax income or expense) from net profit attributable to owners of the Company as drawn up under International Financial Reporting Standards.

SUMMARY OF THE PROGRAMME

The following summary is derived from, and should be read in conjunction with, the full text of this Offering Circular (and any relevant supplement to this Offering Circular), the Trust Deed, the Agency Agreement and the relevant Pricing Supplement.

Issuer	:	Golden Assets International Investment Pte. Ltd.
Guarantor	:	Golden Agri-Resources Ltd.
Arrangers and Dealers	:	MUFG Securities Asia (Singapore) Limited and Oversea-Chinese Banking Corporation Limited.
Trustee	:	The Bank of New York Mellon, Singapore Branch.
Issuing and Paying Agent, CDP Transfer Agent and CDP Registrar	:	The Bank of New York Mellon, Singapore Branch.
Non-CDP Paying Agent and Calculation Agent	:	The Bank of New York Mellon, London Branch.
Non-CDP Transfer Agent and Non-CDP Registrar	:	The Bank of New York Mellon SA/NV, Luxembourg Branch
CMU Lodging and Paying Agent, CMU Transfer Agent and CMU Registrar	:	The Bank of New York Mellon, Hong Kong Branch.
Description	:	US$1,500,000,000 Medium Term Note Programme.
Programme Size	:	The maximum aggregate principal amount of the Notes outstanding at any time shall be US$1,500,000,000 (or its equivalent in other currencies) or such increased amount in accordance with the terms of the Programme Agreement.
Use of Proceeds	:	The net proceeds from the issuance of the Notes under the Programme, after deducting the costs and expenses relating to each issue of the Notes, will be used for the refinancing of maturing debt and general corporate purposes.
Currency	:	Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in Singapore dollars, Renminbi or any other currency agreed between the Issuer and the relevant Dealer(s).
Renminbi Fallback	:	If by reason of inconvertibility, non-transferability or illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi, the Issuer may settle such payment in U.S. dollars.
Method of Issue	:	Notes may be issued from time to time under the Programme on a syndicated or non-syndicated basis. Each Series may be issued in one or more Tranches, on the same or different issue dates. The minimum issue size for each series shall be agreed between the Issuer and the relevant Dealer(s). The specific terms of each Series or Tranche will be specified in the relevant Pricing Supplement.

Issue Price	:	Notes may be issued at par or at a discount, or premium, to par.
Maturities	:	Subject to compliance with all relevant laws, regulations and directives, Notes may have maturities of such tenor as may be agreed between the Issuer and the relevant Dealer(s).
Mandatory Redemption	:	Unless previously redeemed or purchased and cancelled, each Note will be redeemed at its redemption amount on the maturity date shown on its face.
Interest Basis	:	Notes may bear interest at fixed, floating or variable rates or such other rates as may be agreed between the Issuer and the Relevant Dealer(s) or may not bear interest.
Fixed Rate Notes	:	Fixed Rate Notes will bear a fixed rate of interest which will be payable in arrear on specified dates and at maturity.
Floating Rate Notes	:	Floating Rate Notes which are denominated in Singapore dollars will bear interest to be determined separately for each Series by reference to S$ SIBOR or S$ SWAP RATE, or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other benchmark as may be agreed between the Issuer and the relevant Dealer(s)), as adjusted for any applicable margin. Interest periods in relation to the Floating Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue. Floating Rate Notes which are denominated in other currencies will bear interest to be determined separately for each Series by reference to such other benchmark as may be agreed between the Issuer and the relevant Dealer(s).
Variable Rate Notes	:	Variable Rate Notes will bear interest at a variable rate determined in accordance with the Conditions of the Notes. Interest periods in relation to the Variable Rate Notes will be agreed between the Issuer and the relevant Dealer(s) prior to their issue.
Zero Coupon Notes	:	Zero Coupon Notes may be issued at their nominal amount or at a discount to it and will not bear interest other than in the case of late payment.
Form and Denomination of Notes	:	The Notes will be issued in bearer form or registered form and in such denominations as may be agreed between the Issuer and the relevant Dealer(s). Each Tranche or Series of bearer Notes may initially be represented by a Temporary Global Note or a Permanent Global Note. Each Temporary Global Note may be deposited on the relevant issue date with CDP, a common depositary for Euroclear and Clearstream, Luxembourg, the CMU and/or any other agreed clearing system and will be exchangeable, upon request as described therein, either for a Permanent Global Note or Definitive Notes (as indicated in the applicable Pricing Supplement). Each Permanent Global Note may be exchanged, unless otherwise specified in the applicable Pricing Supplement, upon request as described therein, in whole (but not in part) for Definitive Notes upon the terms therein. Each Tranche or Series of registered Notes will initially be represented by a Global Certificate. Each Global Certificate may be registered

		in the name of, or in the name of a nominee of, CDP, Euroclear and/or Clearstream, Luxembourg, the CMU and/or any other agreed clearing system. Each Global Certificate may be exchanged, upon request as described therein, in whole (but not in part) for Certificates upon the terms therein. Save as provided in the terms and conditions of the Notes, a Certificate shall be issued in respect of each Noteholder's entire holding of registered Notes of one Series.
Custody of the Notes	:	Notes which are to be cleared through CDP are required to be kept with CDP as authorised depository. Notes which are cleared through Euroclear and/or Clearstream, Luxembourg are required to be kept with a common depositary on behalf of Euroclear and Clearstream, Luxembourg. Notes which are to be cleared through the CMU are required to be kept with a sub-custodian for the CMU as authorised depository.
Status of the Notes and the Guarantee	:	The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu,* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.
Redemption and Purchase	:	If so provided on the face of the Note and the relevant Pricing Supplement, Notes may be redeemed (either in whole or in part) prior to their stated maturity at the option of the Issuer and/ or the holders of the Notes. Further, if so provided on the face of the Note and the relevant Pricing Supplement, Notes may be purchased by the Issuer (either in whole or in part) prior to their stated maturity at the option of the Issuer and/or the holders of the Notes.
Redemption upon Delisting	:	In the event that (i) the shares in the Guarantor cease to be listed on the SGX-ST or (ii) trading in the shares in the Guarantor on the SGX-ST is suspended for a continuous period of more than 21 consecutive trading days, the Issuer shall, at the option of the holder of any Note, repurchase such Note at its redemption amount together with interest accrued to the date fixed for repurchase.
Redemption upon Change of Control	:	Following the occurrence of a Change of Control Event (as defined in the Conditions), the Issuer shall, at the option of the holder of any Note, repurchase such Note at its redemption amount, together with interest accrued to the date fixed for repurchase.
Redemption for Taxation Reasons	:	The Notes may be redeemed at the option of the Issuer for certain taxation reasons as set forth in "*Terms and Conditions of the Notes - Redemption and Purchase - Redemption for Taxation Reasons*".

Negative Pledge	:	For so long as any of the Notes or Coupons remains outstanding, neither the Issuer nor the Guarantor will, and the Guarantor will ensure that none of the Principal Subsidiaries will, create or permit to subsist, any Security Interest upon the whole or any part of its present or future undertakings, assets or revenues, assets or revenues (including any uncalled capital) to secure any International Investment Securities, or any guarantee or indemnity in respect of any International Investment Securities, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such International Investment Securities, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.
Financial Covenants	:	For so long as any of the Notes or Coupons remains outstanding, the Guarantor shall ensure that: (i) its Consolidated Shareholder's Fund shall not be less than US$3,000,000,000; and (ii) the ratio of its Consolidated Total Borrowings to its Consolidated Shareholder's Fund shall be less than 1.5 times. In addition, in the event that such Notes are assigned a rating of Investment Grade (as defined in the Conditions) from a Rating Agency (as defined in the Conditions) and no Event of Default has occurred and is continuing, this covenant will be suspended.
Events of Default	:	See Condition 10 of the Conditions.
Limitation on Indebtedness	:	If so provided on the face of the Note and the relevant Pricing Supplement, for so long as any of the Notes or Coupons remains outstanding, the Guarantor will not Incur (as defined in the Conditions) any Indebtedness (as defined in the Conditions) provided that the Guarantor and the Issuer may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, the Fixed Charge Coverage Ratio (as defined in the Conditions) would be not less than 2.25 to 1.0. This covenant is subject to a number of important qualifications and exceptions described in the Conditions. In addition, in the event that such Notes are assigned a rating of Investment Grade from a Rating Agency and no Event of Default has occurred and is continuing, this covenant will be suspended.

Taxation	:	All payments in respect of the Notes and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore, Mauritius or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, save for certain exceptions. For further details, please see "*Taxation*" herein.
Listing of the Notes	:	If the application to the SGX-ST to list a particular Series of Notes is approved, for so long as such Notes are listed on the SGX-ST and the rules of the SGX-ST so require, such Notes will be traded on the SGX-ST in a minimum board lot size of at least S$200,000 or its equivalent in foreign currencies. Unlisted series of Notes may also be issued pursuant to the Programme. The Notes may also be listed on such other or further stock exchange(s) as may be agreed between the Issuer, the Guarantor and the relevant Dealer(s) in relation to each series of Notes. The Pricing Supplement relating to each series of Notes will state whether or not the Notes of such series will be listed on any stock exchange(s) and, if so, on which stock exchange(s) the Notes are to be listed.
Selling Restrictions	:	For a description of certain restrictions on offers, sales and deliveries of Notes and the distribution of offering material relating to the Notes, see "*Subscription, Purchase and Distribution*" herein. Further restrictions may apply in connection with any particular Series or Tranche of Notes.
Governing Law	:	The Programme, the Guarantee and any Notes issued under the Programme will be governed by, and construed in accordance with, English law or Singapore law (in accordance with the Terms and Conditions of the Notes and the relevant Pricing Supplement).

SUMMARY FINANCIAL INFORMATION

The following tables set out selected financial information of the Group as at and for the years ended 31 December 2014, 2015 and 2016 and for the six-month periods ended 30 June 2016 and 2017. This selected financial information should be read in conjunction with the Group's audited consolidated financial statements including notes thereto as at and for the years ended 31 December 2014, 2015 and 2016 and the Group's unaudited interim condensed consolidated financial statements for the six-month periods ended 30 June 2016 and 2017 which are included elsewhere in this Offering Circular.

	Year Ended 31 December			Six-Month Period Ended 30 June	
	(Restated)(1) 2014	(Restated)(1) 2015	2016	2016	2017
	(audited)			(unaudited)	
	(U.S.$ '000s, except where otherwise indicated)				
CONSOLIDATED INCOME STATEMENT					
Revenue	7,619,309	6,510,051	7,208,849	3,235,377	3,802,960
Cost of sales	(6,441,048)	(5,505,277)	(6,194,462)	(2,809,750)	(3,256,427)
Gross profit	1,178,261	1,004,774	1,014,387	425,627	546,533
Operating expenses					
Selling expenses	(647,920)	(537,782)	(533,479)	(257,915)	(274,243)
General and administrative expenses	(308,455)	(294,656)	(305,305)	(148,291)	(152,075)
Total operating expenses	(956,375)	(832,438)	(838,784)	(406,206)	(426,318)
Operating profit	221,886	172,336	175,603	19,421	120,215
Other income/(expenses)					
Financial income	25,444	31,754	28,906	12,258	14,276
Financial expenses	(123,478)	(132,039)	(131,346)	(64,448)	(71,291)
Share of results of associated companies, net of tax	(103)	968	794	(161)	1,031
Share of results of joint ventures, net of tax	(449)	7,827	7,101	5,366	2,839
Foreign exchange (loss)/gain, net	(13,816)	(91,783)	47,188	30,640	3,705
Other operating income, net	13,509	10,196	46,325	23,255	11,880
	(98,893)	(173,077)	(1,032)	6,910	(37,560)
Exceptional items					
Allowance for impairment loss on property, plant and equipment	-	-	(34,296)	-	-
Gain on deconsolidation	7,586	-	-	-	-
	7,586	-	(34,296)	-	-
Profit/(Loss) before income tax	130,579	(741)	140,275	26,331	82,655
Income tax	(45,547)	10,746	262,544	110,844	(22,121)
Profit for the year/period	85,032	10,005	402,819	137,175	60,534
Attributable to:					
Owners of the Company	84,640	10,352	399,619	133,613	59,427
Non-controlling interests	392	(347)	3,200	3,562	1,107
	85,032	10,005	402,819	137,175	60,534

Note:

(1) The comparative figures for years ended 31 December 2014 and 2015 have been restated and reclassified to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41.

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	As at 31 December			As at 30 June	
	(Restated)[1] 2014	(Restated)[1] 2015	2016	2016	2017
		(audited)		(unaudited)	
	(U.S.$ '000s, except where otherwise indicated)				
CONSOLIDATED STATEMENT OF FINANCIAL POSITION					
Assets					
Current assets					
Cash and cash equivalents	329,560	243,616	153,007	157,853	197,025
Short-term investments	261,166	258,882	201,972	229,657	214,738
Trade receivables	525,816	462,152	561,411	476,818	437,199
Other current assets	889,758	959,867	892,529	1,015,329	916,176
Inventories	850,723	740,918	967,138	888,995	985,654
	2,857,023	2,665,435	2,776,057	2,768,652	2,750,792
Non-current assets					
Long-term receivables and assets	360,593	202,870	253,008	259,057	262,625
Long-term investments	804,318	815,252	847,370	828,094	833,342
Investment in associated companies	8,431	9,556	10,158	9,192	11,195
Investment in joint ventures	56,167	55,771	62,112	61,384	71,598
Investment properties	1,227	1,113	986	1,059	982
Property, plant and equipment	2,551,664	2,842,292	2,788,483	2,840,550	2,765,624
Bearer plants	1,227,975	1,227,784	1,101,374	1,152,831	1,039,379
Deferred tax assets	27,036	56,523	301,860	192,306	293,572
Intangible assets	160,706	159,114	165,007	161,053	166,187
	5,198,117	5,370,275	5,530,358	5,505,526	5,444,504
Total Assets	8,055,140	8,035,710	8,306,415	8,274,178	8,195,296
Liabilities and Equity					
Current liabilities					
Short-term borrowings	1,251,081	1,366,102	1,112,377	1,380,942	1,001,097
Bonds and notes payable	389,882	80,645	661,379	111,194	636,844
Trade payables	543,197	612,040	575,940	557,061	483,923
Other payables	286,720	254,275	348,945	290,901	338,241
Taxes payable	29,554	15,422	16,375	28,144	16,857
Obligations under finance lease	132	114	84	139	16
	2,500,566	2,328,598	2,715,100	2,368,381	2,476,978
Non-current liabilities					
Obligations under finance lease	269	99	-	16	-
Bonds and notes payable	1,040,087	1,085,963	420,158	990,064	281,818
Long-term borrowings	387,250	512,462	872,373	747,819	1,044,878
Deferred tax liabilities	257,462	238,449	117,627	213,099	107,187
Long-term payables and liabilities	76,691	120,741	85,206	125,197	151,519
	1,761,759	1,957,714	1,495,364	2,076,195	1,585,402
Total liabilities	4,262,325	4,286,312	4,210,464	4,444,576	4,062,380
Equity attributable to owners of the Company					
Issued capital	320,939	320,939	320,939	320,939	320,939
Share premium	1,216,095	1,216,095	1,216,095	1,216,095	1,216,095
Treasury shares	-	(31,726)	(31,726)	(31,726)	(31,726)
Other paid-in capital	184,318	184,318	184,318	184,318	184,318
Other reserves	66,919	63,486	55,225	54,318	35,615
Retained earnings	1,963,323	1,956,742	2,308,899	2,042,893	2,310,910
	3,751,594	3,709,854	4,053,750	3,786,837	4,036,151
Non-controlling interests	41,221	39,544	42,201	42,765	96,765
Total equity	3,792,815	3,749,398	4,095,951	3,829,602	4,132,916
Total Liabilities and Equity	8,055,140	8,035,710	8,306,415	8,274,178	8,195,296

Note:

(1) The comparative figures for years ended 31 December 2014 and 2015 have been restated and reclassified to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41.

	Year Ended 31 December			Six-Month Period Ended 30 June	
	(Restated)(1) 2014	(Restated)(1) 2015	2016	2016	2017
		(audited)		(unaudited)	
	(U.S.$ '000s, except where otherwise indicated)				
SUMMARY CONSOLIDATED STATEMENT OF CASH FLOWS					
Net cash generated from/(used in) operating activities	349,216	465,367	102,063	(125,301)	317,665
Net cash used in investing activities	(678,280)	(457,558)	(169,061)	(79,232)	(94,776)
Net cash generated from/(used in) in financing activities	329,856	(103,567)	(37,200)	90,151	(164,480)
Net increase/(decrease) in cash and cash equivalents	792	(95,758)	(104,198)	(114,382)	58,409

	Year Ended 31 December			Six-Month Period Ended 30 June	
	(Restated)(1) 2014	(Restated)(1) 2015	2016	2016	2017
	(U.S.$ '000s, except where otherwise indicated)				
Other financial information (unaudited)					
EBITDA(2)	565,891	541,664	571,660	227,764	328,268
Underlying profit(3)	188,006	179,970	186,277	42,893	137,054
Interest expenses	(119,132)	(128,600)	(128,893)	(62,936)	(70,589)
Capital expenditures	457,718	449,412	214,925	102,622	89,398
EBITDA margin (%)(4)	7.4	8.3	7.9	7.0	8.6

	As of 31 December			As of 30 June	
	2014	2015	2016	2016	2017
Operational data (unaudited)					
PLANTATIONS					
Total area (Nucleus(5) + Plasma(6))					
Mature (hectares)	440,578	460,336	466,440	467,440	473,698
Total planted (hectares)	472,837	485,606	488,252	483,075	486,299
FFB produced (tonnes)	9,729,030	10,050,625	8,880,363	3,484,087	4,694,851
FFB yield (tonnes/hectares)	22.1	21.8	19.0	7.5	9.9
Mill production					
Total FFB milling capacity (tonnes p.a.)	11,645,000	12,206,500	12,806,500	12,606,500	12,806,500
FFB processed (tonnes)	11,007,484	11,219,948	9,827,575	3,870,925	5,162,765
Utilisation rate (%)	95	92	77	61	81
CPO produced (tonnes)	2,386,531	2,380,047	2,015,869	812,555	1,072,361
Palm kernel produced (tonnes)	566,501	586,489	494,575	196,393	262,757
Extraction rates					
CPO (%)	22.8	22.6	22.2	22.6	22.5
Palm kernel (%)	5.4	5.6	5.4	5.5	5.5
DOWNSTREAM					
Indonesia					
Palm kernel crushing capacity (tonnes p.a.)	1,065,000	1,425,000	1,425,000	1,425,000	1,755,000
Utilisation (%)	100	96	85	82	78
Refining capacity (tonnes p.a.)	3,480,000	4,680,000	4,680,000	4,680,000	4,680,000
Utilisation (%)	75	68	79	73	90
Oleochemical capacity (tonnes p.a.)	88,000	240,000	240,000	240,000	240,000
Utilisation (%)	113	69	83	83	94
Biodiesel capacity (tonnes p.a.)	-	-	300,000	300,000	600,000
Utilisation (%)	-	-	30	24	34

	As of 31 December			As of 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
India					
Refinery capacity (tonnes p.a.)	315,000	315,000	315,000	315,000	345,000
Utilisation rate (%)	73	82	97	84	95
China					
Crushing capacity (tonnes p.a.)	2,296,000	2,296,000	2,296,000	2,296,000	2,296,000
Utilisation rate (%)	55	50	50	48	47
Refining capacity (tonnes p.a.)	776,000	676,000	676,000	676,000	676,000
Utilisation (%)	39	32	32	33	33

Notes:

(1) The comparative figures for years ended 31 December 2014 and 2015 have been restated and reclassified to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41.

(2) The Group calculates EBITDA by adding depreciation and amortisation, foreign exchange losses, interest expense, exceptional losses, loss from changes in fair value of biological assets and deducting foreign exchange gain, gain from changes in fair value of biological assets and exceptional income from profit before income tax as drawn up under International Financial Reporting Standards.

(3) The Group calculates underlying profit by excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional items 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) from net profit attributable to owners of the Company as drawn up under International Financial Reporting Standards.

(4) EBITDA margin is calculated as EBITDA divided by revenue.

(5) Nucleus plantations are plantations owned by the Group.

(6) Plasma plantations are plantations that are owned and operated by local small landholders and which, in most cases, the Group manages. These landholders are not affiliated with the Group. The Group assists these landholders in securing financing in order for them to develop the land. The Group also purchases FFB from these landholders. See “Business — Regulations — Land rights — Plasma Program”.

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RISK FACTORS

Prior to making any investment decision, prospective investors should consider carefully all of the information in this Offering Circular, including the risks and uncertainties described below. The business, financial condition or results of operations of the Group could be materially adversely affected by any of these risks. The Issuer, the Guarantor and the Group believe that the following factors may affect their ability to fulfil their obligations under the Notes issued under the Programme. All of these factors are contingencies which may or may not occur and the Issuer, the Guarantor and the Group are not in a position to express a view on the likelihood of any such contingency occurring. Factors which the Issuer, the Guarantor and the Group believe may be material for the purpose of assessing the market risks associated with the Notes issued under the Programme are also described below.

The Issuer, the Guarantor and the Group believe that the factors described below represent the principal risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay principal, interest (if any), distribution (if any) or other amounts or fulfil other obligations on or in connection with any Notes may occur for other reasons and the Issuer, the Guarantor and the Group do not represent that the statements below regarding the risks of holding the Notes are exhaustive.

Risks Relating to the Group

The Group may not be able to continue to use, renew or expand some of its land rights and competition for plantation land and uncertainty regarding government zoning regulations may adversely affect the Group's business

Indonesian government laws and regulations may significantly affect the ownership of the Group's land and operations of its plantations. Approvals are required from various governmental agencies to obtain certain permits, licences and certificates with respect to the Group's business operations. Plantations in Indonesia are generally governed by Law No. 18 of 2004 on Plantation ("**Law 18/2004**"). This law provides that the maximum and minimum use of land area permitted for plantation business shall be determined by the Minister who is responsible for plantation/agricultural matters, while the granting of land rights shall be determined by the relevant authorised institution who is responsible for land matters.

To date, the Regulation of the State Minister for Agrarian Affairs/the Head of Land National Agency of the Republic of Indonesia (the "**Land Minister**") No. 2/1999 on Location Permit ("**Regulation 2/1999**") stipulates that any person, company, group of companies or related person or company operating agricultural plantations, including an oil palm plantation business, in Indonesia may only acquire up to 20,000 hectares of land in each province or 100,000 hectares of land in the whole of Indonesia, except for the province of Papua (formerly known as Irian Jaya) which allows for the acquisition of up to 40,000 hectares of land. The Regulation of the Minister of Agriculture No. 26/Permentan/OT.140/2/2007 ("**Regulation 26/2007**") on the other hand, increases the above threshold for each company engaging in the oil palm plantation business in Indonesia to acquire up to 100,000 hectares of land, except in the Papua province where the maximum threshold is 200,000 hectares.

Due to the differences in both regulations, the Agriculture Minister issued a new Regulation No. 98/ Permentan/OT.140/9/2013 on the Guidelines for Licensing of Plantation Businesses ("**Regulation 98/2013**") which revokes and supersedes Regulation 26/2007. Regulation 98/2013 was dated 30 September 2013 and came into effect on 2 October 2013. Meanwhile, the Land Minister also issued a new Regulation No. 5/2015 on the Location Permit ("**Regulation 5/2015**") which revokes and supersedes Regulation 2/1999. This new Regulation 5/2015 was dated 28 April 2015 and came into effect since It has been issued.

Based on the new Regulation 5/2015, the maximum plantation area for agriculture, including oil palm plantation in Indonesia still remains the same, which may only acquire up to 20,000 hectares for each province or 100,000 hectares of land for the whole of Indonesia. Due to this new Regulation 5/2015, the Land Minister has made some adjustments/changes in administration procedures, such as how to obtain new location permits and/or how to apply to extend the location permit, including the terms and conditions that shall be applied.

Regulation 98/2013 sets the maximum plantation area for oil palm at 100,000 hectares for each plantation company or group of plantation companies. A "group of plantation companies" is defined as a group of individuals or plantation companies which are related to one another by ownership, management and/or financial relationship. The maximum plantation area restriction does not apply to state-owned companies, regional government-owned companies, cooperatives and publicly listed companies in which the majority of shares are owned by the public. A company applying for an *Ijin Usaha Perkebunan* ("**IUP**") (cultivation and processing integrated plantation business licence) or *Ijin Usaha Budidaya Perkebunan* ("**IUP-B**") (a plantation business licence for cultivation) will be required to submit a statement letter in the form provided in Regulation 98/2013 confirming that the company or its group of companies has not exceeded the maximum plantation area as stipulated in Regulation 98/2013. Regulation 98/2013 is silent on how the rule will be applied to plantation companies or groups of plantation companies which currently hold plantation areas in excess of the maximum plantation area set out in Regulation 98/2013.

Land rights for plantations are obtained in three stages, namely the *Ijin Lokasi*, *Panitia B*, and *Hak Guna Usaha* (ie. Right to Cultivate). *Ijin Lokasi* and *Panitia B* are intermediate land rights that are granted by the Indonesian government during the initial stages of the land rights approval process. These rights are less than the full rights over the use of the lands represented by *Hak Guna Usaha*. As at 30 June 2017, the Group has been granted *Hak Guna Usaha* to approximately 358,000 hectares of the Group's plantations by the Indonesian government for a maximum term of 35 years and this can be extended for a further maximum term of 25 years and renewed for up to another 35 years. These land rights expire between 2017 and 2098, with most of the Group's land rights expiring after 2030. These expiry includes the Group's exclusivity rights to renew the title after the expiry for another 35 years. In addition, as at 30 June 2017, the Group holds land rights in the form of *Ijin Lokasi* for approximately 145,000 hectares and in the form of Kadasteral and *Panitia B* for approximately 36,000 hectares. See "Description of the Group – Regulations – Land Rights – Oil palm plantations" for further information.

The Group believes that it has complied with all relevant requirements in relation to the plantations and will take all necessary steps to ensure that its land rights for such plantations are extended. The Group believes that it will be permitted to continue to renew its *Ijin Lokasi* and *Panitia B* and to use the land covered by those rights even though *Hak Guna Usaha* may not be issued. The Indonesian government may, however, not permit the Group to continue to use the land for which it holds *Ijin Lokasi* and *Panitia B* or may not permit the Group to renew these rights upon their expiration.

Additionally, changes in circumstances may occur which delay or prevent the Group from obtaining extensions, such as a change in the head of Land Office or regional government.

If for any reason, the Group fails to get the *Hak Guna Usaha* or extend or renew these rights, the Group will not be able to use the land. This may result in the loss of expenses that have been incurred by the Group by not receiving income or any other return on such investment (including capital expenditure incurred in relation to planting new oil palm trees). Failure to obtain *Hak Guna Usaha* over all its Indonesia land bank may negatively impact the business prospects, financial condition and results of operations of the Group.

The regional government of Indonesia is responsible for allocating undeveloped land in consultation with other related Indonesian government agencies including the Ministry of Forestry and the Ministry of Energy and Mineral Resources. Due to the difficulties in producing accurate maps, the regional government may assign overlapping or competing location permits for different uses for the same area of land. Lack of coordination among government agencies can lead to ambiguity about the legal status of land owned by the Group, which had been owned, acquired and mastered through legal procedures. In addition, the zoning regulations assign areas of undeveloped land without taking into account the existence of protected areas such as conservation forest. There is a risk that the Group may be assigned *Ijin Lokasi* for land which contains protected areas that the Group is unable to use for planting or for land for which there are already competing and conflicting *Ijin Lokasi*. Such conflicts would prevent the Group from fully utilising the land. In such an event, the Group would have to seek additional regulatory approvals, and there can be no assurance that such approvals would be granted.

Any prolonged or significant disruption to the Group's production facilities may affect the Group's operations and financial results

The Group faces a number of operational risks at the Group's plantations, mills and processing facilities. Adverse weather conditions, pests, diseases, major disruptions in the supply of utilities such as water or electricity or other operational difficulties at the Group's plantations could reduce the amount or quality of FFB the Group is able to harvest.

The Group's plantations and processing facilities are subject to a number of risks, such as fires, explosions, natural disasters, third-party interference, disruptions of utility services, war or terrorism, communal unrest and mechanical failures of equipment. These hazards could also result in environmental pollution, personal injury or wrongful death claims and other damage to the Group's properties or the properties of others. The processing facilities may require unscheduled downtime or unanticipated maintenance, which could reduce the Group's revenues and increase its costs during the affected period. Furthermore, outages or extended down-time at the Group's processing facilities could cause the Group to be unable to process its harvested fruit bunches, either at all time or within a short period of time, which could lead to a loss of product or diminished product quality.

Any prolonged and/or significant disruption to the Group's production facilities or inventories, will adversely affect its business, financial condition, results of operations and prospects.

The Group faces political, economic and social risks in the countries in which it operates

The Group is subject to the laws, regulations and policies of the countries in which it operates and the political and social environment in those countries. The Group is also subject to the risk of enforcement actions and investigations. Such laws, regulations and policies include those relating to foreign investment, administration, production safety supervision, environmental protection, import and export duties and tariffs, subsidies, international trade flows, exchange controls and controls on the transfer of funds, restrictions on import and exports (including trade sanctions), restrictions on asset and land ownership and use (including expropriation and nationalisation of private enterprises or confiscation of assets), constraints on price increases for certain of the Group's products, restrictions on participation of the private sector in commodities markets, intellectual property protection, labour protection, human rights compliance and anti-trust laws. In addition, in order for the Group to conduct its business operations, the Group is subject to requirements to apply for and maintain various permits, approvals, licences and registrations from regulatory authorities in the relevant countries. Furthermore, the Group is subject to the risk that additional standards and requirements may be imposed by regulatory authorities from time to time, which could be more stringent or onerous than those which currently apply to the Group.

Certain countries in which the Group operates, and may in the future operate, are developing countries which have relatively less developed legal systems and business practices, which may subject the Group to legal and regulatory uncertainty, including difficulties in complying with laws and regulations in order to establish, maintain and expand the Group's operations in those countries. The Group may be subject to legal, regulatory, political and policy change, which the Group may not be able to anticipate and which could adversely affect the Group's business and prospects, including as a result of disputes with local communities over land-related issues. In addition, the Group may experience difficulties enforcing its rights and agreements in those countries, including in relation to protection and enforcement of the Group's intellectual property rights.

Political, economic and social developments in these developing countries have been unpredictable in the past and there is no assurance that events, some of which may lead to political, social and civil upheavals, conflicts and other disturbances, will not occur in these countries in the future and on a wide scale, or that any of such disturbances will not, directly or indirectly, have a material adverse effect on the Group's business, financial position, results of operations or prospects. Further, future economic conditions in the countries in which the Group operates such as, among others, volatility of the local currency, inflation, high interest rates and unfavourable governmental policies may have an adverse impact on the Group's business which may, directly or indirectly, have a material adverse effect on the Group's business, financial position, results of operations and prospects.

Terrorist acts or armed conflicts may occur in the future. Violent acts arising from, and leading to, instability and unrest have in the past had, and may in future have, a material adverse effect on investment and confidence in, and the performance of, the economies in which the Group operates. Such terrorist attacks or armed conflicts may directly impact the Group's plantations, facilities, logistic support, business infrastructure and the supply of raw materials. Any terrorist attacks or armed conflicts in the geographic regions in which the Group operates or to which the Group exports its products may also have an adverse effect on the demand for, and supply of, the Group's products, its production capability and its ability to deliver products to customers in a timely manner. The occurrence of any of the above may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group faces risks relating to its strategic business operations, including diversification into new business initiatives

The Group intends to strengthen the value chain of its downstream operations, including but not limited to, capitalising on research and development capabilities, focusing on improving logistical and operational efficiency, diversifying its product lines, increasing cost competitiveness, increasing brand awareness and expanding the industrial oleochemical business.

These downstream strategic plans involve various risks, which could adversely affect the Group's business and that may delay or prevent the successful completion or operation of these projects or significantly increase costs. There is no assurance that any new business initiatives will contribute positively to the Group's business. For example, the following events may occur, which may adversely affect the Group's strategic plans:

- the Group may not be able to complete the expansion projects on time, within budget or at all. For instance, the industrial oleochemical business is capital, research and development intensive, and the Group may not have the requisite capabilities or resources to successfully expand into the industrial oleochemical business. The logistic support business is also capital intensive, primarily due to the cost of purchasing and maintaining transport ships. The Group may not be able to fully utilise its ships, and fluctuations in the cost of transport ships and any sinking or arrest of transport ships would also be disruptive to the Group's operations;

- the Group's expanded processing facilities may not be able to operate at expected production levels or may cost more to operate than expected;

- the Group may not be able to sell additional production output at competitive prices;

- certain industries such as renewable energy may be subject to government regulations, policies and preferences. In addition, there may be changes in regulations and failure to obtain necessary governmental and other relevant approvals;

- the Group may not be able to successfully integrate the new business initiatives into the Group's existing operations; and

- there may be changes in market conditions.

From time to time, as part of its expansion strategy, the Group may have potential acquisitions or joint ventures or investments that would further its strategic objectives. The Group may not be able to achieve its expected returns and other benefits as a result of integration challenges and adverse economic conditions in the industry in which the acquisition or joint ventures or investments are made. The acquisition or joint ventures or investments made by the Group may not be profitable or may not achieve the expected profitability. This may also entail financial and operational risks, including diversion of management attention from its existing core businesses and difficulty in integrating or allocating personnel. Future acquisitions could also result in potentially dilutive issuances of equity securities, the incurrence of debt, contingent liabilities and/or amortisation expenses related to certain intangible assets and increased operating expenses.

Any of these factors, without limitation, could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group is subject to risks inherent in joint venture structures

The Group has, and expects in the future to have, interests in joint venture entities in connection with its business. To the extent that is beyond the control of the Group, disagreements may arise between the Group and its joint venture partners which may not be resolved amicably and could cause the disruption or ultimate dissolution of the joint ventures and which could in turn adversely affect the business, financial condition, results of operations and prospects of the Group. In addition, the Group's joint venture partners may (a) have economic or business interests or goals that are not aligned with those of the Group, (b) take actions contrary to the Group's instructions, requests, policies or objectives, (c) be unable or unwilling to fulfil their obligations, (d) have financial difficulties, or (e) have disputes with the Group as to the scope of their responsibilities and obligations. The Group's business operations could be affected if its joint venture partners engage in operations which compete with the Group and/or its joint ventures or divert financial resources and local expertise to other companies which could in turn adversely affect the business, financial condition, results of operations or prospects of the Group.

The results of the Group's operations are affected by Indonesian export taxes and levies

The Group's results of operations and financial condition have been, and will continue to be, affected by Indonesian government policies, laws and regulations governing the export of the Group's products and changes in those policies, laws and regulations, including export tax and levies on CPO, palm kernel oil, refined bleached deodorised ("**RBD**") palm oil, crude olein and RBD olein. An export ban was imposed by the Indonesian government in 1998 on CPO, RBD olein and certain other palm oil-based products, as well as palm kernel oil. The Indonesian government has gradually lifted the restrictions and lowered the export taxes on CPO and RBD olein but continues to regulate the exports of CPO and related palm oil products through the use of export taxes and levy.

The latest export tax scheme was based on the Decree of the Ministry of Finance of the Republic of Indonesia No. 136/PMK.01/2015 dated 14 July 2015, while the latest export levy scheme was based on the Decree of the Ministry of Finance of the Republic of Indonesia No.133/PMK.05/2015 dated 14 July 2015. This new scheme was implemented during the low of CPO market price in 2015, where CPO reference price has fallen below the threshold of US$750 per tonne and no export tax was imposed on the CPO export.

The current CPO export taxes range between US$3 per tonne and US$200 per tonne and the current export levy is US$50 per tonne on CPO and range between US$20 and US$30 per tonne on processed palm oil products, see "Description of the Group – Regulations — Export taxes and levy and restrictions". In addition to, or in lieu of, the export tax regime, the Indonesian government may impose certain domestic market obligations whereby the Group's Indonesian subsidiaries may be required to sell a portion of their products in the domestic market.

Proceeds from the export levy will be used mainly to fund the government's biodiesel subsidy programme. The biodiesel price is determined at CPO price plus the market price index of biofuel, which was initially set at US$125 per tonne, and revised to US$ 100 per tonne starting 5 May 2017. The difference between the preset biodiesel price and the MOPS diesel price will be subsidised by the proceeds from the levy. Besides funding these subsidies, proceeds from the export levy will be channeled to replanting, research and human resources development in the palm oil industry.

Results of the Group's operations are highly dependent on its ability to export its products at the lowest cost possible from its Indonesian operations. Government export taxes increase the costs of its products in the export markets while tariffs and government import policies affect the cost of raw materials of the local markets the Group serves. In addition, the higher export rate and export restrictions have discouraged Indonesian oil palm companies from exporting their products, resulting in increased domestic supply and lower domestic prices for these products.

If the Indonesian government increases the export tax and/or levy level, reinstates the export restrictions or otherwise limits, restricts or prohibits the export of crude and other palm oil-based products or if the Group is forced to agree to a voluntary quota or to otherwise limit the Group's exports of CPO and palm oil-based products, the Group's export sales and the prices which the Group can charge in the Indonesian market will be adversely affected.

The Group may face difficulty in securing financing from banks in Indonesia because of legal lending limits imposed by Bank Indonesia on Indonesian banks and, in the case of international banks, the fact that the Group's assets are primarily located in Indonesia

The Group may in the future experience difficulties in securing sufficient funds necessary to implement its business strategies to fund its capital expenditure, working capital requirements or for refinancing purpose. In Indonesia, only a limited number of banks can consistently extend credit to the Group for the large amounts that the Group sometimes requires because of Bank Indonesia capital adequacy restrictions that limit the amount of funds that can be lent to a single company. This difficulty is compounded by the fact that under Bank Indonesia capital adequacy requirements, as well as the lending policies of individual banks, which may be stricter than the minimum Bank Indonesia capital adequacy requirements, the Group is grouped together with businesses of other Widjaja family members and treated for capital adequacy purposes as a single borrowing unit. This effectively means that the availability of funding to the Group also depends on the amounts borrowed by other Widjaja family member businesses.

International banks may be reluctant to lend to the Group because most of the Group's assets are in Indonesia. Foreign creditors have in the past experienced difficulties in enforcing security and foreign judgments in Indonesia against companies that have defaulted.

Limitations consequently faced by the Group in access to funding may have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

The Group may potentially face difficulty in securing financing from banks in China because of policies imposed by the People's Bank of China

The People's Bank of China has utilised bank lending quotas and a reserve requirement ratio as policy tools to control credit growth in the past and it may impose similar or other policy tools to control credit growth in the future. As such, the Group may in the future encounter policy risk and experience difficulties in securing bank financing in China.

Availability of derivative financial instruments

Derivative financial instruments are used by the Group to manage exposures to foreign exchange, interest rate and commodity price risks arising from operational activities. To manage the price fluctuations of its products, the Group may enter into foreign exchange forward contracts, cross-currency interest rate swaps and commodities forward contracts in the ordinary course of business. However, due to volatility in the commodities markets, the Group may not be able to fully hedge the future gains or losses with these instruments against the corresponding change in the prices of the underlying commodities. In the event that the Group is exposed to losses that are unhedged, its business, financial condition, results of operations and prospects may be materially and adversely affected.

The Group may have insufficient insurance coverage or no insurance coverage for certain contingencies

The Group's operations are subject to hazards and risks inherent in the Group's processing operations, such as fires, storage tank leaks, mechanical failure of equipment at the Group's processing facilities and natural disasters. Many of these operating and other risks may cause personal injury and loss of life, severe damage to or destruction of the Group's properties and environmental pollution, and could result in suspension of part or all of the Group's operations and the imposition of penalties. Such events may cause a disruption to or cessation of the Group's operations.

While the Group's insurance policies cover some losses in respect of loss and damage to the Group's properties, machinery and inventories, the Group's insurance coverage may not be sufficient to cover all of its potential losses or all the risks which the Group may be exposed to. For instance, the Group does not have any insurance to cover expropriation or losses arising from business interruption, terrorism, war, radioactive exposure, disease, pests or unauthorised access to or attacks on the Group's computer systems. The Group also does not have any product liability insurance and it may be liable if the consumption of any of the products causes injury, illness or death. In the event the Group's losses exceed the Group's insurance coverage, the Group may be liable to cover any shortfall or losses. The Group's insurance premiums may also increase substantially because of such claims. In such circumstances, the Group's business, financial position, results of operations and prospects may be materially and adversely affected.

The Group may be adversely affected by the imposition and enforcement of more stringent environmental regulations

The Group is subject to a variety of laws and regulations that promote environmentally and socially sound operating practices. The Group's principal environmental concerns relate to the discharge of effluent resulting from the milling of FFB and the refining of edible oils and land and forest clearance for plantation development. The Group's principal social concern relates to possible conflicts with local communities around its plantations. Any environmental claims or the failure to comply with any present or future regulations could result in the assessment of damages, the imposition of fines or the suspension or cessation of the Group's operations. See "Description of the Group – Regulations" for further details.

Environmental regulations and social practices in the countries in which the Group operates tend to be less stringent than in developed countries. It is possible that these regulations could become more stringent in the future and could require the Group to incur additional costs in order to comply with such regulations and consequently have an adverse effect on the Group's operations and financial position. Any failure to comply with the laws and regulations could subject the Group to liabilities.

Government environmental agencies in the countries in which the Group operates have the power to take action against the Group for failure to comply with applicable environmental regulations, including imposing fines and revoking licences. In recent years, both governments have been placing greater importance on environmental measures and regulations. It is possible that these regulations could become more stringent in the future and compliance with them may involve incurring significant costs. This may consequently have an adverse effect on the Group's operations.

The European Parliament's resolution on stricter measures against palm oil imports may adversely affect the Group's business

In March 2017, the European Parliament agreed on a resolution to place stricter measures against palm oil and palm oil-containing products entering the EU market which, if and when passed into law, would eliminate the use of palm oil in biofuels in the EU by 2020. The European Parliament also plans to use a single "sustainable palm oil certification" standard that calls for, among others, a minimum sustainability criteria, customs duty reforms and anti-deforestation articles in all future trade agreements for the import of palm oil. If and when enforced, this resolution could affect the Group's export of palm oils and ability to expand its sales channels in the international markets which may adversely affect the business, financial condition, results of operations and prospects of the Group.

The Group is exposed to foreign exchange fluctuation risk

The majority of the Group's revenue is denominated in US dollars, with the balance denominated in either Rupiah or RMB with reference to US dollar prices, whereas most of the Group's costs are in Rupiah with the balance predominantly in US dollars. To the extent that there is a discrepancy in currency between revenue and expenditure, the Group is exposed to foreign exchange risk. For example, for the Group's oil palm plantation business, any significant appreciation of the Rupiah against the US dollar is likely to have a material and adverse impact on the business, financial position, results of operations and prospects of the Group's business. On 21 July 2005, the RMB was unpegged from the US dollar and pegged against a basket of currencies on a "managed-float currency regime". There is no assurance that China's foreign currency policy will not be altered any further. Further changes in China's foreign currency policies may result in changes in the exchange rates of RMB against the US dollar.

In addition, the Group has significant borrowings denominated in US dollars to finance its operations in Indonesia and China. As such, any appreciation in the US dollar against the Rupiah or RMB may also result in the Group incurring foreign exchange losses due to settlement or revaluation of its US dollar-denominated borrowings. As at 30 June 2017, approximately 92.6% of the Group's total borrowings were denominated in US dollars, while the remaining borrowings were denominated in Singapore dollars, Rupiah, Indian rupees and Euro.

The Group presents its financial statements in US dollars and the accounts of its Indonesian and Chinese subsidiaries will need to be converted to US dollars for consolidation purposes. Any fluctuations in currency exchange rates will also result in exchange translation gains or losses and any sudden and significant changes in the exchange rate between the US dollar and the Rupiah or RMB could affect the results of its operations, if the prices of the Group's products fail to fully reflect the changes in raw material costs or if the Group's currency position is not properly or adequately hedged.

The Group's operations are subject to disruptions in transportation and fluctuations in freight and other transportation costs

The Group depends on freight and transportation services provided in part by external parties to transport materials between its processing and storage facilities as well as for delivery of its products to customers. Disruption of transportation services arising from factors such as unfavourable weather conditions, labour unrest and significant downtime arising from major and unexpected repairs or other events could impair the production process and affect the quality of its products and the Group's ability to supply its products to customers on time. Failure to or delay in supply of its products to customers may result in contractual claims against the Group and any repeated delay or failure to supply products to customers may in the long term, adversely affect the demand for the Group's products, business, financial condition, results of operations and prospects.

Freight and other transportation costs also represent a significant portion of the total cost of the Group's products purchased by its customers and, as a result, the cost of freight and transportation is a critical factor in the customers' purchasing decisions. Depending on the proximity of the Group's competitors to a particular target market, increases in freight and other transportation costs could make the prices of Group's products less competitive than those of its competitors. Any significant increases in freight costs could also result in the Group's products being less competitive and could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

The Group depends on the services of its senior executives and managers, and if the Group is unable to retain its senior personnel or attract suitable replacements, the Group's business could be affected

The Group believes that its continued success is dependent upon the abilities and continued efforts of its existing directors and senior management. The Group has an experienced management team and the continued success of the Group's business and its ability to execute its business strategy in the future will depend on the efforts of its key personnel. In particular, the Group's key personnel play an important role in maintaining business relationships with the Group's customers and charting the Group's overall business strategy. Competition for such key personnel is intense in the industry and the loss of any key personnel could have a material and adverse effect on the Group's business, financial position, results of operations and prospects. The Group's key personnel may voluntarily serve notice of termination of their employment at any time.

The Group may be adversely affected by contractual and credit risk of its counterparties

The Group is exposed to the risk that its counterparties may fail to honour their contractual obligations and that they may default on any credit which the Group may grant to them. If the Group's counterparties do not honour their contractual obligations to the Group, this may result in the Group not being able to honour its contractual obligations with other third parties and can expose the Group to increased costs, disruption to its business and the risk of claims and penalties. If the Group grants credit to its customers, or makes advances to suppliers, if those customers or suppliers default on their contractual obligations, this may adversely affect the Group's results of operations and may have an adverse impact on the Group's profitability.

The Group is exposed to the risk of small landholders defaulting on repayment of the loans extended or guaranteed by the Group under the Plasma Program in Indonesia in which the Group participates

The Indonesian government encourages oil palm plantation companies, like the Group, to develop new plantations that will be operated by local small landholders. This assistance to local small landholders is known as the "Plasma Program". Under a majority of the Plasma Programs in which the Group participates, small landholders are required to sell their harvested FFB to the Group and a portion of the amounts payable by the Group to the small landholders for such FFB are (i) paid directly by the Group to the banks which have provided financing to such small landholders for the financing of the development cost of their plantations to reduce or repay the outstanding amounts they owe; or (ii) applied to offset outstanding amounts under the advances provided by the Group to such small landholders after full repayment of the outstanding amounts to the banks has been made.

There is no assurance that the small landholders will not default on their obligations to sell FFB to the Group and this may result in them defaulting on their loan repayments to the banks and/or the Group. In such event, guarantees which have been provided by the Group to the banks to secure the loans of the small landholders may be called upon by the banks. Any material default by such small landholders on their obligations to the banks and/or the Group may have an adverse impact on the Group's business, financial position, results of operations and prospects.

Labour activism and unrest or failure to maintain satisfactory labour relations may affect the Group's business

Operations on the Group's plantations in Indonesia, and in its refineries, mills and crushing facilities in Indonesia and China, are labour intensive. Any labour activism and unrest in the future could accordingly disrupt the Group's operations and adversely affect the business, financial position, results of operations and prospects of the Group.

The Group may require additional funding in the future

The Group may, from time to time, pursue business opportunities that the Group deems favourable to its future growth and prospects. To the extent that funds generated from operations are insufficient, the Group will need to obtain additional debt or equity funding to finance the pursuit of such opportunities. The Group's working capital and capital expenditure needs may also vary materially from those presently planned and this may also result in the need for substantial new capital.

Further debt financing may, apart from increasing gearing and interest expense, contain restrictions on dividend payments, future fund raising ability and other financial and operational matters. Additionally, there can be no assurance that the Group will be able to obtain any additional funding, whether equity or debt, at commercially reasonable terms, or at all. Any of the above restrictions could have an effect on the Group's business, financial position, results of operations and prospects.

The Group is exposed to fluctuations in interest rates

The Group has borrowings (including hire-purchase liabilities), most of which are with floating interest rates and most of which are secured against the Group's assets. An increase in interest rates would increase borrowing costs and adversely affect the Group's profitability. Any significant increase in interest rates, especially for a prolonged period, could have a material and adverse effect on the Group's business, financial position, results of operations and prospects.

The Group's inability to protect its intellectual property rights and trade secrets may adversely affect the Group

The Group's success will depend on its awareness of and its ability to prevent third parties from using the Group's current and future brands, the Group's intellectual property rights therein and its trademarks, patents or designs without the Group's consent. In connection with this, the Group could incur substantial costs in pursuing such claims or protecting the Group's trademarks, patents and/or designs and may have to divert significant effort of its technical and management personnel. Failure to do so could result in the loss of the Group's rights to develop or make certain products or require the Group to pay monetary damages or royalties to licence proprietary rights from third parties. Issues relating to intellectual property rights can be complicated and there is no assurance that disputes will not arise or will be resolved in the Group's favour.

The Group also relies on trade secrets, such as the formula for the Group's products and proprietary know-how that is not protected by patents or trademarks, and continuing technological innovation that the Group seeks to protect, in part by confidentiality agreements with suppliers, employees and consultants.

The Group cannot assure that its trade secrets and proprietary know-how will not be compromised as a result of breaches of confidentiality agreements or otherwise become known or be independently developed by its competitors or that the Group will be able to maintain the confidentiality of information relating to new products arising from the Group's research. The Group's inability to protect its intellectual property rights and trade secrets may adversely affect the Group's business, financial condition, results of operations and prospects.

Delays in the issuance of import certificates may affect the Group's profitability

According to the GMO policy of China, which has been in place since the first quarter of 2002, overseas firms exporting GMO products into China must apply for GMO certificates from the China Ministry of Agriculture stating, among other things, that the goods are harmless to humans, animals or the environment. The China Ministry of Agriculture has up to 270 days to grant such certificate for first time applicants. This import regulation covers soybean imports from North and South America, most of which are biologically engineered. The Group had experienced disruption in its production process caused by delays in the issuance of GMO certificates because samples of soybeans failed to meet minimum pesticide levels.

Pesticide residue limits in China have been tightened and, in 2004, resulted in delays in the soybean imports from South America to China. As a consequence, a ban on contaminated soybeans originating from South America was imposed resulting in the GMO certificates not being granted. To mitigate the risk of a shipment of soybeans spoiling as a result of unloading delays in China, soybean exporters now also require the Group to post security and/or obtain letters of credit for a shipment, which increases the Group's costs and may adversely affect the Group's results of operations and prospects, and which may also result in a default on the security and/or letter of credit being called upon if a shipment is refused or delayed.

Any delay in the issuance of import certificates such as the GMO certificate experienced by the Group may affect the production capacity of the Group and thus adversely affect its profitability.

The Group is exposed to risks relating to health and hygiene regulations and potential product liability claims regarding the Group's products or the industry in general

The business of food production is subject to regular inspections and periodic checks by the relevant authorities in the countries where the Group operates. Governmental authorities may withdraw or suspend the Group's licences or activities or impose penalties on the Group if it fails to meet the standards set by them. If the edible oils produced by the Group are found to be unfit for consumption or if any epidemic is traced to the Group's products, it may be subject to compensation proceedings. A widespread product recall, even a recall of products sold by others, could result in significant loss due to the cost of conducting a product recall including destruction of inventory and the loss of sales resulting from the unavailability of the product for a period of time. Further, adverse publicity or negative public perception regarding the type of products that the Group sells, its products, its actions relating to its products, or the palm oil industry in general could result in a substantial drop in demand for the Group's products. This negative public perception may include publicity regarding the safety or quality of the Group's products in general, of other companies or of the Group's products specifically. Negative public perception may also arise from regulatory investigations or product liability claims, regardless of whether those investigations involve the Group or whether any product liability claim is successful against the Group. In the event of any of the above, the Group's business and profitability may be adversely affected.

The Group does not have any product liability insurance and it may be directly liable if the consumption of any of its products causes injury, illness or death. The Group may also have to recall its products if they become contaminated, damaged or are mislabelled. Any significant product liability finding against the Group or a widespread product recall could have a material adverse effect on the Group's business, financial condition, results of operations and prospects.

An outbreak of infectious diseases may have an adverse effect on the Group

An outbreak of infectious or virulent diseases, if uncontrolled, could have a material adverse effect on the economies of certain countries, the Group's customers and the Group's operations. In the event that any of the Group's employees or the employees of its suppliers and/or customers are infected with such diseases, the Group, its suppliers and/or customers may be required to temporarily shut down the Group's operations to prevent the spread of the disease. This would have a negative impact on the Group's business, financial condition, results of operations and prospects.

The Group may be adversely affected by the actions of environmental groups

The Group may be subject to allegations made by environmental groups, such as by Greenpeace in 2010, that its oil palm plantations in Indonesia are engaging in detrimental environmental activities. There is a risk that, as a result of such allegations and pressure from environmental groups, customers may cease or suspend for a period of time purchases of products produced by companies which are the subject of such allegations, including companies within the Group. This could adversely affect those companies' business, financial position, results of operations and prospects.

If a significant number of the Group's customers cease or suspend for a period of time purchases of the Group's products either as a result of their own internal environmental policies or as a result of pressure from these environmental groups, the Group's business, financial position, results of operations and prospects may be adversely affected.

The Group is exposed to changes in consumer dietary preferences and significant competition from other companies and products

The edible oil business is highly competitive. The Group's competitors are constantly developing more advanced production technology and product formulations in order to gain a larger market share and a competitive edge. The Group has to constantly monitor its competitors, enhance its product quality, and monitor its production and distribution operations in order to stay competitive in the industry. In addition, palm oil producers also face stiff competition from substitute oils such as soybean oil and rapeseed oil. Certain countries also promote the farming and consumption of other edible oils, such as soybean oil, through government subsidies.

The Group's competitors include edible oil companies of various sizes, some of which have greater financial resources and have been in the industry for a longer time than the Group. Certain of the Group's competitors have established relationships with some of the Group's current or potential customers, which could make it more difficult for the Group to increase its sales base in the future. Due to the size of the industry, the Group's edible oil production volumes have been, and will continue to be, small by comparison to overall world production. In addition, import tariffs and subsidies that may be levied in certain countries to protect their domestic edible oil industry which could restrict the Group's ability to compete effectively in these countries. If the Group's existing market share is reduced or if the Group has to reduce its margins as a result of competition, this could materially and adversely affect the Group's business, financial position, results of operations and prospects.

The edible oils business is also characterised by frequent changes in consumer preferences. Consumers in the key export markets which the Group serves are increasingly becoming more health-conscious and may select oils based on considerations other than price and taste. The Group's success and profitability will depend on its ability to anticipate and respond to the competitive factors affecting the industry, including the introduction of new products, pricing policies of its competitors, changing consumer preferences and the prices of alternative edible oils and regional and local economic conditions.

The Group's competitors in respect of the soybean oil, palm oil and soybean meal product markets are mainly foreign-owned oil seed crushing companies and vegetable oils refiners although, to a certain extent, a few local crushing companies in China also compete in such markets. Whereas the large vegetable oil consumption in East China can absorb all of the Group's soybean oil and palm oil products, the competition is more intense in the soybean meal product market. Such competition may put pressure on soybean meal prices and increase the cost of sales and marketing and this could have a material and adverse impact on the profitability of the Group and its business, financial condition, results of operations and prospects.

Substantial control by GAR's principal shareholders

Currently, WFMT2 controls 50.35% of the shares in GAR through Flambo. As a result, WFMT2 will have the power to substantially determine the appointment of a majority of GAR's directors, as well as to substantially determine the outcome of any action requiring shareholder approval (other than the approval of interested person transactions from which GAR's principal shareholders are required to abstain under applicable laws or regulations).

GAR's principal shareholders have other business interests and may direct business opportunities to companies outside the Group. In addition, in the normal course of the Group's operational activities, the Group engages in various transactions with other companies that GAR's principal shareholders control which are based on arm's length, commercial terms.

There may be difficulty with effecting service of process or enforcing certain judgments on the Group

The recognition and enforcement of foreign judgments of the Chinese, Indonesian, Singaporean and Indian courts obtained against any member of the Group or their respective directors or officers is predicated upon the civil liability provisions of the securities laws of China, Indonesia, Singapore and India and are subject to several procedural and substantial limitations. Any judgment for a definite sum obtained against GAR in a foreign court in respect of any sum payable by it under the Programme will, if such a judgment is final and conclusive, constitute a good cause of action for a law suit in Mauritius against GAR to enforce such judgment without re-litigation or re-examination of the issues if:

- the foreign court which rendered such judgment had jurisdiction to hear the claim;
- the foreign court applied the proper law applicable to the determination of the claim against the company;
- the judgment of the foreign court was not rendered in breach of any rule of procedural or substantive public order applicable in Mauritius;
- the judgment of the foreign court had not been obtained by fraud, or is not upon its face founded in mistake, or irregular and bad by the law of the place where it is awarded;
- the company had been regularly summoned to attend the proceedings before the foreign court in accordance with the procedures set out in the rules of the foreign court; and
- the judgment of the foreign court is still valid and capable of execution in the jurisdiction of that foreign court.

Currently, there are no treaties providing for reciprocity arrangements between Mauritius and China, Indonesia, Singapore or India for the recognition or enforcement of Chinese, Indonesian, Singaporean or Indian court judgments, respectively, in Mauritius.

All of the Group's significant operating assets and processing facilities are located in Indonesia, India or China. In addition, most of the Group's directors reside in Indonesia and Singapore. As a result, it may be difficult for investors to effect service of process, including judgments, on the Group or its directors, outside Mauritius, Indonesia or China, or to enforce against the Group or its commissioners and directors outside judgments which are not obtained from the Mauritian, Indonesian or Chinese courts.

Difficulties in protecting interests and ability to protect rights through courts of another jurisdiction may be limited

The enforcement of contractual and other rights against the Guarantor may be limited. Since the Guarantor is organised under the laws of Mauritius, the civil liability of the Guarantor's management will be governed by the laws of Mauritius and the constitution of the Guarantor. The rights of Noteholders under the laws of Mauritius may differ from the rights of noteholders of companies incorporated in other jurisdictions. As a result of the above, there may be more difficulties in protecting interests in face of actions taken by the Guarantor's management or controlling shareholders than as a noteholder of a company organised in other jurisdictions.

The insolvency laws of Mauritius and other local insolvency laws may differ from those of another jurisdiction with which Noteholders are familiar

Because the Guarantor is organised under the laws of Mauritius, any insolvency proceedings relating to the Guarantor, even if brought in another jurisdiction, would likely involve Mauritian insolvency laws. The procedural and substantive provisions of the Mauritian insolvency laws may differ from comparable provisions of other jurisdictions with which the Noteholders are familiar. The application of Mauritian insolvency laws may affect the priority ranking of the Noteholders otherwise intended pursuant to this Offering Circular.

The Group's business operations could be adversely affected by developments in Europe

The Group sells CPO and unbranded RBD olein in bulk through distributors and sub-distributors to customers in Europe. Palm kernel which is processed into palm kernel meal and palm kernel oil is also mainly exported to customers in Europe. This is partly due to the demand for vegetable oils from the growing bio-fuel industry. Many countries are moving towards establishing a "green energy policy" that essentially encourages reducing dependence on fossil fuels and a shift to more environmentally-friendly bio-fuels. For FY 2014, FY 2015 and FY 2016, sales to Europe represent 16%, 17% and 14% of the Group's total sales, respectively. Such policies may have an adverse effect on the Group's financial performance and results of operations.

In addition, (i) the impending exit of the United Kingdom from the European Union, (ii) the possible exit of Scotland, Wales or Northern Ireland from the United Kingdom, (iii) the possibility that other European Union countries could hold similar referendums to the one held in the United Kingdom and/or call into question their membership of the European Union, (iv) the possibility that one or more countries that adopted the Euro as their national currency might decide, in the long term, to adopt an alternative currency or (v) prolonged periods of uncertainty connected to these eventualities could have significant negative impacts on international markets. These could include further falls in stock exchange indices, a fall in the value of the pound, an increase in exchange rates between the pound and the Euro and/or greater volatility of markets in general due to the increased uncertainty. As Europe is one of the export markets for the Group, any adverse economic developments in Europe could have an adverse effect on the Group's business, financial condition and results of operations. In addition, the Eurozone crisis could trigger a global economic recession that could materially and adversely affect the economies of many countries in Asia due to economic linkages. If there is any significant slowdown in the European economy or decline in demand for the Group's products from its customers in Europe, this may have an adverse effect on the Group's financial performance and results of operations.

Developments in Asia may negatively impact the Group and affect the Issuer's or the Guarantor's ability to make payments due under the Programme

In mid-1997, following the substantial depreciation of the Thai Baht, many countries in Asia, including Malaysia, experienced a significant economic downturn and related economic, financial and social difficulties. As a result of the decline in value of a number of the region's currencies, many Asian governments and companies had difficulty in servicing foreign currency denominated debt and many corporate customers defaulted on their debt repayments. As the economic crisis spread across the region, governments raised interest rates to defend weakening currencies, which adversely impacted domestic growth rates. In addition, liquidity was substantially reduced as foreign investors withdrew or reduced investment in the region and banks in the region restricted additional lending activity.

The currency fluctuations, as well as higher interest rates and other factors, had materially and adversely affected the economies of many countries in Asia. Similar adverse economic developments in Asia could recur in future and could have an adverse effect on Indonesia, China and its economy and consequently on the Group's business, financial condition and results of operation. In addition, other adverse change in trends or a general economic slowdown as a result of changes in labour costs, inflation, interest rates, taxation or other political or economic developments in Indonesia and China could adversely affect the business, financial condition and results of operation of the Group and ultimately the ability of the Issuer or the Guarantor to make the payments due under the Programme.

The Group may be exposed to the impact of volatility in oil prices

The price of Brent crude oil rose to US$115 a barrel in September 2013 as sustained political tensions in the Middle East and North Africa, home to approximately 40.0% of the world's crude oil supplies and 70.0% of the world's proven crude oil reserves, preserved the lingering geopolitical risk premium built into worldwide oil prices and supply glitches in Europe and East Africa constrained supply in key markets. From the end of 2014, there was a decrease in Brent oil prices which dropped to US$27.67 per barrel in January 2016 due to insipid economic growth, coupled with surging U.S. production.

Indonesia, being a net commodity exporter, may suffer from a dip in crude oil prices as well as prices of commodities like palm oil and rubber. On the other hand, a sustained increase in crude oil prices may negatively affect global economic growth and stability, and consequently that of Indonesia and other Asian countries in which the Group operates, and which in turn could adversely affect the business, financial condition and results of operation of the Group.

Failure or inadequacy in the Group's risk management system and controls may adversely impact its business, results of operations and financial condition

The Group is exposed to various commodity, market, credit and operational risks in the ordinary course of its business. The Group's risk management framework, though designed to identify, quantify and control various risks encountered in the Group's operations, can only mitigate but not completely eliminate all risks, especially systemic risks. The framework can only provide reasonable and not absolute assurance against material misstatement or loss. If the Group's risk management system and controls fail to mitigate the risks that the Group faces, or are inadequate in doing so, the Group may suffer operational disruption, financial loss, or damage to its reputation, any of which may adversely impact the Group's business, results of operations and financial condition. The Group's operations are also dependent on its operational systems, data processing systems and financial accounting systems to handle and process a substantial number of complex transactions involving different markets, countries and currencies. If any of these systems do not operate efficiently, or are disabled, the Group may also suffer operational disruption, financial loss, or damage to its reputation.

The Group relies on its distribution network for the sales of its consumer products

The Group derives a portion of its revenue from distributors and sub-distributors of its consumer products, who in turn sell the Group's consumer products to their customers. Even though the Group has established an extensive distribution network and maintains exclusive arrangements with some of its distributors, the sales of the Group's products could decline if the performance of its distributors deteriorates. Furthermore, there is no assurance that these distributors would continue to maintain the exclusive distribution arrangements with the Group and therefore may sell products that compete with the Group's products. In addition, there is a risk that the Group's distributors may give higher priority to products of, or form alliances with, the Group's competitors. Consequently, the Group's performance and financial results could be adversely affected.

The Group may incur liability if it inadvertently delivers genetically modified organisms to customers that request otherwise

The use of GMOs in food and in animal feed has been met with varying degrees of acceptance in the different markets in which the Group operates. However, adverse publicity about genetically modified food has led to government regulations that limit or prevent sales of GMO products in some of the markets in which the Group sells its products. It is possible that new restrictions on GMO products will be imposed in major markets for the Group's products or that the Group's customers will decide to purchase lower levels of GMO products or not to buy GMO products at all. In general, the Group does not test its agricultural commodities inventory for the presence of GMOs. It is possible that the Group may inadvertently deliver products that contain GMOs to those customers that request GMO-free products. As a result, the Group could lose customers and may incur liability. If the Group's current testing and crop segregation procedures are not effective, the Group may incur significant expenses related to upgrading its procedures and facilities. If regulators in the countries that restrict or prohibit the sale of GMO products or customers who request GMO-free products do not have confidence in its products, the Group could lose customers and could be prohibited from selling its products in some countries.

Risks Relating to the Group's Industry

The Group is vulnerable to industry cyclicality

The lead time required to build a processing plant can make it difficult to time capacity additions with market demand for the Group's products. When additional processing capacity becomes operational, a temporary imbalance between the supply and demand for processing capacity might exist, which, until the supply/demand balance is restored, negatively impacts processing margins. The Group's processing margins will continue to fluctuate following industry cycles, which could negatively impact the Group's business, results of operations and financial position.

The Group may be adversely affected by downturns in harvesting of FFB due to adverse weather conditions, natural disasters and other factors

The Group's FFB yield is dependent on weather conditions. Natural disasters, haze from forest fires, excessive rainfall or extended periods of dry weather will lead to a decrease in the overall yield of FFB from the Group's estates. Excessive rainfall will generally lead to poor pollination of palms, decrease the effectiveness of fertilisers and affect harvesting, while drought results in oil palm plantations forming fewer fruit bunches and could also result in fire outbreaks on the plantations. The Group's plantations may be affected by a drought in Indonesia caused by the El Niño weather phenomenon and longer than usual periods of heavy rainfall in certain regions, which may cause delays to the Group's fertilising schedules and may result in lower yields. In addition, disease or crop pests may reduce the amount of FFB the Group is able to harvest.

The Group has implemented various measures to reduce the impact of weather conditions on its plantations, including the construction of drainage and irrigation systems and roads and the establishment of certain planting patterns. However, there can be no assurance that any of these measures will be effective. Historically, CPO prices typically increase when supply is adversely affected by weather conditions, thereby reducing the impact of the decrease in supply. However, there can be no assurance that this will always occur. Any poor weather conditions, especially if continued for a prolonged period, could materially and adversely affect the Group's business, financial condition, results of operations and prospects.

Historically, the Group's FFB production was impacted by the severe El Niño weather condition in 2015 and the dry weather condition in 2014, resulted in a lower production by 12% in full year 2016 compared to the full year 2015.

The value of the Group's physical products may deteriorate across various stages of its supply chain

The value of the products the Group delivers may differ from the Group's assessment for the following principal reasons, among others:

Quality deterioration

The Group's products are subject to quality deterioration during storage and transit. Each of the Group's products has different physical characteristics and requires different kinds of storage, handling and transportation. For example, some products are sensitive to the external environment and their quality may deteriorate considerably during storage. The realisable value of the Group's products falls with quality deterioration through bad or inadequate quality management.

Weight loss

Weight loss constitutes a major operational risk. All the Group's products tend to lose some weight or volume due to natural causes. Pilferage and theft also contribute to weight loss during storage or transit. The Group's financial performance will be adversely affected if there are weight or volume losses to products which are not otherwise assumed and factored into the pricing of such products.

Variation in yield

Some of the Group's products undergo processing operations, which affect their input and/or output ratio and their value. Such processing output is estimated at the time of buying the various products. Actual output may, however, deviate from the estimate. Should any of the above occur, the Group's business, results of operations and financial position may be adversely affected.

Prices of the Group's products fluctuate in line with international prices

Prices for the Group's products are based upon or affected by international prices for these products. International prices for the Group's products are affected by a number of factors, including changes in:

- the supply and demand levels for these products and those of substitute oils, in particular, soybean oil;
- world production levels of CPO and other vegetable oils, which tend to be affected principally by global weather conditions and area of land under cultivation;
- world consumption and stock levels of CPO and other vegetable oils; and
- the world economy in general, and in particular the economy in Europe, which is one of the export markets for the Group.

As in the case of many commodity prices, CPO prices have in the past been characterised by a high degree of volatility and cyclicality. CPO prices generally follow the price trends of other vegetable oils, particularly soybean oil. In the last five years, CPO prices (CIF Rotterdam) on the Rotterdam market have ranged from a high of US$1,125 per tonne in 2012 to a low of US$490 per tonne in August 2015.

Taxes and other factors, such as Indonesian export taxes and other government regulations, also affect the prices at which the Group can sell its products domestically.

Movements in the international market prices for CPO could adversely affect the Group's business, financial condition, results of operations and prospects, including changes in the fair value of the Group's biological assets (oil palm plantations) under the accounting policy adopted by the Group.

Fluctuation in the price and supply of raw materials and increase in labour cost may affect the Group's business

Fluctuation in the price and supply of raw materials which include fertiliser, fresh fruit bunches, palm-based products, soybeans and fuel may affect the Group's business. The prices and availability of raw materials may be affected by factors such as changes in their global demand and supply, the state of the global economy, inflationary pressure, environmental regulations, tariffs, natural disasters, forest fires, weather conditions and labour unrest. Any significant fluctuation in the prices and availability of such materials may significantly increase the Group's cost of sales, which in turn may adversely affect the Group's business, financial position, results of operations and prospects.

Additionally, labour cost is one of the major cost contributions to the Group's production and overhead costs. A significant increase in the minimum wage will increase cost of production and may lower the profit margin, which in turn may adversely affect the Group's business, financial position, results of operations and prospects.

Inherent business risks in the plantation and palm oil product industries may affect the Group's business

The Group is subject to risks inherent to the plantation industry. These include, but are not limited to, changes in the global, regional and national economies, in particular the Indonesian and the Chinese economies, the entry of new players into the market, the outbreak of pests and diseases, changes in law and tax regulations affecting palm oil, increases in production costs, and changes in business and credit conditions.

The Group is also subject to risks inherent to the palm oil product industry. The demand for palm oil product is dependent on the overall growth of the manufacturing, retail and food industries and the Group is subject to the inherent risks in these respective sectors. These risks include changes in general economic conditions, inflation, consumer preferences and changes in business conditions.

In addition, the Group has been exploring development prospects of oil palm plantations in countries along the equatorial belt where conditions are suitable to cultivate oil palms, such as West Africa. In 2010, the Group invested in The Verdant Fund LP, a private equity fund which owns Golden Veroleum (Liberia) Inc. ("**GVL**"), a company incorporated in Liberia. GVL was granted a concession by the Government of Liberia, to develop oil palm plantations.

The Group's investment in Liberia entails political, economic and social risks. Please refer to the risk factor "– The Group faces political, economic and social risks in the countries in which it operates". Further, oil palm trees typically require around three years to mature, with peak production years beginning around the seventh year. Any political unrest or economic instability, any rescission of the concession granted or nationalisation by any governments of the plantations, among other things, in particular if any such event occurs prior to the oil palm plantation reaching productivity, may result in the Group not receiving any economic return on its investment. The Group's investment may also be adversely affected by lack of infrastructural development, tribal claims over land, poor enforcement of laws and the risk that the concession granted may not be renewed on the same terms or at all.

The Group is subject to general risks of doing business, including the risk of default by the Group's customers, which may result in the Group being unable to receive payment for goods sold. In addition, the Group is also subject to the risk of an outbreak of infectious diseases which may negatively impact general consumer sentiment and spending and in turn, demand for products of the Group, or disrupt its operations. As the Group's operations are labour intensive, the Group may also face labour unrest, activism, disputes or actions that may disrupt the Group's operations or for which the Group may be required to increase salaries or other employee benefits, or pay compensation in order to settle the dispute or action. Although the Group has not been materially affected by counterparty defaults, an outbreak of infectious diseases, or labour unrest or disputes in the past, if these events occur in the future, it may have a material adverse effect on the Group's business, financial condition, operational results and prospects.

The Group's ability to mitigate these risks depends on various factors, including its ability to keep abreast with the latest developments in the industry, and its ability to effectively implement business strategies. There can be no assurance that the Group will be able to successfully mitigate these risks or that the Group will be successful in implementing its strategies. If the Group is not able to do so, its business, financial condition, results of operations and prospects would be materially and adversely affected.

The regulation set out by the Ministry of Trade which requires a letter of credit ("LC") as a payment method for the export of natural resources will potentially increase the Group's costs

In March 2009, the Indonesian Government set out the first regulation regarding the Letter of Credit as method of payment for commodities exporters under the Regulation of Ministry of Trade No. 10/M-DAG/PER/3/2009 dated 5 March 2009. Under this regulation, commodities exporters intending to export commodities with a contract value above US$ 1 million were required to obtain a LC. The commodities regulated under this regulation are CPO, coal, coffee, cacao and rubber. The exporters were required to submit monthly export transactions to the Ministry of Trade including the payment method, the exporters' banks and the exporters' bank account numbers to which the export proceeds will be transferred by the overseas buyers. This regulation was further revised under the Regulation of Ministry of Trade No. 57/M-DAG/PER/10/2009 dated 30 October 2009 before being repealed under the Regulation of Ministry of Trade No. 27/M-DAG/PER/6/2010 dated 24 June 2010.

In January 2015, the Regulation of Ministry of Trade No.04/M-DAG/PER/1/2015 dated 5 January 2015 implemented the regulation of payment by way of LC and became effective on 1 April 2015. The commodities subject to this regulation include CPO and crude palm kernel oil ("**CPKO**"), coal, oil and gas, as well as minerals. The main purpose of this regulation is to assist the Government to gather and track accurate records on the sale of Indonesia's natural resources. In addition, the regulation requires the prices of the commodities stated in the LC to be higher or at least equal to the world's market price. Independent surveyors appointed by the Ministry of Trade will examine the documents and verify whether payment of the transaction has been made by way of LC.

On 30 March 2015, the Ministry of Trade issued rule No. 26/M-DAG/PER/3/2015 which regulates specific terms and conditions regarding the implementation of the LC payment method in export transaction. Under the Ministry rule No. 26/M-DAG/PER/3/2015, the Government allows for suspension of the implementation of the LC payment method upon exporters' requests who have long term contracts with the buyers and do not use LC as payment method in the contracts. The suspensions provide sufficient time for exporters to adjust and prepare for the implementation of LC payment method. For those exporters with suspension approvals, a post-audit will be conducted by a special team formed by the Ministry of Trade. If the result of the post-audit is incorrect, the suspensions shall be terminated and exporters are required to change from non-LC payment method into LC payment method.

Due to the implementation of regulations with respect to LCs, there will be additional costs related to the LC transactions such as advising and document handling fees which will be charged by the Group's banks. Therefore, such regulation will potentially increase the Group's costs and decrease the Group's profit.

Import tariffs, taxes and other restrictions imposed by other countries may affect the demand for the Group's products

Import tariffs and taxes and other import restrictions imposed by importing countries can affect the demand for CPO and can encourage the substitution of other vegetable oils. If importing countries banned imports of CPO from Indonesia or tax competing substitute products such as soybean oil, at a lesser tax rate, the competitiveness of imported CPO can be adversely affected, which can affect the demand for and the price of the Group's products. In addition, any changes on the export tax policies in Malaysia may increase competition and adversely affect the price of the Group's products.

Cessation or expiry of tax incentives will result in higher taxes

Certain companies within the Group currently enjoy tax incentives benefits. Major incentives include the Global Trader Programme incentive and tax exemption on qualifying income in Indonesia. Any change, revocation, cessation or any inability to renew any of these tax incentives will result in an increase in the Group's tax expenses and adversely affect the Group's financial condition and results of operations.

Risks Relating to Indonesia

The anti-monopoly legislation in Indonesia may be used against the Group

In 1999, Indonesia enacted anti-monopoly legislation which prohibits a variety of practices considered to be anti-competitive or monopolistic. The legislation focuses on the behaviour of competitors within a market and the structural characteristics of a market. Although market share is considered as one of the indicators that a monopoly or unfair competition exists, it is not the only factor that is considered and there is uncertainty in the interpretation of markets and market share. The Group has a significant share of the domestic market for branded edible oils and fats in Indonesia. However, branded edible oils and fats constitute only small proportion of the total edible oils and fats consumed in Indonesia. The Indonesian authorities (i.e. *Komisi Pengawas Persaingan Usaha* or the Business Competition Supervisory Commission) may also focus on the vertical integration of the Group's operations which they may deem to create an unfair advantage. As at the date hereof, the Indonesian authorities have not taken any action against the Group for the breach of any anti-monopoly legislation nor is the Group aware of any such action which is threatened or pending against it. However, there is no assurance that the Group will not be subject to actions by the Indonesian authorities to enforce (in whatever form) their anti-monopoly legislation on the Group's business. If any proceedings are taken or threatened against the Group under this legislation, the Group may incur significant legal and other costs in defending against such actions and any unfavourable ruling against the Group in this respect could adversely affect its business, financial position, results of operations and prospects.

Competition for plantation land in Indonesia and uncertainty regarding government zoning regulations may adversely affect the Group's business

Land in Indonesia is subject to Indonesian government zoning regulations. The Indonesian government assigns undeveloped land for particular uses, including use for oil palm plantations. An entity wishing to use land for a particular purpose must first receive the *Ijin Lokasi*, according to which the land would be zoned for that specific use. After receipt of the *Ijin Lokasi*, the entity must purchase the land from the current owner, and once it owns the land, it may apply for *Hak Guna Usaha*, which would permit the particular use of the land, including operation of an oil palm plantation. The Group is in possession of land that is in different stages of the regulatory processes described herein.

The regional government of Indonesia is responsible for allocating undeveloped land in consultation with other related government agencies including the Department of Forestry and Department of Energy and Mineral Resources. Due to the difficulties in producing accurate maps, the regional government of Indonesia may assign overlapping or competing location permits for different uses for the same area of land. In addition, the zoning regulations assign areas of undeveloped land without taking into account the existence of protected areas such as conservation forest. There is a risk that the Group may be assigned *Ijin Lokasi* for land which contains protected areas that the Group is unable to use for planting or for land for which there are already competing and conflicting *Ijin Lokasi*. Such conflicts would prevent the Group from fully utilising the land. In such an event, the Group would have to seek additional regulatory approvals, and there can be no assurance that such approvals would be granted.

The Group's land rights in Indonesia may be revoked

The *Hak Guna Usaha* which the Group holds in the provinces of Papua, Kalimantan and Sumatra and the aggregate *Hak Guna Usaha* which the Group holds nationally exceed the specified limitations. However, as the Group held these land rights before Regulation 2/1999 was enacted, and given that the decree is not applied retroactively, the Group believes it is not in violation of the decree. If the ministry were to apply the limitations in a manner that restricts the Group's ability to use its existing *Ijin Lokasi* and *Panitia B* or its ability to obtain additional land rights in any material way, the Group intends to seek to qualify under the exceptions stated in the decree by conducting a public offering of shares of, and listing, one or more of the Group companies in Indonesia to own the plantation land. If, however, the Group is unable to do so, the Group could be required to release its *Ijin Lokasi* and *Panitia B* which the Group presently uses and plans to use for expansion purposes, and the Group may not receive compensation for any investment made in this land. In addition, the Group may be prohibited from acquiring further land rights in Indonesia. Either case would have a material adverse effect on the Group's business. It is also possible that the Group's land rights could be revoked by the relevant authority, for instance if the relevant authority determines that the Group has breached the terms of its licences.

The Group operates in a legal system in which the application of various laws and regulations may be uncertain

As Indonesia is a developing market, its legal and regulatory regime may be less certain than in more developed markets and may be subject to unforeseen changes. At times, the interpretation or application of laws and regulations may be unclear and the content of applicable laws and regulations may not be immediately available to the public. Under such circumstances, consultation with the relevant authority in Indonesia may be necessary to obtain a better understanding or clarification of applicable laws and regulations.

Indonesian legal principles, or their practical implementation by Indonesian courts, differ materially from those that would apply within the United States or the European Union. Indonesia's legal system is a civil law system based on written statutes. Judicial and administrative decisions do not constitute binding precedent and are not systematically published. Indonesia's commercial and civil laws were historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some of these laws have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian laws depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system and have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. As a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty.

The breach of any law or regulation in Indonesia by the Group may have a material adverse effect on the Group's business, financial position, results of operations and prospects.

The Group's operations may be adversely affected by earthquakes, tsunamis, floods or other natural disasters

Indonesia is located in an earthquake zone and is subject to significant geological risk. The Indonesian archipelago is one of the most volcanically active regions in the world. As Indonesia is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis, or tidal waves. On 26 December 2004, an underwater earthquake off the coast of Sumatra released a tsunami that devastated coastal communities in Indonesia, Thailand and Sri Lanka. In Indonesia, more than 173,000 people died or were recorded as missing in the disaster. Aftershocks from the tsunami have also claimed casualties. On 27 May 2006, a strong earthquake struck off the coast of Central Java, killing over 5,000 people and causing widespread damage. Since 2001, Mount Merapi, a volcano near densely populated areas of Java has shown signs of increased activity. On 27 May 2006, a 6.3 magnitude earthquake struck roughly 50 km (30 miles) southwest of Merapi, killing at least 5,000 and leaving at least 200,000 people homeless in the Yogyakarta region. On 25 October 2010, Mount Merapi erupted lava from its southern and southeastern slopes. The death toll was reported to be over 353 with at least 320,000 people reported to have been evacuated to emergency shelters. However, these events have not affected the Group's operations in Indonesia. The Group's plantations and mills are spread out over many locations in Indonesia and there has been no single natural disaster that affected all of Indonesia. However, there can be no assurance that the Group's plantation and mills will not be affected by any natural disaster in the future.

In addition to these geological events, seasonal downpours have resulted in frequent landslides and flash floods in Indonesia, including Jakarta, Sumatra and Sulawesi, displacing a large number of people and killing others. In August 2012, flash floods and a landslide triggered by torrential rains in eastern Indonesia killed at least eight people and left three others missing in Sirimau village and in the capital of Maluku province, Ambon.

While recent seismic events and meteorological occurrences have not had a significant economic impact on Indonesian capital markets, the Government of Indonesia has had to spend significant amounts of resources on emergency aid and resettlement efforts. However, there can be no assurance that such aid will be sufficient to aid all victims, or that it will be delivered to recipients on a timely basis. If the Government of Indonesia is unable to deliver aid to affected communities in a timely fashion, political and social unrest could result. Additionally, recovery and relief efforts may strain the Government of Indonesia's finances and may affect its ability to meet its obligations on its sovereign debt. Any such failures on the part of the Government of Indonesia, or declaration by it of a moratorium on its soverign debt, could potentially trigger an event of default under numberous private-sector borrowings, which may have a material adverse effect on the business, cash flows, operational results, financial condition and prospects of the Group.

In addition, there can be no assurance that future geological occurrences will not significantly impact the Indonesian economy. A significant earthquake or other geological disturbance in any of Indonesia's more populated cities and financial centres could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting the Group's business, financial condition, results of operations and prospects.

Volatility of the value of the Rupiah could have an adverse impact on the Group

One of the most important immediate causes of the economic crisis that began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Rupiah as measured against other currencies, such as the US dollar. Although the Rupiah has appreciated considerably from its low point of approximately Rp17,000 per US dollar in January 1998, the Rupiah continues to experience significant volatility since then. Depreciation of the Rupiah could cause significant inflation in Indonesia and lead to further decreases in economic growth.

On the other hand, since a significant portion of the Group's CPO is sold in US dollars, a sustained and significant appreciation in the value of the Rupiah against the US dollar could have a material adverse effect on the Group's results of operations since most of the Group's costs are in Rupiah.

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to accounts held by non-Indonesians at a bank within or outside of Indonesia). However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. There can be no assurance that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the US dollar, will not occur, or that the Indonesian government will take additional action to stabilise, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful.

Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults and increases in the price of imports. Any of the foregoing consequences could materially and adversely affect the Group's business, financial conditions, results of operations and prospects.

Risks Relating to China

The Group operates in a legal system in which the application of various laws and regulations may be uncertain

The Chinese legal system is based on written statutes and therefore, decided legal cases are without binding legal effect, although they are often followed by judges as guidance. As the Chinese economy is undergoing development generally at a faster pace than its legal system, some degree of uncertainty exists in connection with whether, and how, existing laws and regulations will apply to certain events or circumstances. Some of the laws and regulations, and the interpretation, implementation and enforcement thereof, are still at an experimental stage and are therefore subject to policy changes.

The Chinese government is still in the process of developing a comprehensive system of laws and regulations. Considerable progress has been made in the promulgation of laws and regulations relating to general economic matters, such as foreign investment, corporate organisation and governance, commerce, trade, securities and taxation in relation to, *inter alia*, the protection of foreign investors. However, as China continues to develop its legal structure in order to protect the country's own needs as well as to accommodate the needs of foreign investors and promote foreign investments, its laws and regulations may be subject to change. There is no assurance that the introduction of new laws and regulations, changes to existing laws and regulations and the application and/or enforcement thereof will not have an adverse impact on the Group's business.

The breach of any law or regulation in China by the Group may have a material adverse effect on the Group's business, financial position, results of operations and prospects.

The Group's business operations could be adversely affected by changes in political and economic conditions in China

The Group has operations located in China and any significant slowdown in the Chinese economy or decline in demand for the Group's products from its customers in China will have an adverse effect on the Group's financial performance and results of operations.

In addition, any unfavourable changes in the socio-political conditions in China may also affect the Group's business operations. Since the adoption of the "open door policy" in 1978 and the "socialist market economy" in 1993, the Chinese government has been constantly reforming its economic and political systems in a bid to compete internationally. Any changes in the political and economic policy of the Chinese government may lead to changes in the laws and regulations or the interpretation of the same, as well as changes in the foreign exchange regulations, taxation, and import-export restrictions, which may in turn adversely affect the Group's business, financial condition and results of operations.

Inflation in China could adversely affect the Group's profitability and growth

While the Chinese economy has experienced rapid growth, such growth has been uneven among various sectors of the economy and in different geographical areas of the country. Rapid economic growth can lead to growth in the money supply and rising inflation. If prices for the Group's products rise at a rate that is insufficient to compensate for the rise in its costs, its business may be materially and adversely affected. In order to control inflation, the Chinese government had on previous occasions imposed various controls such as controls on bank credits, limits on loans for fixed assets and price controls on food products. In early 2008, to rein in the rising prices of meal and edible oil products, the Chinese government implemented price controls on major food products, including cooking oil. The price control policy had an adverse impact on the Group's business. Although the price controls on food prices were removed at the end of 2008, there is no assurance that the Chinese government will not impose policies to control inflation that will be detrimental to the Group's business.

Chinese foreign exchange controls may limit the Group's ability to utilise its revenue effectively

The Group's business in China is subject to China's rules and regulations on currency conversion. In China, SAFE regulates the conversion of the RMB into foreign currencies. Currently, FIEs are required to apply to SAFE for "Foreign Exchange Registration Certificates for FIEs". With such registration certification (which needs to be renewed annually), FIEs are allowed to open foreign currency accounts including a "recurrent account" and a "capital account". Currently, conversion of amounts in a "recurrent account", for example, the remittance of foreign currencies for payment of dividends, can be effected without requiring the approval of SAFE. However, conversion of currency in a "capital account", such as capital items including direct investments, still requires the approval of SAFE.

As such, any future restrictions on currency exchanges or remittances may limit the Group's ability to utilise funds generated in China. The ability of the Group's subsidiaries in China to pay dividends or make other distributions to GAR may also be restricted. The Group cannot assure Noteholders that the relevant regulations will not be amended to the Group's disadvantage and that the ability of the Group's subsidiaries in China to distribute dividends to GAR will not be adversely affected.

Risks Associated with Investment in the Notes

Limited liquidity of the Notes issued under the Programme

There can be no assurance regarding the future development of the market for the Notes issued under the Programme or the ability of the Noteholders, or the price at which the Noteholders may be able, to sell their Notes. The Notes may have no established trading market when issued, and one may never develop. Even if a market for the Notes does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities.

The lack of liquidity may have a severely adverse effect on the market value of the Notes. Although the issue of additional Notes may increase the liquidity of the Notes, there can be no assurance that the price of such Notes will not be adversely affected by the issue in the market of such additional Notes.

Fluctuation of market value of Notes issued under the Programme

Trading prices of the Notes are influenced by numerous factors, including the operating results and/or financial condition of the Issuer, the Guarantor and/or their respective subsidiaries (if any) and/ or associated companies (if any) and/or joint venture companies (if any), political, economic, financial and any other factors that can affect the capital markets, the industry, the Issuer, the Guarantor, their respective subsidiaries (if any) and/or associated companies (if any) and/or joint venture companies (if any) generally. Adverse economic developments, in Singapore as well as countries in which the Issuer, the Guarantor, their respective subsidiaries (if any) and/or associated companies (if any) and/or joint venture companies (if any) operate or have business dealings, could have a material adverse effect on the Singapore economy and the operating results and/or the financial condition of the Issuer, the Guarantor, their respective subsidiaries (if any), associated companies (if any) and joint venture companies (if any).

Global financial turmoil has resulted in substantial and continuing volatility in international capital markets. Any further deterioration in global financial conditions could have a material adverse effect on worldwide financial markets, which may also adversely affect the market price of the Notes.

Interest rate risk

Noteholders may suffer unforeseen losses due to fluctuation in interest rates. Generally, a rise in interest rates may cause a fall in bond prices, resulting in a capital loss for the Noteholders. However, the Noteholders may reinvest the interest payments at higher prevailing interest rates. Conversely, when interest rates fall, bond prices may rise. The Noteholders may enjoy a capital gain but interest payments received may be reinvested at lower prevailing interest rates.

Inflation risk

Noteholders may suffer erosion on the return of their investments due to inflation. Noteholders would have an anticipated rate of return based on expected inflation rates on the purchase of the Notes. An unexpected increase in inflation could reduce the actual returns.

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

(i) have sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Offering Circular or any applicable supplement;

(ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact the Notes will have on its overall investment portfolio;

(iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor's currency;

(iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant indices and financial markets; and

(v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Some Notes are complex financial instruments. Sophisticated institutional investors generally do not purchase complex financial instruments as stand-alone investments. They purchase complex financial instruments as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in Notes which are complex financial instruments unless it has the expertise (either alone or with a financial adviser) to evaluate how the Notes will perform under changing conditions, the resulting effects on the value of the Notes and the impact this investment will have on the potential investor's overall investment portfolio.

The Notes may be subject to optional redemption by the Issuer

An optional redemption feature is likely to limit the market value of the Notes containing such a feature. During any period when the Issuer may elect to redeem Notes, the market value of such Notes generally will not rise substantially above the price at which they can be redeemed. This may also be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The Notes may be issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Exchange rate risks and exchange controls may result in Noteholders receiving less interest or principal than expected

The Issuer will pay principal and interest on the Notes in the currency specified. This presents certain risks relating to currency conversions if a Noteholder's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the currency in which the Notes are denominated. These include the risk that exchange rates may significantly change (including changes due to devaluation of the currency in which the Notes are denominated or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the currency in which the Notes are denominated would decrease (i) the Investor's Currency equivalent yield on the Notes, (ii) the Investor's Currency equivalent value of the principal payable on the Notes and (iii) the Investor's Currency equivalent market value of the Notes.

Provisions in the Trust Deed and the Conditions of the Notes may be modified

The Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders, including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority. The Conditions of the Notes also provide that the Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature or is made to correct a manifest error or an error which, in the opinion of the Trustee, is proven or to comply with mandatory provisions of law or is required by Euroclear, Clearstream, Luxembourg, CDP, CMU and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders.

Variable Rate Notes may have a multiplier or other leverage factor

Notes with variable interest rates can be volatile investments. If they are structured to include multipliers or other leverage factors, or caps or floors, or any combination of those features or other similar related features, their market values may be even more volatile than those for securities that do not include those features.

There is no assurance that the Issuer and/or the Guarantor will have sufficient cash flow to meet payment obligations under the Notes

The Issuer expects that its cash flow from treasury operations will be sufficient for it to service and repay all its financial obligations (including the Notes) as and when they fall due. Additionally, the sums payable in respect of the Notes have the benefit of an irrevocable and unconditional guarantee granted by the Guarantor. However, in the event that the Issuer and/or the Guarantor suffers a deterioration in its financial condition, there is no assurance that the Issuer and/or the Guarantor will have sufficient cash flow to meet payments under the Notes and/or the Guarantee. The ability of the Issuer and/or the Guarantor to comply with its obligations under the Trust Deed and the Notes may be adversely affected.

The performance of contractual obligations by the Issuer and/or the Guarantor is dependent on other parties

The ability of the Issuer and/or the Guarantor to make payments in respect of the Notes may depend upon the due performance by the other parties to the Trust Deed and the Agency Agreement of their obligations thereunder including the performance by the Trustee, the Principal Paying Agent, the Transfer Agent, the Registrar, the CMU Lodging and Paying Agent, the CMU Transfer Agent, the CMU Registrar and/or the Calculation Agent of their respective obligations. Whilst the non-performance of any relevant parties will not relieve the Issuer and/or the Guarantor of their obligations to make payments in respect of the Notes, the Issuer and/or the Guarantor may not, in such circumstances, be able to fulfil their obligations to the Noteholders.

Singapore taxation risk

The Notes to be issued from time to time under the Programme during the period from the date of this Offering Circular to 31 December 2018 are intended to be “qualifying debt securities” for the purposes of the Income Tax Act, Chapter 134 of Singapore, subject to the fulfilment of certain conditions more particularly described in the section “Taxation - Singapore Taxation”.

However, there is no assurance that such Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws be amended or revoked at any time.

Risks Relating to Renminbi-denominated Notes

Notes denominated in Renminbi (“**Renminbi Notes**”) may be issued under the Programme. Renminbi Notes contain particular risks for potential investors.

Renminbi is not freely convertible and there are significant restrictions on the remittance of Renminbi into and out of the PRC which may adversely affect the liquidity of Renminbi Notes

Renminbi is not freely convertible at present. The government of the PRC (the “**PRC Government**”) continues to regulate conversion between Renminbi and foreign currencies, including the Hong Kong dollar.

However, there has been significant reduction in control by the PRC Government in recent years, particularly over trade transactions involving import and export of goods and services as well as other frequent routine foreign exchange transactions. These transactions are known as current account items.

On the other hand, remittance of Renminbi into and out of the PRC for the settlement of capital account items, such as capital contributions, debt financing and securities investment, is generally only permitted upon obtaining specific approvals from, or completing specific registrations or filings with, the relevant authorities on a case-by-case basis and is subject to a strict monitoring system. Regulations in the PRC on the remittance of Renminbi into and out of the PRC for settlement of capital account items are being developed.

Although from 1 October 2016, Renminbi has been added to the Special Drawing Rights basket created by the International Monetary Fund, there is no assurance that the PRC Government will continue to gradually liberalise control over cross-border remittance of Renminbi in the future, that the schemes for Renminbi cross-border utilisation will not be discontinued or that new regulations in the PRC will not be promulgated in the future which have the effect of restricting or eliminating the remittance of Renminbi into or out of the PRC. Despite the Renminbi internationalisation pilot programme and efforts in recent years to internationalise the currency, there can be no assurance that the PRC Government will not impose interim or long-term restrictions on the cross-border remittance of Renminbi. In the event that funds cannot be repatriated out of the PRC in Renminbi, this may affect the overall availability of Renminbi outside the PRC and the ability of the Issuer to source Renminbi to finance its obligations under Notes denominated in Renminbi.

There is only limited availability of Renminbi outside the PRC, which may affect the liquidity of RMB Notes and the Issuer's ability to source Renminbi outside the PRC to service such RMB Notes

As a result of the restrictions by the PRC Government on cross-border Renminbi fund flows, the availability of Renminbi outside the PRC is limited. While the People's Bank of China ("**PBoC**") has entered into agreements (the "**Settlement Arrangements**") on the clearing of Renminbi business with financial institutions (the "**Renminbi Clearing Banks**") in a number of financial centres and cities, including but not limited to Hong Kong, has established the Cross-Border Inter-Bank Payments System ("**CIPS**") to facilitate cross-border Renminbi settlement and is further in the process of establishing Renminbi clearing and settlement mechanisms in several other jurisdictions, the current size of Renminbi denominated financial assets outside the PRC is limited.

There are restrictions imposed by PBoC on Renminbi business participating banks in respect of cross-border Renminbi settlement, such as those relating to direct transactions with PRC enterprises. Furthermore, Renminbi business participating banks do not have direct Renminbi liquidity support from PBoC, although PBoC has gradually allowed participating banks to access the PRC's onshore inter-bank market for the purchase and sale of Renminbi. The Renminbi Clearing Banks only have limited access to onshore liquidity support from PBoC for the purpose of squaring open positions of participating banks for limited types of transactions and are not obliged to square for participating banks any open positions resulting from other foreign exchange transactions or conversion services. In cases where the participating banks cannot source sufficient Renminbi through the above channels, they will need to source Renminbi from outside the PRC to square such open positions.

Although it is expected that the offshore Renminbi market will continue to grow in depth and size, its growth is subject to many constraints as a result of PRC laws and regulations on foreign exchange. There is no assurance that new PRC regulations will not be promulgated or the Settlement Arrangements will not be terminated or amended in the future which will have the effect of restricting availability of Renminbi outside the PRC. The limited availability of Renminbi outside the PRC may affect the liquidity of the Renminbi Notes. To the extent the Issuer is required to source Renminbi in the offshore market to service its Renminbi Notes, there is no assurance that the Issuer will be able to source such Renminbi on satisfactory terms, if at all.

Investment in Renminbi Notes is subject to exchange rate risks

The value of Renminbi against other foreign currencies fluctuates from time to time and is affected by changes in the PRC and international political and economic conditions as well as many other factors. Recently, the PBoC implemented changes to the way it calculates the Renminbi's daily mid-point against the U.S. dollar to take into account market-maker quotes before announcing such daily mid-point. This change, and others that may be implemented, may increase the volatility in the value of the Renminbi against foreign currencies. All payments of interest and principal will be made in Renminbi with respect to Renminbi Notes unless otherwise specified. As a result, the value of these Renminbi payments may vary with the changes in the prevailing exchange rates in the marketplace. If the value of Renminbi depreciates against another foreign currency, the value of the investment made by a holder of the Renminbi Notes in that foreign currency will decline.

Investment in the Renminbi Notes is subject to currency risk

If the Issuer is not able, or it is impracticable for it, to satisfy its obligation to pay interest and principal on the Renminbi Notes as a result of Inconvertibility, Non-transferability or Illiquidity (each, as defined in the Conditions), the Issuer shall be entitled, on giving not less than five or more than 30 calendar days' irrevocable notice to the investors prior to the due date for payment, to settle any such payment in U.S. Dollars on the due date at the U.S. Dollar Equivalent (as defined in the Conditions) of any such interest or principal, as the case may be

Payments in respect of RMB Notes will only be made to investors in the manner specified in such RMB Notes

All payments to investors in respect of the Renminbi Notes will be made solely (i) for so long as the Renminbi Notes are represented by global certificates held with the common depositary for Clearsteam Banking S.A. and Euroclear Bank S.A./N.V. or any alternative clearing system, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi, (ii) for so long as the Renminbi Notes are represented by global certificates lodged with a sub-custodian for or registered with the CMU, by transfer to a Renminbi bank account maintained in Hong Kong in accordance with prevailing CMU rules and procedures or (iii) for so long as the Renminbi Notes are in definitive form, by transfer to a Renminbi bank account maintained in Hong Kong or a financial centre in which a Renminbi Clearing Bank clears and settles Renminbi in accordance with prevailing rules and regulations. The Issuer cannot be required to make payment by any other means (including in any other currency or by transfer to a bank account in the PRC).

Gains on the transfer of the Renminbi Notes may become subject to income taxes under PRC tax laws

Under the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules, as amended from time to time, any gain realised on the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders may be subject to PRC enterprise income tax ("**EIT**") or PRC individual income tax ("**IIT**") if such gain is regarded as income derived from sources within the PRC. The PRC Enterprise Income Tax Law levies EIT at the rate of 20 per cent. of the gains derived by such non-PRC resident enterprise from the transfer of Renminbi Notes but its implementation rules have reduced the enterprise income tax rate to 10 per cent. The PRC Individual Income Tax Law levies IIT at a rate of 20 per cent. of the gains derived by such non-PRC resident individual Holder from the transfer of Renminbi Notes.

However, uncertainty remains as to whether the gain realised from the transfer of Renminbi Notes by non-PRC resident enterprise or individual Holders would be treated as income derived from sources within the PRC and become subject to the EIT or IIT. This will depend on how the PRC tax authorities interpret, apply or enforce the PRC Enterprise Income Tax Law, the PRC Individual Income Tax Law and the relevant implementing rules. According to the arrangement between the PRC and Hong Kong, for avoidance of double taxation, Holders who are residents of Hong Kong, including enterprise Holders and individual Holders, will not be subject to EIT or IIT on capital gains derived from a sale or exchange of the Notes.

Therefore, if non-PRC enterprise or individual resident Holders are required to pay PRC income tax on gains derived from the transfer of Renminbi Notes, unless there is an applicable tax treaty between PRC and the jurisdiction in which such non-PRC enterprise or individual resident Holders of Renminbi Notes reside that reduces or exempts the relevant EIT or IIT, the value of their investment in Renminbi Notes may be materially and adversely affected.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions which, subject to completion and amendment and as supplemented or varied in accordance with the provisions of the relevant Pricing Supplement, will be endorsed on the Notes in definitive form issued in exchange for the Global Note(s) or the Global Certificates representing each Series. Either (i) the full text of these terms and conditions together with the relevant provisions of the Pricing Supplement or (ii) these terms and conditions as so completed, amended, supplemented or varied (and subject to simplification by the deletion of non-applicable provisions), shall be endorsed on such Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in the relevant Pricing Supplement. Those definitions will be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. References in the Conditions to "Notes" are to the Notes of one Series only, not to all Notes that may be issued under the Programme, details of the relevant Series being shown on the face of the relevant Notes and in the relevant Pricing Supplement.

The Notes are constituted by an amended and restated trust deed (as amended, supplemented and/or restated, the "**Trust Deed**") dated 10 October 2017 made between (1) Golden Assets International Investment Pte. Ltd. (the "**Issuer**"), (2) Golden Agri-Resources Ltd (the "**Guarantor**") and (3) The Bank of New York Mellon, Singapore Branch (the "**Trustee**", which expression shall wherever the context so admits include such company and all other persons for the time being the trustee or trustees of the Trust Deed), as trustee for the Noteholders (as defined below), and (where applicable) the Notes are issued with the benefit of a deed of covenant (as amended, supplemented and/or restated, the "**Deed of Covenant**"), dated 4 April 2014, relating to Notes ("**CDP Cleared Notes**") cleared or to be cleared through The Central Depository (Pte) Limited (the "**Depository**") executed by the Issuer. As provided for in Condition 17(a)(ii) (*Singapore law Notes*), CDP Cleared Notes to be governed by Singapore law shall constituted by a supplemental trust deed to be dated on or about the issue date of such CDP Cleared Notes made between the Issuer, the Guarantor and the Trust Deed. These terms and conditions ("**Conditions**") include summaries of, and are subject to, the detailed provisions of the Trust Deed, which include the form of the Bearer Notes, Certificates and Coupons referred to below. The Issuer and the Guarantor has entered into an amended and restated agency agreement (as amended, supplemented and/or restated, the "**Agency Agreement**") dated 6 October 2017 made between (1) the Issuer, (2) the Guarantor, (3) The Bank of New York Mellon, Singapore Branch, as issuing and paying agent (the "**Issuing and Paying Agent**"), transfer agent and registrar in respect of CDP Cleared Notes (in such capacities, the "**CDP Transfer Agent**" and the "**CDP Registrar**" respectively), (4) The Bank of New York Mellon, Hong Kong Branch, as lodging and paying agent, transfer agent and registrar in respect of Notes to be held in the Central Moneymarkets Unit Service operated by the Hong Kong Monetary Authority (the "**CMU**") (the "**CMU Cleared Notes**") (in such capacities, the "**CMU Lodging and Paying Agent**", the "**CMU Transfer Agent**" and the "**CMU Registrar**" respectively), (5) The Bank of New York Mellon, London Branch, as paying agent in respect of Notes cleared or to be cleared through Euroclear Bank S.A./N.V. ("**Euroclear**") and Clearstream Banking, S.A. ("**Clearstream, Luxembourg**") ("**Non-CDP Cleared Notes**") (in such capacity, the "**Non-CDP Paying Agent**"), (6) The Bank of New York Mellon SA/NV, Luxembourg Branch, as transfer agent and registrar in respect of Non-CDP Cleared Notes (in such capacities, the "**Non-CDP Transfer Agent**" and "**Non-CDP Registrar**" respectively), (7) The Bank of New York Mellon, London Branch, as calculation agent (in such capacity, the "**Calculation Agent**"), and (8) the Trustee, as trustee. References in these Conditions to (a) the Issuing and Paying Agent shall with respect to Non-CDP Cleared Notes be deemed to be a reference to the Non-CDP Paying Agent and shall with respect to CMU Cleared Notes be deemed to be a reference to the CMU Lodging and Paying Agent, (b) the Registrar shall, in the case of CDP Cleared Notes, be deemed to be a reference to the CDP Registrar and, in the case of Non-CDP Cleared Notes, be deemed to be a reference to the Non-CDP Registrar and, in the case of CMU Cleared Notes, be deemed to be a reference to the CMU Registrar, and (c) the Transfer Agent shall, in the case of CDP Cleared Notes, be deemed to be a reference to the CDP Transfer Agent and, in the case of Non-CDP Cleared Notes, be deemed to be a reference to the Non-CDP Transfer Agent and, in the case of CMU Cleared Notes, be deemed to be a reference to the CMU Registrar, and (unless the context otherwise requires) all such references shall be construed accordingly. The Noteholders and the holders of the coupons (the "**Coupons**") appertaining to the interest-bearing Notes in bearer form (the "**Couponholders**") are bound by and are deemed to have notice of all of the provisions of the Trust Deed, the Agency Agreement and the Deed of Covenant.

Copies of the Trust Deed, the Agency Agreement and the Deed of Covenant are available for inspection during usual business hours at the principal office of the Trustee for the time being and at the specified office of the Issuing and Paying Agent for the time being.

1. **Form, Denomination and Title**

(a) ***Form and Denomination***

(i) The Notes of the Series of which this Note forms part (in these Conditions, the "**Notes**") are issued in bearer form ("**Bearer Notes**") or in registered form ("**Registered Notes**") in each case in the Denomination Amount shown hereon.

(ii) This Note is a Fixed Rate Note, a Floating Rate Note, a Variable Rate Note or a Zero Coupon Note (depending upon the Interest Basis shown on its face).

(iii) Bearer Notes are serially numbered and issued with Coupons attached, save in the case of Notes that do not bear interest in which case references to interest (other than in relation to default interest referred to in Condition 7(g) (*Unmatured Coupons*)) in these Conditions are not applicable.

(iv) Registered Notes are represented by registered certificates ("**Certificates**") and, save as provided in Condition 2(c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*), each Certificate shall represent the entire holding of Registered Notes by the same holder.

(b) ***Title***

(i) Title to the Bearer Notes and the Coupons appertaining thereto shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the "**Register**").

(ii) Except as ordered by a court of competent jurisdiction or as required by law, the holder of any Note or Coupon shall be deemed to be and may be treated as the absolute owner of such Note or of such Coupon, as the case may be, for the purpose of receiving payment thereof or on account thereof and for all other purposes, whether or not such Note or Coupon shall be overdue and notwithstanding any notice of ownership, theft, loss or forgery thereof or any writing thereon made by anyone, and no person shall be liable for so treating the holder.

*For so long as any of the Notes is represented by a Global Note or, as the case may be, a Global Certificate, and such Global Note or Global Certificate is held by a common depositary for Euroclear and Clearstream, Luxembourg, the Depository and/or a sub-custodian for the CMU, each person who is for the time being shown in the records of Euroclear, Clearstream, Luxembourg, the Depository or the CMU as the holder of a particular principal amount of such Notes (in which regard any certificate or other document issued by Euroclear, Clearstream, Luxembourg, the Depository or the CMU as to the principal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such principal amount of Notes other than with respect to the payment of principal, premium, interest, distribution, redemption, purchase and/or any other amounts in respect of the Notes, for which purpose the bearer of the Global Note or, as the case may be, the person whose name is shown on the Register shall be treated by the Issuer, the Guarantor, the Issuing and Paying Agent, the Calculation Agent, all other agents of the Issuer and the Trustee as the holder of such Notes in accordance with and subject to the terms of the Global Note or, as the case may be, the Global Certificate (and the expressions "**Noteholder**" and "**holder of Notes**" and related expressions shall be construed accordingly). Notwithstanding the above, if a Note (whether in global* *or definitive form) is held through the CMU, any payment that is made in respect of such Note shall be made at the direction of the bearer or the registered holder to the person(s) for whose account(s) interests in such Note are credited as being held through the CMU in accordance with the CMU Rules (as defined in the Trust Deed) at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report (as defined in the Trust Deed) or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU as to the identity of any accountholder and the principal amount of any Note credited to its account, save in the case of manifest error) and such payments shall discharge the obligation of the Issuer in respect of that payment under such Note. Notes which are represented by the Global Note or, as the case may be, the Global Certificate, will be transferable only in accordance with the rules and procedures for the time being of Euroclear, Clearstream, Luxembourg, the Depository or the CMU.*

(iii) In these Conditions, "**Global Note**" means the relevant Temporary Global Note representing each Series or the relevant Permanent Global Note representing each Series, "**Noteholder**" means the bearer of any Bearer Note (as defined in the Trust Deed) or to the person in whose name a Registered Note is registered (as the case may be) and "**holder**" (in relation to a Note or Coupon) means the bearer of any Bearer Note or Coupon or the person in whose name a Registered Note is registered (as the case may be), "**Series**" means (1) (in relation to Notes other than Variable Rate Notes) a Tranche, together with any further Tranche or Tranches, which are (A) expressed to be consolidated and forming a single series and (B) identical in all respects (including as to listing) except for their respective issue dates, issue prices and/or dates of the first payment of interest and (2) (in relation to Variable Rate Notes) Notes which are identical in all respects (including as to listing) except for their respective issue prices and rates of interest and "**Tranche**" means Notes which are identical in all respects (including as to listing).

(iv) Words and expressions defined in the Trust Deed or used in the applicable Pricing Supplement (as defined in the Trust Deed) shall have the same meanings where used in these Conditions unless the context otherwise requires or unless otherwise stated and **provided that**, in the event of inconsistency between the Trust Deed and the applicable Pricing Supplement, the applicable Pricing Supplement will prevail.

2. **No Exchange of Notes and Transfers of Registered Notes**

(a) ***No Exchange of Notes*: **Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one Denomination Amount may not be exchanged for Bearer Notes of another Denomination Amount. Bearer Notes may not be exchanged for Registered Notes.

(b) ***Transfer of Registered Notes*: **Subject to paragraph (f) (*Closed Periods*) below, one or more Registered Notes may be transferred (in the authorised denominations set out hereon) upon the surrender (at the specified office of the Registrar or any other Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or such other Transfer Agent may reasonably require to prove the title of the transferor and the authority of the individuals that have executed the form of transfer. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar, at the cost and expense of the Issuer, to any Noteholder upon request.

(c) ***Exercise of Options or Partial Redemption in Respect of Registered Notes*****:** In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any other Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) ***Delivery of New Certificates*****:** Each new Certificate to be issued pursuant to Condition 2(b) (*Transfer of Registered Notes*) or 2(c) (*Exercise of Options or Partial Redemption in Respect of Registered Notes*) shall be available for delivery within seven business days of receipt of the duly completed form of transfer or exercise notice and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Registrar or such other Transfer Agent (as the case may be) to whom delivery or surrender of such form of transfer, exercise notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant form of transfer, exercise notice or otherwise in writing, be mailed, at the cost and expense of the Issuer, by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/ or such insurance as it may specify. In this Condition 2(d) (*Delivery of New Certificates*), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the Registrar or the other relevant Transfer Agent (as the case may be).

(e) ***Transfers Free of Charge*****:** Transfers of Notes and Certificates on registration, transfer, exercise of an option or partial redemption (as applicable) shall be effected without charge by or on behalf of the Issuer, the Registrar or the other Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity and/ or security and/or prefunding as the Registrar or the other relevant Transfer Agent may require) in respect of tax or charges.

(f) ***Closed Periods*****:** No Noteholder may require the transfer of a Registered Note to be registered (i) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d) (*Delivery of New Certificates*), (ii) after any such Note has been called for redemption or (iii) during the period of 15 days ending on (and including) any Record Date.

3. **Status and Guarantee**

(a) ***Status*****:** The Notes and Coupons of all Series constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and shall at all times rank *pari passu,* without any preference or priority among themselves, and *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Issuer.

(b) ***Guarantee*****:** The payment of all sums expressed to be payable by the Issuer under the Trust Deed, the Notes and the Coupons are unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Guarantee (as defined in the Trust Deed) are contained in the Trust Deed. The payment obligations of the Guarantor under the Guarantee and the Trust Deed constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and shall rank *pari passu* with all other present and future unsecured obligations (other than subordinated obligations and priorities created by law) of the Guarantor.

4. **Negative Pledge and Covenants**

(a) ***Negative Pledge***

So long as any of the Notes or Coupons remains outstanding (as defined in the Trust Deed), neither the Issuer nor the Guarantor will, and the Guarantor will ensure that none of the Principal Subsidiaries will, create or permit to subsist, any Security Interest upon the whole or any part of its present or future undertakings, assets or revenues (including any uncalled capital) to secure any International Investment Securities, or any guarantee or indemnity in respect of any International Investment Securities, without at the same time or prior thereto according to the Notes and the Coupons the same security as is created or subsisting to secure any such International Investment Securities, guarantee or indemnity or such other security as either (i) the Trustee shall in its absolute discretion deem not materially less beneficial to the interest of the Noteholders or (ii) shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

In these Conditions:

(A) "**Group**" means the Guarantor and its subsidiaries;

(B) "**International Investment Securities**" means any present or future Indebtedness which is in the form of, or represented or evidenced by, bonds, notes, debentures, loan stock or other debt securities which for the time being are, or are intended to be or capable of being, quoted, listed or dealt in or traded on any stock exchange or over-the-counter or other securities market, having an original maturity of more than 365 days from the date of issue, but excluding any collateralised mortgage backed securities (whether or not so quoted, listed, dealt or traded). For the avoidance of doubt, bilateral and syndicated loans arranged or granted by a bank or other financial institution would not be International Investment Securities;

(C) "**Security Interest**" means any mortgage, pledge, fiduciary security, security interest, encumbrance, lien or charge of any kind (including, without limitation, any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind);

(D) "**Subsidiary**" means, in relation to any Person (the "**first Person**") at any particular time, any other Person (the "**second Person**"):

(I) whose affairs and policies the first Person controls or has the power to control, whether by ownership of share capital, contract, the power to appoint or remove members of the governing body of the second Person or otherwise; or

(II) whose financial statements are, in accordance with applicable law and generally accepted accounting principles, consolidated with those of the first Person.

(E) "**Principal Subsidiary**" means, at any particular time, any subsidiary of the Guarantor whose profit before tax, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which the latest audited consolidated accounts of the Group (as defined in the Trust Deed) have been prepared, are at least 10 per cent. of the consolidated profit before tax of the Group as shown by such audited consolidated accounts,

provided that if any such subsidiary (the "**transferor**") shall at any time transfer the whole or a part of its business, undertaking or assets to another subsidiary or the Guarantor (the "**transferee**") then:

(I) if the whole of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall thereupon cease to be a Principal Subsidiary and the transferee (unless it is the Guarantor) shall thereupon become a Principal Subsidiary; and

(II) if part only of the business, undertaking and assets of the transferor shall be so transferred, the transferor shall remain a Principal Subsidiary and the transferee (unless it is the Guarantor) shall thereupon become a Principal Subsidiary.

Any subsidiary which becomes a Principal Subsidiary by virtue of (I) above or which remains or becomes a Principal Subsidiary by virtue of (II) above shall continue to be a Principal Subsidiary until the earlier of the date of issue of (AA) the first audited consolidated accounts of the Group prepared as at a date later than the date of the relevant transfer which show the profit before tax of such subsidiary, as shown by the accounts of such subsidiary (consolidated in the case of a company which itself has subsidiaries), based upon which such audited consolidated accounts have been prepared, to be less than 10 per cent. of the consolidated profit before tax of the Group, as shown by such audited consolidated accounts and (BB) a report by the Auditors (as defined in the Trust Deed) as described below dated on or after the date of the relevant transfer which shows the profit before tax of such subsidiary to be less than 10 per cent. of the consolidated profit before tax of the Group. A report by the Auditors that in their opinion a subsidiary is or is not a Principal Subsidiary shall, in the absence of manifest error, be conclusive.

(b) ***Financial Covenants***

So long as any of the Notes or Coupons remains outstanding, the Guarantor shall ensure that:

(i) its Consolidated Shareholder's Fund shall not be less than US$3,000,000,000; and

(ii) the ratio of its Consolidated Total Borrowings to its Consolidated Shareholder's Fund shall be less than 1.5 times.

For the purposes of these Conditions:

(1) "**Consolidated Shareholder's Fund**" means the amount (expressed in U.S. dollars) for the time being, calculated in accordance with International Financial Reporting Standards, equal to the aggregate of:

(A) the amount paid up on the issued share capital of the Guarantor;

(B) the amount of retained earnings of the Guarantor;

(C) the amounts standing to the credit of reserves of the Group on a consolidated basis; and

(D) the amount of non-controlling interests of the Guarantor;

(2) "**Consolidated Total Borrowings**" means in relation to the Group, an amount (expressed in U.S. dollars) for the time being, calculated on a consolidated basis, in accordance with International Financial Reporting Standards, equal to the aggregate of (and where such aggregate amount falls to be calculated, no amount shall be taken into account more than once in the same calculation):

(A) bank overdrafts and all other indebtedness in respect of any borrowings maturing within 12 months;

(B) the aggregate principal amount of the Notes or any bonds or debentures of any member of the Group whether issued for cash or a consideration other than cash;

(C) the liabilities of the Issuer under the Trust Deed or the Notes;

(D) all other indebtedness whatsoever of the Group for borrowed moneys; and

(E) any Redeemable Preference Shares or units issued by any member of the Group and which is regarded by International Financial Reporting Standards as debt or other liabilities of the Group (other than those shares or units which are regarded as equity as reflected in the most recently published consolidated balance sheet of the Group prepared in accordance with International Financial Reporting Standards); and

(3) "**Redeemable Preference Shares**" means a preference share that provides for mandatory redemption by the Guarantor for a fixed or determinable amount at a fixed or determinable future date, or gives the holder the right to require the Guarantor to redeem the instrument at or after a particular date for a fixed or determinable amount.

(c) ***Limitation on Indebtedness***

(i) If so provided hereon, so long as any of the Notes or Coupons remains outstanding (as defined in the Trust Deed), the Guarantor will not Incur any Indebtedness *provided that* the Guarantor and the Issuer may Incur Indebtedness if, after giving effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, the Fixed Charge Coverage Ratio would be not less than 2.25 to 1.0.

(ii) Notwithstanding the foregoing, the Guarantor and any Subsidiary of the Guarantor may Incur each and all of the following ("**Permitted Indebtedness**"):

(1) Indebtedness of and letters of credit issued by the Guarantor or any other Subsidiary of the Guarantor under Existing Credit Facilities;

(2) Indebtedness of the Guarantor or any other Subsidiary of the Guarantor outstanding on the Issue Date, excluding Indebtedness permitted under clauses (ii)(1) above;

(3) Indebtedness of the Guarantor or any other Subsidiary of the Guarantor ("**Permitted Refinancing Indebtedness**") issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning), then-outstanding Indebtedness (or Indebtedness repaid substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under Condition 4(c)(i) or Condition 4(c)(ii)(2) or (ii)(3) and any refinancings thereof in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses);

(4) Indebtedness Incurred by the Guarantor or any other Subsidiary of the Guarantor pursuant to Hedging Obligations entered into in the ordinary course of business and designed solely to protect the Guarantor or any of the other Subsidiaries from fluctuations in interest rates, commodity prices, currencies or other hedging purposes and not for speculation;

(5) Indebtedness of the Guarantor or any other Subsidiary of the Guarantor arising from agreements providing for indemnification, adjustment of purchase price or similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Guarantor or any other Subsidiary of the Guarantor pursuant to such agreements, in any case, incurred in connection with the disposition of any business, assets or Capital Stock of a Subsidiary of the Guarantor, other than guarantees of Indebtedness incurred by any Person acquiring all or any portion of such business, assets or Capital Stock of a Subsidiary of the Guarantor for the purpose of financing such acquisition; provided that the maximum aggregate liability in respect of all such Indebtedness shall at no time exceed the gross proceeds actually received by the Guarantor or any Subsidiary of the Guarantor in connection with such disposition;

(6) Indebtedness Incurred by the Guarantor or any other Subsidiary of the Guarantor arising from the honouring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; provided, however, that such Indebtedness is repaid in full or otherwise extinguished within five Business Days of the Guarantor or Subsidiary of the Guarantor, as the case may be, becoming aware of such event;

(7) Indebtedness of the Guarantor or any Subsidiary of the Guarantor used for working capital purposes, which include but not limited to trade facilities and letters of credit in connection with making payments to suppliers and export financing arrangements, in the ordinary course of business;

(8) Indebtedness Incurred by the Guarantor or any Subsidiary of the Guarantor represented by Capitalized Lease Obligations, mortgage financings or purchase money obligations in the ordinary course of business after the Issue Date to finance all or any part of the purchase price or cost of construction, installation or improvement of property (real or personal), plant or equipment (including through the acquisition of Capital Stock of any Person that owns property, plant or equipment which will, upon such acquisition, become a Subsidiary of the Guarantor) to be used in its business operations; *provided that* the aggregate principal amount of such Indebtedness at any time outstanding (together with refinancings thereof) shall not exceed 0.5% of the Total Assets as of the date of Incurrence of such Indebtedness;

(9) guarantees by the Guarantor or any Subsidiary of the Guarantor of Indebtedness of any of the Guarantor or Subsidiary of the Guarantor that was permitted to be Incurred by another provision of this covenant;

(10) Indebtedness Incurred by the Guarantor or any Subsidiary of the Guarantor in connection with Plasma Program Loans;

(11) Indebtedness Incurred by the Guarantor or any Subsidiary of the Guarantor in respect of any borrowings of any joint venture, and entities owned by investees and joint ventures, of the Group; and

(12) Indebtedness of the Guarantor or any Subsidiary of the Guarantor in an aggregate principal amount outstanding (together with refinancing thereof) which, when taken together with the principal amount of all other Indebtedness Incurred pursuant to this Condition 4(c)(ii)(12) and then outstanding, will not exceed US$50 million (or the Dollar Equivalent thereof).

(iii) For purposes of determining compliance with this Condition 4(c), in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first sentence of Condition 4(c)(i), the Guarantor, in its sole discretion, will classify and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types and may apportion an item of Indebtedness among several such types; *provided that* Indebtedness under the Existing Credit Facilities outstanding on the Issue Date shall be deemed to be Incurred under Condition 4(c)(ii)(1).

(iv) The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms and the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, will not be deemed to be an Incurrence of Indebtedness; provided, in each such case, that the amount of any such accrual, accretion or payment is included in the Consolidated Fixed Charges of the Guarantor as accrued.

(v) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Guarantor or any Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred (or first committed, in the case of revolving credit debt); provided, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

For the purposes of these Conditions:

(1) "**Asset Acquisition**" means (A) an Investment by the Guarantor or any of its Subsidiaries in any other Person pursuant to which such Person will become a Subsidiary or will be merged into or consolidated with the Guarantor or any of its Subsidiaries, or (B) an acquisition by the Guarantor or any of its Subsidiaries of the property and assets of any Person other than the Guarantor or any of its Subsidiaries that constitute substantially all of a division or line of business of such Person;

(2) "**Asset Disposition**" means the sale or other disposition by the Guarantor or any of its Subsidiaries (other than to the Guarantor or another Subsidiary) of (A) all or substantially all of the Capital Stock of any Subsidiary of the Guarantor or (B) all or substantially all of the assets that constitute a division or line of business of the Guarantor or any of its Subsidiaries;

(3) "**Board of Directors**" means the board of directors of the Guarantor in accordance with Section 128 of the Mauritius Companies Act 2001;

(4) "**Board Resolution**" means any resolution of the Board of Directors in accordance with Articles 100 and 104 of the Constitution of the Guarantor;

(5) "**Capital Stock**" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Issue Date or issued thereafter, including, without limitation, all Common Stock and Preferred Stock but excluding debt securities convertible into such equity;

(6) "**Capitalised Lease**" means, with respect to any Person, any lease of any property (whether real, personal or mixed), which, in conformity with International Financial Reporting Standards, is required to be capitalised on the statement of financial position of such Person;

(7) "**Capitalised Lease Obligations**" means the discounted present value of the rental obligations under a Capitalised Lease;

(8) "**Commodity Agreement**" means any spot, forward or futures contract, commodity swap agreement, commodity price protection, cap or floor agreement, commodity option agreement or other similar agreement or arrangement;

(9) "**Common Stock**" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the Issue Date, and include, without limitation, all series and classes of such common stock or ordinary shares;

(10) "**Consolidated EBITDA**" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(A) Consolidated Financial Expense;

(B) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets);

(C) depreciation expense;

(D) amortisation expense;

(E) all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business);

(F) any losses arising from the acquisition of any securities or extinguishment, repurchase, cancellation or assignment of Indebtedness; and

(G) charges or expenses (other than depreciation or amortisation expense) related to deferred financing fees and Indebtedness issuance costs (provided such Indebtedness is permitted to be incurred by the Trust Deed), including related commissions, fees and expenses;

all as determined on a consolidated basis for the Guarantor and its Subsidiaries in conformity with International Financial Reporting Standards;

(11) "**Consolidated Financial Expense**" means, for any period, the amount that would be included in gross interest expense on a consolidated statement of comprehensive income prepared in accordance with International Financial Reporting Standards for such period of the Guarantor and its Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Guarantor and its Subsidiaries, without duplication, (A) interest expense attributable to Capitalised Lease Obligations, (B) amortisation of charges or expenses (including commissions, fees and expenses) relating to debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (C) the interest portion of any deferred payment obligation, (D) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (E) any capitalised interest, (F) interest accruing on Indebtedness of any other Person that is guaranteed by the Guarantor or any Subsidiary of the Guarantor secured by a Security Interest on assets of the Guarantor or any Subsidiary of the Guarantor, proportionate to the extent that such Indebtedness is guaranteed or secured, and (F) all other non-cash interest expense;

(12) "**Consolidated Fixed Charges**" means, for any period, the sum (without duplication) of (A) Consolidated Financial Expense for such period and (B) all cash and non-cash dividends paid, declared, accrued or accumulated during such period on any Preferred Stock of the Guarantor or any Subsidiary of the Guarantor held by Persons other than the Guarantor or any Subsidiary of

the Guarantor, except for dividends payable in the Guarantor's Capital Stock; **provided that** dividends declared, accrued or accounted for in one period shall not be included in "Consolidated Fixed Charges" of a later period when subsequently paid in such later period);

(13) "**Consolidated Net Income**" means, with respect to any specified Person for any period, the aggregate of the profit (or loss) for the period of such Person and its Subsidiaries for such period, on a consolidated basis, determined in conformity with International Financial Reporting Standards; *provided that* the following items will be excluded in computing Consolidated Net Income (without duplication):

(A) the net income (or loss) of any Person that is not a Subsidiary of that Person or that is accounted for by the equity method of accounting except to the extent of the amount of net income actually paid in cash to, or the amount of loss actually funded in cash by, the specified Person or a Subsidiary of the Person during such period;

(B) the net income (or loss) of any Person accrued prior to the date it becomes a Subsidiary of the Guarantor or is merged into or consolidated with the Guarantor or any Subsidiary of the Guarantor or all or substantially all of the property and assets of such Person are acquired by the Guarantor or any Subsidiary of the Guarantor;

(C) the net income (but not loss) of any Subsidiary of the Guarantor to the extent that the declaration or payment of dividends or similar distributions by such Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Subsidiary;

(D) the cumulative effect of a change in accounting principles;

(E) any net after tax gains or losses realised on the sale or other disposition of any property or assets of the Guarantor or any Subsidiary of the Guarantor which is not sold in the ordinary course of business;

(F) net gains or losses from changes in fair value of biological assets;

(G) any translation gains or losses due solely to fluctuations in currency values and related tax effects; and

(H) any net after-tax extraordinary or non-recurring gains or losses;

(14) "**Currency Agreement**" means any foreign exchange forward contract, currency swap agreement, currency cap or floor agreement, currency hedge agreement currency option agreement or other similar agreement or arrangement;

(15) "**Dollar Equivalent**" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by The Federal Reserve Bank of New York on the date of determination;

(16) "**Existing Credit Facilities**" means each of the credit facilities of the Guarantor or any of its Subsidiaries available on the Issue Date, in each case, as such facility may be amended, restated, modified, renewed, refunded, replaced or refinanced (including by means of sales of debt securities) in whole or in part

from time to time (and whether or not with the original administrative agent, lenders or trustee or another administrative agent or agents, other lenders or trustee and whether provided under any credit or other agreement or trust deed or indenture), and including any such amendment, restatement, modification, renewal, refunding, replacement or refinancing that increases the amount permitted to be borrowed thereunder (*provided that* such increase in borrowing is permitted under Condition 4(c)(i)) or alters the maturity thereof);

(17) "**Fair Market Value**" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination will be conclusive if evidenced by a Board Resolution;

(18) "**Fixed Charge Coverage Ratio**" means, on any Transaction Date, the ratio of (A) the aggregate amount of Consolidated EBITDA for the Four Quarter Period with respect to such Transaction Date to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(A) pro forma effect will be given to any Indebtedness Incurred, repaid or redeemed during the Reference Period relating to such Four Quarter Period in each case as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period; *provided that,* in the event of any such repayment or redemption, Consolidated EBITDA for such period will be calculated as if the Guarantor had not earned any interest income actually earned during such period in respect of the funds used to repay such Indebtedness;

(B) Consolidated Financial Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a pro forma basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(C) pro forma effect will be given to Asset Dispositions and Asset Acquisitions (including giving pro forma effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(D) pro forma effect will be given to asset dispositions and asset acquisitions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made by any Person that has been merged with or into the Guarantor during such Reference Period and that would have constituted Asset Dispositions or Asset Acquisitions had such transactions occurred on the first day of such Reference Period,

provided that to the extent that paragraph (C) or (D) above requires that pro forma effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such pro forma calculation will be based upon the Four Quarter Period immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

(19) "**Four Quarter Period**" means, as of any Transaction Date, the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Guarantor (which may be internal financial statements) are available;

(20) "**Hedging Agreement**" means any Currency Agreement, Commodity Agreement or Interest Rate Agreement;

(21) "**Hedging Obligation**" of any Person means the obligations of such Person pursuant to any Hedging Agreement;

(22) "**Incur**" means, with respect to any Indebtedness, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness; **provided that** the accretion of original issue discount, the accrual of interest, the payment of interest in the form of additional Indebtedness and the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles will not be considered an Incurrence of Indebtedness, and the terms "Incurrence," "Incurred" and "Incurring" shall have corresponding meanings;

(23) "**Indebtedness**" means, with respect to any Person at any date of determination (without duplication):

(A) all indebtedness of such Person for borrowed money;

(B) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(C) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(D) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except trade payables due within 180 days;

(E) all Capitalised Lease Obligations;

(F) all Indebtedness of other Persons secured by a Security Interest on any asset of such Person, whether or not such Indebtedness is assumed by such Person; provided that the amount of such Indebtedness will be the lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;

(F) to the extent not otherwise included in this definition, Hedging Obligations;

(G) all obligations of such Person under conditional sale or other title retention agreements relating to assets purchased;

(H) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person in respect of the items referred to in paragraphs (A) to (G) above;

(24) "**Interest Rate Agreement**" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement;

(25) "**Issue Date**" has the meaning specified in the applicable Pricing Supplement;

(26) "**Person**" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof;

(27) "**Plasma Program Loans**" means a loan to any Person in connection with the plasma program (as described in the section titled "*Business Regulations – Land rights – Plasma Program*" of the Offering Circular dated 6 October 2017, or such other similar programme relating to funding the development of oil palm plantations for small landholders in Indonesia;

(28) "**Preferred Stock**" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person;

(29) "**Reference Period**" means, as of any Transaction Date, the period commencing on and including the first day of the Four Quarter Period with respect to such Transaction Date and ending on and including the Transaction Date;

(30) "**Total Assets**" means, as of any date of determination, the total consolidated assets of the Guarantor and its Subsidiaries measured in accordance with International Financial Reporting Standards as of the last day of the most recently ended fiscal quarter prior to such date for which consolidated financial statements (which may be internal financial statements) of the Guarantor are available; and

(31) "**Transaction Date**" means, with respect to the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred.

(d) ***Suspension of Certain Covenants***

If on any date following the Issue Date, the Notes have a rating of Investment Grade from a Rating Agency and no Event of Default has occurred and is continuing (a "**Suspension Event**"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from a Rating Agency, the application of the covenants in Conditions 4(b) and 4(c), if applicable, will be suspended.

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Guarantor or any Subsidiary properly taken in compliance with the provisions of the Trust Deed during the continuance of the Suspension Event.

For the purpose of these Conditions:

(1) "**Fitch**" means Fitch Ratings Ltd. or any successor to the rating agency business thereof;

(2) "**Investment Grade**" means a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P, Fitch or any of their successors or assigns, or a rating of "Aaa", or "Aa", "A" or "Baa", as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns, or a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories of any internationally recognised rating agency or agencies, as the case may be, which shall have been designated by the Guarantor as having been substituted for S&P, Fitch or Moody's, as the case may be;

(3) "**Moody's**" means Moody's Investors Service, Inc. and its affiliates and its successors;

(4) "**Rating Agency**" means any of (i) S&P, (ii) Moody's and (iii) Fitch; provided that if S&P, Moody's or Fitch shall not make a rating of the Notes publicly available, an internationally recognised rating agency as the Guarantor may select, which will be substituted for any of S&P, Moody's or Fitch, as the case may be; and

(5) "**S&P**" means Standard & Poor's Ratings Services and its affiliates.

(e) ***Non-Disposal Covenant***

So long as the Notes remain outstanding (as defined in the Trust Deed), neither the Guarantor nor the Issuer, and the Guarantor will procure that no Principal Subsidiary will, (whether by a single transaction or a number of related or unrelated transactions and whether at one time or over a period of time) sell, transfer, lease out, lend or otherwise dispose of (whether outright, by a sale-and-repurchase or sale-and-leaseback arrangement, or otherwise) all or substantially all of its assets or any part of its assets which, either alone or when aggregated with all other disposals required to be taken into account under this Condition 4(e), is substantial in relation to its assets, those of the Group, taken as a whole or the disposal of which (either alone or when so aggregated) could have a material adverse effect on the Issuer, the Guarantor or the Group. The following disposals shall not be taken into account:

(i) disposals in the ordinary course of business; and

(ii) any disposal approved by the Noteholders by way of an Extraordinary Resolution.

5. (I) **Interest on Fixed Rate Notes**

(a) ***Interest Rate and Accrual***

Each Fixed Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note at the rate per annum (expressed as a percentage) equal to the Interest Rate shown on the face of such Note payable in arrear on each Interest Payment Date or Interest Payment Dates shown on the face of such Note in each year and on the Maturity Date shown on the face of such Note if that date does not fall on an Interest Payment Date.

The first payment of interest will be made on the Interest Payment Date next following the Interest Commencement Date (and if the Interest Commencement Date is not an Interest Payment Date, will amount to the Initial Broken Amount shown on the face of such Note), unless the Maturity Date falls before the date on which the first payment of interest would otherwise be due. If the Maturity Date is not an Interest Payment Date, interest from the preceding Interest Payment Date (or from the Interest Commencement Date, as the case may be) to the Maturity Date will amount to the Final Broken Amount shown on the face of the Note.

Interest will cease to accrue on each Fixed Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount shown on the face of the Note is improperly withheld or refused, in which event interest at such rate will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(I) (*Interest on Fixed Rate Notes*) to the Relevant Date (as defined in Condition 8 (*Taxation*)).

(b) ***Calculations***

In the case of a Fixed Rate Note, interest in respect of a period of less than one year will be calculated on the Day Count Fraction shown on the face of the Note. The amount of interest payable per Calculation Amount for any Fixed Rate Interest Period in respect of any Fixed Rate Note shall be calculated by multiplying the product of the Interest Rate and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the relevant currency (with halves rounded up).

In these Conditions, "**Fixed Rate Interest Period**" means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Payment Date and each successive period beginning on (and including) an Interest Payment Date and ending on (but excluding) the next succeeding Interest Payment Date.

(II) **Interest on Floating Rate Notes or Variable Rate Notes**

(a) ***Interest Payment Dates***

Each Floating Rate Note or Variable Rate Note bears interest on its outstanding principal amount from the Interest Commencement Date in respect thereof and as shown on the face of such Note, and such interest will be payable in arrear on each interest payment date ("**Interest Payment Date**"). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Date(s) or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which (save as mentioned in these Conditions) falls the number of months specified as the Interest Period on the face of the Note (the "**Specified Number of Months**") after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date (and which corresponds numerically with such preceding Interest Payment Date or the Interest Commencement Date, as the case may be), **provided that** the Agreed Yield (as defined in Condition 5(II)(c) (*Rate of Interest – Variable Rate Notes*)) in respect of any Variable Rate Note for any Interest Period (as defined below) relating to that Variable Rate Note shall be payable on the first day of that Interest Period. If any Interest Payment Date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a business day (as defined below), then if the Business Day Convention specified is (1) the Floating Rate Business Day Convention, such date shall be postponed to the next day which is a business day unless it would thereby fall into the next calendar month, in which event (i) such date shall be brought forward to the immediately preceding business day and (ii) each subsequent such date shall be the last business day of the month in which such date would have fallen had it not been subject to adjustment, (2) the Following Business Day Convention, such date shall be postponed to the next day that is a business day, (3) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a business day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding business day or (4) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding business day.

The period beginning on the Interest Commencement Date and ending on the first Interest Payment Date and each successive period beginning on an Interest Payment Date and ending on the next succeeding Interest Payment Date is herein called an "**Interest Period**".

Interest will cease to accrue on each Floating Rate Note or Variable Rate Note from the due date for redemption thereof unless, upon due presentation and subject to the provisions of the Trust Deed, payment of the Redemption Amount is improperly withheld or refused, in which event interest will continue to accrue (as well after as before judgment) at the rate and in the manner provided in this Condition 5(II) (*Interest on Floating Rate Notes or Variable Rate Notes*) to the Relevant Date.

(b) ***Rate of Interest - Floating Rate Notes***

(i) Each Floating Rate Note bears interest at a floating rate determined by reference to a Benchmark as stated on the face of such Floating Rate Note, being (in the case of Notes which are denominated in Singapore dollars) SIBOR (in which case such Note will be a SIBOR Note) or Swap Rate (in which case such Note will be a Swap Rate

Note) or in any case (or in the case of Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Note.

Such floating rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Note. The "Spread" is the percentage rate per annum specified on the face of such Note as being applicable to the rate of interest for such Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) (*Determination of Rate Interest and Calculation of Interest Amounts*) below.

The rate of interest payable in respect of a Floating Rate Note from time to time is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Rate of Interest payable from time to time in respect of each Floating Rate Note will be determined by the Calculation Agent on the basis of the following provisions:

(1) in the case of Floating Rate Notes which are SIBOR Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the offered rate for deposits in Singapore dollars for a period equal to the duration of such Interest Period which appears on the Reuters Screen ABSIRFIX01 Page under the caption "*ABS SIBOR FIX - SIBOR AND SWAP OFFER RATES - RATES AT 11:00 AM SINGAPORE TIME*" and under the column headed "*SGD SIBOR*" (or such other replacement page thereof) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page (as defined below) as may be provided hereon) or if the Reuters Screen ABSIRFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will request the principal Singapore offices of each of the Reference Banks to provide the Calculation Agent with the rate at which deposits in Singapore dollars are offered by it at approximately the Relevant Time on the Interest Determination Date to prime banks in the Singapore interbank market for a period equivalent to the duration of such Interest Period commencing on such Interest Payment Date in an amount comparable to the aggregate principal amount of the relevant Floating Rate Notes. The Rate of Interest for such Interest Period shall be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of such offered quotations and as adjusted by the Spread (if any), as determined by the Calculation Agent;

(C) if on any Interest Determination Date, two but not all the Reference Banks provide the Calculation Agent with such quotations, the Rate of Interest for the relevant Interest Period shall be determined in accordance with (B) above on the basis of the quotations of those Reference Banks providing such quotations; and

(D) if on any Interest Determination Date, one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date and as adjusted by the Spread (if any);

(2) in the case of Floating Rate Notes which are Swap Rate Notes:

(A) the Calculation Agent will, at or about the Relevant Time on the relevant Interest Determination Date in respect of each Interest Period, determine the Rate of Interest for such Interest Period which shall be the Average Swap Rate for such Interest Period (determined by the Calculation Agent as being the rate which appears on the Reuters Screen ABSFIX01 Page under the caption "*SGD SOR RATES AS OF 11:00 HRS LONDON TIME*" under the column headed "*SGD SOR RATES*" (or such other page as may replace the Reuters Screen ABSFIX01 Page for the purpose of displaying the swap rates of leading reference banks) at or about the Relevant Time on such Interest Determination Date and for a period equal to the duration of such Interest Period) and as adjusted by the Spread (if any);

(B) if on any Interest Determination Date, no such rate appears on the Reuters Screen ABSFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) or if the Reuters Screen ABSFIX01 Page (or such other replacement page thereof or such other Screen Page as may be provided hereon) is unavailable for any reason, the Calculation Agent will determine the Average Swap Rate (which shall be rounded up, if necessary, to the nearest 1/16 per cent.) as the rate for such Interest Period published by a recognised industry body where such rate is widely used (after taking into account the industry practice at that time), or by such other relevant authority as the Calculation Agent may select.

The Rate of Interest for such Interest Period shall be the Average Swap Rate (as determined by the Calculation Agent) and as adjusted by the Spread (if any); and

(C) if on any Interest Determination Date, the Calculation Agent is unable to determine the Rate of Interest under paragraphs (b)(ii)(2)(A) and (B) above, the Average Swap Rate shall be determined by the Calculation Agent to be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the rates quoted by the Reference Banks or those of them (being at least two in number) to the Calculation Agent at or about the Relevant Time on such Interest Determination Date as being their cost (including the cost occasioned by or attributable to complying with reserves, liquidity, deposit or other requirements imposed on them by any relevant authority or authorities) of funding, for the relevant Interest Period, in an amount equal to the aggregate nominal amount of the relevant Floating Rate Notes for such Interest Period by whatever means they determine to be most appropriate and the Rate of Interest for the relevant Interest Period shall be the Average Swap Rate (as so determined by the Calculation Agent), or if on such Interest Determination Date one only or none of the Reference Banks provides the Calculation Agent with such quotation, the Rate of Interest for the relevant Interest Period shall be the rate per annum equal to the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the prime lending rates for Singapore dollars quoted by the Reference Banks at or about the Relevant Time on such Interest Determination Date; and

(3) in the case of Floating Rate Notes which are not SIBOR Notes or Swap Rate Notes or which are denominated in a currency other than Singapore dollars, the Calculation Agent will determine the Rate of Interest in respect of any Interest Period at or about the Relevant Time on the Interest Determination Date in respect of such Interest Period as follows:

(A) if the Primary Source (as defined below) for the Floating Rate is a Screen Page (as defined below), subject as provided below, the Rate of Interest in respect of such Interest Period shall be:

(aa) the Relevant Rate (as defined below) (where such Relevant Rate on such Screen Page is a composite quotation or is customarily supplied by one entity); or

(bb) the arithmetic mean of the Relevant Rates of the persons whose Relevant Rates appear on that Screen Page, in each case appearing on such Screen Page at the Relevant Time on the Interest Determination Date,

and as adjusted by the Spread (if any);

(B) if the Primary Source for the Floating Rate is Reference Banks or if paragraph (b)(ii)(3)(A)(aa) applies and no Relevant Rate appears on the Screen Page at the Relevant Time on the Interest Determination Date or if paragraph (b)(ii)(3)(A)(bb) applies and fewer than two Relevant Rates appear on the Screen Page at the Relevant Time on the Interest Determination Date, subject as provided below, the Rate of Interest shall be the rate per annum which the Calculation Agent determines to be the arithmetic mean (rounded up, if necessary, to the nearest 1/16 per cent.) of the Relevant Rates that each of the Reference Banks is quoting to leading banks in the Relevant Financial Centre (as defined below) at the Relevant Time on the Interest Determination Date and as adjusted by the Spread (if any); and

(C) if paragraph (b)(ii)(3)(B) applies and the Calculation Agent determines that fewer than two Reference Banks are so quoting Relevant Rates, the Rate of Interest shall be the Rate of Interest determined on the previous Interest Determination Date.

(iii) On the last day of each Interest Period, the Issuer will pay interest on each Floating Rate Note to which such Interest Period relates at the Rate of Interest for such Interest Period.

(iv) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(c) ***Rate of Interest - Variable Rate Notes***

(i) Each Variable Rate Note bears interest at a variable rate determined in accordance with the provisions of this paragraph (c) (*Rate of Interest – Variable Rate Notes*). The interest payable in respect of a Variable Rate Note on the first day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Agreed Yield**" and the rate of interest payable in respect of a Variable Rate Note on the last day of an Interest Period relating to that Variable Rate Note is referred to in these Conditions as the "**Rate of Interest**".

(ii) The Agreed Yield or, as the case may be, the Rate of Interest payable from time to time in respect of each Variable Rate Note for each Interest Period shall, subject as referred to in paragraph (c)(iv) below, be determined as follows:

(1) not earlier than 9.00 a.m. (Singapore time) on the ninth business day nor later than 3.00 p.m. (Singapore time) on the third business day prior to the commencement of each Interest Period, the Issuer and the Relevant Dealer (as defined below) shall endeavour to agree on the following:

(A) whether interest in respect of such Variable Rate Note is to be paid on the first day or the last day of such Interest Period;

(B) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the first day of such Interest Period, an Agreed Yield in respect of such Variable Rate Note for such Interest Period (and, in the event of the Issuer and the Relevant Dealer so agreeing on such Agreed Yield, the Interest Amount (as defined below) for such Variable Rate Note for such Interest Period shall be zero); and

(C) if interest in respect of such Variable Rate Note is agreed between the Issuer and the Relevant Dealer to be paid on the last day of such Interest Period, a Rate of Interest in respect of such Variable Rate Note for such Interest Period (an "**Agreed Rate**") and, in the event of the Issuer and the Relevant Dealer so agreeing on an Agreed Rate, such Agreed Rate shall be the Rate of Interest for such Variable Rate Note for such Interest Period; and

(2) if the Issuer and the Relevant Dealer shall not have agreed either an Agreed Yield or an Agreed Rate in respect of such Variable Rate Note for such Interest Period by 3.00 p.m. (Singapore time) on the third business day prior to the commencement of such Interest Period, or if there shall be no Relevant Dealer during the period for agreement referred to in (1) above, the Rate of Interest for such Variable Rate Note for such Interest Period shall automatically be the rate per annum equal to the Fall Back Rate (as defined below) for such Interest Period.

(iii) The Issuer has undertaken to the Issuing and Paying Agent and the Calculation Agent that it will as soon as possible after the Agreed Yield or, as the case may be, the Agreed Rate in respect of any Variable Rate Note is determined but not later than 10.30 a.m. (Singapore time) on the next following business day:

(1) notify or cause the Relevant Dealer to notify (if applicable) the Guarantor, the Issuing and Paying Agent and the Calculation Agent of the Agreed Yield or, as the case may be, the Agreed Rate for such Variable Rate Note for such Interest Period; and

(2) cause such Agreed Yield or, as the case may be, Agreed Rate for such Variable Rate Note to be notified by the Issuing and Paying Agent to the relevant Noteholder at its request.

(iv) For the purposes of sub-paragraph (ii) above, the Rate of Interest for each Interest Period for which there is neither an Agreed Yield nor Agreed Rate in respect of any Variable Rate Note or no Relevant Dealer in respect of the Variable Rate Note(s) shall be the rate (the "**Fall Back Rate**") determined by reference to a Benchmark as stated on the face of such Variable Rate Note(s), being (in the case of Variable Rate Notes which are denominated in Singapore dollars) SIBOR (in which case such Variable Rate Note(s) will be SIBOR Note(s)) or Swap Rate (in which case such Variable Rate Note(s) will be Swap Rate Note(s)) or (in any other case or in the case of Variable Rate Notes which are denominated in a currency other than Singapore dollars) such other Benchmark as is set out on the face of such Variable Rate Note(s).

Such rate may be adjusted by adding or subtracting the Spread (if any) stated on the face of such Variable Rate Note. The "Spread" is the percentage rate per annum specified on the face of such Variable Rate Note as being applicable to the rate of interest for such Variable Rate Note. The rate of interest so calculated shall be subject to Condition 5(V)(a) (*Determination of Rate of Interest and Calculation of Interest Amounts*) below.

The Fall Back Rate payable from time to time in respect of each Variable Rate Note will be determined by the Calculation Agent in accordance with the provisions of Condition 5(II)(b)(ii) above (*mutatis mutandis*) and references therein to "**Rate of Interest**" shall mean "**Fall Back Rate**".

(v) If interest is payable in respect of a Variable Rate Note on the first day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Agreed Yield applicable to such Variable Rate Note for such Interest Period on the first day of such Interest Period. If interest is payable in respect of a Variable Rate Note on the last day of an Interest Period relating to such Variable Rate Note, the Issuer will pay the Interest Amount for such Variable Rate Note for such Interest Period on the last day of such Interest Period.

(vi) For the avoidance of doubt, in the event that the Rate of Interest in relation to any Interest Period is less than zero, the Rate of Interest in relation to such Interest Period shall be equal to zero.

(d) ***Definitions***

As used in these Conditions:

"**Benchmark**" means the rate specified as such in the applicable Pricing Supplement;

"**business day**" means, in respect of each Note, (a) a day (other than a Saturday, Sunday or gazetted public holiday) on which Euroclear, Clearstream, Luxembourg, the CMU and the Depository, as applicable, are operating, (b) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in the country of the relevant Issuing and Paying Agent's specified office and (c) (if a payment is to be made on that day) (i) (in the case of Notes denominated in Singapore dollars) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore, (ii) (in the case of Notes denominated in Euros) a day (other than a Saturday, Sunday or gazetted public holiday) on which the TARGET System is open for the settlement of payments in Euros, (iii) (in the case of Notes denominated in Renminbi) (A) if cleared through the CMU, a day (other than a Saturday, Sunday or public holiday) on which commercial banks in Hong Kong are generally open for business and the settlement of Renminbi payments in Hong Kong, (B) if cleared through the Depository, a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for business and the settlement of Renminbi payments in Singapore and Hong Kong, and (C) if cleared through Euroclear and Clearstream, Luxembourg, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in London, and (iv) (in the case of Notes denominated in a currency other than Singapore dollars, Euros and Renminbi) a day (other than a Saturday, Sunday or gazetted public holiday) on which banks and foreign exchange markets are open for general business in Singapore and the principal financial centre for that currency;

"**Calculation Amount**" means the amount specified as such on the face of any Note, or if no such amount is so specified, the Denomination Amount of such Note as shown on the face thereof;

"**Euro**" means the lawful currency of the member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended from time to time;

"**Interest Commencement Date**" means the Issue Date or such other date as may be specified as the Interest Commencement Date on the face of such Note;

"**Interest Determination Date**" means, in respect of any Interest Period, that number of business days prior thereto as is set out in the applicable Pricing Supplement or on the face of the relevant Note;

"**Primary Source**" means the Screen Page specified as such in the applicable Pricing Supplement and (in the case of any Screen Page provided by any information service other than the Reuters Monitor Money Rates Service ("**Reuters**")) agreed by the Calculation Agent;

"**Reference Banks**" means the institutions specified as such hereon or, if none, three major banks selected by the Calculation Agent and the Issuer in the interbank market that is most closely connected with the Benchmark;

"**Relevant Currency**" means the currency in which the Notes are denominated;

"**Relevant Dealer**" means, in respect of any Variable Rate Note, the Dealer party to the Programme Agreement referred to in the Agency Agreement with whom the Issuer has concluded or is negotiating an agreement for the issue of such Variable Rate Note pursuant to the Programme Agreement;

"**Relevant Financial Centre**" means, in the case of interest to be determined on an Interest Determination Date with respect to any Floating Rate Note or Variable Rate Note, the financial centre with which the relevant Benchmark is most closely connected or, if none is so connected, Singapore;

"**Relevant Rate**" means the Benchmark for a Calculation Amount of the Relevant Currency for a period (if applicable or appropriate to the Benchmark) equal to the relevant Interest Period;

"**Relevant Time**" means, with respect to any Interest Determination Date, the local time in the Relevant Financial Centre at which it is customary to determine bid and offered rates in respect of deposits in the Relevant Currency in the interbank market in the Relevant Financial Centre;

"**Screen Page**" means such page, section, caption, column or other part of a particular information service (including, but not limited to, Reuters) as may be specified hereon for the purpose of providing the Benchmark, or such other page, section, caption, column or other part as may replace it on that information service or on such other information service, in each case as may be nominated by the person or organisation providing or sponsoring the information appearing there for the purpose of displaying rates or prices comparable to the Benchmark; and

"**TARGET System**" means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET 2) System which utilises a single shared platform and which was launched on 19 November 2007 or any successor thereto.

(III) **Zero Coupon Notes**

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount (as defined in Condition 6(h) (*Early Redemption of Zero Coupon Notes*) below) of such Note (determined in accordance with Condition 6(h) (*Early Redemption of Zero Coupon Notes*)). As from the Maturity Date, the rate of interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as defined in Condition 6(h) (*Early Redemption of Zero Coupon Notes*)).

(IV) **Calculations**

(a) ***Determination of Rate of Interest and Calculation of Interest Amounts***

The Calculation Agent will, as soon as practicable after the Relevant Time on each Interest Determination Date determine the Rate of Interest and calculate the amount of interest payable (the "**Interest Amounts**") in respect of each Calculation Amount of the relevant Floating Rate Notes or Variable Rate Notes for the relevant Interest Period. The amount of interest payable per Calculation Amount in respect of any Floating Rate Note or Variable Rate Note shall be calculated by multiplying the product of the Rate of Interest and the Calculation Amount, by the Day Count Fraction shown on the Note and rounding the resultant figure to the nearest sub-unit of the Relevant Currency (with halves rounded up). The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent shall (in the absence of manifest error) be final and binding upon all parties.

(b) ***Notification***

The Calculation Agent will cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to the Issuing and Paying Agent, the Trustee and the Issuer as soon as possible after their determination but in no event later than the fourth business day thereafter. In the case of Floating Rate Notes, if so required by the Issuer, the Calculation Agent will also cause the Rate of Interest and the Interest Amounts for each Interest Period and the relevant Interest Payment Date to be notified to Noteholders in accordance with Condition 16 (*Notices*) as soon as possible after their determination. The Interest Amounts and the Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without notice in the event of an extension or shortening of the Interest Period by reason of any Interest Payment Date not being a business day. If the Floating Rate Notes or Variable Rate Notes, as the case may be, become due and payable under Condition 10 (*Events of Default*), the Rate of Interest and Interest Amounts payable in respect of the Floating Rate Notes or Variable Rate Notes, as the case may be, shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest and Interest Amounts need to be made.

(c) ***Determination or Calculation by the Trustee***

If the Calculation Agent does not at any material time determine or calculate the Rate of Interest for an Interest Period or any Interest Amount, the Trustee shall use reasonable efforts to procure the determination or calculation of the Rate of Interest for such Interest Period or Interest Amount. In doing so, the Trustee shall apply the foregoing provisions of this Condition, with any necessary consequential amendments, to the extent that, in its sole opinion, it can do so, and, in all other respects, it shall do so in such manner as it shall in its sole opinion deem fair and reasonable in all the circumstances, and each such determination or calculation shall be deemed to have been made by the Calculation Agent.

(d) ***Calculation Agent and Reference Banks***

The Issuer will procure that, so long as any Floating Rate Note or Variable Rate Note remains outstanding, there shall at all times be three Reference Banks (or such other number as may be required) and, so long as any Floating Rate Note, Variable Rate Note or Zero Coupon Note remains outstanding, there shall at all times be a Calculation Agent. If any Reference Bank (acting through its relevant office) is unable or unwilling to continue to act as a Reference Bank or the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for any Interest Period or to calculate the Interest Amounts, the Issuer will appoint another bank with an office in the Relevant Financial Centre to act as such in its place.

6. **Redemption and Purchase**

(a) ***Final Redemption***

Unless previously redeemed or purchased and cancelled as provided below, this Note will be redeemed at its Redemption Amount on the Maturity Date shown on its face (if this Note is shown on its face to be a Fixed Rate Note or Zero Coupon Note) or on the Interest Payment Date falling in the Redemption Month shown on its face (if this Note is shown on its face to be a Floating Rate Note or Variable Rate Note).

(b) ***Purchase at the Option of Issuer***

If so provided hereon, the Issuer shall have the option to purchase all or any of the Fixed Rate Notes, Floating Rate Notes or Variable Rate Notes at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Noteholders shall be bound to sell such Notes to the Issuer accordingly. To exercise such option, the Issuer shall give irrevocable notice to the Noteholders within the Issuer's Purchase Option Period shown on the face hereof. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10 (*Events of Default*), 11 (*Enforcement of Rights*) and 12 (*Meeting of Noteholders and Modifications*).

In the case of a purchase of some only of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or in the case of Registered Notes shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be purchased, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange (as defined in the Trust Deed), the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any purchase of such Notes.

(c) ***Purchase at the Option of Noteholders***

(i) If so provided hereon, each Noteholder shall have the option to have all or any of his Variable Rate Notes purchased by the Issuer at their Redemption Amount on any Interest Payment Date and the Issuer will purchase such Variable Rate Notes accordingly. To exercise such option, a Noteholder shall deposit any Variable Rate Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Variable Rate Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' VRN Purchase Option Period shown on the face hereof. Any Variable Rate Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Variable Rate Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Variable Rate Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10 (*Events of Default*), 11 (*Enforcement of Rights*) and 12 (*Meeting of Noteholders and Modifications*).

(ii) If so provided hereon, each Noteholder shall have the option to have all or any of his Fixed Rate Notes or Floating Rate Notes purchased by the Issuer at their Redemption Amount on any date on which interest is due to be paid on such Notes and the Issuer will purchase such Notes accordingly. To exercise such option, a Noteholder shall deposit any Notes to be purchased with the Issuing and Paying Agent at its specified office together with all Coupons relating to such Notes which mature after the date fixed for purchase, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent within the Noteholders' Purchase Option Period shown on the face hereof. Any Notes so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer. Such Notes may be held, resold or surrendered to the Issuing and Paying Agent for cancellation. The Notes so purchased, while held by or on behalf of the Issuer, shall not entitle the holder to vote at any meetings of the Noteholders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of the Noteholders or for the purposes of Conditions 10 (*Events of Default*), 11 (*Enforcement of Rights*) and 12 (*Meeting of Noteholders and Modifications*).

(d) ***Redemption at the Option of the Issuer***

If so provided hereon, the Issuer may, on giving irrevocable notice to the Noteholders falling within the Issuer's Redemption Option Period shown on the face hereof, redeem all or, if so provided, some of the Notes at their Redemption Amount or integral multiples thereof and on the date or dates so provided. Any such redemption of Notes shall be at their Redemption Amount, together with interest accrued to the date fixed for redemption.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition 6(d) (*Redemption at the Option of the Issuer*).

In the case of a partial redemption of the Notes, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes or in the case of Registered Notes shall specify the principal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn by or on behalf of the Issuer in such place and in such manner as may be agreed between the Issuer and the Trustee, subject to compliance with any applicable laws. So long as the Notes are listed on any Stock Exchange, the Issuer shall comply with the rules of such Stock Exchange in relation to the publication of any redemption of such Notes.

(e) ***Redemption at the Option of Noteholders***

(i) If so provided hereon, the Issuer shall, at the option of the holder of any Note, redeem such Note on the date or dates so provided at its Redemption Amount, together with interest accrued to the date fixed for redemption. To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons) with the Issuing and Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar, the Transfer Agent or the Issuer (as applicable) within the Noteholders' Redemption Option Period shown on the face hereof. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(ii) Following the occurrence of a Change of Control Event, the Issuer shall, at the option of the holder of any Note, repurchase such Note at the Redemption Amount, together with interest accrued to the date fixed for repurchase.

Within 10 days following any Change of Control Event, the Issuer will give notice to the holders in accordance with Condition 16 (*Notices*), with a copy to the Trustee (the "**Redemption Offer Notice**") stating:

(1) that a Change of Control Event has occurred and that each Noteholder has the right to require the Issuer to purchase such Noteholder's Notes at the applicable purchase price;

(2) the circumstances and relevant facts regarding such Change of Control Event; and

(3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date of such Redemption Offer Notice).

To exercise such option, the holder must deposit (in the case of Bearer Notes) such Notes (together with all unmatured Coupons) with the Issuing and Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar, the Transfer Agent or the Issuer (as applicable) by no later than 10 days prior to the purchase date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

For the purposes of this Condition 6(e)(ii), a "**Change of Control Event**" occurs when:

(1) any Person individually or Persons acting together (except for the present beneficiaries of the Widjaja Family Master Trust (2) (the "**Widjaja Family**")) directly or indirectly acquires control of the Guarantor;

(2) the Guarantor consolidates with or merges into or sells or transfers all or substantially all of the Guarantor's assets to any other person, unless the consolidation, merger, sale or transfer will not result in the other person or persons acquiring control over the Guarantor or the successor entity; or

(3) the Widjaja Family acquires 90 per cent. of the voting rights of the issued share capital of the Guarantor, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

A "**Person**" means any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, company, firm, trust, organisation, government, or any agency or political subdivision thereof, or any other entity, whether or not having a separate legal personality.

"**control**" means the acquisition or control of more than 50 per cent. of the voting rights of the issued share capital of the Guarantor or the right to appoint and/or remove all or the majority of the members of the Guarantor's Board of Directors or other governing body, whether obtained directly or indirectly, and whether obtained by ownership of share capital, the possession of voting rights, contract or otherwise.

(iii) In the event that (i) the shares in the Guarantor cease to be listed on the SGX-ST or (ii) trading in the shares in the Guarantor on the SGX-ST is suspended for a continuous period of more than 21 consecutive trading days (in either case, the "**Delisting Event**"), the Issuer shall, at the option of the holder of any Note, repurchase such Note at the Redemption Amount together with interest accrued to the date fixed for repurchase.

Within 10 days of the occurrence of the Delisting Event, the Issuer shall give notice to the holders in accordance with Condition 16 (*Notices*), with a copy to the Trustee (the "**Delisting Redemption Offer Notice**") stating:

(1) that a Delisting Event has occurred and that each Noteholder has the right to require the Issuer to purchase such Noteholder's Notes at the applicable purchase price;

(2) the circumstances and relevant facts regarding such Delisting Event; and

(3) the purchase date (which shall be no earlier than 30 days nor later than 60 days from the date of such Delisting Redemption Offer Notice).

To exercise such option, the holder must deposit (in the case of Bearer Notes) such Note (together with all unmatured Coupons) with the Issuing and Paying Agent or (in the case of Registered Notes) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice in the form obtainable from the Issuing and Paying Agent, the Registrar, the Transfer Agent or the Issuer (as applicable) by no later than 10 days prior to the purchase date. Any Note or Certificate so deposited may not be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) ***Redemption for Taxation Reasons***

If so provided hereon, the Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date or, if so specified hereon, at any time on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable), at their Redemption Amount or (in the case of Zero Coupon Notes) Early Redemption Amount (together with interest accrued to (but excluding) the date fixed for redemption), if (i) the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*), or, if the Guarantee was called, the Guarantor has or will become obliged to pay additional amounts as provided or referred to in Condition 8 (*Taxation*) in excess of the additional amounts that it would have otherwise paid as at the Issue Date, as a result of any change in, or amendment to, the laws (or any regulations, rulings or other administrative pronouncements promulgated thereunder) of Singapore (in the case of a payment by the Issuer) or Mauritius (in the case of a payment by the Guarantor) or any political subdivision or, in each case, any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws, regulations, rulings or other administrative pronouncements, which change or amendment is made public on or after the Issue Date or any other date specified in the Pricing Supplement, and (ii) such obligations cannot be avoided by the Issuer or, as the case may be, the Guarantor, taking reasonable measures available to it, **provided that** no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor would be obliged to pay such additional amounts were a payment in respect of the Notes then due. At least 15 days prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Issuing and Paying Agent a certificate signed by a duly authorised officer of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal, tax or any other professional advisers of recognised standing to the effect that the Issuer or, as the case may be, the Guarantor has or is likely to become obliged to pay such additional amounts as a result of such change or amendment.

(g) ***Purchases***

The Issuer, the Guarantor or any of their respective related corporations may at any time purchase Notes at any price (**provided that** they are purchased together with all unmatured Coupons relating to them) in the open market or otherwise, **provided that** in any such case such purchase or purchases is in compliance with all relevant laws, regulations and directives.

Notes purchased by the Issuer, the Guarantor or any of their respective related corporations may be surrendered by the purchaser through the Issuer to the Issuing and Paying Agent for cancellation or may at the option of the Issuer, the Guarantor or relevant related corporation be held or resold.

For the purposes of these Conditions, "**directive**" includes any present or future directive, regulation, request, requirement, rule or credit restraint programme of any relevant agency, authority, central bank department, government, legislative, minister, ministry, official public or statutory corporation, self-regulating organisation, or stock exchange.

(h) ***Early Redemption of Zero Coupon Notes***

(i) The Early Redemption Amount payable in respect of any Zero Coupon Note, the Early Redemption Amount of which is not linked to an index and/or formula, upon redemption of such Note pursuant to Condition 6(f) (*Redemption for Taxation Reasons*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*), shall be the Amortised Face Amount (calculated as provided below) of such Note unless otherwise specified hereon.

(ii) Subject to the provisions of sub-paragraph (iii) below, the Amortised Face Amount of any such Note shall be the scheduled Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.

(iii) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(f) (*Redemption for Taxation Reasons*) or upon it becoming due and payable as provided in Condition 10 (*Events of Default*) is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (ii) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph will continue to be made (as well after as before judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Redemption Amount of such Note on the Maturity Date together with any interest which may accrue in accordance with Condition 5(III) (*Zero Coupon Notes*).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown on the face of the Note.

(i) ***Cancellation***

All Notes purchased by or on behalf of the Issuer, the Guarantor or any of their respective related corporations may be surrendered for cancellation, in the case of Bearer Notes, by surrendering each such Note together with all unmatured Coupons to the Issuing and Paying Agent at its specified office and, in the case of Registered Notes, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold.

7. **Payments**

(a) ***Principal and Interest in respect of Bearer Notes not held in the CMU***

Payments of principal and interest in respect of the Bearer Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Notes or Coupons, as the case may be:

(i) in the case of a currency other than Renminbi, at the specified office of the Issuing and Paying Agent by a cheque drawn in the currency in which payment is due on, or, at the option of the holders, by transfer to an account maintained by the payee in that currency with, a Bank; and

(ii) in the case of Renminbi, by transfer to a relevant account maintained by or on behalf of the Noteholder. If a holder does not maintain a relevant account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, **provided that** the Issuer shall not have any obligation to make any such arrangements.

In this Condition:

"**Bank**" means a bank in the principal financial center for such currency or, in the case of Euro, in a city in which banks have access to the TARGET System.

"**relevant account**" means the Renminbi account maintained by or on behalf of the Noteholder with:

(1) in the case of Notes cleared through the CMU; a bank in Hong Kong; or

(2) in the case of Notes cleared through the Depository, a bank in Singapore or Hong Kong.

(b) ***Principal and Interest in respect of Bearer Notes held in the CMU***

Payments of principal and interest in respect of Bearer Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Bearer Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

(c) ***Principal and Interest in respect of Registered Notes not held in the CMU***

(i) Payments of principal in respect of Registered Notes will, subject as mentioned below, be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in Condition 7(c)(ii).

(ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business (1) in the case of a currency other than Renminbi, on the fifteenth day before the due date for payment thereof; and (2) in the case of Notes denominated in Renminbi, on the fifth business day before the due date for payment (the "**Record Date**"). Payments of interest on each Registered Note shall be made:

(A) in the case of a currency other than Renminbi, by a cheque drawn in the currency in which payment is due on and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any other Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account maintained by the payee in that currency with, a bank in the principal financial centre for that currency; and

(B) in the case of Renminbi, by transfer to the registered account of the Noteholder. If a holder does not maintain a registered account in respect of a payment to be made under the Notes, the Issuer reserves the right, in its sole discretion and upon such terms as it may determine, to make arrangements to pay such amount to that holder by another means, **provided that** the Issuer shall not have any obligation to make any such arrangements.

In this Condition 7(c) (*Principal and Interest in respect of Bearer Notes held in the CMU*):"**registered account**" means the Renminbi account maintained by or on behalf of the Noteholder with:

(aa) in the case of Notes cleared through the CMU, a bank in Hong Kong; or (bb) in the case of Notes cleared through the Depository, a bank in Singapore or Hong Kong,

details of which appear on the Register at the close of business on the fifth Business Day before the due date for payment.

For so long as any of the Notes is represented by a Global Certificate, and such Global Certificate is held by a common depositary for Euroclear and Clearstream, Luxembourg, each payment of principal or interest will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the Clearing System Business Day immediately prior to the date for payment, where Clearing System Business Day means Monday to Friday inclusive except 25 December and 1 January. For so long as any of the Notes is represented by a Global Certificate, and such Global Certificate is held by the Depository, each payment of principal or interest will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth Business Day immediately prior to the date for payment.

(d) ***Principal and Interest in respect of Registered Notes held in the CMU***

Payments of principal and interest in respect of Registered Notes held in the CMU will be made to the person(s) for whose account(s) interests in the relevant Registered Note are credited as being held with the CMU in accordance with the CMU Rules at the relevant time as notified to the CMU Lodging and Paying Agent by the CMU in a relevant CMU Instrument Position Report or any other relevant notification by the CMU, which notification shall be conclusive evidence of the records of the CMU (save in the case of manifest error) and payment made in accordance thereof shall discharge the obligations of the Issuer in respect of that payment.

For so long as any of the Notes that are cleared through the CMU are represented by a Global Note or a Global Certificate, payments of interest or principal will be made to the persons for whose account a relevant interest in that Global Note or, as the case may be, that Global Certificate is credited as being held by the operator of the CMU at the relevant time, as notified to the CMU Lodging and Paying Agent by the operator of the CMU in a relevant CMU Instrument Position Report or in any other relevant notification by the operator of the CMU. Such payment will discharge the Issuer's obligations in respect of that payment. Any payments by the CMU participants to indirect participants will be governed by arrangements agreed between the CMU participants and the indirect participants and will continue to depend on the inter-bank clearing system and traditional payment methods. Such payments will be the sole responsibility of such CMU participants.

(e) ***Payments subject to law etc.***

All payments in respect of the Notes are subject in all cases to (i) any applicable fiscal or other laws and regulations in the place of payment, but without prejudice to the provisions of Condition 8 (*Taxation*) and (ii) any withholding or deduction required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986 (the "**Code**") or otherwise imposed pursuant to Sections 1471 through 1474 of the Code, any regulations or agreements thereunder, any official interpretations thereof, or (without prejudice to the provisions of Condition 8 (*Taxation*)) any law implementing an intergovernmental approach thereto.

(f) ***Appointment of Agents***

The Issuing and Paying Agent, the Non-CDP Paying Agent, the CMU Lodging and Paying Agent, the CDP Transfer Agent, the Non-CDP Transfer Agent, the CMU Transfer Agent, the CDP Registrar, the Non-CDP Registrar and the CMU Registrar initially appointed by the Issuer and the Guarantor and their specified office(s) are listed below. The Issuer and the Guarantor reserve the right at any time to vary or terminate the appointment of the Issuing and Paying Agent, the Non-CDP Paying Agent, the CMU Lodging and Paying Agent, any other Paying Agent, the Calculation Agent, the CDP Transfer Agent, the Non- CDP Transfer Agent, the CMU Transfer Agent, and other Transfer Agent, the CDP Registrar, the Non-CDP Registrar, the CMU Registrar and any other Registrar and to appoint additional or other Paying Agents, Calculation Agents, Transfer Agents and Registrars **provided that** they will at all times maintain (i) an Issuing and Paying Agent, non-CDP Paying Agent or CMU Lodging and Paying Agent, as the case may be, (ii) a Calculation Agent where the Conditions so require, (iii) a Transfer Agent in relation to Registered Notes and (iv) a Registrar in relation to Registered Notes.

Notice of any such change or any change of any specified office will promptly be given to the Noteholders in accordance with Condition 16 (*Notices*).

The Issuer, the Guarantor, the Issuing and Paying Agent, the Calculation Agent and the Trustee may, without the consent of any Noteholder, agree to the modification of any of the provisions of the Agency Agreement which is of a formal, minor or technical nature, which is made to correct a manifest error or to comply with mandatory provisions of Singapore law, which is required by Euroclear, Clearstream, Luxembourg, the Depository and/or any other clearing system in which the Notes may be held or which the Issuer, the Guarantor, the Issuing and Paying Agent, the Calculation Agent and the Trustee may mutually deem necessary or desirable and which is not, in the opinion of the Issuer, the Guarantor, the Issuing and Paying Agent, the Calculation Agent and the Trustee, materially prejudicial to the interests of the Noteholders. Any such modification shall be binding on the Noteholders.

(g) ***Unmatured Coupons***

(i) Bearer Notes which comprise Fixed Rate Notes should be surrendered for payment together with all unmatured Coupons (if any) relating to such Notes, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon which the sum of principal so paid bears to the total principal due) will be deducted from the Redemption Amount due for payment. Any amount so deducted will be paid in the manner mentioned above against surrender of such missing Coupon within a period of five years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9 (*Prescription*)).

(ii) Subject to the provisions of the relevant Pricing Supplement upon the due date for redemption of any Bearer Note comprising a Floating Rate Note or Variable Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.

(iii) Where any Bearer Note comprising a Floating Rate Note or Variable Rate Note is presented for redemption without all unmatured Coupons relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.

(iv) If the due date for redemption or repayment of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate.

(h) ***Non-business days***

Subject as provided in the relevant Pricing Supplement or subject as otherwise provided in these Conditions, if any date for the payment in respect of any Note or Coupon is not a business day, the holder shall not be entitled to payment until the next following business day and shall not be entitled to any further interest or other payment in respect of any such delay.

(i) ***Default Interest***

If on or after the due date for payment of any sum in respect of the Notes, payment of all or any part of such sum is not made against due presentation of the Notes or, as the case may be, the Coupons, the Issuer shall pay interest on the amount so unpaid from such due date up to the day of actual receipt by the relevant Noteholders or, as the case may be, Couponholders (as well after as before judgment) at a rate per annum determined by the Issuing and Paying Agent to be equal to two per cent. per annum above (in the case of a Fixed Rate Note) the Interest Rate applicable to such Note, (in the case of a Floating Rate Note) the Rate of Interest applicable to such Note or (in the case of a Variable Rate Note) the variable rate by which the Agreed Yield applicable to such Note is determined or, as the case may be, the Rate of Interest applicable to such Note, or in the case of a Zero Coupon Note, as provided for in the relevant Pricing Supplement. So long as the default continues then such rate shall be re-calculated on the same basis at intervals of such duration as the Issuing and Paying Agent may select, save that the amount of unpaid interest at the above rate accruing during the preceding such period shall be added to the amount in respect of which the Issuer is in default and itself bear interest accordingly. Interest at the rate(s) determined in accordance with this paragraph shall be calculated on the Day Count Fraction shown on the face of the Note and the actual number of days elapsed, shall accrue on a daily basis and shall be immediately due and payable by the Issuer.

(j) ***Renminbi fallback***

Notwithstanding anything to the contrary herein, if by reason of Inconvertibility, Non-transferability or Illiquidity, the Issuer is not able to satisfy payments of principal or interest in respect of the Notes when due in Renminbi in the RMB Relevant Financial Centre, the Issuer shall, on giving not less than 10 business nor more than 30 days irrevocable notice to the Noteholders prior to the due date for payment, settle any such payment in U.S. dollars, on the due date at the U.S. Dollar Equivalent, of any such Renminbi denominated amount.

In such event, payments of the U.S. Dollar Equivalent of the relevant principal or interest in respect of the Notes shall be made by transfer to a U.S. dollar denominated account maintained by the payee with, or by a U.S. dollar denominated cheque drawn on, or, at the option of the holder, by transfer to a U.S. dollar account maintained by the holder with, a bank in New York City; and the definition of "**business day**" for the purpose of this Condition 7(j) (*Renminbi fallback*) shall mean any day on which banks and foreign exchange markets are open for general business in the relevant place of presentation, and New York City.

In this Condition:

"**Determination Business Day**" means a day (other than a Saturday or Sunday) on which commercial banks are open for general business (including dealings in foreign exchange), in Hong Kong, in the RMB Relevant Financial Centre and New York City;

"**Determination Date**" means the day which is seven Determination Business Days before the due date for payment of the relevant amount under these Conditions;

"**Governmental Authority**" means any *de facto* or *de jure* government (or any agency or instrumentality thereof), court, tribunal, administrative or other governmental authority or any other entity (private or public) charged with the regulation of the financial markets (including the central bank) of the RMB Relevant Financial Centre;

"**Illiquidity**" means the general Renminbi exchange market in the RMB Relevant Financial Centre becomes illiquid as a result of which the Issuer cannot obtain sufficient Renminbi in order to satisfy its obligation to pay interest or principal in respect of the Notes as determined by the Issuer in good faith and in a commercially reasonable manner following consultation with two Renminbi Dealers selected by the Issuer;

"**Inconvertibility**" means the occurrence of any event that makes it impossible (where it had been previously possible) for the Issuer to convert any amount due in respect of the Notes in the general Renminbi exchange market in the RMB Relevant Financial Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**Non-transferability**" means the occurrence of any event that makes it impossible for the Issuer to transfer Renminbi between accounts inside the RMB Relevant Financial Centre or from an account inside the RMB Relevant Financial Centre to an account outside the RMB Relevant Financial Centre, other than where such impossibility is due solely to the failure of the Issuer to comply with any law, rule or regulation enacted by any Governmental Authority (unless such law, rule or regulation is enacted after the Issue Date and it is impossible for the Issuer, due to an event beyond its control, to comply with such law, rule or regulation);

"**PRC**" means the People's Republic of China (excluding the Hong Kong Special Administrative Region, the Macau Special Administrative Region and Taiwan);

"**Renminbi Dealer**" means an independent foreign exchange dealer of international repute active in the Renminbi exchange market in the RMB Relevant Financial Centre;

"**RMB Relevant Financial Centre**" shall have the meaning given to it in the relevant Pricing Supplement;

"**Spot Rate**" means the spot CNY/U.S. dollar exchange rate for the purchase of U.S. dollars with Renminbi in the over-the-counter Renminbi exchange market in Hong Kong for settlement in seven Determination Business Days, as determined by the Calculation Agent at or around 11.00 a.m. (Hong Kong time) on the Determination Date, on a deliverable basis by reference to Reuters Screen Page TRADCNY3, or if no such rate is available, on a non-deliverable basis by reference to Reuters Screen Page TRADNDF;

If such rate is not available, the Spot Rate shall be determined at or around 11.00 a.m. (Hong Kong time) on the Determination Date by reference to the most recently available CNY/ U.S. dollar official fixing rate for settlement in seven Determination Business Days reported by The State Administration of Foreign Exchange of the PRC, which is reported on the Reuters Screen Page CNY=SAEC. Reference to a page on the Reuters Screen means the display page so designated on the Reuter Monitor Money Rates Service (or any successor service) or such other page as may replace that page for the purpose of displaying a comparable currency exchange rate; and

"**U.S. Dollar Equivalent**" means the Renminbi amount converted into U.S. dollars using the Spot Rate for the relevant Determination Date as promptly notified by the Issuer.

8. **Taxation**

All payments in respect of the Notes and the Coupons by the Issuer or, as the case may be, the Guarantor shall be made free and clear of, and without deduction or withholding for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within Singapore or Mauritius or any authority thereof or therein having power to tax, unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts as will result in the receipt by the Noteholders and the Couponholders of such amounts as would have been received by them had no such deduction or withholding been required, except that no such additional amounts shall be payable in respect of any Note or Coupon presented (or in respect of which the Certificate representing it is presented) for payment:

(a) by or on behalf of a holder who is subject to such taxes, duties, assessments or governmental charges by reason of his being connected with Singapore or, in the case of payments by the Guarantor, Mauritius otherwise than by reason only of the holding of such Note or Coupon or the receipt of any sums due in respect of such Note or Coupon (including, without limitation, the holder being a resident of, or a permanent establishment in, Singapore); or

(b) more than 30 days after the Relevant Date except to the extent that the holder thereof would have been entitled to such additional amounts on presenting the same for payment on the last day of such period of 30 days.

As used in these Conditions, "**Relevant Date**" in respect of any Note or Coupon means the date on which payment in respect thereof first becomes due or (if any amount of the money payable is improperly withheld or refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date falling seven days after that on which notice is duly given to the Noteholders in accordance with Condition 16 (*Notices*) that, upon further presentation of the Note (or relative Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, **provided that** payment is in fact made upon presentation, and references to "**principal**" shall be deemed to include any premium payable in respect of the Notes, all Redemption Amounts, Early Redemption Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 (*Redemption and Purchase*), "**interest**" shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 (*Interest on Fixed Rate Notes*) and any reference to "**principal**" and/or "**premium**" and/or "**Redemption Amounts**" and/or "**interest**" and/or "**Early Redemption Amounts**" shall be deemed to include any additional amounts which may be payable under these Conditions.

9. Prescription

The Notes and Coupons shall become void unless presented for payment within five years from the appropriate Relevant Date for payment.

10. Events of Default

If any of the following events ("**Events of Default**") occurs the Trustee at its discretion may (but is not obliged to), and if so requested by holders of at least 25 per cent. in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, in each case, subject to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction, give notice in writing to the Issuer that the Notes are immediately repayable, whereupon the Redemption Amount of such Notes or (in the case of Zero Coupon Notes) the Early Redemption Amount of such Notes together with accrued interest to the date of payment shall become immediately due and payable:

(a) the Issuer or the Guarantor does not pay any principal payable by it under any of the Notes or the Issue Documents within five business days of its due date or the Issuer or the Guarantor does not pay any other sum (other than principal) payable by it under any of the Notes or the Issue Documents within seven business days of its due date, in each case at the place at and in the currency in which it is expressed to be payable;

(b) the Issuer or the Guarantor does not perform or comply with any one or more of its obligations (other than the payment obligation of the Issuer or the Guarantor referred to in paragraph (a)) under any of the Issue Documents or any of the Notes and, if in the opinion of the Trustee that default is capable of remedy, it is not in the opinion of the Trustee remedied within 30 days of the earlier of (i) the Trustee giving written notice of the failure to perform or comply to the Issuer or the Guarantor and (ii) the Issuer or the Guarantor becoming aware of the failure to perform or comply;

(c) any representation, warranty or statement by the Issuer or the Guarantor in any of the Issue Documents or any of the Notes or in any document delivered under any of the Issue Documents or any of the Notes is not complied with in any respect or is or proves to have been incorrect in any respect when made or deemed repeated and, if that default is capable of remedy, it is not remedied within 30 days of the giving by the Trustee to the Issuer of a written notice of such non-compliance or incorrect representation, warranty or statement and requiring the circumstances resulting in such non-compliance or incorrectness to be remedied;

(d) (i) any other indebtedness of the Issuer or the Guarantor or any Principal Subsidiary in respect of borrowed moneys is or is declared to be rendered due and payable prior to its stated maturity by reason of event of default or the like (however described) or is not paid when due within any applicable grace period or, as a result of any event of default or the like (however described) any facility relating to any such indebtedness is or is declared to be cancelled or terminated before its normal expiry date or any person otherwise entitled to use any such facility is not so entitled; or

(ii) the Issuer or the Guarantor or any Principal Subsidiary fails to pay when properly called upon to do so under any guarantee of indebtedness for borrowed moneys,

provided however that no Event of Default will occur under this Condition 10(d) unless and until the aggregate amount of the indebtedness in respect of which one or more of the events mentioned above in this Condition 10(d) has/have occurred equals or exceeds US$50,000,000 (or its equivalent in other currency or currencies);

(e) any of the Issuer or the Guarantor or any Principal Subsidiary is (or is, or could be, deemed by law or a competent court to be) insolvent or unable to pay its debts, stops, suspends or threatens to stop or suspend payment of all or a material part of (or of a particular type of) its indebtedness, begins negotiations or takes any other step with a view to the deferral, rescheduling or other readjustment of all or a material part of (or of a particular type of) its indebtedness (or of any part which it will or might otherwise be unable to pay when due), proposes or makes a general assignment or an arrangement or composition with or for the benefit of the relevant creditors or a moratorium is agreed or declared in respect of or affecting all or a material part of (or of a particular type of) the indebtedness of the Issuer or any of its subsidiaries;

(f) a distress, attachment, execution or other legal process is levied, enforced or sued out on or against all or a material part of the property, assets or revenues of the Issuer or the Guarantor or any Principal Subsidiary and is not discharged or stayed within 21 days;

(g) any security on or over the whole or a material part of the property or assets of the Issuer or the Guarantor or any Principal Subsidiary becomes enforceable or any step is taken to enforce it (including the taking of possession or the appointment of a receiver, manager or other similar person) and which cannot be discharged within 30 days;

(h) any step is taken by any person with a view to the winding-up of the Issuer, the Guarantor or any Principal Subsidiary (except for (i) the purpose of and followed by a reconstruction, amalgamation, reorganisation, merger or consolidation on terms approved by the Trustee or the Noteholders by way of an Extraordinary Resolution before that step is taken or (ii) (in the case of a Principal Subsidiary only) a winding-up of such Principal Subsidiary following a disposal or other event permitted by Clause 16.31 of the Trust Deed or where the undertakings and/or assets of such Principal Subsidiary are transferred to the Guarantor or any of its other subsidiaries) or any step is taken by any person for the appointment of a liquidator (including a provisional liquidator), receiver, judicial manager, trustee, administrator, agent or similar officer of the Issuer, the Guarantor or any Principal Subsidiary or over all or a material part of the property, assets or revenues of the Issuer, the Guarantor or any Principal Subsidiary;

(i) any of the Issuer or the Guarantor or any Principal Subsidiary ceases or threatens to cease to carry on all or a material part of its business or (otherwise than in the ordinary course of its business) disposes or threatens to dispose of the whole or any part of its property or assets;

(j) any material step is taken by any person with a view to the seizure, compulsory acquisition, expropriation or nationalisation of all or a material part of the assets of the Issuer, the Guarantor or any Principal Subsidiary;

(k) any action, condition or thing (including the obtaining of any necessary consent) at any time required to be taken, fulfilled or done for any of the purposes stated in Clause 15.3 of the Trust Deed is not taken, fulfilled or done, or any such consent ceases to be in full force and effect without modification or any condition in or relating to any such consent is not complied with (unless that consent or condition is no longer required or applicable);

(l) it is or will become unlawful for the Issuer or the Guarantor to perform or comply with any one or more of its obligations under any of the Issue Documents or any of the Notes;

(m) any of the Issue Documents or any of the Notes ceases for any reason (or is claimed by the Issuer or the Guarantor not) to be the legal and valid obligations of the Issuer or the Guarantor, binding upon it in accordance with its terms;

(n) any litigation, arbitration or administrative proceeding is current or pending against the Issuer or the Guarantor or any Principal Subsidiary (other than those which are of a frivolous or vexatious nature and which are being disputed in good faith) (i) to restrain the exercise of any of the rights and/or the performance or enforcement of or compliance with any of the obligations of the Issuer or the Guarantor under any of the Issue Documents or any of the Notes or (ii) which has or could have a material adverse effect on the Issuer or the Guarantor or any Principal Subsidiary;

(o) any event occurs which, under the law of any relevant jurisdiction, has an analogous or equivalent effect to any of the events mentioned in paragraph (e), (f), (g), (h) or (j);

(p) the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect; or

(q) the Issuer, the Guarantor or any Principal Subsidiary is declared by the Minister of Finance to be a declared company under the provisions of Part IX of the Companies Act, Chapter 50 of Singapore.

11. **Enforcement of Rights**

At any time after the occurrence of an Event of Default or after the Notes shall have become due and payable, the Trustee may, at its discretion and without further notice, institute such proceedings against the Issuer or the Guarantor as it may think fit to enforce repayment of the Notes, together with accrued interest, and to enforce the provisions of the Issue Documents but it shall not be bound to take any such proceedings unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by Noteholders holding not less than 25 per cent. in principal amount of the Notes outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded by the Noteholders to its satisfaction. No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound to do so, fails or neglects to do so within a reasonable period and such failure or neglect shall be continuing.

12. **Meeting of Noteholders and Modifications**

The Trust Deed contains provisions for convening meetings of Noteholders of a Series to consider any matter affecting their interests, including modification by Extraordinary Resolution of the Notes of such Series (including these Conditions insofar as the same may apply to such Notes) or any of the provisions of the Trust Deed.

The Trustee, the Issuer or the Guarantor at any time may, and the Trustee upon the request in writing by Noteholders holding not less than one-tenth of the principal amount of the Notes of any Series for the time being outstanding and after being indemnified and/or secured and/or pre-funded to its satisfaction against all costs and expenses shall, convene a meeting of the Noteholders of that Series. An Extraordinary Resolution duly passed at any such meeting shall be binding on all the Noteholders of the relevant Series, whether present or not and on all relevant Couponholders, except that any Extraordinary Resolution proposed, *inter alia,* (a) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (b) to reduce or cancel the principal amount of, or any premium payable on redemption of, the Notes,

(c) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates of interest or the basis for calculating any Interest Amount in respect of the Notes, (d) to vary any method of, or basis for, calculating the Redemption Amount or the Early Redemption Amount including the method of calculating the Amortised Face Amount, (e) to vary the currency or currencies of payment or denomination of the Notes, (f) to take any steps that as specified hereon may only be taken following approval by an Extraordinary Resolution to which the special quorum provisions apply, (g) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (h) to modify or cancel the Guarantee, will only be binding if passed at a meeting of the Noteholders of the relevant Series (or at any adjournment thereof) at which a special quorum (provided for in the Trust Deed) is present.

The Trustee may agree, without the consent of the Noteholders or Couponholders and at the Issuer's expense, to (i) any modification of any of the provisions of the Trust Deed which in the opinion of the Trustee is of a formal, minor or technical nature, is made to correct a manifest error or an error which, in the opinion of the Trustee, is proven or to comply with mandatory provisions of law or is required by Euroclear, Clearstream, Luxembourg, the Depository, the CMU and/or any other clearing system in which the Notes may be held and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of the Trust Deed which is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and such modification, authorisation or waiver shall be notified by the Issuer to the Noteholders as soon as practicable.

In connection with the exercise of its functions (including but not limited to those in relation to any proposed modification, waiver, authorisation or substitution) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders.

These Conditions may be amended, modified, or varied in relation to any Series of Notes by the terms of the relevant Pricing Supplement in relation to such Series.

13. Replacement of Notes, Certificates and Coupons

If a Note, Certificate or Coupon is lost, stolen, mutilated, defaced or destroyed it may be replaced, subject to applicable laws, at the specified office of the Issuing and Paying Agent (in the case of Bearer Notes or Coupons) or of the Registrar (in the case of Certificates), or at the specified office of such other Issuing and Paying Agent or, as the case may be, Registrar as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders in accordance with Condition 16 (*Notices*) during usual business hours, on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, undertaking, security and indemnity (which may provide, *inter alia,* that if the allegedly lost, stolen or destroyed Note, Certificate or Coupon is subsequently presented for payment, there will be paid to the Issuer on demand the amount paid or payable by the Issuer in respect of such Note, Certificate or Coupon) and otherwise as the Issuer may require. Mutilated or defaced Notes, Certificates or Coupons must be surrendered before replacements will be issued.

14. Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further notes having the same terms and conditions as the Notes of any Series and so that the same shall be consolidated and form a single Series with such Notes, and references in these Conditions to "**Notes**" shall be construed accordingly.

15. Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking proceedings to enforce repayment unless indemnified and/or secured and/or pre-funded to its satisfaction. The Trust Deed also contains a provision entitling the Trustee or any corporation related to it to enter into business transactions with the Issuer, the Guarantor or any of their respective related corporations without accounting to the Noteholders or Couponholders for any profit resulting from such transactions.

Each Noteholder shall be solely responsible for making and continuing to make its own independent appraisal and investigation into the financial condition, creditworthiness, condition, affairs, status and nature of the Issuer, and the Trustee shall not at any time have any responsibility for the same and each Noteholder shall not rely on the Trustee in respect thereof.

The Trustee may rely without liability to Noteholders on any report, confirmation or certificate or any advice of any accountants, financial advisers, legal advisers, financial institution or any other expert, whether or not addressed to it and whether or not their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or in any other manner) by reference to a monetary cap, methodology or otherwise.

16. **Notices**

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes will be valid if published in a daily newspaper of general circulation in Singapore (or, if the holders of any Series of Notes can be identified, notices to such holders will also be valid if they are given to each of such holders). It is expected that such publication will be made in *The Business Times.* Notices will, if published more than once or on different dates, be deemed to have been given on the date of the first publication in such newspaper as provided above. Couponholders shall be deemed for all purposes to have notice of the contents of any notice to the holders of Bearer Notes in accordance with this Condition 16 (*Notices*).

Until such time as any Definitive Notes are issued, there may, so long as the Notes are represented by a Global Note(s) or a Global Certificate and such Global Note or Global Certificate is or are held in its or their entirety on behalf of Euroclear and Clearstream, Luxembourg, be substituted for such mailing or publication in such newspapers (as the case may be) the delivery of the relevant notice to Euroclear and Clearstream, Luxembourg for communication by it to the Noteholders, except that if the Notes are listed on the SGX-ST and the rules of such exchange so require, notice will in any event be published in accordance with the previous paragraph. Any such notice shall be deemed to have been given to the Noteholders on the seventh day after the day on which the said notice was given to Euroclear and Clearstream, Luxembourg.

So long as the Notes are represented by a Global Certificate held in the CMU, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to the persons shown in a CMU Instrument Position Report issued by the HKMA on the business day preceding the date of despatch of such notice.

Notices to be given by any Noteholder pursuant hereto (including to the Issuer) shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Issuing and Paying Agent (in the case of Bearer Notes) or the Registrar (in the case of Certificates).

Whilst the Notes are represented by a Global Note or a Global Certificate, such notice may be given by any Noteholder to the Issuing and Paying Agent or, as the case may be, the Registrar through Euroclear, Clearstream, Luxembourg and/or the CMU in such manner as the Issuing and Paying Agent or, as the case may be, the Registrar and Euroclear, Clearstream, Luxembourg and/ or the CMU may approve for this purpose.

Notwithstanding the other provisions of this Condition 16 (*Notices*), in any case where the identity and addresses of all the Noteholders are known to the Issuer, notices to such holders may be given individually by recorded delivery mail to such addresses and will be deemed to have been given when received at such addresses.

17. **Governing Law and Jurisdiction**

(a) ***Governing Law***:

(i) *English law Notes:* Unless otherwise specified in the relevant Pricing Supplement, the Trust Deed, the Guarantee, the CMU Cleared Notes and the Non-CDP Cleared Notes and the Coupons (relating to the CMU Cleared Notes and the Non-CDP Cleared Notes) and any non-contractual obligations arising out of or in connection therewith are governed by, and shall be construed in accordance with, the laws of England.

(ii) *Singapore law Notes:* Unless otherwise specified in the relevant Pricing Supplement, in relation to CDP Cleared Notes, the Guarantee, the CDP Cleared Notes and the Coupons (relating to the CDP Cleared Notes) are governed by, and shall be construed in accordance with, the laws of Singapore. In any such case the Issuer and the Guarantor shall prior to the issue of any such Series of CDP Cleared Notes, execute and deliver to the Trustee a Singapore Supplemental Trust Deed.

(b) ***Jurisdiction***:

(i) *English courts:* Unless otherwise specified in the relevant Pricing Supplement, the courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the CMU Cleared Notes and the Non-CDP Cleared Notes or the Coupons (relating to the CMU Cleared Notes and the Non-CDP Cleared Notes) or the Guarantee (the "**English Law Proceedings**") and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the CMU Cleared Notes and the Non-CDP Cleared Notes or the Coupons (relating to the CMU Cleared Notes and the Non-CDP Cleared Notes) or the Guarantee may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(ii) *Singapore courts:* Unless otherwise specified in the relevant Pricing Supplement, the courts of Singapore are to have jurisdiction to settle any disputes that may arise out of or in connection with the Trust Deed, the CDP Cleared Notes or the Coupons (relating to the CDP Cleared Notes) or the Guarantee (the "**Singapore Law Proceedings**") and accordingly any legal action or proceedings arising out of or in connection with the Trust Deed, the CDP Cleared Notes or the Coupons (relating to the CDP Cleared Notes) or the Guarantee may be brought in such courts. Each of the Issuer and the Guarantor has in the Trust Deed irrevocably submitted to the jurisdiction of such courts.

(c) ***Service of Process***:

(i) *English law Proceedings:* Each of the Issuer and the Guarantor has in the Trust Deed irrevocably appointed Law Debenture Corporate Services Limited as agent in England and Wales to receive, for it and on its behalf, service of process in any English Law Proceedings.

(ii) *Singapore law Proceedings:* The Guarantor has in the Trust Deed irrevocably appointed Golden Assets International Investment Pte. Ltd. as agent in Singapore to receive, for it and on its behalf, service of process in any Singapore Law Proceedings.

(d) ***No Immunity*****:** Each of the Issuer and the Guarantor agrees that in any legal action or proceedings arising out of or in connection with the Trust Deed, the Notes and the Coupons against it or any of its assets, no immunity (sovereign or otherwise) from such legal action or proceedings (which shall include, without limitation, suit, attachment prior to award, other attachment, the obtaining of an award, judgment, execution or other enforcement) shall be claimed by or on behalf of the Issuer or the Guarantor or with respect to any of their assets and irrevocably waives any such right of immunity which it or any of its assets now have or may hereafter acquire or which may be attributed to it or any of its assets and consent generally in respect of any such legal action or proceedings to the giving of any relief or the issue of any process in connection with such action or proceedings including, without limitation, the making, enforcement or execution against any property whatsoever (irrespective of its use or intended use) of any order, award or judgment which may be made or given in such action or proceedings.

18. **Contracts (Rights of Third Parties) Act**

(a) No person shall have any right to enforce any term or condition of the CMU Cleared Notes or Non-CDP Cleared Notes under the Contracts (Rights of Third Parties) Act 1999.

(b) No person shall have any right to enforce any term or condition of the CDP Cleared Notes under the Contracts (Rights of Third Parties) Act, Chapter 53B of Singapore.

FORM OF PRICING SUPPLEMENT

Pricing Supplement

[LOGO, if document is printed]

Golden Assets International Investment Pte. Ltd.
(Incorporated with limited liability in Singapore)

US$1,500,000,000
Medium Term Note Programme

Unconditionally and irrevocably guaranteed by

Golden Agri-Resources Ltd
(Incorporated in Mauritius)

SERIES NO: [●]
TRANCHE NO: [●]

[Brief Description and Amount of Notes]
Issue Price: [●] per cent.

[Publicity Name(s) of Dealer(s)]

[Issuing and Paying Agent/Non-CDP Paying Agent/CMU Lodging and Paying Agent/Registrar]
[The Bank of New York Mellon, Singapore Branch
[address]/
The Bank of New York Mellon, London Branch
[address]/
The Bank of New York Mellon, Hong Kong Branch
[address]/
The Bank of New York Mellon SA/NV, Luxembourg Branch
[address]]

The date of this Pricing Supplement is [●].

[**PROHIBITION OF SALES TO EEA RETAIL INVESTORS** – The Notes are not intended[, from 1 January 2018,] to be offered, sold or otherwise made available to and[, with effect from such date,] should not be offered, sold or otherwise made available to any retail investor in the European Economic Area ("**EEA**"). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); (ii) a customer within the meaning of Directive 2002/92/EC, where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Directive 2003/71/EC as amended. Consequently no key information document required by Regulation (EU) No 1286/2014 (the "**PRIIPs Regulation**") for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.]

This Pricing Supplement relates to the Tranche of Notes referred to above.

This Pricing Supplement, under which the Notes described herein (the "**Notes**") are issued, is supplemental to, and should be read in conjunction with, the Offering Circular dated 10 October 2017 (as revised, supplemented, amended, updated or replaced from time to time, the "**Offering Circular**") issued in relation to the US$1,500,000,000 Medium Term Note Programme of Golden Assets International Investment Pte. Ltd. (the "**Issuer**"). Terms defined in the Offering Circular have the same meaning in this Pricing Supplement. The Notes will be issued on the terms of this Pricing Supplement read together with the Offering Circular. Each of the Issuer and Golden Agri-Resources Ltd, in its capacity as guarantor ("**Guarantor**") accepts responsibility for the information contained in this Pricing Supplement which, when read together with the Offering Circular, contains all information that is material in the context of the issue of the Notes.

This Pricing Supplement does not constitute, and may not be used for the purposes of, an offer or solicitation by anyone in any jurisdiction in which such offer or solicitation is not authorised or to any person to whom it is unlawful to make such offer or solicitation, and no action is being taken to permit an offering of the Notes or the distribution of this Pricing Supplement in any jurisdiction where such action is required.

Where interest, discount income, prepayment fee, redemption premium or break cost is derived from any of the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for qualifying debt securities (subject to certain conditions) under the Income Tax Act, Chapter 134 of Singapore (the "**Income Tax Act**") shall not apply if such person acquires such Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Notes is not exempt from tax (including for the reasons described above) shall include such income in a return of income made under the Income Tax Act.

[[Except as disclosed in this Pricing Supplement, there/There] has been no change, or any development or event involving a prospective change, that is materially adverse to the condition (financial or otherwise), business, prospects, results of operations, assets, properties or general affairs of the Issuer, the Guarantor or the Group, taken as a whole since [date of last published audited accounts (consolidated in the case of the Guarantor) of the Issuer and the Guarantor respectively].]*

GOLDEN ASSETS INTERNATIONAL INVESTMENT PTE. LTD.

Signed: ....
Authorised signatory

GOLDEN AGRI-RESOURCES LTD

Signed: ....
Authorised signatory

* **N.B.** If any such change is disclosed in the Pricing Supplement, it will require approval by any stock exchange(s) on which the Programme is listed. Consideration should be given as to whether or not such disclosure should be made by means of a supplemental Offering Circular rather than in a Pricing Supplement.

The terms of the Notes and additional provisions relating to their issue are as follows:

[*Include whichever of the following apply*]

1.	Series No.:	[●]
2.	Tranche No.:	[●]
3.	Currency:	[●]
4.	Principal Amount of Series:	[●]
5.	Principal Amount of Tranche:	[●]
6.	Denomination Amount:	[●]
7.	Calculation Amount (if different from Denomination Amount):	[●]
8.	Issue Date:	[●]
9.	Redemption Amount (including early redemption):	[Denomination Amount/[others]] [Specify early redemption amount if different from final redemption amount or if different from that set out in the Conditions]
10.	Interest Basis:	[Fixed Rate/Floating Rate/Variable Rate/Zero Coupon]
11.	Interest Commencement Date:	[●]
12.	**Fixed Rate Note**	
	(a) Maturity Date:	[●]
	(b) Day Count Fraction:	[●] [To insert 2000 or 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.]
	(c) Interest Payment Date(s):	[●]
	(d) Initial Broken Amount:	[●]
	(e) Final Broken Amount:	[●]
	(f) Interest Rate:	[●] per cent. per annum
13.	**Floating Rate Note**	
	(a) Redemption Month:	[month and year]
	(b) Interest Determination Date:	[●] business days prior to the first day of each Interest Period

(c)	Day Count Fraction:	[●] [To insert 2000 or 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.]
(d)	Specified Number of Months (Interest Period):	[●]
(e)	Specified Interest Payment Dates:	[●]
(f)	Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(g)	Benchmark:	[SIBOR, Swap Rate or other benchmark]
(h)	Primary Source:	[Specify relevant screen page or "Reference Banks"]
(i)	Reference Banks:	[Specify three]
(j)	Relevant Time:	[●]
(k)	Relevant Financial Centre:	[The financial centre most closely connected to the Benchmark – specify if not Singapore]
(l)	Spread:	[+/-][●] per cent. per annum
(m)	Fall back provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: [●]	[●]

14. **Variable Rate Note**

(a)	Redemption Month:	[month and year]
(b)	Interest Determination Date:	[●] business days prior to the first day of each Interest Period
(c)	Day Count Fraction:	[●] [To insert 2000 or 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.]
(d)	Specified Number of Months (Interest Period):	[●]
(e)	Specified Interest Payment Dates:	[●]
(f)	Business Day Convention:	[Floating Rate Business Day Convention/ Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention/other (give details)]
(g)	Benchmark:	[SIBOR, Swap Rate or other benchmark]

	(h)	Primary Source:	[Specify relevant screen page or "Reference Banks"]
	(i)	Reference Banks:	[Specify three]
	(j)	Relevant Time:	[●]
	(k)	Relevant Financial Centre:	[The financial centre most closely connected to the Benchmark – specify if not Singapore]
	(l)	Spread:	[+/-] [●] per cent. per annum
15.	**Zero Coupon Note**		
	(a)	Maturity Date:	[●]
	(b)	Amortisation Yield:	[●] per cent. per annum
	(c)	Any other formula/basis of determining amount payable:	[●]
	(d)	Day Count Fraction:	[●] [To insert 2000 or 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc.]
	(e)	Any amount payable under Condition 7(g) (Default interest on the Notes):	[●]
16.	Issuer's Redemption Option		[Yes/No]
	Issuer's Redemption Option Period (Condition 6(d)):		[Specify maximum and minimum number of days for notice period] [Specify Dates]
17.	Noteholders' Redemption Option		[Yes/No]
	Noteholders' Redemption Option Period (Condition 6(e)):		[Specify maximum and minimum number of days for notice period] [Specify Dates]
18.	Issuer's Purchase Option		[Yes/No]
	Issuer's Purchase Option Period (Condition 6(b)):		[Specify maximum and minimum number of days for notice period] [Specify Dates]
19.	Noteholders' VRN Purchase Option		[Yes/No]
	Noteholders' VRN Purchase Option Period (Condition 6(c)(i)):		[Specify maximum and minimum number of days for notice period] [Specify Dates]
20.	Noteholders' Purchase Option		[Yes/No]
	Noteholders' Purchase Option Period (Condition 6(c)(ii)):		[Specify maximum and minimum number of days for notice period] [Specify Dates]
21.	Redemption for Taxation Reasons: (Condition 6(f))		[Yes/No] [on [insert other dates of redemption not on interest payment dates]]

22.	Form of Notes:	[Bearer/Registered] [Temporary Global Note exchangeable for Definitive Notes/Temporary Global Note exchangeable for Permanent Global Note/ Permanent Global Note exchangeable for Definitive Notes/Global Certificate]
23.	Applicable TEFRA exemption:	[C Rules/D Rules/TEFRA not applicable]
24.	U.S. Selling Restrictions:	Reg S Category 2
25.	Listing:	[●]
26.	ISIN Code:	[●]
27.	Common Code:	[●]
28.	CMU Instrument Number:	[●]
29.	Clearing System(s):	[Not Applicable/ Euroclear/ Clearstream, Luxembourg/ The Central Depository (Pte) Limited/ The Central Moneymarkets Unit Service] [other clearing information]
30.	Depository:	[Common depositary for Euroclear/Clearstream, Luxembourg/The Central Depository (Pte) Limited/The Central Moneymarkets Unit Service/ others]
31.	RMB Relevant Financial Centre	[[●] / Not applicable]*
32.	Delivery:	Delivery [against/free of] payment
33.	Method of issue of Notes:	[Individual Dealer/ Syndicated Issue]
34.	The following Dealer(s) [is/are] subscribing for the Notes:	[Insert legal name(s) of Dealer(s)]
35.	Stabilising Manager:	[Insert legal name of Stabilising Manager]
36.	Paying Agent:	[Issuing and Paying Agent/ Non-CDP Paying Agent/CMU Lodging and Paying Agent]
37.	Calculation Agent:	[Insert name of Calculation Agent]
38.	The aggregate principal amount of Notes issued has been translated in United States dollars at the rate of [●] producing a sum of (for Notes not denominated in United States dollars):	US$[●]
39.	Private Bank Rebate:	[●]

* An RMB Relevant Financial Centre must be specified in the case of Notes denominated in Renminbi.

40.	Constitutive Document:	[Amended and Restated Trust Deed dated 10 October 2017] / [Singapore Supplemental Trust Deed dated [●]]
41.	Governing Law:	[English law]/[Singapore law]
42.	Limitation on Indebtedness Covenant (Condition 4(c)):	[Applicable]/[Not Applicable]
43.	Other terms:	[●]

Details of any additions or variations to the terms and conditions of the Notes as set out in the Offering Circular:

Any additions or variations to the selling restrictions:

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1. **Initial Issue of Notes**

Global Notes and Global Certificates may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the "**Common Depositary**"), CDP or a sub-custodian of the CMU.

Upon the initial deposit of a Global Note with the Common Depositary, CDP or a sub-custodian of the CMU, or registration of a Global Certificate in the name of (i) any nominee for Euroclear and Clearstream, Luxembourg, (ii) CDP or (iii) the HKMA as operator of the CMU and delivery of the relevant Global Certificate to the Common Depositary, CDP or CMU (as the case may be), the relevant clearing system will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

While any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date will be made against presentation of the Temporary Global Note only to the extent that (i) certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by the CMU Lodging and Paying Agent and/or Euroclear and/or Clearstream, Luxembourg and (ii) (in the case of a Temporary Global Note delivered to a Common Depositary) Euroclear and/or Clearstream, Luxembourg, as applicable, has given a similar certification (based on the certifications it has received under (i) above) to the Non-CDP Paying Agent.

2. **Relationship of Accountholders with Clearing Systems**

Save as provided in the following paragraph, each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, CDP or any other clearing system (each an "**Alternative Clearing System**") as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be) for his share of each payment made by the Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, CDP or such Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

If a Global Note or Global Certificate is lodged with a sub-custodian for or registered with the CMU, the person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in accordance with the CMU Rules as notified by the CMU to the CMU Lodging and Paying Agent in a relevant CMU Instrument Position Report (as defined in the rules of the CMU) or any other relevant notification by the CMU (which notification, in either case, shall be conclusive evidence of the records of the CMU save in the case of manifest error) shall be the only person(s) entitled or in the case of Registered Notes, directed or deemed by the CMU as entitled to receive payments in respect of Notes represented by such Global Note or Global Certificate and the Issuer will be discharged by payment to, or to the order of, such person(s) for whose account(s) interests in such Global Note or Global Certificate are credited as being held in the CMU in respect of each amount so paid. Each of the persons shown in the records of the CMU as the beneficial holder of a particular nominal amount of Notes represented by such Global Note or Global Certificate must look solely to the CMU Lodging and Paying Agent for his share of each payment so made by the Issuer in respect of such Global Note or Global Certificate.

3. Exchange

3.1 *Temporary Global Notes*

Each Temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

(i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable in whole, but not in part, for the Definitive Notes defined and described below; and

(ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note for interests in a Permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

The CMU may require that any such exchange for a Permanent Global Note is made in whole and not in part and, in such event, no such exchange will be effected until all relevant account holders (as set out in a CMU Instrument Position Report or any other relevant notification supplied to the CMU Lodging and Paying Agent by the CMU) have so certified.

3.2 *Permanent Global Notes*

Each Permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes:

(i) if the Permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or CMU or an Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or in fact does so; or

(ii) if the Permanent Global Note is cleared through CDP and (a) an Event of Default (as defined in "*Terms and Conditions of the Notes*") has occurred and is continuing, (b) CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise), (c) CDP has announced an intention to permanently cease business and no alternative clearing system is available or (d) CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the "Depository Services for Issuers of Debt and Preference Shares - Terms and Conditions" as set out in the application form prepared by the Issuer and submitted to CDP and no alternative clearing system is available.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of CDP, the CMU, Euroclear or Clearstream, Luxembourg.

3.3 ***Global Certificates***

The following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg, CDP, CMU or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by a Global Certificate pursuant to Condition 2(b) may only be made:

(a) in whole but not in part if the relevant clearing system is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or

(b) in whole or in part with the consent of the Issuer; or

(c) in whole or in part if the Global Certificate is cleared through CDP and:

- an event of default has, enforcement event or analogous event entitling an accountholder or the Trustee to declare the Notes due and payable as provided in the Conditions occurred and is continuing; or

- CDP has closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise); or

- CDP has announced an intention to permanently cease business and no alternative clearing system is available; or

- CDP has notified the Issuer that it is unable or unwilling to act as depository for the Notes and to continue performing its duties as set out in the "Depository Services for Issuers of Debt and Preference Shares - Terms and Conditions" as set out in the application form prepared by the Issuer and submitted to CDP and no alternative clearing system is available,

provided that, in the case of the first transfer of part of a holding pursuant to paragraph 3.3(a) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

3.4 ***Delivery of Notes***

On or after any due date for exchange the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes. Definitive Notes will be security printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each Permanent Global Note, the Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.5 *Exchange Date*

"**Exchange Date**" means, in relation to a Temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a Permanent Global Note, a day falling not less than 60 days after that on which the notice requiring exchange is given and on which commercial banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

4. Amendment to Conditions

The Temporary Global Notes, Permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Circular. The following is a summary of certain of those provisions:

4.1 *Payments*

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a Permanent Global Note or for Definitive Notes is improperly withheld or refused. Payments on any Temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Temporary Global Note. All payments in respect of Notes represented by a Global Note will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. A record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes.

All payments in respect of Notes represented by a Global Certificate (other than a Global Certificate held through CDP) will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be the Clearing System Business Day immediately prior to the date for payment, where "**Clearing System Business Day**" means Monday to Friday inclusive except 25 December and 1 January.

All payments in respect of Notes represented by a Global Certificate held through CDP will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the fifth business day before the due date for payment.

4.2 *Prescription*

Claims against the Issuer in respect of Notes that are represented by a Permanent Global Note will become void unless it is presented for payment within a period of five years from the appropriate Relevant Date (as defined in Condition 8).

4.3 *Meetings*

The holder of a Permanent Global Note or of the Notes represented by a Global Certificate shall (unless such Permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a Permanent Global Note or the Notes represented by a Global Certificate shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. (All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.)

4.4 ***Cancellation***

Cancellation of any Note represented by a Permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant Permanent Global Note or its presentation to or to the order of the Issuing and Paying Agent for endorsement in the relevant schedule of such Permanent Global Note or in the case of a Global Certificate, by reduction in the aggregate principal amount of the Certificates in the Register, whereupon the principal amount thereof shall be reduced for all purposes by the amount so cancelled and endorsed.

4.5 ***Purchase***

Notes represented by a Permanent Global Note may only be purchased by the Issuer, the Guarantor or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

4.6 ***Issuer's Option***

Any option of the Issuer provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note shall be exercised by the Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear, Clearstream, Luxembourg, CDP, CMU or an Alternative Clearing System (as the case may be).

4.7 ***Noteholders' Options***

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Permanent Global Note may be exercised by the holder of the Permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised and the option may be exercised in respect of the whole or any part of such Permanent Global Note, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time presenting the Permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a Global Certificate may be exercised in respect of the whole or any part of the holding of Notes represented by such Global Certificate.

4.8 ***Trustee's Powers***

The Trustee may call for any certificate, report or other document to be issued by Euroclear, Clearstream, Luxembourg, CDP or an Alternative Clearing System as to the principal amount of Notes held in such clearing system standing to the account of any person. Any such certificate or other document shall be conclusive and binding for all purposes. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by such clearing system and subsequently found to be forged or not authentic.

In considering the interests of Noteholders while any Global Note is held on behalf of, or any Global Certificate is registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to such Global Note or Global Certificate and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.9 *Notices*

So long as any Notes are represented by a Global Note or a Global Certificate and such Global Note or Global Certificate is held on behalf of:

(i) Euroclear and/or Clearstream, Luxembourg or an Alternative Clearing System (except as provided in (ii) below of this paragraph 4.9), notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate; or

(ii) CDP, subject to the agreement of CDP, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to CDP for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note or Global Certificate.

4.10 *General*

Any reference herein to the Issuing and Paying Agent and the Registrar shall be deemed to refer to The Bank of New York Mellon, London Branch as issuing and paying agent and The Bank of New York Mellon SA/NV, Luxembourg Branch as registrar in relation to any Notes which are to be cleared with Euroclear or Clearstream, Luxembourg, to The Bank of New York Mellon, Singapore Branch in relation to Notes which are to be cleared with CDP and to The Bank of New York Mellon, Hong Kong Branch in relation to Notes which are to be cleared with CMU.

USE OF PROCEEDS

The net proceeds from the issuance of the Notes under the Programme, after deducting the costs and expenses relating to each issue of the Notes, will be used for the refinancing of maturing debt and general corporate purposes. If, in respect of any particular issue of the Notes, there is a particular identified use of proceeds, this will be stated in the applicable Pricing Supplement.

CLEARING AND SETTLEMENT

Clearance and Settlement under the Depository System

In respect of Notes which are accepted for clearance by CDP in Singapore, clearance will be effected through an electronic book-entry clearance and settlement system for the trading of debt securities ("**Depository System**") maintained by CDP. Notes that are to be listed on the SGX-ST may be cleared through CDP.

CDP, a wholly-owned subsidiary of Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organisation. CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with CDP.

In respect of Notes which are accepted for clearance by CDP, the entire issue of the Notes is to be held by CDP in the form of a Global Note or a Global Certificate for persons holding the Notes in securities accounts with CDP ("**Depositors**"). Delivery and transfer of Notes between Depositors is by electronic book-entries in the records of CDP only, as reflected in the securities accounts of Depositors. Although CDP encourages settlement on the third business day following the trade date of debt securities, market participants may mutually agree on a different settlement period if necessary.

Settlement of over-the-counter trades in the Notes through the Depository System may only be effected through certain corporate depositors ("**Depository Agents**") approved by CDP under the Companies Act to maintain securities sub-accounts and to hold the Notes in such securities sub-accounts for themselves and their clients. Accordingly, Notes for which trade settlement is to be effected through the Depository System must be held in securities sub-accounts with Depository Agents. Depositors holding the Notes in direct securities accounts with CDP, and who wish to trade Notes through the Depository System, must transfer the Notes to be traded from such direct securities accounts to a securities sub-account with a Depository Agent for trade settlement.

CDP is not involved in money settlement between Depository Agents (or any other persons) as CDP is not a counterparty in the settlement of trades of debt securities. However, CDP will make payment of interest and repayment of principal on behalf of issuers of debt securities.

Although CDP has established procedures to facilitate transfer of interests in the Notes in global form among Depositors, it is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Guarantor, the Issuing and Paying Agent or any other agent will have the responsibility for the performance by CDP of its obligations under the rules and procedures governing its operations.

Clearance and Settlement under Euroclear and/or Clearstream, Luxembourg

Euroclear and Clearstream, Luxembourg each holds securities for participating organisations and facilitates the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in the accounts of such participants, thereby eliminating the need for physical movements of certificates and any risks from lack of simultaneous transfer. Euroclear and Clearstream, Luxembourg provide to their respective participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream, Luxembourg each also deals with domestic securities markets in several countries through established depository and custodial relationships. The respective systems of Euroclear and Clearstream, Luxembourg have established an electronic bridge between their two systems which enables their respective participants to settle trades with one another. Euroclear and Clearstream, Luxembourg participants are financial institutions throughout the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to Euroclear or Clearstream, Luxembourg is also available to other financial institutions, such as banks, brokers, dealers and trust companies which clear through or maintain a custodial relationship with a Euroclear or Clearstream, Luxembourg participant, either directly or indirectly.

A participant's overall contractual relations with either Euroclear or Clearstream, Luxembourg are governed by the respective rules and operating procedures of Euroclear or Clearstream, Luxembourg and any applicable laws. Both Euroclear and Clearstream, Luxembourg act under those rules and operating procedures only on behalf of their respective participants, and have no record of, or relationship with, persons holding any interests through their respective participants. Distributions of principal with respect to book-entry interests in the Notes held through Euroclear or Clearstream, Luxembourg will be credited, to the extent received by the relevant Paying Agent, to the cash accounts of the relevant Euroclear or Clearstream, Luxembourg participants in accordance with the relevant system's rules and procedures.

The CMU

The CMU is a central depositary service provided by the Central Moneymarkets Unit of the Hong Kong Monetary Authority (the "**HKMA**") for the safe custody and electronic trading between the members of this service ("**CMU Members**") of capital markets instruments ("**CMU Instruments**") which are specified in the CMU Service Reference Manual as capable of being held within the CMU. The CMU is only available to CMU Instruments issued by a CMU Member or by a person for whom a CMU Member acts as agent for the purposes of lodging instruments issued by such persons. Membership of the CMU is open to all members of the Hong Kong Capital Markets Association and "authorized institutions" under the Banking Ordinance (Cap. 155) of Hong Kong.

Compared to clearing services provided by Euroclear and Clearstream, Luxembourg, the standard custody and clearing service provided by the CMU is limited. In particular (and unlike Euroclear and Clearstream, Luxembourg), the HKMA does not as part of this service provide any facilities for the dissemination to the relevant CMU Members of payments (of interest or principal) under, or notices pursuant to the notice provisions of, the CMU Instruments. Instead, the HKMA advises the CMU Lodging and Paying Agent of the identities of the CMU Members to whose accounts payments in respect of the relevant CMU Instruments are credited, whereupon the CMU Lodging and Paying Agent will make the necessary payments of interest or principal or send notices directly to the relevant CMU Members. Similarly, the HKMA will not obtain certificates of non-U.S. beneficial ownership from CMU Members or provide any such certificates on behalf of CMU Members. The CMU Lodging and Paying Agent will collect such certificates from the relevant CMU Members identified from an instrument position report obtained by request from the HKMA for this purpose.

An investor holding an interest through an account with either Euroclear or Clearstream, Luxembourg in any Notes held in the CMU will hold that interest through the respective accounts which Euroclear and Clearstream, Luxembourg each have with the CMU.

CAPITALISATION AND INDEBTEDNESS

The table below sets forth the Group's capitalisation and indebtedness as at 30 June 2017. This table should be read in conjunction with the interim condensed consolidated financial statements and related notes appearing elsewhere in this Offering Circular.

	Actual (As at 30 June 2017)
	(U.S.$'000) **(unaudited)**
Current liabilities	
Short-term borrowings	1,001,097
Bonds and notes payable	636,844
Obligations under finance lease	16
	1,637,957
Non-current liabilities	
Long-term borrowings	1,044,878
Bonds and notes payable	281,818
	1,326,696
Equity attributable to owners of GAR:	
Issued capital (12,837,548,556 issued ordinary shares of U.S.$0.025 each)	320,939
Share premium	1,216,095
Treasury shares	(31,726)
Other paid-in capital	184,318
Other reserves	35,615
Retained earnings	2,310,910
Total equity attributable to owners of GAR	4,036,151
Non-controlling interests	96,765
Total equity	4,132,916
Total borrowings	2,964,653
Total capitalisation and indebtedness	7,097,569

MANAGEMENT'S DISCUSSION AND ANALYSIS OF THE FINANCIAL CONDITION AND RESULTS OF OPERATIONS OF THE GROUP

The discussion herein contains "forward-looking statements" as discussed in the section entitled "Cautionary Note on Forward-Looking Statements" and reflects the current views of GAR with respect to future events and financial performance. Actual results may differ materially from those anticipated in these forward-looking statements as a result of certain factors such as those set forth under "Risk Factors" and elsewhere in this Offering Circular. The following discussion should be read in conjunction with "Selected Consolidated Financial and Operating Data", the Group's audited consolidated financial statements as of and for the years ended 31 December 2015 and 2016 and the Group's unaudited interim condensed consolidated financial statements for the six-month period ended 30 June 2017, including, in each case, the notes thereto, included elsewhere in this Offering Circular.

Overview

GAR is a public company incorporated in Mauritius and its shares are listed on the SGX-ST. GAR and its subsidiaries form one of the leading integrated palm oil plantation companies in the world. The Group's primary activities range from cultivating and harvesting oil palm trees, processing FFB into CPO and PK, to refining CPO into industrial and consumer products such as cooking oil, margarine, shortening, oleochemicals and biodiesel, as well as merchandising palm products throughout the world.

The Group is focused on sustainable palm oil production. The Group cultivates oil palm plantations in Indonesia. The Group's mills in Indonesia extract CPO and PK from FFB. Part of the CPO is processed further into value-added bulk, industrial and branded products through the Group's own refineries. The PK is crushed in the Group's kernel crushing plants, producing higher-value palm kernel oil and palm kernel meal.

The Group also has processing facilities in China and India. In China, the Group operates a deep-sea port, oilseeds crushing plants, production capabilities for refined edible oil products as well as other food products. In India, the Group owns refinery plants for refined edible oil production such as cooking oil and specialty fats, with an established brand in the Eastern part of India, supported by an extensive distribution system.

The Group's products are sold globally to a diversified customer base by leveraging its extensive distribution network, strong merchandising, branding and destination marketing. The Group's joint ventures have played a significant role in extending its distribution and logistics capabilities to supply its products to consumers worldwide. In addition, the Group has an effective logistic and distribution infrastructure that includes bulking stations, warehouses as well as owned jetty and port facilities.

The Group had revenues of US$7,619.3 million, US$6,510.1 million, and US$7,208.8 million for the three years ended 31 December 2014, 2015 and 2016, respectively. The Group had revenues of US$3,235.4 million and US$3,803.0 million for the six-month periods ended 30 June 2016 and 2017, respectively.

The Group's gross profit was US$1,178.3 million, US$1,004.8 million and US$1,014.4 million for the three years ended 31 December 2014, 2015 and 2016, respectively. The Group's gross profit was US$425.6 million and US$546.5 million for the six-month periods ended 30 June 2016 and 2017, respectively.

The following table sets forth revenue of the Group's business segments, including sales to external parties and inter-segment sales, as well as a percentage of total revenue.

	Year Ended 31 December						Six-Month Period Ended 30 June			
	2014		2015		2016		2016		2017	
	(audited)		(audited)		(audited)		(unaudited)		(unaudited)	
	(In US$ '000s, except where otherwise indicated)									
Plantations and palm oil mills										
External revenue	112,491	1%	77,099	1%	70,088	1%	21,935	1%	43,317	1%
Inter-segment sales	1,814,367	24%	1,425,890	22%	1,486,767	21%	577,367	18%	800,178	21%
Palm and laurics										
External revenue...........	6,461,564	85%	5,609,441	86%	6,261,444	87%	2,798,268	86%	3,385,432	89%
Inter-segment sales	2,998	0%	4,542	0%	479	0%	479	0%	839	0%
Oilseeds and Others(1)										
External revenue...........	1,045,254	14%	823,511	13%	877,317	12%	415,174	13%	374,211	10%
Inter-segment sales	999	0%	13,828	0%	62,001	1%	24,113	1%	77,573	2%
Eliminations	(1,818,364)	(24%)	(1,444,260)	(22%)	(1,549,247)	(22%)	(601,959)	(19%)	(878,590)	(23%)
Total revenue	7,619,309	100%	6,510,051	100%	7,208,849	100%	3,235,377	100%	3,802,960	100%

Note:

(1) Others segment comprises the production and distribution of food and consumer products in China and Indonesia.

Key Factors Influencing the Group's Results of Operations in Plantations and Palm Oil Mills

The Group focuses on sustainable palm oil production. The Group cultivates oil palm plantations in Indonesia. The Group's mills extract CPO and PK from FFB. The primary factors which have affected, and which the Group expects will continue to affect, its revenues and profits derived from this segment are:

- the amount of hectares of mature oil palm plantations it has under cultivation;
- the amount of FFB it harvests during a period;
- the extraction rates of CPO and PK it achieves from the FFB harvested at its plantations;
- global prices for CPO, palm kernel oil and other vegetable oil;
- export tax and/or levy; and
- production costs.

Planted hectarage

As of 30 June 2017, the Group manages approximately 166 oil palm plantations with a total planted area of 486,299 hectares, a decrease of 1,953 hectares as compared to 488,252 hectares as of 31 December 2016. As of 30 June 2017, the total planted area consists of estates owned by the Group ("**nucleus**") totalling 383,871 hectares and estates owned by smallholders ("**plasma**") amounting to 102,428 hectares.

The typical life span of an oil palm tree is approximately 25 years. An oil palm plantation will first reach production age approximately three years after planting. However, when harvesting begins, the FFB yield from oil palm trees is relatively low. As the oil palm plantation continues to mature, the yield increases, generally reaching prime production in years seven through 25.

The following table sets forth the area and age profile of the Group's oil palm plantations as of 30 June 2017. "Immature" trees are trees aged zero to three years and "mature" trees are trees aged four years and older. Of mature trees, "young" trees are trees aged four to six years, "prime" trees are trees aged seven to 25 years and "old" trees are trees aged above 25 years. The Group measures these time periods from the time the oil palm trees are planted in the plantation fields out of the nursery.

	Immature	Mature	Young	Mature Prime 1	Prime 2	Old	Total
Total area planted (in hectares)............	12,601	473,698	36,018	209,649	180,502	47,529	486,299
Percentage of total area planted (%)	3	97	7	43	37	10	100

As of 30 June 2017, the Group estimates that approximately 82% of the Group's mature oil palm plantations are in the prime production age of seven to 25 years that produces the highest yields, whilst 8% is still at the young age of four to six years. The replanting activities and younger estates use newer generation, higher-yielding planting materials that will further boost the growth of the Group's production in future.

See "*Risk Factors — Risks Relating to the Group — The Group may not be able to continue to use, renew or expand some of its land rights and competition for plantation land and uncertainty regarding government zoning regulations may adversely affect the Group's business*".

Volume of FFB harvested

The amount of FFB the Group harvests per hectare varies from year to year principally due to fluctuations in the number of oil palm plantations which have reached prime production age. Furthermore, the following factors may also affect the amount of FFB the Group is able to harvest:

- quality of the oil palm seed;
- soil and topography condition of the land;
- local and global weather patterns;
- tree density;
- fertiliser application;
- upkeep programme;
- disease or crop pests;
- harvesting technique;
- haze from forest fires;
- labour strikes or other disturbances;
- natural disasters; and
- weather conditions.

The Group has increased its CPO yield per hectare of oil palm plantation by providing training and incentives to its plantation workers to only harvest FFB with appropriate ripeness and readiness for harvesting. The Group has established a procedure to ensure that, to the extent possible, its harvesters collect loose fruit from the ground for processing together with harvested FFB. These loose fruits have an oil content that is higher than that of FFB harvested directly from oil palm plantation.

The following table sets forth the harvested amounts from the total mature planted hectares managed by the Group, and its FFB production, for each of the periods indicated:

	Year Ended 31 December			Six-Month Period Ended 30 June	
	2014	2015	2016	2016	2017
Total mature hectares..	440,578	460,336	466,440	467,440	473,698
FFB yield, tonnes per hectare.............................	22.1	21.8	19.0	7.5	9.9
FFB produced (tonnes)	9,729,030	10,050,625	8,880,363	3,484,087	4,694,851

The Group's FFB production has increased by 3.3% from 2014 to 2015 as a result of increasing mature plantation hectares and sustained and efficient plantation management. However, the severe El Niño weather phenomenon in 2015 impacted the Group's FFB production, resulting in a decrease in FFB production by 11.6% from 2015 to 2016. In the six-month period ended 30 June 2017, the Group's production increased by 34.8% as compared to the same period in 2016, owing primarily to the recovery from the impact of the El Niño weather phenomenon. The Group continually replants old estates in order to maintain favourable age profile and further enhance long-term yields. Newer estates are developed using the latest techniques and higher-yieldings planting materials, and are designed to accommodate necessary infrastructure for mechanisation. The Group expects these factors will also increase its FFB production. Furthermore, the Group will continue to explore any strategic opportunities to acquire well-positioned and high quality oil palm estates and landbank, specifically in Indonesia.

See "*Risk Factors — Risks Relating to the Group's Industry — Inherent business risks in the plantation and palm oil product industries may affect the Group's business*".

Milling process and extraction rates

The amount of CPO the Group can extract from FFB depends primarily on the quality and ripeness of the FFB and the speed with which the Group can deliver FFB to the mills. FFB must be transported from the plantation to the mill within 24 hours or the CPO extraction rates will be adversely affected. The Group therefore, where the mill is located a significant distance from the plantation, finds it more efficient to purchase FFB from unaffiliated third parties and landholders under the Plasma Program. See "*Description of the Group – Regulations – Land rights – Plasma Program*".

The efficiency of the Group's mills also affects its extraction rates. The Group's mills are regularly maintained to ensure their continued operating efficiency. In a plantation with the optimum harvesting profile, that is, at prime maturity, the Group can extract approximately 5.9 tonnes to 7.1 tonnes of CPO per hectare, or approximately 23.5% of the FFB by weight. In addition, the Group can separate a further 1.2 tonnes of palm kernel, or approximately 5% of the FFB by weight, during the processing of FFB. The Group can process approximately 43% of the palm kernel by weight into palm kernel oil, and turn approximately 53% into palm kernel meal which is used as animal feed. The Group uses the balance of the empty fruit bunches as fertiliser and palm kernel shell as fuel. As oil palm plantations mature, the extraction rate for CPO and palm kernel generally increases. Prime production occurs during the seventh to 25th years of growth. The Group expects its oil extraction rates to increase as its planted, higher-yielding oil palm plantations mature. Further, as mentioned, the Group also expects its oil extraction rates to increase because of the newer-generation seeds used, increased collection of loose fruit during the harvesting process and the reduction of oil loss at the processing facilities during the extraction process.

The following table sets forth the Group's CPO and palm kernel extraction rates for the periods indicated.

	Year Ended 31 December			Six-Month Period Ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
CPO extraction rates (%)	22.8	22.6	22.2	22.6	22.5
Palm kernel extraction rates (%)	5.4	5.6	5.4	5.5	5.5
Palm production yield (tonnes/hectare)	6.3	6.2	5.3	2.1	2.8
Total number of mills	42	44	45	45	45
Total FFB milling capacity (tonnes p.a.)	11,645,000	12,206,500	12,806,500	12,606,500	12,806,500
Milling utilisation (%)	95	92	77	61	81

Market prices

The price of CPO and PK-based products (including palm kernel oil and palm kernel meal) have been generally based upon, or affected by international prices for these products. During the last five years, CPO prices are generally correlated to crude oil, and to a certain extent soybean oil prices or any other substitute edible oil. During the last five years, CPO Prices have averaged at US$753 per tonne (FOB Belawan). Average CPO prices for six-month period ended 30 June 2017 was US$702 per tonne (FOB Belawan). Pricing will also be affected by taxes and other factors such as Indonesian export taxes and levy and other government regulations such as Indonesian biodiesel mandate.

Production costs

A substantial portion of the Group's costs of production consists of purchase costs for FFB and fertilisers. The Group's purchase costs for FFB were US$375.3 million, US$305.5 million and US$290.0 million in the three years ended 31 December 2014, 2015 and 2016, respectively and US$97.8 million and US$163.6 million in the six-month periods ended 30 June 2016 and 2017, respectively. The decreasing FFB purchase cost from 2014 to 2015 was primarily due to lower FFB prices, in line with the CPO downward price trend for those two years. The decreasing FFB purchase cost in 2016 (despite higher prevailing FFB prices) was primarily due to lower quantities purchased as the El Niño weather phenomenon led to lower production in the industry. The increasing FFB purchase cost in the six-month period ended 30 June 2017 compared to the same period in 2016 was primarily due to higher purchased volume as FFB production recovered from last year, the recovery from the El Niño weather phenomenon and higher FFB price.

The Group's fertiliser costs were US$172.3 million, US$133.2 million and US$147.8 million in the three years ended 31 December 2014, 2015 and 2016, respectively and US$64.8 million and US$71.1 million in the six-month periods ended 30 June 2016 and 2017, respectively. The Group regularly monitors the costs and prices of fertilisers with a view to ensuring necessary levels of supply at optimum cost levels. To this effect, from time to time, the Group's management may make advance purchases in order to ensure supply of fertiliser satisfies the Group's requirements.

Key Factors Influencing the Group's Results of Operations in Palm and Laurics

The merchandising and processing of palms and laurics begins with the origination of raw materials, namely CPO, PK and CPKO, which are obtained from the Group's own plantations and external sources. These raw materials are then processed into products, such as bulk edible oils, biodiesel, oleochemicals and specialty fats, which are sold to customers. The Group derives its revenue from sales of refined palm oil based products, which include cooking oil, RBD Olein, RBD stearin, margarine and shortening. The primary factors which have affected, and the Group expects will continue to affect, its revenues and profits derived from this segment are:

- global prices for CPO, palm kernel oil, and other vegetable oil;
- costs of raw material and other production costs;
- freight and transportation costs; and
- government policies and regulations, including export taxes on palm oil products imposed by the Indonesian government.

Global prices for CPO, palm kernel oil, and other vegetable oil

The prices of the products sold by the Group have generally been based upon, or affected by, international prices for particular commodities. Paper trades of olein and CPO, for hedging purposes take place through the Malaysia Derivatives Exchange and, for Cost Insurance Freight ("**CIF**") sales, the Rotterdam market. CPO prices are somewhat correlated to crude oil and soybean oil prices. During the last five years, CPO prices have averaged at US$753 per tonne (FOB Belawan), despite the downward cycle of crude oil and commodities price. Average CPO prices for six-month period ended 30 June 2017 was US$702 per tonne (FOB Belawan).

Palm kernel oil contracts are traded on the Rotterdam market. Physical trades of CPO products and trades in palm kernel oil are conducted through major Malaysian and Indonesian ports such as Port Klang and Pasir Gudang in Malaysia and Belawan and Dumai in Indonesia. The difference between Rotterdam and Belawan CPO prices is mainly due to freight charges.

International prices for CPO and PK are subject to fluctuations depending upon the supply and demand of CPO and palm oil products and their substitute oils. Changes in world CPO and PK production levels are affected by global weather conditions, while demand is affected by world consumption levels and changes in the world economy. Each of these factors can have a significant impact on selling prices and, therefore, on the Group's results of operations and financial condition. See "*Risk Factors — Risks Relating to the Group's Industry —Prices of the Group's products fluctuate in line with international prices*".

Prices for the Group's products differ between the Indonesian and international markets. Pricing in the Indonesian domestic market is affected by local economic factors, exchange rate differences between the Rupiah and the US dollar and other foreign currencies and Indonesia prevailing export duties and levies.

Costs of raw material and other production costs

A substantial portion of the Group's costs of sales consists of purchase costs for CPO and PK. The Group's purchase costs for CPO and PK were US$2,786.3 million, US$2,447.4 million and US$2,578.5 million in the three years ended 31 December 2014, 2015 and 2016, respectively and US$989.5 million and US$1,365.9 million in the six-month periods ended 30 June 2016 and 2017, respectively. The lower purchase costs of CPO and PK in 2015 compared to 2014 was primarily due to the lower price of palm products. The increase in purchase costs of CPO and PK from 2015 to 2016 and the six-month period ended 30 June 2016 to 2017 was due to higher market prices. The Group regularly monitors the costs and prices of raw materials with a view to ensuring that it maintains the required level of supply at optimum cost levels. To this effect, from time to time, the Group's management may make advance purchases in order to ensure the supply of CPO and PK satisfies the Group's requirements.

Freight and transportation costs

A substantial portion of the Group's selling expenses consists of freight and other transporation costs incurred in transporting products between its processing and storage facilities as well as for delivery of its products to its customers. The Group's freight and related expenses were US$279.1 million, US$291.1 million and US$249.6 million in the three years ended 31 December 2014, 2015 and 2016, respectively and US$119.8 million and US$115.1 million in the six-month periods ended 30 June 2016 and 2017 respectively. The higher freight and related expenses in 2015 compared to 2014 was in line with larger sales volume to destination markets. The decrease in freight and related expenses from 2015 to 2016 and the six-month period ended 30 June 2016 to 2017 was due to decrease in average freight rates to destination markets.

Indonesian government policies and regulations

The Group's results of operations and financial condition have been, and will continue to be, affected by Indonesian government policies, laws and regulations governing the export of its products from Indonesia and changes in these policies, laws and regulations, including export taxes and levies on CPO, RBD palm oil, crude olein, RBD olein, RBD stearin, crude stearin and palm kernel oil.

The Indonesia government has continued to regulate the exports of CPO and related palm oil products through the use of export taxes and levies. The current CPO export taxes range between US$3 per tonne and US$200 per tonne and the current export levy is US$50 per tonne on CPO and range between US$20 per tonne and US$30 per tonne on refined palm oil products. In addition to that, the Indonesian government may impose certain domestic market obligations whereby the Group's Indonesian subsidiaries may be required to sell a portion of their products in the domestic market at a determined price. See "*Risk Factors — Risks Relating to the Group — The results of the Group's operations are affected by Indonesian export taxes and levies" and* "*Description of the Group — Regulations — Export taxes and restrictions*".

Biodiesel mandate is another key factor that could affect the supply and demand dynamic for CPO. Indonesia has implemented a subsidised B20 program since 2016 and it is expected that this will shift to a B25 program in 2025.

Key Factors Influencing the Group's Results of Operations in Oilseeds and Others

The Group's oilseed crushing operations in China produce soybean meal that is sold domestically and crude soybean oil that is, in turn, processed by its refineries, together with other edible oils and value-added products, all sold in bulk and in consumer packs. The Group also operates a food business in China which manufactures and distributes a variety of economy and premium grade snack noodles in China. The Group's revenue in oilseeds and others segments are substantially derived from sales of soybean meal and soybean oil, other refined oils and value-added products, as well as sales of food products. The primary factors which have affected, and the Group expects will continue to affect, its revenues and profits in this segment are:

- raw material costs of soybean and other edible oils;
- capacity utilisation rates for its crushing and refining facilities; and
- demographic changes in China.

Raw material costs of soybean purchases

Raw material costs are the largest component of the Group's costs of sales in the oilseeds and other segments. Raw material costs comprise mainly of the cost of soybean purchases for the Group's crushing operations and costs of flour and other ingredients for the Group's food production. The Group's purchase costs for raw materials were US$980.2 million, US$721.7 million and US$708.3 million in the three years ended 31 December 2014, 2015 and 2016, respectively and US$343.4 million and US$267.9 million in the six-month periods ended 30 June 2016 and 2017 respectively.

Capacity utilisation rates for the Group's crushing and refining facilities

The Group's results are also affected by the capacity utilisation rate of its crushing and refining facilities. The annual bulk crushing capacity of its crushing facilities in China is 2.3 million tonnes of soybeans per annum and their capacity utilisation rates for the years ended 31 December 2014, 2015 and 2016 were 55%, 50% and 50%, respectively and for the six-month periods ended 30 June 2016 and 2017 were 48% and 47%, respectively. The capacity utilisation rate of its crushing facilities is primarily affected by demand for soybean meal. The versatile configuration of its refineries in China allows for the production of a wide range of refined vegetable oils (such as soybean oil and palm oil). In May 2015, the Group closed down one of the refinery plants to achieve efficiencies driven by a competitive market environment, resulting in a decrease in the annual refining capacity of the Group's refineries in China to 676,000 tonnes per annum. The Group's facilities' capacity utilisation rates for the years ended 31 December 2014, 2015 and 2016 were 39%, 32% and 32%, respectively and for the six-month periods ended 30 June 2016 and 2017 were 33% and 33%, respectively.

Demographic changes in China

The significant growth in per capita income in China, as well as changes in consumption patterns, have led to steady increases in consumption of edible oils and fats and protein meal as indicated in the Oil World Annual and are factors which have led to increasing sales of the Group's products in China.

Critical Accounting Policies, Estimates, Assumptions and Judgments

The Group's audited consolidated financial statements contained elsewhere in this Offering Circular have been prepared in accordance with IFRS. When preparing the Group's consolidated financial statements, the Group make estimates, assumptions and judgments concerning the future. Estimates, assumptions and judgments 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. Actual results may differ from these estimates under different assumptions, judgments or conditions.

The Group believes the following critical accounting policies used in the preparation of its financial statements are significantly affected by its judgment and estimates. For other significant accounting policies, see Note 4 to the Group's consolidated financial statements included elsewhere in this Offering Circular.

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:

	Number of years
Storage tanks, land improvements and bridges	5 to 50
Buildings	10 to 50
Machinery and equipments	4 to 25
Leasehold improvement, furniture and fixtures	3 to 10
Transportation equipment	5 to 16

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 and plantation assets would increase the recorded expenses and decrease the non-current assets of the Group.

Land rights are carried at costs less any impairment losses and not subject to amortisation except for those 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.

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

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

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposed. Any gains or losses on disposal of property, plant and equipment are recognised in the income statement in the year of disposal.

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.

The cost of maintenance and repairs is charged to the income statement as incurred, and 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 borrowings) attributable to bringing the constructed asset to its working condition and getting it 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.

Bearer plants

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period. Bearer plants (oil palm trees) include mature plantations (fresh fruit bunches), immature plantations and nursery that are established or acquired by the Group.

Mature plantations are stated 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 charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated useful lives of 25 years.

The Group estimates the useful lives of bearer plants based on the period over which the assets are expected to be available for use. The estimated useful lives of bearer plants are reviewed periodically and are updated if expectations differ from previous estimates due to physical wear and tear and legal or other limits on the use of the relevant assets. In addition, the estimation of the useful lives of bearer plants 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 bearer plants would increase the recorded expenses and decrease the non-current assets of the Group.

Costs incurred in the preparation of the nursery, purchase of seedlings and their maintenance are stated at cost. The accumulated costs will be transferred to immature plantations account at the time of planting.

Immature plantations are stated at cost. The costs of immature plantations consist mainly of the accumulated cost of planting, fertilising and maintaining the plantation, including borrowing costs on such borrowings and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. An oil palm plantation is considered mature when such plantation starts to produce at the beginning of the fourth year.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposed. Any gains or losses on disposal of bearer plants are recognised in the income statement in the year of disposal.

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

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.

Impairment of 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. Financial assets are recognised initially on the trade date which is the date that the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when, and only when, the contractual rights to the cash flows from the financial assets have expired, or have been transferred and transferred substantially all the risks and rewards of ownership of the financial assets to another entity.

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. Financial assets at fair value through profit or loss arising from derivatives that are linked to and must be settled by delivery of such unquoted equity instruments 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.

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.

If the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity is precluded from measuring the instrument at fair value.

The Group reviews its equity and debt securities classified as financial assets at fair value through profit or loss and available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment charges on these financial assets when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is “significant” or “prolonged” requires judgement. In making this judgement, the Group evaluated, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost.

Deferred tax assets

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.

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 comprehensive income or directly in equity respectively. Deferred income 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 the reporting period and are expected to apply when the related deferred tax income asset is realised or the deferred income 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. The Group's assessment of the recognition of deferred tax assets on deductible temporary differences is based on the forecast taxable income of the following reporting period. This forecast is based on the Group's past results and future expectations on revenue and expenses. A decrease in estimated future income would decrease the recognised deferred tax credit and deferred tax assets.

The Group's subsidiaries in Indonesia revalued certain bearer plants in connection with the new legislation in Indonesia to allow entities to revalue their assets for tax purposes. During the financial year ended 31 December 2016, its subsidiaries in Indonesia received approval for the revaluation of certain bearer plants from the Indonesian Tax Authorities. In addition, the Group also recognised deferred tax assets on unutilised tax losses and capital allowances. Significant judgement is required to determine the amount of deferred tax assets that can be recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Post employment 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 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**"). Such additional provisions, which are unfunded, are estimated using the projected unit credit method, with actuarial calculations based on a report prepared by an independent actuary.

The actuarial calculations are dependent on certain assumptions. Those assumptions include, among others, discount rates and rates of salary increase. Actual results that differ from those assumptions are accumulated and amortised over future reporting periods and, therefore, generally affect the recognised expense and recorded obligation in such future periods. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the Group's post-employment benefits obligations.

Results of Operations and Components of Income Statement Items

The following table sets forth the Group's income statement presented in its audited consolidated financial statements for the years and periods indicated.

	Year Ended 31 December			Six-Month Period Ended 30 June	
	(Restated)(1) 2014	(Restated)(1) 2015	2016	2016	2017
		(audited)		(unaudited)	
	(U.S.$ '000s, except where otherwise indicated)				
CONSOLIDATED INCOME STATEMENT					
Revenue	7,619,309	6,510,051	7,208,849	3,235,377	3,802,960
Cost of sales	(6,441,048)	(5,505,277)	(6,194,462)	(2,809,750)	(3,256,427)
Gross profit	1,178,261	1,004,774	1,014,387	425,627	546,533
Operating expenses					
Selling expenses	(647,920)	(537,782)	(533,479)	(257,915)	(274,243)
General and administrative expenses	(308,455)	(294,656)	(305,305)	(148,291)	(152,075)
Total operating expenses	(956,375)	(832,438)	(838,784)	(406,206)	(426,318)
Operating profit	221,886	172,336	175,603	19,421	120,215
Other income/(expenses)					
Financial income	25,444	31,754	28,906	12,258	14,276
Financial expenses	(123,478)	(132,039)	(131,346)	(64,448)	(71,291)
Share of results of associated companies, net of tax	(103)	968	794	(161)	1,031
Share of results of joint ventures, net of tax	(449)	7,827	7,101	5,366	2,839
Foreign exchange (loss)/gain, net	(13,816)	(91,783)	47,188	30,640	3,705
Other operating income, net	13,509	10,196	46,325	23,255	11,880
	(98,893)	(173,077)	(1,032)	6,910	(37,560)
Exceptional items					
Allowance for impairment loss on property, plant and equipment	-	-	(34,296)	-	-
Gain on deconsolidation	7,586	-	-	-	-
	7,586	-	(34,296)	-	-
Profit/(Loss) before income tax	130,579	(741)	140,275	26,331	82,655
Income tax	(45,547)	10,746	262,544	110,844	(22,121)
Profit for the year/period	85,032	10,005	402,819	137,175	60,534
Attributable to:					
Owners of the Company	84,640	10,352	399,619	133,613	59,427
Non-controlling interests	392	(347)	3,200	3,562	1,107
	85,032	10,005	402,819	137,175	60,534
EBITDA (2)	565,891	541,664	571,660	227,764	328,268
Underlying profit (3)	188,006	179,970	186,277	42,893	137,054

Notes:

(1) The comparative figures for years ended 31 December 2014 and 2015 have been restated and reclassified to account for retrospective adjustments arising from the adoption of amended IAS 16 and IAS 41.

(2) The Group calculates EBITDA by adding depreciation and amortisation, foreign exchange losses, interest expense, exceptional losses, loss from changes in fair value of biological assets and deducting foreign exchange gain, gain from changes in fair value of biological assets and exceptional income from profit before income tax as drawn up under International Financial Reporting Standards.

(3) The Group calculates underlying profit by excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional items and other non-operating items (foreign exchange gain or loss, net tax impact from tax-based asset revaluation, and other deferred tax income or expense) from net profit attributable to owners of the Company as drawn up under International Financial Reporting Standards.

The following table sets forth revenue and EBITDA by segment for each of the years and periods indicated.

	Year Ended 31 December			Six-Month Period Ended 30 June	
	2014	2015	2016	2016	2017
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
Revenue	*(US$ '000s, except where otherwise indicated)*				
Plantations and palm oil mills	1,926,858	1,502,989	1,556,855	599,302	843,495
Palm and laurics	6,464,562	5,613,983	6,261,923	2,798,747	3,386,271
Oilseeds and others	1,046,253	837,339	939,318	439,287	451,784
Eliminations	(1,818,364)	(1,444,260)	(1,549,247)	(601,959)	(878,590)
Total	7,619,309	6,510,051	7,208,849	3,235,377	3,802,960

	Year Ended 31 December			Six-Month Period Ended 30 June	
	2014	2015	2016	2016	2017
	(audited)	(audited)	(audited)	(unaudited)	(unaudited)
EBITDA	*(US$ '000s, except where otherwise indicated)*				
Plantations and palm oil mills	561,028	415,315	379,328	148,973	243,797
Palm and laurics	57,569	108,726	180,736	74,737	78,831
Oilseeds and others	(52,523)	16,242	11,984	3,934	5,609
Eliminations	(183)	1,381	(388)	120	31
Total	565,891	541,664	571,660	227,764	328,268

The following table sets forth sales for the Group's main products for each of the years and periods indicated, as well as a percentage of total sales.

	Year Ended 31 December						Six-Month Period Ended 30 June			
	2014		2015		2016		2016		2017	
	(audited)		(audited)		(audited)		(unaudited)		(unaudited)	
	(US$ '000s, except where otherwise indicated)									
CPO	2,811,575	37%	1,999,140	31%	1,340,549	18%	597,570	18%	648,549	17%
PK and PK related products	645,979	9%	606,071	9%	811,758	11%	354,497	11%	449,418	12%
Refined palm products	2,851,502	37%	2,656,466	41%	3,508,056	49%	1,622,203	50%	1,894,345	50%
Oleochemical	95,001	1%	153,064	2%	196,980	3%	88,733	3%	120,496	3%
Biodiesel	-	-	-	-	59,439	1%	13,489	1%	74,464	2%
Soybean based products	843,769	11%	643,612	10%	641,023	9%	294,423	9%	308,992	8%
Food related products	146,452	2%	130,370	2%	122,264	2%	59,283	2%	58,217	1%
Sunflower oil and or other non-palm oil products	153,022	2%	232,418	4%	431,706	6%	158,384	5%	190,085	5%
Others	72,009	1%	88,910	1%	97,074	1%	46,795	1%	58,394	2%
Total	7,619,309	100%	6,510,051	100%	7,208,849	100%	3,235,377	100%	3,802,960	100%

Sales

Overview

The Group's vertically integrated agri-business model allows it to control every aspect of production, operations and supply chain management. With the Group's international presence, it is well-positioned to grow a global, diversified customer base through strong distribution, branding, merchandising, destination processing, shipping and logistics.

Based on the products and services, the businesses of the Group are organised into the following operating segments:

Plantations and palm oil mills - comprises the products from upstream business;

Palm and laurics	-	comprises the processing and merchandising of palm based products, i.e. bulk and branded as well as oleochemicals, biodiesel and other vegetable oils;
Oilseeds	-	comprises the processing and merchandising of oilseeds based products, i.e. bulk and branded; and
Others	-	comprises the production and distribution of food and consumer products in China and Indonesia.

The products from the Group's plantations and palm oil mills segment mainly consist of CPO and PK. The processing and merchandising of palm based products begins with the origination of raw materials, namely CPO and PK, which are obtained from the Group's own plantations and external sources. These raw materials are then processed into value-added products. The Group also refined crude sunflower oil into edible oil. In China, the Group crushes soybean into soybean meal that is sold domestically under an in-house brand and crude soybean oil that is, in turn, processed by the Group's refineries together with other edible oils including palm oil into refined oils and value-added products.

The Group's products consist of CPO, PK-based products and refined products such as cooking oil, margarine, shortening and butter oil substitute, biodiesel, oleochemicals and specialty fats, which are sold to customers domestically and globally.

The following table sets forth the Group's consolidated sales based on geographical destination for the years and periods indicated.

	Year Ended 31 December						**Six-Month Period Ended 30 June**			
Region	**2014**		**2015**		**2016**		**2016**		**2017**	
	US$ (in millions)	*%*	*US$ (in millions)*	*%*	*US$ (in millions)*	*%*	*US$ (in millions)*	*%*	*US$ (in millions)*	*%*
Domestic										
Indonesia	830.3	11	631.7	10	766.4	11	359.3	11	527.0	14
China................	1,096.9	14	865.8	14	871.9	12	403.5	13	347.5	9
India	53.2	1	369.5	6	622.2	9	273.9	8	378.1	10
Export										
China................	609.8	8	404.0	6	395.0	5	170.1	5	94.5	2
Singapore..........	1,726.7	23	1,190.9	18	838.5	12	333.2	10	571.8	15
India	712.9	9	557.2	9	787.5	11	338.7	11	345.8	9
Malaysia............	420.2	6	384.3	6	474.5	7	225.3	7	167.7	4
Rest of Asia	604.2	8	614.1	9	890.4	12	417.6	13	530.3	14
Europe	1,227.6	16	1,138.3	17	1,022.2	14	475.9	15	590.8	16
Others	337.5	4	354.3	5	540.2	7	237.9	7	249.5	7
Consolidated Total Sales	7,619.3	100	6,510.1	100	7,208.8	100	3,235.4	100	3,803.0	100

The Group's pricing is determined by the movement in the international price of CPO and PKO based products, which are dependent on the supply and demand of CPO, PKO, and Indonesian government policies including the export taxes or levy for palm-based products. CPO sales in Indonesia are invoiced in Rupiah and are generally based on, or affected by, the international US dollar price for CPO. The price of branded palm oil based products is primarily dependent on local consumer demand and the Group's marketing strategy and is less sensitive to changes in supply and demand than unbranded RBD olein.

The following table shows average CPO and palm kernel oil prices between 2012 and 2016.

	2012	**2013**	**2014**	**2015**	**2016**
			(US$ per tonne)		
CPO, 5% ffa, Mal/Indo, cif Rott	999	857	821	622	700
Palm kernel oil, Mal/Indo, cif Rott........................	1,110	897	1,122	909	1,290

Source: Oil World Annual 2017

The price of crude soybean oil and soybean meal primarily depends on supply and demand in the local Chinese market. Seasonal factors may also play a role in the price, particularly in the summer months from May to October during which tend to be periods when more palm oil is imported.

The Group's sales volumes depend on its production volumes, utilisation of plant capacity and merchandising opportunity, which are as set forth in the following table.

	Year Ended 31 December			Six-Month Period Ended 30 June	
	2014	2015	2016	2016	2017
	(in thousand tonnes)				
Production volume:					
CPO	2,387	2,380	2,016	813	1,072
Palm kernel	567	586	495	196	263
Soybean oil	248	224	223	107	105
Soybean meal	1,013	923	930	442	437
Sales volume (1):					
Plantations and palm oil mills	2,928	3,123	2,828	1,185	1,424
Palm and laurics	8,092	8,764	8,974	4,272	4,485
Oilseeds	1,354	1,257	1,424	697	656

Note: (1) Included inter-segment sales

The Group generally makes its sales on a spot basis and negotiates delivery terms at the time of sale.

Sales, marketing and distribution

Most of the Group's external customers for products from its palm and laurics segments are end-users such as refiners, industrials, consumers and power plants; as well as palm oil trading companies. The combined sales of the Group's top five external customers made up approximately 22%, 18% and 17% of its total consolidated sales in years ended 31 December 2014, 2015 and 2016 respectively and 13% and 18% of its total consolidated sales in the six-month periods ended 30 June 2016 and 2017 respectively. A significant portion of the Group's CPO and palm kernel production is sold in intra-group sales. The Group sells its products in the domestic Indonesian and international export markets. Approximately 69% of the Group's total consolidated sales in 2016 and 67% in the six-month period ended 30 June 2017 were from export sales.

In the domestic Indonesia market, the Group is consolidating its efforts to better position its branded products, predominantly cooking oil and margarine. The distribution and market penetration of the Group's products in Indonesia is progressively improving since the acquisition of a well-established nationwide distributor of fast-moving consumer goods in 2014. The distribution company has a strong presence in all primary and secondary cities across Indonesia.

In the international markets, the Group brought its products to more than 70 countries with particular emphasis on the growing markets in Europe, China, India, Pakistan, the Middle East, USA and Africa. The Group mostly sold in bulk, in addition to industrial and branded products.

The Group's joint ventures with global transportation players Stena Weco and Stena Bulk AB have played a significant role in extending its distribution and logistics capabilities to supply the Group's products to consumers worldwide. This initiative provides a holistic solution to the Group's international transportation by securing greater and more flexible access to large shipping capacities. The Group has sufficient owned fleet and efficient logistic and distribution infrastructure, which includes strategically-located bulking stations, warehouses as well as owned jetty and port facilities.

The Group is continuously striving to increase its presence in the market in packed segment in India through GEFI. At present the Group's brand focus is in Southern part of India consisting of major states like Andhra Pradesh, Telangana, Orissa and Karnataka. The Group's strategy is to invest in building the brand by sustaining the market share where it has strong presence and strive to continue to increase the market presence where it does not have and also to look for increase in geographical base across the southern part of India.

The Group's soybean meal customers are large players in the feed milling and distribution businesses. The Group's customers for vegetable oil products are hotel, restaurant and catering business (horeca), large scale processed food manufacturers (such as biscuits manufacturers, snack food, and confectionery producers) who demand a regular supply of cooking oil of a consistent quality. The Group's core markets in China cover Zhejiang, and Tianjin/Hebei/Beijing and, to a lesser extent, Fujian and Shandong provinces. These are the core markets where its plants with competitive advantages to meet local demand.

The Group operates a food business in China which manufactures and distributes a variety of economy and premium grade snacks and instant noodles, as well as other types of anciliary food products in China.

The Group has a strong integrated network of more than 26 thousand distributors, 120 thousand traditional retail outlets, supermarkets, chain stores and hypermarkets, as well as convenience stores throughout China. These distribution networks provide regular regional market information, support and serve customer needs and handle customer complaints promptly.

(A) Domestic

Refined palm based products. Sales of refined palm oil-based products in the domestic Indonesian markets represented 7% of the Group's total consolidated sales in each of the years ended 2014, 2015 and 2016, and 8% and 9% of the Group's total consolidated sales in the first six months of 2016 and 2017 respectively. Approximately 3% of the Group's total consolidated sales in each of the years ended 31 December 2014, 2015 and 2016, and 4% and 3% in the first six months of 2016 and 2017 respectively, consisted of branded palm based products sold under the Group's Filma™, Kunci Mas™ and other brands.

The Group sells fully-refined, institutional branded margarine and shortening, which are used in the manufacturing, cooking and frying of food for commercial purposes, directly to end-user customers, such as bakeries, restaurants and hotels, on an order-by-order basis. The usual credit period granted to customers is 30 days.

The Group sells unbranded RBD olein in bulk on a spot basis with product orders filled under delivery terms negotiated with the customer. Prices have generally been based upon or affected by prevailing international market prices. The sale of bulk unbranded RBD olein is generally made on a cash basis.

Refined oilseeds based products. Sales of soybean based products in the domestic Chinese markets represented 11%, 9% and 8% of the Group's total consolidated sales in years ended 31 December 2014, 2015 and 2016 respectively and 8% and 7% of the Group's total consolidated sales in the first six months of 2016 and 2017 respectively.

Soybean meal stock is centrally stored in the warehouses in Ningbo and Tianjin to strengthen stock controls and improve effectiveness of stock management. Soybean meal is delivered to the customer via rail, truck or barge. The Group's soybean meal customers are primarily larger players in the feed milling and distribution businesses. Customers for vegetable oil products are large scale processed food manufacturers (such as instant noodle manufacturers, biscuits manufacturers, snack food, canned food and confectionery producers) who demand a regular supply of cooking oil of a consistent quality.

Most of the Group's sales (both branded & unbranded) are cash on delivery. The Group provides credit terms ranging from 10 days – 60 days to selected key customers e.g. poultry integrator, feedmills, food processing company, which contribute less than 10% of total sales.

(B) Export

CPO and PK and PK related products. Export sales from CPO and PK and PK related products were approximately 42%, 38% and 29% of the Group's total consolidated sales in years ended 31 December 2014, 2015 and 2016, respectively and approximately 28% and 27% in the first six months of 2016 and 2017, respectively. The Group generally makes export sales of CPO on a forward basis one month to three months prior to actual delivery under letter of credit arrangements cash against delivery or documents and documents against payment.

Palm kernel meal is mainly exported to customers in Europe who pay the Group under letters of credit, cash against delivery or documents and documents against payment. The Group's customers use palm kernel meal in the production of animal feed.

Refined palm based products. Export sales of refined palm oil-based products were approximately 29%, 29% and 34% of the Group's total consolidated sales in years ended 31 December 2014, 2015 and 2016, respectively, and approximately 35% and 36% in the first six months of 2016 and 2017, respectively.

The primary branded refined palm oil-based product that the Group exports is margarine and cooking oil which were approximately 2%, 1% and 2% of the Group's total consolidated sales in years ended 31 December 2014, 2015 and 2016, respectively and approximately 1% and 2% in the first six months of 2016 and 2017, respectively. The primary export market for the Group's branded margarine has been China. Its other major export markets for branded products have included South Korea, Russia and the Philippines and certain African countries. These sales are made based on cash against document basis.

The Group sells unbranded RBD olein in bulk through distributors and sub-distributors to customers primarily in China, India, Pakistan and Europe. Export sales of unbranded RBD olein were approximately 16%, 15% and 19% of the Group's total consolidated sales in years ended 31 December 2014, 2015 and 2016, respectively, and approximately 20% and 18% in the first six months of 2016 and 2017, respectively. These sales are made on letter of credit arrangement.

Cost of sales

Cost of sales comprise costs of purchasing raw material and finished products, plantation maintenance, fertiliser and harvesting costs and other overhead costs.

Cost of purchasing raw material mainly comprise the costs of FFB purchases for the Group's mills, CPO for its refineries in Indonesia and India, PK for its kernel crushing plant and soybean purchases for its crushing facilities in China, as well as products purchases for its merchandising activities. Raw material costs are the largest component of the Group's cost of sales.

Plantation maintenance and fertiliser costs represent costs related to plantation infrastructure maintenance such as roads and bridges and fertiliser purchased for the plantations. Harvesting costs mainly comprise fees paid for labour related to the harvesting of the FFB.

Other overhead costs represent utility costs such as electricity and water expenses, machinery, amortisation expenses and salary expenses.

Operating expenses

The Group's operating expenses consist of selling expenses, and general and administrative expenses. Selling expenses mainly comprise transportation costs, advertising and promotion expenses, export tax and levy and salaries. General and administrative expenses mainly consist of salaries and related expenses, rent and license fees, depreciation expenses, repairs and maintenance expenses and professional fees.

Other income/(expenses)

Other income/(expenses) include financial income, financial expenses, share of results of associated companies and joint venture, foreign exchange gain/(loss) and other operating income.

Results of operations for the six-month period ended 30 June 2017 compared to six-month period ended 30 June 2016

The Group recorded a 17.5% increase in revenue to US$3,803.0 million and a 44.1% increase in EBITDA to US$328.3 million for half year ended 30 June 2017 ("**1H2017**"), primarily due to higher average CPO price and the recovery in palm production. The Group's net profit attributable to owners decreased by 55.5% at US$59.4 million, mainly due to a recognition of deferred income tax assets in the previous corresponding period in 2016 ("**1H2016**").

Revenue and EBITDA by Segments

Plantations and Palm Oil Mills

Revenue from the Group's plantations and palm oil mills segment increased by 40.7% to US$843.5 million primarily due to increases in production yield and average CPO price during 1H2017. The average international CPO prices (FOB Belawan) for 1H2017 was US$702 per tonne as compared to US$637 per tonne in 1H2016.

FFB and total palm product output for 1H2017 continued to improve. FFB output increased by 34.8% to 4,695,000 tonnes from 3,484,000 tonnes and total palm product output increased by 32.3% to 1,335,000 tonnes from 1,009,000 tonnes, as the impact of the severe El Nino weather phenomenon subsided.

In tandem with increased production and higher CPO prices, EBITDA from plantations and palm oil mills segment increased by 63.7% to US$243.8 million in 1H2017.

Palm and Laurics

Revenue from the Group's palm and laurics segment increased by 21.0% to US$3,386.3 million in 1H2017 mainly due to higher sales volume and higher average net realised prices. Consequently, EBITDA from the palm and laurics segment was higher by 5.5% at US$78.8 million in 1H2017.

Oilseeds

Revenue from the Group's oilseeds segment marginally increased by 2.0% to US$354.2 million in 1H2017 as compared to US$347.2 million in 1H2016, while EBITDA increased by 58.5% at US$4.5 million in 1H2017. This was mainly due to improved margins in the Group's oilseeds business, from 0.8% in 1H2016 to 1.3% in 1H2017.

Financial Expenses, Net

Net financial expenses comprises net interest expenses (after deducting interest income), amortisation of deferred loan charges and other finance charges. Net financial expenses increased by 9.2% from US$52.2 million in 1H2016 to US$57.0 million in 1H2017, which was mainly attributable to higher interest rates on borrowings.

Foreign Exchange (Loss)/Gain, Net

The Group recorded a lower net foreign exchange gain of US$3.7 million in 1H2017 as compared to US$30.6 million in 1H2016, a decrease of 87.9%. Higher net foreign exchange gain in 1H2016 was mainly due to a translation gain on Indonesian Rupiah ("**IDR**") denominated monetary assets driven by the strengthening of the IDR against the US$ during the previous corresponding period, as well as fair value gain recognised on forward foreign currency contracts entered into for the purposes of hedging the currency exposure of Malaysian Ringgit.

Share of Results of Joint Ventures, Net

The Group's share of results of joint ventures was lower by 47.1% at US$2.8 million in 1H2017 mainly due to lower contributions from the Group's shipping operations during 1H2017.

Other Operating Income, Net

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. Net other operating income decreased by 48.9% from US$23.3 million in 1H2016 to US$11.9 million in 1H2017, which was mainly due to lower net gain from changes in fair value of biological assets and lower income from financial assets. The net gain from changes in fair value of biological assets for 1H2017 was US$0.1 million as compared to US$5.1 million in 1H2016, a decrease of 97.5%, which was mainly due to lower market prices.

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 net tax expense of US$22.1 million in 1H2017 in view of the taxable profit recorded during 1H2017. The net tax credit of US$110.8 million in 1H2016 was mainly due to recognition of deferred income tax assets as the Group revalued some of its plantation assets in Indonesia.

Profit for the period

For the foregoing reasons, the Group's recorded profit for the period decreased by 55.9% from US$137.2 million to US$60.5 million.

Results of operations for the year ended 31 December 2016 compared to year ended 31 December 2015

Revenue for the Group was US$7.2 billion for the year ended 31 December 2016 ("**FY2016**") as compared to US$6.5 billion in the previous year ("**FY2015**"), representing an increase of 10.7%. EBITDA also grew by 5.5% from US$541.7 million to US$571.7 million in FY2016. The net profit attributable to the owners of the Company was higher at US$399.6 million as compared to US$10.4 million in FY2015.

Revenue and EBITDA by Segments

Plantations and Palm Oil Mills

Revenue from the Group's plantations and palm oil mills segment increased by 3.6% to US$1,556.9 million primarily driven by higher average CPO price during the year. The average international CPO (FOB Belawan) price for FY2016 was US$664 per tonne as compared to US$574 per tonne in FY2015.

Despite increased revenue, EBITDA from the Group's plantations and palm mills segment decreased by 8.7% to US$379.3 million in FY2016, which was mainly affected by lower production yields resulting from severe conditions caused by the El Niño weather phenomenon in 2015, and the implementation of an export levy in July 2015. FFB and total palm product output for FY2016 were lower at 8,880,000 tonnes and 2,510,000 tonnes, respectively as compared to 10,051,000 tonnes and 2,967,000 tonnes, respectively in FY2015.

Palm and Laurics

Revenue from the Group's palm and laurics segment increased by 11.5% to US$6,261.9 million in FY2016 mainly attributable to higher sales volume and higher average net realised prices. Furthermore, the continued improvement in margins and lower freight rates also resulted in an increase in EBITDA from US$108.7 million in FY2015 to US$180.7 million.

Oilseeds

Revenue from oilseeds segment increased by 16.8% to US$752.6 million in FY2016 mainly due to increase in sales volume. EBITDA decreased slightly to US$10.2 million in FY2016 due to lower margin.

Operating Expenses

Operating expenses increased by 0.8% to US$838.8 million in FY2016. The slight increase was mainly attributable to higher general and administrative expenses, partially offset by lower selling expenses.

Selling expenses declined to US$533.5 million from US$537.8 million in FY2015 largely due to lower freight costs and promotion expenses, mitigating the increase in export duty and levy in Indonesia.

General and administrative expenses comprised mainly salaries and related expenses, rent, tax and licenses, depreciation, repairs and maintenance and professional fees. The increase in these expenses was largely due to higher salary and related expenses.

Financial Expenses, Net

Net financial expenses comprised net interest expenses (after deducting interest income), amortisation of deferred loan charges and other finance charges. As compared to FY2015, net financial expenses were increased by 2.1% to US$102.4 million mainly due to lower interest income in line with lower average cash and bank balances.

Foreign Exchange Gain/(Loss), Net

The Group recorded a net foreign exchange gain of US$47.2 million in FY2016 as compared to net loss of US$91.8 million in the previous year. The gain in FY2016 was mainly due to fair value gain on forward foreign currency contracts entered to hedge the currency exposure of MYR and IDR.

The prior year's loss was mainly due to translation loss on IDR denominated monetary assets and fair value loss on forward foreign currency contracts entered to hedge the currency exposure of IDR and MYR as IDR and MYR weakened significantly against US$ during the previous year.

Other Operating Income, Net

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 a net gain from changes in fair value of biological assets of US$33.8 million in the FY2016 as compared to a loss of US$11.3 million in FY2015 due to the higher market prices. Consequently, net other operating income increased from US$10.2 million in the previous year to US$46.3 million in FY2016.

Exceptional Item

The exceptional item in FY2016 of US$34.3 million consisted of the allowance for impairment loss made on certain fixed assets in China.

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.

In order to access future tax benefits in Indonesia, the Group revalued some of its plantation assets in Indonesia. Consequently, a deferred income tax assets was recognised resulting in a net tax credit of US$262.5 million in FY2016.

Profit for the year

For the foregoing reasons, the Group's recorded profit for the year increased from US$10.0 million to US$402.8 million.

Results of operations for the year ended 31 December 2015 compared to year ended 31 December 2014

The Group's total revenue was 14.6% lower at US$6,510.1 million for FY2015 mainly due to the lower average CPO prices for the year.

Revenue and EBITDA by Segments

Plantations and Palm Oil Mills

The Group's plantations and palm oil mills segment were affected by the lower CPO prices. The average international CPO (FOB Belawan) price decreased from US$768 per tonne in the previous year ("**FY2014**") to US$574 per tonne. The lower CPO prices resulted in 22.0% decrease in revenue and 26.0% decrease in EBITDA from plantations and palm oil mills segment to US$1,503.0 million and US$415.3 million respectively.

Dry conditions in certain regions of Indonesia in the previous year affected the production yield in early 2015, resulting in only a marginal increase in the Group's production for the year. FFB output increased by 3.3% from 9,729,000 tonnes to 10,051,000 tonnes and total palm product output increased by 0.5% from 2,953,000 tonnes to 2,967,000 tonnes.

Palm and Laurics

Revenue from palm and laurics segment was 13.2% lower at US$5,614.0 million in FY2015 mainly due to lower CPO prices, partially mitigated by higher sales volume achieved. Sales volume for palm and laurics segment increased by 8.3% to 8,764,000 tonnes mainly due to higher sales of refined products, especially for destination markets. EBITDA from palm and laurics segment continued to improve by 88.9% to US$108.7 million mainly due to improved margins.

Oilseeds

Revenue from oilseeds segment was lower by 23.8% at US$644.1 million in FY2015 mainly attributable to lower average selling prices and lower crushing volume. The Group recorded a positive EBITDA of US$11.3 million in FY2015 as compared to a negative EBITDA of US$60.3 million in FY2014. This was mainly attributable to the improved business environment for the oilseeds business.

Operating Expenses

Operating expenses decreased by 13.0% to US$832.4 million in FY2015 mainly due to lower selling expenses.

Selling expenses of US$537.8 million comprised mainly transportation and freight, export tax and levy, advertising and promotion expenses and salaries. The decrease in selling expenses of 17.0% was mainly due to lower export tax incurred in Indonesia in line with lower CPO prices, partially offset by increases in freight costs and promotion expenses in line with the larger sales volume for palm and laurics segment.

General and administrative expenses comprised mainly salaries and related expenses, rent, tax and licenses, depreciation, repairs and maintenance and professional fees. These expenses decreased by 4.5% from US$308.5 million in FY2014 to US$294.7 million in FY2015.

Financial Expenses, Net

Net financial expenses increased marginally from US$98.0 million to US$100.3 million in FY2015. These expenses comprised net interest expenses (after deducting interest income), amortisation of deferred loan charges and other finance charges.

Share of Results of Joint Ventures, Net

The Group's share of net profit from joint ventures was higher at US$7.8 million in FY2015 mainly contributed by the Group's shipping operations.

Foreign Exchange Loss, Net

Net foreign exchange loss increased from US$13.8 million to US$91.8 million in FY2015. This was mainly due to translation loss on IDR denominated monetary assets and fair value loss on forward foreign currency contracts entered to hedge the currency exposure of IDR and MYR, as IDR and MYR weakened significantly against US$ during FY2015.

Other Operating Income, Net

Net other operating income of US$10.2 million comprised mainly income from sales of seedlings and other materials, rental and changes in fair value of financial assets and biological assets. Lower net other operating income in FY2015 was mainly due to lower gain from changes in fair value of financial assets and lower income from sales of seedlings.

Exceptional Item

The exceptional gain of US$7.6 million in FY2014 related to gain on disposal of 50% of the Group's interests in certain subsidiaries to a joint venture partner.

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 net tax credit of US$10.7 million in FY2015 as compared to a tax expense of US$45.5 million in FY2014. The tax credit recorded in FY2015 mainly due to recognition of deferred income tax assets resulting from deductible timing differences and lower profit recorded during the year. The Group recorded tax expenses of US$45.5 million in FY2014 in line with higher taxable profit recorded by certain subsidiaries in Indonesia.

Financial Position as at 30 June 2017

Assets

Compared to the end of the previous year, the Group's total assets decreased by 1.3% from US$8,306.4 million to US$8,195.3 million as at 30 June 2017. The reduction was mainly attributable to decreases in trade receivables and bearer plants, partially offset by higher inventories and higher cash and cash equivalents in line with better operating results.

Trade receivables decreased by 22.1% from US$561.4 million to US$437.2 million mainly due to the timing of sales made.

Lower book value of bearer plants of US$62.0 million was mainly due to depreciation expenses recorded for 1H2017.

Liabilities

Total liabilities of the Group decreased by 3.5% from US$4,210.5 million to US$4,062.4 million as at 30 June 2017. This was mainly attributable to lower total borrowings and trade payables following repayments made during 1H2017, partially offset by higher other long-term liabilities.

Other long-term liabilities increased by 77.8% from US$85.2 million to US$151.5 million, mainly due to increase in post-employment benefit liabilities and higher other non-trade payables.

Liquidity and Capital Resources

Cash flows

The following table sets forth a condensed summary of the Group's statements of cash flow.

	Year Ended 31 December			Six-Month Period Ended 30 June	
	2014	2015	2016	2016	2017
		(audited)		(unaudited)	
	(U.S.$ '000s, except where otherwise indicated)				
Cash flow activities					
Net cash generated from/(used in) operating activities	349,216	465,367	102,063	(125,301)	317,665
Net cash used in investing activities	(678,280)	(457,558)	(169,061)	(79,232)	(94,776)
Net cash generated from/(used in) financing activities	329,856	(103,567)	(37,200)	90,151	(164,480)
Net increase/(decrease) in cash and cash equivalents	792	(95,758)	(104,198)	(114,382)	58,409

Net cash generated from/(used in) operating activities

The Group's net cash generated from operating activities was higher at US$317.7 million in 1H2017, as compared to cash outflow of US$125.3 million in 1H2016. This was mainly due to lower working capital requirement for downstream operations and receipts of tax refund during 1H2017.

In FY2016, the Group generated higher operating cash inflows before working capital changes of US$578.6 million as compared to US$432.1 million in FY2015. However, higher working capital requirements for the downstream operations resulted in lower net cash inflows generated from operating activities of US$102.1 million.

In FY2015, the Group's net cash generated from operating activities was US$465.4 million after the payment of taxes and interest expenses compared to US$349.2 million in FY2014. The higher net cash generated from operating activities in FY2015 was due primarily to the lower working capital requirements for the Group's downstream operations.

Net cash used in investing activities

The Group's net cash used in investing activities was US$94.8 million and US$79.2 million in 1H2017 and 1H2016 respectively. This was mainly related to capital expenditures on the Group's property, plant and equipment.

In FY2016, the Group's cash used in investing activities was lower at US$169.1 million as compared to US$457.6 million in FY2015. The lower cash used was mainly attributable to lower capital expenditures on bearer plants and property, plant and equipment, as well as lower cash used for acquisition of subsidiaries. Net cash used in investing activities decreased from US$678.3 million in FY2014 to US$457.6 million in FY2015. Higher net cash used in FY2014 was mainly due to additional long-term investments and higher loan extended to certain joint ventures.

Net cash generated from/(used in) financing activities

Net cash used in financing activities was US$164.5 million in 1H2017 as compared to cash inflow of US$90.2 million in 1H2016. These were mainly related to repayments of borrowings, net of proceeds from new drawdown.

In FY2016, the Group's net cash used in financing activities of US$37.2 million was mainly related to payment for dividends of US$47.5 million, net of proceeds from borrowings.

In FY2015, the Group's net cash used in financing activities of US$103.6 million was mainly related to payment for dividends, bonds repurchase and shares bought back and held as treasury shares.

In FY2014, the Group's net cash generated from financing activities of US$329.9 million was mainly attributable to proceeds from loans and notes drawn (net of repayment) for working capital and capital expenditure net of dividend payment made.

Indebtedness

As of 30 June 2017, the Group's total borrowings at carrying value comprise secured and unsecured borrowings as follows:

	As of 30 June 2017		
Indebtedness	**Secured**	**Unsecured**	**Total**
		(US$ millions)	
Short-term debt, current maturities of long-term debt and bonds and notes payable	627	1,011	1,638
Long-term debt and bonds and notes payable	967	360	1,327
Total	1,594	1,371	2,965

The scheduled maturities of the Group's total borrowings as of 30 June 2017 were as follows:

		Original Loan Currency				
Total borrowings	**US$**	**Rp**	**S$**	**Eur**	**INR**	**Total US$ Equivalent**
				(in millions)		
Short-term debt, current maturities of long-term debt and bonds and notes payables	1,492	213	200	1	-	1,638
Long-term debt and bonds and notes payable						
Due from 1 July 2018 to 30 June 2019	598	-	93	-	-	666
Due from 1 July 2019 to 30 June 2020	275	99,823	-	-	-	282
Due from 1 July 2020 to 30 June 2021	103	-	-	-	10	103
Due from 1 July 2021 to 30 June 2022	101	-	-	-	-	101
Due from 1 July 2022 thereafter	175	-	-	-	-	175
Total	2,744	100,036	293	1	10	2,965

Other financial resources

The Group's primary sources of liquidity have been cash from operations, capital contributions from its shareholders and debts. As of 30 June 2017, the Group had aggregate cash, cash equivalents and short-term investments of US$411.8 million. Certain assets of some of the Group's subsidiaries are subject to security interests under credit facilities. Some of these credit facilities include covenants that impose restrictions on the Group's ability to incur additional debt or pay dividends and require the Group to satisfy certain financial ratios. In addition, financing agreements entered into by the Group, whether to finance expansion, working capital or otherwise, require that various conditions be satisfied prior to a borrowing under the relevant agreement. These generally include the satisfaction of financial ratios and other conditions.

GAR is a holding company that depends upon the receipt of dividends from the Group's subsidiaries to make payments with respect to the Group's debt obligations and other liabilities, in order to provide funds to the Group's other subsidiaries and to pay dividends on the Group's common stock. The payment of dividends in the future by the Group's subsidiaries will depend upon the results of operations and cash requirements of these subsidiaries and other factors.

The Group expects that its cash flow from operations, together with its cash, cash equivalents and time deposit balances, the rights issue, its available lines of credit or additional lines of credit, the proceeds of this offering and additional borrowings will be sufficient to fund its planned capital expenditures, to make scheduled interest and amortisation payments under its outstanding indebtedness and to fund its anticipated working capital needs in 2017.

Capital expenditures and expansion

The following table summarises the Group's historical capital expenditure for the years and periods as indicated:

Capital Expenditures	Year Ended 31 December			Six-Month Period Ended 30 June	
	2014	2015	2016	2016	2017
			(US$ millions)		
Total capital expenditure	458	449	215	103	89

In 2017, the Group expects that its planned capital expenditure will be approximately US$150 million, including expenditure for the replanting of the Group's old estates, the expansion of its biodiesel processing and kernel crushing capacity as well as the construction of other infrastructure related to its business.

The Group intends to expand its business to the extent that financing is available, market conditions permit and it is desirable to do so. The Group's ability to complete its expansion plans, as described below, will depend on a number of factors, including the existence of Indonesian government policies limiting the Group's ability to obtain additional land rights and the availability of financing on favourable terms.

Future funding

The Group expects to meet its debt service, capital expenditure and working capital requirements principally through:

- cash generated from operations;
- net proceeds of this Offering;
- entering into joint ventures; and
- other borrowings and internal sources.

The Group may also incur additional indebtedness to finance portions of future projects that it may undertake. In addition, depending on the Group's capital requirements, market conditions and other factors, it may raise additional funds through debt or equity offerings or the sale or other disposition of shares or assets of the Group's companies. The Group may from time to time consider rights offerings, equity issuances or listings of, or the sale of a strategic stake in, one or more of the Group's companies.

Significant commitments and contingencies

As of 30 June 2017, the Group has no significant contingencies. The estimated significant expenditure committed but not provided for in the consolidated financial statements amounted to US$37.1 million.

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 rates 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 rates 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 the relevant time and may differ from the rates the Group has secured currently.

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.

	As at	
	31 December 2016	30 June 2017
	US$'000	*US$'000*
Financial Assets		
Variable rate	369,172	449,191
Fixed rate	237,239	210,318
Non-interest bearing	1,477,040	1,394,024
Total financial assets	2,083,451	2,053,533
Financial Liabilities		
Variable rate	1,987,768	2,049,037
Fixed rate	1,395,213	1,203,753
Non-interest bearing	465,317	429,398
Total financial liabilities	3,848,298	3,682,188

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 the Group's 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 (inclusive of principals and estimated interest until maturity).

	As of 30 June 2017			
	Less than 1 year	1 to 5 years	Over 5 years	Total
	US$'000	*US$'000*	*US$'000*	*US$'000*
Borrowings	1,717,773	1,236,171	184,210	3,138,154
Other financial liabilities	717,535	-	-	717,535
Financial guarantee contracts	5,611	40,440	246,259	292,310
Total financial liabilities	2,440,919	1,276,611	430,469	4,147,999

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, the Chinese Renminbi, India Rupee and the US dollar (which is also the Group's presentation currency).

Sales to domestic customers within Indonesia, China and India 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 US dollars. Purchases and operating expenses in Indonesia, China and India 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, such as forward exchange contracts and cross currency swap contracts. 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.

Trading and Commodity Price Risks

The Group's performance depends on a variety of factors, including the global economic outlook, global climatic conditions, CPO price, foreign exchange rates movement, and developments in Indonesia and China. The Group is subject to various market risks as discussed below.

Price risk

Price risk is the risk that the value of the financial instrument will fluctuate as a result of changes in market prices. As the Group's products are related to commodities, it is exposed to price risk in the commodities market. The Group monitors the market closely to ensure that the risk exposure to the volatility of the commodities is kept at minimum level.

The Group constantly analyses and monitors global demand patterns and trends for CPO and other palm oil products to try to make prompt and informed decisions regarding its production and sales levels. See "*Risk Factors — Risks Relating to the Group's Industry — Prices of the Group's products fluctuate in line with international prices*".

A large part of the Group's current business in China involves producing refined soybean products. Soybeans are commodities that are actively traded. The price of soybeans may fluctuate due to changes in supply and demand. Prices for soybeans are affected by factors such as output levels, adverse weather conditions (including natural calamities such as hurricanes, typhoons, tsunamis, earthquakes, volcanoes and floods), global supply of soybeans and CPO and global demand for vegetable oil products. Notwithstanding that the Group employs active hedging and trading strategies to manage the Group's supply of soybeans, any of the above factors may lead to an increase in the Group's costs to purchase soybeans which may adversely affect its profitability due to increased costs and lower profit margins on refined soybean products.

Off-balance sheet arrangements

As of 30 June 2017, the Group does not have any off-balance sheet arrangements.

DESCRIPTION OF THE ISSUER

1. HISTORY AND BUSINESS

The Issuer was incorporated with limited liability under the laws of the Republic of Singapore on 20 November 2013. It is a wholly-owned subsidiary of the Guarantor.

Its principal activities are the provision of treasury management, and business and management consultancy services for and on behalf of the Guarantor. Since its incorporation, the Issuer has not engaged in any material activities other than the establishment of the Programme, the proposed issue of the Notes under the Programme and the authorisation of documents and agreements referred to in this Offering Circular to which it is or will be a party.

The registered office of the Issuer as at the date of this Offering Circular is 108 Pasir Panjang Road, #06-00 Golden Agri Plaza, Singapore 118535.

2. SHAREHOLDING AND CAPITAL

As at the date of this Offering Circular, the issued share capital of the Issuer is US$1.00. All the issued ordinary shares in the capital of the Issuer are held by the Guarantor.

3. DIRECTORS

As at the date of this Offering Circular, the Directors of the Issuer are:

Name	Business Address
Rafael Buhay Concepcion, Jr.	108 Pasir Panjang Road, #06-00 Golden Agri Plaza, Singapore 118535
Chen Sau Hua	108 Pasir Panjang Road, #06-00 Golden Agri Plaza, Singapore 118535

DESCRIPTION OF THE GROUP

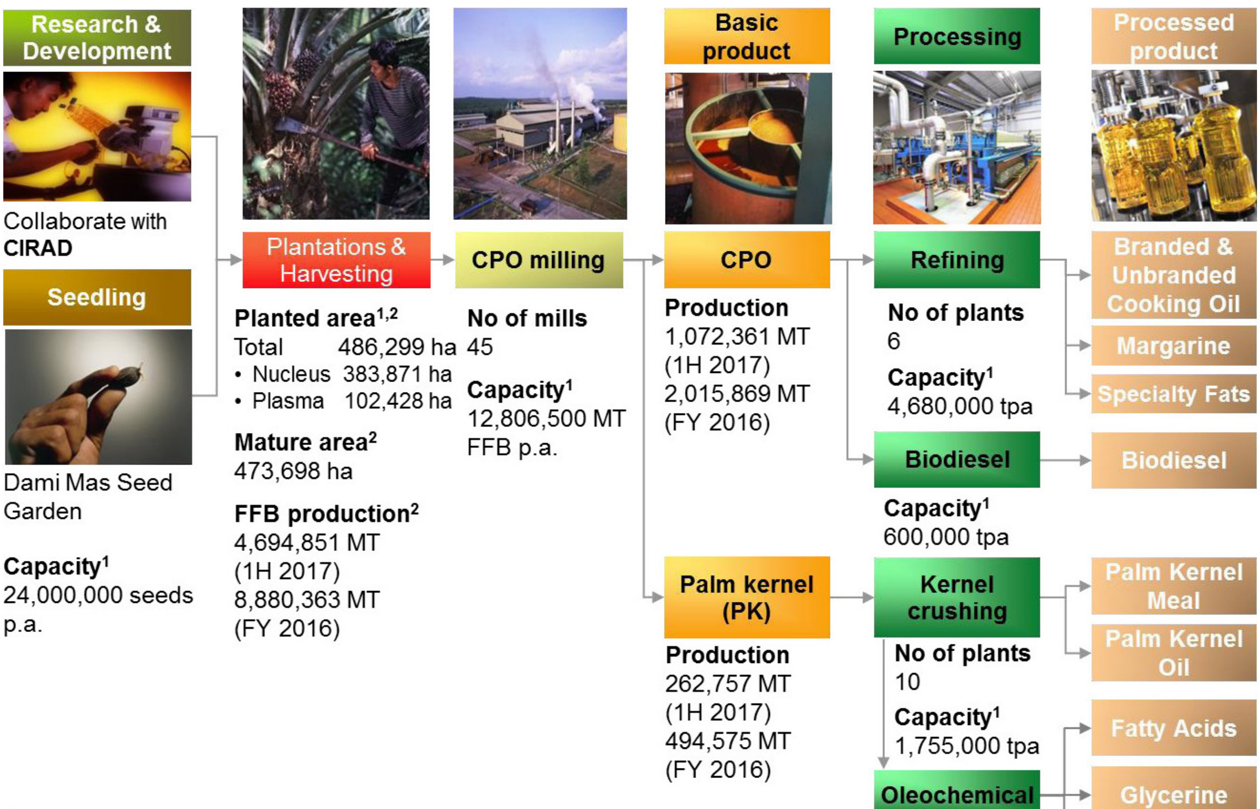
BUSINESS OVERVIEW

GAR is one of the leading integrated palm oil plantation companies. GAR's primary activities range from cultivating and harvesting oil palm trees, processing FFB into CPO and PK, to refining CPO into industrial and consumer products such as cooking oil, margarine and shortening, as well as merchandising palm products throughout the world.

GAR is focused on sustainable palm oil production, where its vertically-integrated operations involve:

- extensive research and development activities in oil palm production;
- developing and breeding its own seedlings;
- cultivating and harvesting oil palm plantations;
- milling FFB into CPO and palm kernel;
- refining CPO into value-added bulk, industrial and branded products;
- crushing palm kernel into palm kernel oil and palm kernel meal; and
- producing non-food products such as oleochemicals and biodiesel; and
- transportation and logistical support.

The following is a flowchart of GAR's vertically integrated Indonesian agri-business operations:



Notes:
1. Data as of 30 June 2017
2. Including plasma

GAR maintains its position as the leading oil palm plantation group in Indonesia with its estates spanning from east to west across the archipelago. As of 30 June 2017, GAR manages 166 oil palm estates with a total area of 486,299 hectares (including 102,428 hectares of estates owned by landholders).

The harvested FFB are processed in owned milling facilities which are strategically located near the plantations, to produce CPO and PK. As of 30 June 2017, GAR has 45 mills with a combined installed annual capacity of 12.81 million tonnes.

Part of the CPO and PK produced are further processed in GAR's refineries and kernel crushing plants, which are strategically located in Indonesia, close to ports, consumer markets, and its plantations and employ state-of-the-art technology.

GAR has six refineries with a combined annual installed capacity of 4.68 million tonnes, of which five are accredited with ISO 22000 certification, an international recognition that its refined products (including cooking oil, margarine and shortening) meet stringent international food safety standards. GAR also owns kernel crushing plant with total capacity of 1.76 million tonnes of PK per annum and a 240 thousand tonnes per annum oleochemical plant. The Group's fatty acid and glycerine produced from the oleochemical plant have been accredited under certification standards such as ISO 22000, OHSAS 18001, KOSHER, GMP+B2, FDA registration and RSPO. Furthermore, the Group's joint venture with CEPSA Quimica, S.A. continues to progress well. The joint venture's new fatty alcohol plant in Riau has achieved full mechanical completion and commercial start up is slated for the second quarter of 2017.

GAR's products are sold globally to a diversified customer base by leveraging its extensive distribution network, strong merchandising, branding, and destination marketing. The Group's shipping and logistics capabilities are bolstered by its ownership of vessels, sea ports, jetties, warehouses and bulking facilities in strategic locations.

In support of the Indonesian Government's biodiesel policy, GAR has built its first biodiesel plant in South Kalimantan with annual capacity of 300 thousand tonnes. The plant commenced operations in the first half of 2016 and has participated in Indonesian state-owned oil and natural gas corporation Pertamina's biodiesel sourcing in growing volumes for consecutive periods. The Group's second biodiesel plant near Jakarta has also been completed and commenced its operations in the second quarter of 2017.

Through its subsidiary in India, Gemini Edibles & Fats India Private Limited, GAR is engaged in the business of manufacturing and marketing edible oils and fats in the country. It has refinery plants with a total annual capacity of 345 thousand tonnes and a solid and established brand in the eastern part of India, supported by an extensive distribution system.

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

In Ningbo, Zhejiang Province, GAR operates a deep-sea port and storage facility for oils and grains. The Group's oilseed crushing facilities located in Ningbo and Tianjin have an annual capacity is 2.3 million tonnes. GAR also has refining facilities in same locations, with total annual refining capacity of 676 thousand tonnes.

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.

GAR also operates a food business in China through FIH, which manufactures and distributes a variety of snack and instant noodles as well as other snack products in the country. FIH commands a large market share in the noodle business in the region. The food products are produced through six strategically located plants with a total annual capacity of four billion packets of noodles. In addition to noodle products, FIH also produces and markets higher value snack products which include health and nutrition products.

In FY2016, the Group's revenue was US$7,208.8 million and its profit after tax was US$402.8 million with underlying profit[(1)] of US$186.3 million. For the six-month period ended 30 June 2017, the Group's revenue was US$3,803.0 million and its profit after tax was US$60.5 million with underlying profit of US$137.1 million.

THE GROUP'S COMPETITIVE STRENGTHS

The Group believes that the principal competitive strengths of the Group include the following:

The Group holds market-leading positions in the oil palm plantation and edible oils industries.

The Group is one of the largest palm-based players in Indonesia. The Group's productivity and cost efficiency result from having among the largest and best managed plantations in the industry. Approximately 97% of its 486,299 hectares of the Group's plantations as at 30 June 2017 were mature plantations. In FY 2016, the Group produced approximately 2.0 million tonnes of CPO and approximately 495,000 tonnes of PK. The Group's large-scale operations are well supported by its advanced information technology system and world-class oil palm research and development centre (SMART Research Institute or "**SMARTRI**").

The Group's downstream capacity has enabled it to cover its upstream production and capture the merchandising opportunity that is unique to GAR given its close access to third party plantations, and growing its global diversified customer base. By offering an extensive portfolio of refined products in terms of specifications, quality and sustainability certification, the Group believes that it is able to meet the different requirements of customers. The Group's research and development has an important role in developing new product alternatives to meet increasing customer demand. The Group is extending its capabilities and shifting the product mix to higher value-added products, including specialty fats and oleochemicals. The Group markets its products in bulk, industrial and branded form, domestically as well as in international markets.

The Group has developed significant vertical integration into its operations.

The Group has vertically-integrated operations in Indonesia. The Group owns, operates and manages its oil palm plantations, mills, kernel crushing plants and refineries, as well as the facilities for the manufacture of end-user products from CPO and palm kernel oil.

The vertical integration of the Group's Indonesia agri-business segment is complemented and enhanced by its integrated downstream operations in China and India. Its crushing and refining facilities in China are strategically located adjacent to its storage facilities and deep-sea port, which was the last such natural deep-sea port site currently available for projects similar to the Group's in Eastern China. As a result, the level of efficiency of its integrated downstream operations in China is not easily duplicated by competitors and also lowers costs of crushing, refining and transportation. In addition, the processing facilities in India enable the Group to participate in the high-growth branded cooking oil and specialty fat industries in India, and also to bring its products closer to the greater European and Middle East markets.

Vertical integration allows the Group to:

- enhance its profit margins by closely monitoring market prices for, and adjusting output of, CPO and refined palm oil products, depending on which provides the higher profit margin;

- better control the quality of raw materials and other products along the supply chain. For instance, the Group is able to control the quality of its CPO by developing high-yielding seedlings internally and effectively managing the methods of growing and maintaining its plantations and collection of FFB and loose fruit;

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1 The Group calculates underlying profit by excluding net effect of net gain or loss from changes in fair value of biological assets and depreciation of bearer plants, exceptional items and other non-operating items (foreign exchange gain or loss, net tax impact from tax-based asset revaluation, and other deferred tax income or expense) from net profit attributable to owners of the Company as drawn up under International Financial Reporting Standards.

- increase its logistical and distribution efficiencies by constructing its infrastructure and storage facilities in viable and strategic locations;
- produce a broad number of palm oil and soybean products for a variety of different uses, thereby allowing it to reach a greater portion of the palm oil and edible oil markets; and
- maximise the efficiency and utilisation of its established distribution network in China, which manages more than 26 thousand distributors, 120 thousand traditional retail outlets, supermarkets, chain stores and hypermarkets, as well as covenience stores throughout the country.

Efficiency of the Group's operations.

Through a combination of factors including the age profile of the trees in the Group's plantations, the Group's plantation estate management, proximity of the Group's plantation estates to the Group's mills and proximity of its refineries to its customers and port facilities, research and development and its quality control procedures, GAR believes it is one of the most efficient oil palm plantation groups in Indonesia.

Currently, approximately 82% of the mature oil palm trees in the Group are at prime production age, which yields the highest production volumes. The Group expects this percentage to increase as more of its young trees reach prime production age, thereby increasing its yield and decreasing its average production cost. GAR believes that the Group's average FFB yield to be among the highest in Indonesia, with 19.0 tonnes per mature hectare in FY2016 and 9.9 tonnes per mature hectare for the six-month period ended 30 June 2017. The close proximity of its plantations to its mills, its high harvesting standards and comprehensive transportation network linking its plantations to its mills also help ensure that its FFB arrive at its mills in good condition. In FY2016, the Group's CPO and PK extraction rates were 22.2% and 5.4%, respectively. For the six-month period ended 30 June 2017, the Group's CPO and PK extraction rates were 22.5% and 5.5%, respectively. As a result, in FY2016, the Group's CPO and PK yields per mature hectare were 4.2 and 1.0 tonnes per mature hectare, respectively, and in the six-month period ended 30 June 2017, the Group's CPO and PK yields per mature hectare were 2.2 and 0.5 tonnes per mature hectare, respectively, which the Group believes were among the highest in Indonesia. The Group's edible oils businesses including, in particular, its crushing and refining operations, are also highly efficient and use advanced technology, which the Group believes enhances the Group's operational efficiency.

The Group enjoys significant cost advantages over its competitors.

The Group believes it is one of the lowest cost producers of CPO in the world due to:

- its economies of scale and vertically-integrated operations;
- best-in-class plantation management;
- its high crop yields per hectare; and
- the lower cost of acquiring plantation land rights and more competitive labour costs in Indonesia as compared to Malaysia.

The Group consistently seek to sustain its cost leadership through continuous improvement by exploring various alternatives in the areas of precision agriculture as well as technology and science driven solutions, such as mechanisation and automation, to further enhance the efficiency of its operations. The Group aims to ensure that operational excellence is achieved across all of its nucleus and plasma estates, and in terms of planting, fertilising and harvesting techniques, transportation and processing efficiencies. Above all, the Group believes that micro supervision is essential to ensure that high level breakthroughs are put into operation precisely, thereby resulting in the highest outcomes.

Furthermore, the Group's crushing and refinery facilities in Indonesia, India and China are strategically located with easy access to ports, storage facilities and main consumer markets, enabling it to achieve better cost efficiency and shorter delivery lead time.

The Group has directors with extensive experience as well as a highly experienced and capable management team.

The Group's directors have extensive experience in the oil palm plantation and palm and laurics and oilseeds based products businesses. They are supported by an experienced management team with an established record of accomplishment. The Group's senior managers have spent an average of more than 20 years cultivating palm oil and its related products and has extensive experience in the marketing and sales of vegetable oils and in related industries. GAR believes that the Group's directors and management team have the operational, financial and marketing skills and experience needed to continue to grow and expand its businesses.

The Group has its own high-yielding seed supply.

Good quality seed is the foundation of the plantations' long-term productivity. GAR, through its subsidiary, PT Ivo Mas Tunggal ("**IMT**"), owns PT Dami Mas Sejahtera ("**DAMI**"), which produces high-yielding seeds, Dami Mas DxP seeds, a combination of the Dura and Pesifera species, which attains approximately 20% better growth and yield than conventional seeds. The quality of palm seedlings produced is maintained in accordance with a quality management system certified by ISO 9001.

PT SMART Tbk ("**SMART**"), a subsidiary of GAR, has recently made its breakthrough in cultivating high-yielding oil palm planting material, developed in the company's research centres, SMARTRI and SMART's Biotechnology Centre, through an advanced biotechnology programme. These planting materials, Eka 1 and Eka 2, are registered in Indonesia's Catalogue of Seeds and were approved for cultivation on 21 April 2017 by the Directorate General of Plantation, Ministry of Agriculture. GAR believes that these planting materials will enable the Group to significantly increase yields, without increasing land under cultivation.

At its prime maturity, the Eka 1 seedlings are expected to yield 10.8 tonnes of crude palm oil (CPO) per hectare, with oil extraction levels of 32 percent due to the high ratio of oil in the fruit. The Eka 2 seedlings are expected to yield 13.0 tonnes per hectare and oil extraction levels of 36 percent. In addition, Eka 1 and Eka 2's expected time to harvest is 24 months, compared to the current industry average of 30 months.

Over the next five years, the Group will multiply these clones through tissue culture, to cultivate a sufficient quantity to plant over a larger commercial area starting in 2022.

THE GROUP'S STRATEGY

The Group aims to be the best, fully-integrated, global agribusiness and consumer product company, efficiently providing sustainable and superior quality agribusiness and consumer products, solutions and services to create value for all stakeholders. The Group is focusing its business transformation efforts to enter a new age of efficiency, sustainability and innovation throughout its vertically integrated value chain to grow profitability, as the partner of choice in the global agribusiness and consumer sectors. Capitalising on its competitiveness, GAR has a mission to provide solutions, quality products and services both efficiently and sustainably, which ultimately will provide higher value to its shareholders in the long term.

The principal components of the Group's strategy are:

- ***Achieving sustainable growth through operational excellence, yield improvement and cost efficiency***

  The Group continuously adds value to its operations by continuously enhancing operational excellence in order to be at the forefront of the palm oil industry. The Group's research and development division plays a vital role in supporting the sustainable growth of GAR, through innovation, developing best practices, and an enhanced oil palm breeding programme. The Group constantly invests in research and development to invent new technologies that will improve the productivity of its oil palm operations in a sustainable way. The Group's research institute has integrated research activities in developing practical field applications which employs the latest technology. The institute also undertakes research in plant breeding and biotechnology, and producing tissue culture planting materials besides the existing high-yielding Dami Mas DxP seeds.

The Group consistently seeks to sustain its cost leadership through continuous improvement by continuously exploring options, such as mechanisation and automation, to further enhance the efficiency of its operations. The Group's operational best practices in the area of planting, fertilising and harvesting techniques, transportation and processing efficiencies, are enforced not only in its nucleus plantations but also in its plasma smallholders' plantations. Above all, micro supervision is essential to ensure that high level breakthroughs are put into operation precisely, thereby resulting in the highest outcomes.

In addition, the Group aims to replant its old estates in order to maintain a favourable age profile and further enhance long-term yields. Newer estates are developed using the latest techniques and higher-yielding planting materials, are and designed to accommodate the necessary infrastructure for mechanisation.

- ***Exploring any strategic opportunities for growth***

Whilst the Group is mindful in developing its land resources sustainably, at the same time, it will keep exploring any strategic opportunities to acquire well-positioned and high quality oil palm estates and landbank, specifically in Indonesia.

To sustain its long-term growth, the Group continues to study the potential for oil palm plantations in other countries. The Group is investing in Africa through The Verdant Fund LP, a private equity fund that owns Golden Veroleum (Liberia) Inc ("**GVL**"). The Liberian government has granted GVL a concession for development of oil palm plantations in Liberia. GVL follows sustainable development practices and is a member of the Roundtable of Sustainable Palm Oil ("**RSPO**"). It also adheres to the High Carbon Stock approach to environmental protection. GVL will be a supplier of RSPO-certified sustainable palm oil. As of 30 June 2017, GVL's planted area stood at approximately 16,300 hectares. The Group closely monitors the development of this project as well as provide technical expertise to ensure the quality and sustainability of the estates being developed.

- ***Optimising the Group's vertically integrated operations***

Growing the Group's downstream activities has enabled it to market, sell and distribute its upstream production and capture the merchandising opportunity that is unique to GAR given its close access to third party plantations, and growing its global diversified customer base. In 2015, the Group successfully completed its multi-year downstream capacity expansion in its main producing country, Indonesia. While the Group is constantly exploring growth opportunities in other under-served destination countries, its focus in the short term is to leverage its refining capacity, logistic efficiencies, marketing presence, and plantation relationships to serve and focus on the most profitable market segments. The Group will optimise margins by providing a broad product portfolio and an expanding geographical mix.

The Group is strengthening its penetration in existing markets and broadening it to other international markets through either organic expansion or through joint ventures and other corporate collaborations. To cater to the Group's growing production flows and destination business, it is optimising and leveraging available distribution channels and transportation options as well as extending its logistics and processing reach to key consuming countries. With the Group's own shipping capacity, it is able to secure shipping requirements, better control costs and service level, and deliver value-added services to its customers by providing holistic solutions in international transportation. This has helped the Group to independently secure and widen its market reach as well as realise cost efficiencies in distribution by leveraging operational scale and synergies.

Its downstream operations are prudently managed by an experienced management team supported by a centralised and independent risk management team. The risk management team follows a prudent and systematic approach to market risk management in line with industry best practices.

For biodiesel, the Group is broadening its network with logistic partners to aim for non-Public Service Obligation (non-PSO) biodiesel buyers in order to increase biodiesel plant utilisation. In 2014, the Ministry of Energy and Natural Resources of the Republic of Indonesia issued a mandatory directive requiring blending admixture, starting with 10% in 2014 with a gradual increase to 30 per cent. in 2020, permitting the industry to adapt to the mandatory blending. Its further expansion will be subject to the growth of the biodiesel industry in Indonesia, which depends on the biodiesel mandate realisation, especially for the non-PSO portion.

- ***Focus on operational excellence to manage costs and improve margin***

  GAR's initiatives to manage costs in downstream operations include increasing the utilisation rate of all its processing facilities, capitalising on various distribution channels and transportation options, diversifying supply sources for materials, as well as implementing prudent and effective merchandising strategies to obtain the highest quality input materials at the lowest price.

  Moving forward, the Group is focusing its efforts on optimising its integrated business model by extracting value throughout the downstream value chain. As the integration progresses, the Group expects to maximise its refining activity given GAR's competitive advantage with its vertically integrated business model, the new technology employed in its refineries, and the close access to third party plantations.

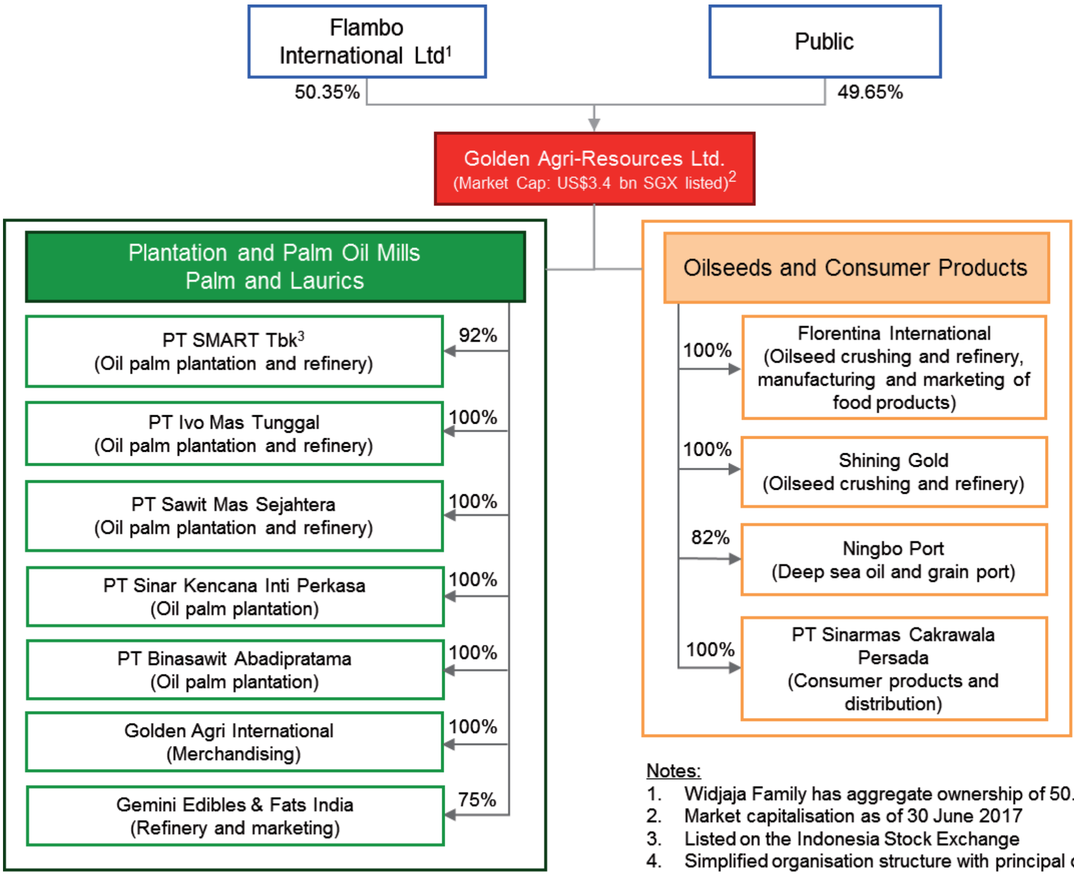
- ***Improving oilseed business model and strategy in China***

  The Group intends to maintain its presence in China as the largest edible oil market in the world. To overcome challenges posed by the intense competition, its strategy is to strengthen its position in targeted markets by increasing the capability of its sales distribution channels and strengthening business relationships with reputable customers by pursuing additional value-added services. The Group will also consolidate and simplify its brand structure. GAR implements a niche strategy by focusing on the smaller cities inland while other major players operate in the larger coastal cities.

  The Group expects China's commodity market environment to remain competitive in the future. Therefore, the Group will continue to actively manage flexible production in all existing facilities in order to manage cost and stabilise performance. The Group is also reviewing its business model and is exploring several strategic alternatives to source raw materials and rationalise capacity.

SIMPLIFIED CORPORATE STRUCTURE

The following is the Group's simplified organisation structure as at the date of this Offering Circular.



Notes:

1. Widjaja Family has aggregate ownership of 50.35% in GAR
2. Market capitalisation as of 30 June 2017
3. Listed on the Indonesia Stock Exchange
4. Simplified organisation structure with principal operating subsidiaries

BUSINESS OPERATIONS

The Group's business comprises the following segments:

- the plantations and palm oil mills segment which is the Group's upstream business;
- the palm and laurics segment which is engaged in the processing and merchandising of palm-based products, i.e. bulk and branded as well as oleochemicals, biodiesel and other vegetable oils;
- the oilseeds segment which is engaged in the processing and merchandising of oilseed based products, i.e. bulk and branded products; and
- the others segment which is engaged in the production and distribution of food and consumer products in China and Indonesia.

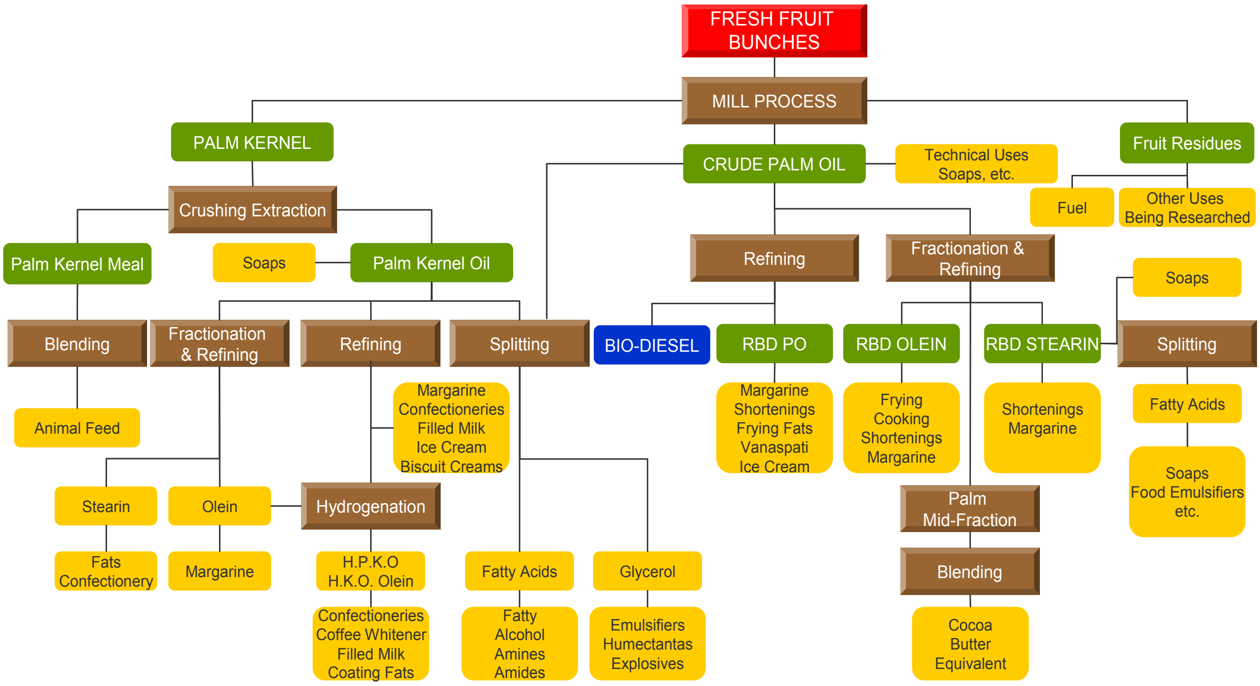
Revenue and EBITDA from each of the Group's business segments are set out in the table below:

	Year Ended 31 December						Six-month Period Ended 30 June			
	2014		2015		2016		2016		2017	
	US$ mn	%	US$mn	%	US$mn	%	US$mn	%	US$mn	%
Revenue by segment										
Plantations and palm oil mills..	1,927	25	1,503	23	1,557	22	599	19	843	22
Palm and laurics....................	6,464	85	5,614	86	6,262	87	2,799	86	3,386	89
Oilseeds and others	1,046	14	837	13	939	13	439	14	452	12
Inter-segment eliminations	(1,818)	(24)	(1,444)	(22)	(1,549)	(22)	(602)	(19)	(878)	(23)
Total Revenue	**7,619**	**100**	**6,510**	**100**	**7,209**	**100**	**3,235**	**100**	**3,803**	**100**
EBITDA by segment										
Plantations and palm oil mills.	561	99	416	77	379	66	149	65	244	74
Palm and laurics....................	57	10	109	20	181	32	75	33	79	24
Oilseeds and others	(52)	(9)	16	3	12	2	4	2	5	2
Inter-segment eliminations	-	-	1	-	-	-	-	-	-	-
Total EBITDA........................	**566**	**100**	**542**	**100**	**572**	**100**	**228**	**100**	**328**	**100**

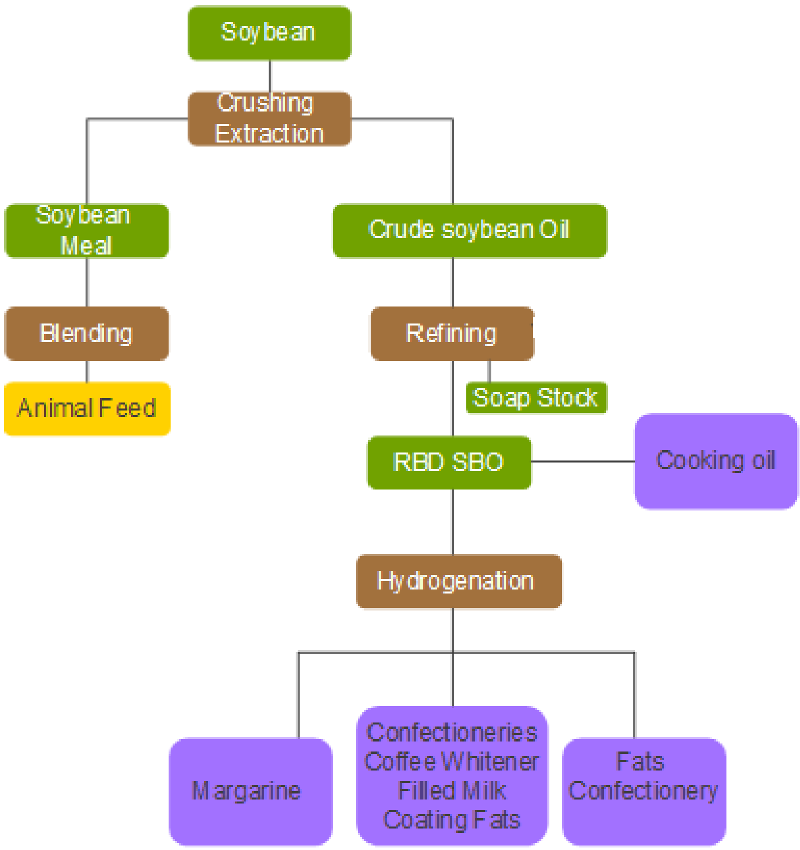
OVERVIEW OF MAIN PROCESS FLOW AND PRODUCTS

The primary activities of the Group's Indonesia agricultural business include the ownership and cultivation of oil palm plantations, processing of FFBs into CPO and PK, crushing of PK into palm kernel oil and palm kernel meal and refining CPO into industrial and consumer products such as cooking oil, margarine and shortening, RBD olein, RBD stearin, RBD palm oil and biodiesel, processing palm kernel oil and RBD stearin into fatty acids, soap noodle and glycerine.

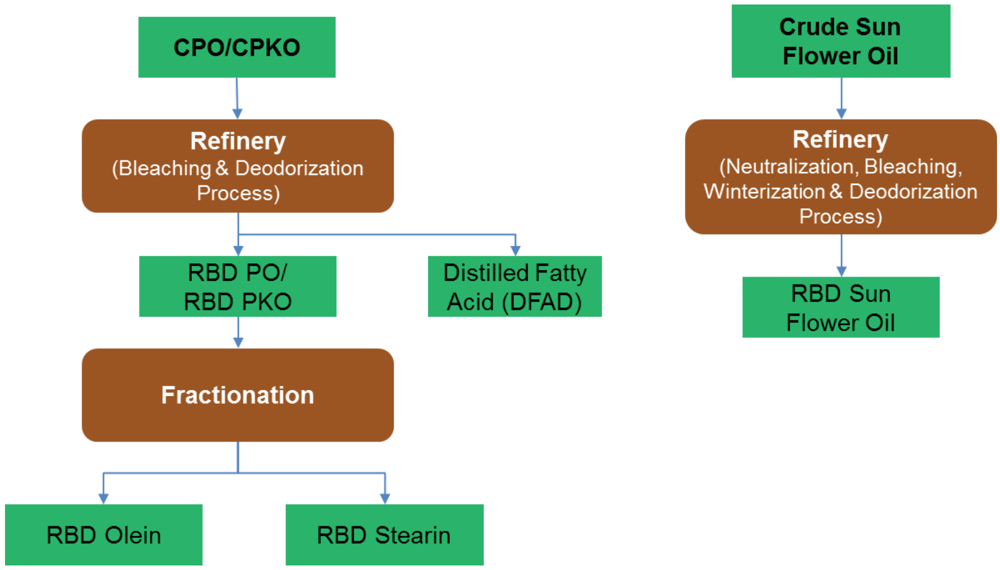
The diagram below illustrates the various applications of palm products.



The Group's agri-business in China primarily imports and crushes soybeans into soybean meal, refines crude soybean oil, and produces blended vegetable oils, margarine, and shortening.



The Group's operation in India primarily refines CPO, CPKO and Crude Sunflower Oil into RBD Palm Oil, RBD palm Kernel Oil and RBD Sunflower Oil.



PRODUCTS

The Group primarily produces CPO and PK from oil palm mills on its plantations, palm kernel oil and palm kernel meal from crushing facility, refined palm based products such as cooking oil, margarine, RBD olein, RBD stearin, RBD palm oil, biodiesel and oleochemical products such as fatty acid, soap noodle and glycerine.

The following tables set out the Group's revenue by products for each of the three years ended 31 December 2014, 2015 and 2016 and the six-month periods ended 30 June 2016 and 2017:

	Year Ended 31 December						Six-Month Period Ended 30 June			
	2014		2015		2016		2016		2017	
	(audited)		(audited)		(audited)		(unaudited)		(unaudited)	
	(US$ '000s, except where otherwise indicated)									
CPO	2,811,575	37%	1,999,140	31%	1,340,549	18%	597,570	18%	648,549	17%
PK and PK related products	645,979	9%	606,071	9%	811,758	11%	354,497	11%	449,418	12%
Refined palm products	2,851,502	37%	2,656,466	41%	3,508,056	49%	1,622,203	50%	1,894,345	50%
Oleochemical	95,001	1%	153,064	2%	196,980	3%	88,733	3%	120,496	3%
Biodiesel	-	-	-	-	59,439	1%	13,489	1%	74,464	2%
Soybean based products	843,769	11%	643,612	10%	641,023	9%	294,423	9%	308,992	8%
Food related products	146,452	2%	130,370	2%	122,264	2%	59,283	2%	58,217	1%
Sunflower oil and or other non-palm oil products	153,022	2%	232,418	4%	431,706	6%	158,384	5%	190,085	5%
Others	72,009	1%	88,910	1%	97,074	1%	46,795	1%	58,394	2%
Total	7,619,309	100%	6,510,051	100%	7,208,849	100%	3,235,377	100%	3,802,960	100%

CPO

The Group produces CPO from processing FFB harvested from its oil palm plantations at its 45 mills, which are located across Sumatra, Kalimantan and Papua at its oil palm plantations. As at 30 June 2017, these mills have an aggregate annual processing capacity of 12.8 million tonnes. The Group further processed some of the CPO in its refineries and sell the balance mostly to export market.

Palm kernel and palm kernel derivative products

In addition to CPO, the Group produces PK from oil palm nuts collected during the milling process and crush PK to produce palm kernel oil and palm kernel meal. The Group crushes PK into palm kernel oil and palm kernel meal at its nine PK crushing plants in Sumatra and Kalimantan. As at 30 June 2017, these crushing plants have an aggregate annual processing capacity of 1,755,000 tonnes of PK. The crushing plants also process PK sourced from third party plantations located near the Group's crushing plants. The Group sells most of the palm kernel oil and palm kernel meal it produces in the export markets.

Refined palm oil products

The Group believes it is one of the largest edible oil manufacturers in Indonesia. The Group produces refined palm oil-based products, such as RBD olein, margarine and shortening.

The Group owns and operates six refineries in Belawan (North Sumatra), Surabaya (East Java), Tarjun (South Kalimantan), Marunda (West Java), Bandar Lampung (Lampung), and Lubuk Gaung (Riau). As at 30 June 2017, the Group had total refining capacity of 4,680,000 tonnes per annum. Five of the Group's refineries are accredited with the ISO 22000 certification, an international recognition that its refined products (including cooking oil, margarine and shortening) meet stringent international food safety standards.

The Group also has destination processing in India, the third largest edible oil market, through its subsidiary, Gemini Edibles & Fats India Private Limited, which is engaged in the business of manufacturing and marketing edible oils and fats in the country. It has refinery plants with a total annual capacity of 345 thousand tonnes and a solid and established brand in the eastern part of India, supported by an extensive distribution system. This asset enables the Group to participate in the high-growth branded cooking oil and specialty fat industries in India, and also to bring its products closer to the greater European and Middle East markets.

The Group markets its products in bulk, industrial and branded form, domestically as well as in international markets.

Oleochemicals

The Group produces oleochemical products such as fatty acids, soap noodle and glycerine from processing palm kernel oil and RBD stearin in its 240 thousand tonnes per annum oleochemical plant in Belawan (North Sumatra). These oleochemicals products are the raw materials used to produce home and personal care products such as detergent, softeners and all sort of cosmetics. The Group's fatty acid and glycerine produced from the oleochemical plant have been acknowledged domestically and internationally, and accredited by many certifications such as ISO 22000, OHSAS 18001, KOSHER, GMP+B2, FDA registration and RSPO.

Biodiesel

As part of the Group's support of the Indonesian Government's biodiesel policy, it has built its first biodiesel plant in South Kalimantan with an annual capacity of 300 thousand tonnes. Operations commenced in the first half of 2016. This plant has participated in Indonesian Government allocation for PSO transportation sourcing of biodiesel with growing volume for consecutive periods since April 2016. Construction of the second biodiesel plant near Jakarta, which has an annual capacity of 300 thousand tonnes, has just completed and commenced its operations in the second quarter of 2017.

Soybean products

The Group's oilseed business in China is primarily engaged in importing and crushing soybeans into soybean oil and soybean meal and refining crude soybean oil. They also produce blended vegetable oils, margarine and shortening. The Group's oilseed business in China purchases all of its soybean requirements from North and South America. Soybeans are crushed into soybean meal and soybean oil and are refined into vegetable oils for domestic sales in China either in bulk or pack products.

The soybean meal is sold to feed mills to be used in producing compound feed for animals. The higher margin by-product lecithin is sold to distributors. The crude de-gummed soybean oil is further processed in the refineries to produce RBD soybean oil, which is used for food (in cooking and salad oils) and for industrial uses. The Group also purchases RBD oil and refines it to suit the demand for higher quality oil from industrial customers and produces bottled oil.

Other refined vegetable oils

The Group's operations in India are primarily engaged in importing and refining Crude Sunflower Oil ("**CSFO**") and CPO. The Group also produces blended vegetable oils, margarine and shortening. The Group's India operations purchases its CSFO from Ukraine and CPO from Indonesia and Malaysia. The crude oils are refined to edible vegetable oil products or special products for domestic sales either in bulk or packed products.

Its current product portfolio primarily comprises the following:

- RBD Sunflower Oil, Refined Palm Oil, RBD Palm Olein, Vanaspati, which are used in cooking oil for human consumption and sold as both bulk and packed; and

- Refined PK Olein, RBD Palm Oil, Bakery shortening, Specialty Fats, which are industrial products used by industries such as instant noodles, bakeries and confectioneries.

Packed oils and fats are marketed under brands FREEDOM (this is the Group's Premium brand), FIRST KLASS, and GEF MAGIK.

Food products

The Group also operates a food business in China through Florentina International Holdings Limited ("FIH"), which manufactures and distributes a variety of snack and instant noodles as well as other snack products in the country. FIH commands a sizeable market share in the noodle business in the region. The food products are produced through six strategically located plants with a total annual capacity of four billion packets of noodles. In addition to noodle products, FIH also produces and markets higher value snack products which include health and nutrition products.

FIH's products are distributed through an integrated network of more than 26 thousand distributors, 120 thousand traditional retail outlets, supermarkets, chain stores and hypermarkets, as well as convenience stores throughout China.

The Group also has a joint venture with the Japanese company, Nihon Trim Co. Ltd., which provides the technology and supervision to produce ionized mineral water under the brand name PRISTINE.

PRICING

The prices of the Group's CPO and PK products (including palm kernel oil and palm kernel meal) are principally dependent on the supply and demand dynamics of CPO and other palm-based products, which may differ between the domestic Indonesian and international markets. Pricing of CPO in the domestic Indonesian market is also affected by Indonesian export taxes and levy.

The Group determines the price of its refined palm-based products differently depending on the product. The price of unbranded RBD olein is primarily dependent on the US dollar prices for CPO in the international markets, but is also affected by the supply and demand of CPO and RBD olein in the international markets markets, as well as by Indonesian government policies, including the export taxes and levies for these products. The price of branded palm oil-based products is dependent primarily on local consumer demand and the marketing strategy of the branded product producers. These prices are less sensitive to changes in supply and demand than unbranded RBD olein.

The prices of the Group's oleochemical products are dependent on international supply and demand dynamics, and indirectly dependent on the price movements of its raw materials, and principally, the international price of palm kernel oil and RBD stearin.

The biodiesel selling price is governed by the Ministry of Energy and Natural Resources of the Republic of Indonesia, and is based on a formula comprising the CPO price added to the market price index of biofuel, which was initially set at US$125 per tonne, and revised to US$ 100 per tonne starting 5 May 2017 based on the Ministerial Decree of the Energy and Natural Resources of The Republic of Indonesia no 2026 K/12/MEM/2017.

Pricing within Indonesia

CPO and palm kernel oil

The Group's sales of CPO to domestic Indonesian customers are priced by reference to the spot market prices for CPO set at a daily auction sale among Indonesian CPO producers and their customers conducted in Medan, North Sumatra and Jakarta. The prevailing market prices for CPO at the Medan auction are set on a "free on board" basis from North Sumatra and have generally been based on, or affected by, international CPO prices prevailing at the Bursa Malaysia Derivative Exchange in Malaysia, and deducting the prevailing export duties and levies in Indonesia. Although the Group invoices its sales of CPO in Indonesia in Rupiah, prices have generally been based on, or affected by, international US dollar prices for CPO.

The Group's price for CPO has historically been slightly less than the weekly Medan auction price due to differences in transportation costs for delivery of its CPO from Riau, Jambi, South Sumatra and Kalimantan to customers in other parts of Indonesia.

Palm kernel oil is traded based on the prices on the Rotterdam market. World palm kernel production levels are primarily affected by global weather conditions, while world consumption levels, changes in the world economy and production level of its substitute product primarily affect demand.

Refined palm oil-based products

Although prices for the Group's unbranded RBD olein in Indonesia are invoiced in Rupiah, prices have generally been based on, or affected by, the US dollar prices for CPO in the international commodity markets. The Group's prices for domestic sales of unbranded RBD olein have generally been based on the US dollar prices of CPO prevailing in the international commodity markets.

The Group's prices for branded refined palm oil-based products in Indonesia are denominated in Rupiah. The Group's prices are dependent on supply and demand for RBD olein in the Indonesian market and the marketing strategies of producers.

Oleochemicals

The Group's prices for oleochemicals products in Indonesia are invoiced in Rupiah, but based on the US$ price of the oleochemicals product, and generally affected by the supply and demand dynamics of the oleochemical products.

Pricing outside Indonesia

CPO and palm kernel

The Group's prices for CPO outside Indonesia are based on international market prices and are invoiced and payable primarily in US dollars. The Group's export sales of CPO have been priced by reference to the spot and futures market at prevailing market prices in Belawan, Rotterdam and on the Bursa Malaysia Derivative Exchange ("**BMD**"). Its export sales of palm kernel oil are priced by reference to the spot market at prevailing market prices on the Rotterdam market.

Refined palm oil-based products

The Group's prices for bulk RBD olein outside Indonesia are reference to the physical spot and forward market prices in Malaysia and futures market spread on the BMD and invoiced and payable mostly in US dollars.

Pricing within China

The pricing of the Group's soybean-based products are based on both on a spot and forward contract basis. The price of crude de-gummed soybean oil primarily depends on the supply and demand in the local China market for soybean oil. Seasonal factors may also play a role in determining the price, particularly during the summer months from May to October which tend to be periods when more palm oil is imported. In order to maintain price flexibility and save costs on duties, the AIAR Group obtains its soybean oil by importing and crushing the soybeans. The import of soybeans is subject to 3.0% duty as compared to 9.0% duty were it to import soybean oil.

The price of soybean meal also depends primarily on supply and demand in the domestic China market. Prices may differ between China and the Chicago Mercantile Exchange and are also affected by local animal epidemics such as SARS, bird flu and also by plant diseases.

The Group's prices for branded vegetable oils and other food products such as noodles in China are denominated in Renminbi. The Group's prices are dependent on its production costs and the marketing strategies of producers.

Pricing within India

The prices of all imported oils for the India operation are largely governed by the international markets and sales are generally determined on a spot basis driven by market forces. Prices are primarily driven by the supply demand curve in both domestic and international markets.

The Group's prices for branded vegetable oils in India are denominated in Rupee. The Group's prices are dependent on supply and demand for vegetable oils in the Indian market and the marketing strategies of producers.

OPERATIONS IN INDONESIA

Plantations

The following table shows the development of the Group's plantation area under management for the period from 2014 to June 2017:

	Mature		**Immature**		**Total**
As at	**(in hectares)**	**(%)**	**(in hectares)**	**(%)**	**(in hectares)**
31 December 2014	440,578	93.2	32,259	6.8	472,837
31 December 2015	460,336	94.8	25,270	5.2	485,606
31 December 2016	466,440	95.5	21,812	4.5	488,252
30 June 2017	473,698	97.4	12,601	2.6	486,299

All of the Group's oil palm plantations are located in Indonesia. As at 30 June 2017, the Group held land rights to approximately 539,000 hectares of oil palm plantation land comprising 166 plantations broadly dispersed across Sumatra, Kalimantan, and Papua. The Group manages 486,299 hectares of planted plantation as at 30 June 2017 (including land under the Plasma Program discussed under "Description of the Group — Regulations — Land rights — Plasma Program"). Under the Group's Plasma Program, the Group has exclusive sales and purchase agreements of FFB produced by plasma landholders, typically for a period up to 25 years in line with the life of the oil palm plantations. The Group purchases FFB from plasma landholders based on a formula determined by the Indonesian government.

The following tables set out the characteristics of the Group's plantations and their respective maturities as at 30 June 2017. "Immature" refers to oil palm plantations from one to three years old and "mature" refers to oil palm plantations four years and older. Of mature plantations, "young" plantations are plantations aged four to six years, "prime 1" plantations are plantations aged seven to 18 years, "prime 2" plantations aged 19 to 25 years and "old" plantations are plantations aged above 25 years.

(in hectares)	Immature	Mature	Mature Young	Mature Prime 1	Mature Prime 2	Mature Old	Total
Nucleus[(1)]	11,390	372,481	31,110	177,770	128,632	34,969	383,871
Plasma[(2)]	1,211	101,217	4,908	31,879	51,870	12,560	102,428
Total (Nucleus+Plasma)	**12,601**	**473,698**	**36,018**	**209,649**	**180,502**	**47,529**	**486,299**
Percentage of total planted area	3	97	7	43	37	10	100.0

Notes:

(1) Nucleus plantations are plantations which are owned by the Group.

(2) Plasma plantations are plantations that are owned and operated by local small landholders and which, in most cases, the Group manages. These landholders are not affiliated with the Group. The Group assists these landholders in securing financing in order for them to develop the land. The Group also purchases FFB from these landholders. See "Description of the Group — Regulations — Land rights — Plasma Program".

Location of Plantations	Sumatra	Kalimantan	Papua	Total
Nucleus	154,398	216,118	13,355	383,871
Plasma	76,501	25,927	-	102,428
Total Nucleus + Plasma	**230,899**	**242,045**	**13,355**	**486,299**

The following table sets forth the land rights to an approximate amount held by the Group under the three stages of ownership as at 30 June 2017.

Stage	Area as at 30 June 2017
	(in hectares)[(1)]
Hak Guna Usaha	358,066
Panitia B dan Kadasteral	35,739
Ijin Lokasi	145,401
Total	**539,206**

Note:

(1) Hectarage includes multi-purposes uses including cultivation of oil palm plants, construction of mills, refineries and other infrastructure.

	HGU (Hectare)	Year of Expiry[(2)] 2017 – 2030	2031 – 2050	2051 – 2070	>2070
Hak Guna Usaha[(1)]	358,066	34,468	137,145	9,650	176,803

Note:

1) For an explanation of *Hak Guna Usaha*, see "Description of the Group — Regulations — Land rights — Oil palm plantations".

2) The expiry year includes the exclusive rights that the Group obtained to renew the land title once it is expired

Cultivation

The Group obtains most of its seed requirements from DAMI. As at 30 June 2017, the Group's seed production capacity was 24 million seeds per annum.

Germinated seeds are delivered to the pre-nurseries at the Group's plantations. After approximately three months in the pre-nursery, the oil palm seedlings will be planted in the main nurseries. The Group grows the oil palm plants in the main nursery for nine months before planting them in the fields. The young oil palm plantations are generally planted with seedlings approximately nine meters apart, which results in approximately 128 to 140 trees per hectare. Oil palm plantations generally begin to produce fruit two and a half years after planting in the fields, but the trees only begin to produce commercial harvests approximately three years after planting in the fields. From planting in the fields to commercial maturity, effective maintenance of the young oil palm plantations is essential. In order that the Group's young trees will be productive, through its plantation management systems, it tries to ensure that:

- immature oil palm plantations are fertilised efficiently and correctly;

- the area surrounding each young oil palm tree is free from other vegetation (which may compete with the oil palm tree for fertiliser, water and sunlight);
- leguminous cover crop is established (to discourage the growth of competing plant life); and
- the young oil palm plantations are protected from pests and disease.

Recently, SMART made its breakthrough in cultivating exceptionally high-yielding oil palm planting material through an advanced biotechnology programme. These planting materials, named Eka 1 and Eka 2, will enable the company to increase yields to the highest levels in the industry, without increasing land under cultivation.

Over the next five years, the company will multiply these clones through tissue culture, to cultivate a sufficient quantity to plant over a larger commercial area starting in 2022.

Harvesting

Oil palm plantations generally begin to produce commercial harvests approximately three years after planting in the fields. The Group harvests the FFB of the oil palm plantations only when an appropriate quantity of fruits becomes detached from the FFB, indicating peak ripeness. The ripeness of the harvested FFB is critical in maximising the quality and quantity of palm oil extraction. The Group's harvesters collect the loose fruit for processing together with the harvested FFB to increase CPO and PK yields. The Group transports harvested fruit by truck to the processing facilities located at its plantations and process the fruit within 24 hours after harvesting to minimise the build-up of fatty acids, which reduces the quality of CPO extracted.

The following table sets forth the Group's FFB production and its yield per mature hectare for each of the three years ended 31 December 2014, 2015 and 2016 and the six-month periods ended 30 June 2016 and 2017:

	Year Ended 31 December			Six-month Period Ended 30 June	
Production	**2014**	**2015**	**2016**	**2016**	**2017**
FFB production (thousand of tonnes)	9,729	10,051	8,880	3,484	4,695
FFB yield (tonnes/hectare)	22.1	21.8	19.0	7.5	9.9

The Group's lower production was impacted by dry weather condition since 2014 and also due to severe El-Niño effects in 2015. However, as the El Niño impact eased, the FFB yield has been recovering strongly.

Production

The typical life span of an oil palm tree is approximately 25 – 30 years. An oil palm plantation will first reach production age approximately three years after planting in the field. The Group begins harvesting FFB when the oil palm trees reach maturity. However, when harvesting begins, the FFB yield from oil palm trees is relatively low. As the oil palm plantation continues to mature, the yield increases, generally reaching prime production in years seven through 25.

The following table sets forth the different FFB yields potential as an oil palm plantation continues to mature. "Immature" trees are trees aged zero to three years and "mature" trees are trees aged four years and older. Of mature trees, "young" trees are trees aged four to six years; "prime" trees are trees aged seven to 25 years; and "old" trees are trees aged above 25 years. The Group measures these time periods from the time the oil palm trees are planted in the plantation fields out of the nursery.

	Mature				
	Young	Prime 1	Prime 2	Old	Mature
Age (in years)	4 – 6	7 – 18	19 – 25	> 25	
Average FFB yield (tonnes per hectare)					
FY 2014	12.0	24.5	23.2	21.2	22.1
FY 2015	11.2	23.5	22.8	22.3	21.8
FY 2016	9.8	20.1	19.7	20.3	19.0
YTD June 2016	3.6	8.0	7.5	8.7	7.5
YTD June 2017	3.7	11.4	9.5	9.5	9.9

As at 30 June 2017, approximately 82% of the Group's mature oil palm plantations are in prime production age.

The yield from oil palm plantations depends on a variety of factors, including:

- the age of the trees. As at 30 June 2017, the average age of the trees was 16 years;
- the quality of the oil palm seed;
- the soil and climatic conditions;
- the quality of management of the plantation including fertiliser application, maintenance and upkeep and pest control;
- tree density per hectare; and
- harvesting and processing the FFB at the optimum time.

Replanting program

The Group operates a controlled replanting program to ensure that oil palm plantations reaching the end of their prime production age are replaced by higher-yielding varieties. Aside from the age of the tree, the Group generally replants a plantation when it reaches certain criteria such as when the height of the trees exceeds 13 metre or when its economic yield falls below 14 tonnes of FFB per hectare per annum, and also depending on the CPO price. Depending upon the location and size of the plantation, the topographical area and the productivity of the areas concerned, the Group may replant a portion of the plantation in stages. The Group believes that its monitoring of crop yields, combined with its replanting program, enables it to maintain a consistent level of production from its plantations.

Fruit processing

The Group produces CPO and PK at its mills located at its plantations. As at 30 June 2017, the Group operates 45 mills located at its plantations, in which 23 mills located in Sumatra, 21 mills in Kalimantan and one mill in Papua. The Group has an aggregate annual mill capacity of 12.8 million tonnes of FFB. In order to take advantage of the expected increase in harvesting of FFB at its plantations, the Group plans to expand the mills capacity. In general, for every 10,000 hectares of productive plantation, one CPO mill with a processing capacity of 60 tonnes of FFB per hour is required.

Historically, the Group can extract between 4.8 to 5.3 tonnes of CPO per hectare of oil palm plantation per annum, or approximately 23.0% of the FFB by weight. For the highest yields, the Group can separate a further 1.2 tonnes of PK per hectare of oil palm plantation per annum, or approximately 5.5% of the FFB by weight, during the processing of fruits.

The Group uses the balance of the FFB after extracting CPO and palm kernel as fertiliser and fuel.

The following table sets forth the Group's production by product for each of the three years ended 31 December 2014, 2015 and 2016 and for the six-month periods ended 30 June 2016 and 2017:

	Year Ended 31 December			Six-month Period Ended 30 June	
Production	**2014**	**2015**	**2016**	**2016**	**2017**
FFB mill capacity (thousand of tonnes p.a.).........	11,645	12,207	12,807	12,607	12,807
FFB processed (thousand of tonnes)..................	11,007	11,220	9,828	3,871	5,163
Utilisation rate (%)...	95	92	77	61	81
CPO produced (thousand of tonnes)	2,387	2,380	2,016	813	1,072
PK produced (thousand of tonnes)	567	586	495	196	263

Severe El Ninõ weather condition in Indonesia experienced in 2015 led to an 11.6% and 15.4% decrease in FFB and palm product production, respectively in 2016 compared to 2015 production. The six-month period ended 30 June 2017 production recovered strongly as El Ninõ impact eased.

The following table sets forth the Group's average CPO and PK extraction rates as a percentage of FFB by weight for each of the three years ended 31 December 2014, 2015 and 2016 and for the six-month period ended 30 June 2016 and 2017:

	Year Ended 31 December			Six-month Period Ended 30 June	
Extraction Rate	**2014**	**2015**	**2016**	**2016**	**2017**
CPO extraction rate (%)	22.8	22.6	22.2	**22.6**	**22.5**
Palm kernel extraction rate (%)...........................	5.4	5.6	5.4	**5.5**	**5.5**

The Group has sufficient capacity to process all FFB harvested on its plantations during the prime harvesting period. The utilisation rates for its processing facilities fluctuate because it is necessary to have sufficient processing capacity to meet the demand of the peak harvesting season. Accordingly, during the peak harvesting season its actual utilisation rates are higher than its average annual utilisation rate. At other times of the year the Group's actual utilisation rate is often lower. From time to time the Group may purchase FFB from third parties to be able to utilise its mills more effectively and efficiently.

The Group anticipates that the CPO production of its mills will continue to increase as recently-planted, higher-yielding oil palm plantations mature and are harvested. In addition, the Group expects that it will further improve its CPO yield rates as it implements more stringent quality control procedures to reduce losses both during transportation of FFB from the plantations to the processing facilities and at the processing facilities during the extraction process.

Refineries

The Group's six refineries comprise of two refineries in Surabaya, Eastern Java and Marunda, near Jakarta, which mostly cater to the end customers' demand, i.e. branded cooking oil and margarine, and four refineries in Belawan, North Sumatra; Tarjun, South Kalimantan; Bandar Lampung, Lampung; and Lubuk Gaung, Riau, which cater to its export market in the form of bulk products, i.e. RBD palm oil, RBD olein, and RBD stearin.

The Group's CPO requirements are sourced internally from its plantations and from third parties. Purchases of CPO from these suppliers are priced in Rupiah and have generally been based upon, or affected by, international prices for CPO. The Group may decide to purchase CPO from third parties rather than source it from its own plantations if the cost of transporting CPO from its plantations to its refineries outweighs the cost of purchasing CPO from third parties.

GAR's six refineries have a combined annual installed capacity of 4.68 million tonnes, of which five are accredited with ISO 22000 certification, an international recognition that its refined products (including cooking oil, margarine and shortening) meet stringent international food safety standards.

The utilisation rates of the refineries for the three years ended 31 December 2014, 2015 and 2016 and for the six-month period ended 30 June 2016 and 2017 are as follows:

	Year Ended 31 December			Six-month Period Ended 30 June	
	2014	2015	2016	2016	2017
Refining capacity (thousand of tonnes p.a.)	3,480	4,680	4,680	**4,680**	**4,680**
Utilisation rate (%)	75	68	79	**73**	**90**

PK crushing plants

Almost all of the PK produced by the Group's mills are further processed in its ten PK crushing plants, in which six are located in Sumatra and four are in Kalimantan. They are located near the mills or the refineries. The Group has an aggregrate annual PK crushing capacity of 1,755,000 tonnes of PK.

The Group also sourced its PK requirements from third parties. Purchases of PK from these suppliers are priced in Rupiah and have generally been based upon, or affected by, international prices for PKO.

The utilisation rates of the PK crushing plant for the three years ended 31 December 2014, 2015 and 2016 and for the six-month periods ended 30 June 2016 and 2017 are as follows:

	Year Ended 31 December			Six-month Period Ended 30 June	
	2014	2015	2016	2016	2017
Crushing capacity (thousand of tonnes per annum	1,065	1,425	1,425	1,425	1,755
Utilisation rate (%)	100	96	85	82	78

The Group can process approximately 43.0% of the PK by weight into palm kernel oil, and turn approximately 53.0% into palm kernel meal, which is used as animal feed.

Oleochemicals

The Group's oleochemicals plant is located in Belawan, North Sumatra. The oleochemical products are the raw materials to produce home and personal care products, such as detergent, softeners and a variety of cosmetics. As at 30 June 2017, the Group had oleochemical capacity of 240,000 tonnes per annum.

The Group's fatty acid and glycerine produced from the oleochemical plant have been accredited with certifications such as ISO 22000, OHSAS 18001, KOSHER, GMP+B2, FDA registration and RSPO.

The utilisation rates of the oleochemicals plant for the three years ended 31 December 2014, 2015 and 2016 and for the six-month periods ended 30 June 2016 and 2017 are as follows:

Production	Year Ended 31 December			Six-month Period Ended 30 June	
	2014	2015	2016	2016	2017
Oleochemical capacity (thousand of tonnes p.a.)	88	240	240	240	240
Utilisation rate (%)	113	69	83	83	94

In 2014, the Group entered into a 50:50 joint venture with CEPSA Química, S.A. to jointly develop, formulate, produce, distribute and sell fatty alcohols at a global level. The joint venture company, known as SINARMAS CEPSA Pte. Ltd., is headquartered in Singapore. Through this partnership, the Group will enhance its expertise in the development, formulation and production of fatty alcohols as well as further expand its worldwide distribution network. The Group's new fatty alcohol plant in Dumai, Sumatra with an annual production capacity of 160,000 tonnes has started production in September 2017.

Biodiesel

In support of the Indonesian Government's biodiesel policy, GAR has built its first biodiesel plant in South Kalimantan with annual capacity of 300,000 tonnes. The plant commenced operations in the first half of 2016 and has participated in Indonesian state-owned oil and natural gas corporation Pertamina's biodiesel sourcing in growing volumes for consecutive periods.

The Group's second biodiesel plant near Jakarta has an annual capacity of 300,000 tonnes. Construction has just completed and the plant commenced its operations in the second quarter of 2017.

The utilisation rate for the biodiesel was at 30% in 2016 and 34% for the six-month period ended 30 June 2017.

Quality control

The Group has adopted quality control procedures at each stage of the production process to maintain the quality of its palm oil. The Group's leading productivity is the result of best-in-class estate management that is supported by the "WAR ROOM" management information system. Serving as a one-stop multi-function monitoring and management control centre, this unique integrated system deploys SAP applications, Google Earth, Geographical Information System (GIS), 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 the Group's plantations. This technology enables the Group to undertake precision agriculture, with the ability to closely monitor plantation performance in detail, breaking each concession into 30-hectare block level, which GAR believes is unparalleled in the sector.

In the fields, the FFB are only harvested when an appropriate quantity of the loose fruits becomes detached from it, which indicates ripeness and readiness for harvesting. The Group has established a procedure to ensure that, to the extent possible, its harvesters collect all loose fruit. The Group's quality control personnel inspect the FFB prior to sending them to the processing mills. The Group transports FFB promptly to the processing mills at the plantations to minimise the build-up of free fatty acids, which reduces the quality of the CPO. The Group believes its quality standards for fatty acid content of CPO are generally better than international standards and require that FFB be processed within 24 hours of harvesting. In addition, the Group's quality control inspection teams at each of its CPO processing facilities monitor the quality of its products, the efficiency of the production process and the oil loss during the extraction process.

Five of the Group's refineries are accredited with the ISO 22000 certification, an international recognition that its refined products (including cooking oil, margarine and shortening) meet stringent international food safety standard. Sinar Mas Agro Resources & Technology Research Institute ("**SMARTRI**") has been accredited with ISO 9001:2008 for quality management and ISO 17025 for excellent implementation of general requirements for testing and calibrating laboratories. DAMI, the Group's seedling producer, is ISO 9001:2000 certified for Quality Management.

Major suppliers

The Group's most significant suppliers in terms of cost are fertiliser suppliers that have been the Group's suppliers for five to more than ten years. The Group is not dependent on any one supplier as the products supplied are homogenous products. The Group's suppliers are selected based on their competitive pricing and the reliability of their transport and logistics systems.

The Group also purchases CPO and PK from third parties as raw material for its refineries and kernel crushing plants, as well as merchandising opportunity to serve a wider market.

Land acquisition

Whilst the Group is mindful in developing its land resources sustainably, at the same time, the Group will keep exploring any strategic opportunities to acquire well-positioned and high quality oil palm estates and landbank, specifically in Indonesia. As at 30 June 2017, the Group's planted palm plantations was 486,299 hectares.

Transportation

The Group employs various means of transportation in its operations. The Group transports FFB from the various collection points to the CPO processing facilities within the plantations by trucks. After processing, the CPO and PK products are typically transported from the processing mills to the refineries or to its bulking stations in various ports by trucks or ships, which are either owned by GAR's subsidiaries and JVs or owned and operated by third parties. The Group stores the CPO in storage tanks pending refining. The Group also ships crude and refined palm oil and palm kernel products to purchasers outside Indonesia by ocean vessels that are either owned by GAR's subsidiaries and JVs or owned and operated by third parties.

Indonesian palm oil producers usually accept a 0.5% loss of oil during transportation and shipping in Indonesia. Since this rate of loss would be very significant given the volume of its production, the Group has adopted stringent controls, such as using tamper-proof valves, to reduce loss. Currently, the Group experiences less than 0.5% loss of oil during domestic transportation.

GAR formed a joint venture with maritime transportation company Louis Dreyfus Armateurs in 2014 in order to enhance GAR's capacity and efficiency in the domestic shipping of palm oil products. Through this joint venture, GAR can further optimise its supply chain, ensure best practices of international standards and achieve cost efficiencies in the domestic transportation of its products.

GAR also has joint ventures with global transportation companies, Stena Weco and Stena Bulk AB, which extends its distribution and logistics capabilities. This initiative has provided a holistic solution to GAR's international transportation by securing greater and more flexible access to large shipping capacities and ultimately supporting its destination sales. During 2014, GAR grew its owned fleet and improved logistic infrastructure through increased bulking, warehousing as well as through owned jetty and port facilities in strategic locations.

OPERATIONS IN CHINA

Crushing operations

The production of soybean meal, a major component of animal feed, involves both the crushing and extraction processes. During the soybean crushing process, the oil content of the soybean flakes is extracted using hexane and the de-fatted residue is then toasted, dried and ground to produce protein-rich soybean meal. The solvent is extracted from the oil and the soybean meal by heat evaporation. The Group's operation in China is capable of crushing approximately 2.3 million tonnes of soybeans per annum.

The utilisation rates of the Group's China crushing facility for each of the three years ended 31 December 2014, 2015 and 2016 and for the six-month periods ended 30 June 2016 and 2017 are follows:

	Year Ended 31 December			Six-month Period Ended 30 June	
	2014	2015	2016	2016	2017
Crushing capacity (tonnes p.a.)	2,296,000	2,296,000	2,296,000	2,296,000	2,296,000
Utilisation rate (%)	55	50	50	48	47

Refineries

The Group's refinery operations in China are undertaken by its operating subsidiaries including Shining Gold Foodstuffs and SNRFT Tianjin. The refinery at Shining Gold Foodstuffs is mainly focused on serving Zhejiang, while the refinery operated by SNRFT Tianjin is focused on serving the provinces of Tianjin, Beijing, Hebei, Henan, Shanxi and Shandong and inner Mongolia.

The refineries have versatile configurations with the capability to produce a wide range of products such as:

- RBD soybean oil, RBD rapeseed oil and RBD olein (used in cooking oil for human consumption);
- RBD palm oil, industrial fat, margarine and shortening (used in industries such as instant noodles, bakeries and confectioneries); and
- blended and salad oil (high quality oil) in consumer packs/bottles.

With the employment of more sophisticated methods of processing, the Group's refineries have the capability to refine directly into bulk quality oil without going through the de-gumming process. This capability enables the saving of production cost and, at the same time, increases oil yield.

The utilisation rates of the refinery for each of the three years ended 31 December 2014, 2015 and 2016 and for the six-month periods ended 30 June 2016 and 2017 are as follows:

	Year Ended 31 December			Six-month Period Ended 30 June	
	2014	**2015**	**2016**	**2016**	**2017**
Refining capacity (tonnes p.a.)	776,000	676,000	676,000	676,000	676,000
Utilisation rate (%)	39	32	32	33	33

Port and storage

The Group's port and storage operations in China are undertaken by its operating subsidiaries including Ningbo Port and Ningbo Storage. The main activities of the Group's port and storage operations are loading/unloading, bagging, handling of grains, oil seeds, vegetable oils, miscellaneous cargoes and the storage of grains and oil seeds in bulk and bags. Ningbo Port and Ningbo Storage mainly service Shining Gold Foodstuffs and Shining Gold Oilseed and others (such as the minority Chinese shareholders in the China subsidiaries who transport pulp, paper, wheat, barley and other grains through the Ningbo Port facilities.

The Group's port is the only vegetable oil and grain port in Zhejiang province, handling more than 1.5 million tonnes of soybean, soybean meal and vegetable oil per annum. The Group's port is also capable of servicing up to 2.5 million tonnes of bulk–in-bulk-out throughput per annum. The Group's storage facilities includes storage capacity of 2.2 million tonnes of grains and oil seeds in bulk and bags in concrete silos and warehouses.

Food manufacturing

The Group's business in China, through Zhuhai Huafeng Food Industry (Group) Co., Ltd, Zhuhai Huafeng Foodstuff Co., Ltd, Huafeng Foodstuff (Fuxin) Co., Ltd, Huafeng Foodstuff (Xian Yang) Co., Ltd and Wuhan Jin Ding Foodstuff Co., Ltd, has a major market share in the snack noodle segment and it has established a strong brand recognition and customer base in North, Northeast, Southern and Northwest China.

The Group has six plants with a total of 24 noodle production lines and two ice stick production lines in six provinces throughout China capable of manufacturing approximately 4.3 billion packets/bowls of instant noodles and 214 million ice sticks per annum, respectively.

The utilisation rates of the processing plants for each product for the three years ended 31 December 2014, 2015 and the 2016 and for the six-month periods ended 30 June 2016 and 2017 are as follows:

Utilisation Rate	Year Ended 31 December			Six-month Period Ended 30 June	
	2014	2015	2016	2016	2017
Noodle Plant					
Annual Capacity (million packets/bowls)	4,548	4,548	4,283	4,548	4,321
Utilisation rate (%)	60	53	55	50	54
Ice Stick Plant					
Annual Capacity (million packets/bowls)	428	428	392	428	214
Utilisation rate (%)	33	24	8	15	0

Major suppliers

The Group purchases most of its soybean requirements from North and South America. Major suppliers include large and international grain trading houses and farmers' cooperatives, some of which own soybean plantations, refining and storage port facilities in USA, Argentina and Brazil. The suppliers are selected based on their competitive pricing and reliable transport and logistics systems for timely delivery of their products. The Group does not have any long-term agreement with any major supplier nor is the Group dependent on any single supplier. Most of the Group's suppliers have been its suppliers for less than five years. The Group typically purchases its soybeans through letters of credit issued mainly by Chinese banks.

Transportation

In the Zhejiang province in China, because of the AIAR Group's proximity to its customers, it can deliver its products more cost effectively by using road transport as compared to most competitors.

For delivery of its products to Jiangxi and Hunan provinces, owing to the strategic location of the storage facilities of the AIAR Group, it is able to use road, railway, waterway transport or a combination of them so as to achieve better cost efficiency and shorter delivery lead time.

For Fujian province, the AIAR Group utilises waterway transport that has higher loading capacity compared to land transport to deliver its products to the port. Transport in China is closely integrated with the Group's port facilities and storage facilities.

Transportation of the noodle products is carried out by third parties via rail, truck and local courier. The Group endeavours to use rail transportation for its food business in China wherever possible, as rail transportation costs are generally substantially less than road transportation costs, and engages, where possible, private operators for the transportation of its products, as these operators generally charge lower rates compared with state-owned operations.

OPERATIONS IN INDIA

GAR's subsidiary, Gemini Edibles & Fats India Private Limited ("**GEFI**"), is engaged in the business of trading, manufacturing and marketing of edible oils and fats. GEFI has a plant at Krishnapatnam and Kakinada with a refining capacity of 270 thousand metric tonnes per annum, and 75 thousand metric tonnes per annum, respectively.

The utilisation rates of the refinery for each of the three years ended 31 December 2014, 2015 and 2016 and for the six-month periods ended 30 June 2016 and 2017 are as follows:

	Year Ended 31 December			Six-month Period Ended 30 June	
	2014	2015	2016	2016	2017
Refining capacity (tonnes p.a.)	315,000	315,000	315,000	315,000	345,000
Utilisation rate (%)	73	82	97	84	95

Major suppliers

GEFI purchases most of its sunflower oil requirements from Ukraine. Major suppliers include large and international oil and oilseed trading houses like Cofco, Bunge and ADM. The suppliers are selected based on their competitive pricing and the reliability of their transport and logistics systems. GEFI does not have any long-term agreement with any major supplier nor is the Group dependent on any single supplier. GEFI typically purchases basis payment within 2/3 days on receipt of documents (CAD).

Transportation

GEFI maintains depots in the strategic locations and supply to those depots from its factory is dependent on road transport which are provided by transport operators under the terms of annual fixed rate contracts.

SALES, MARKETING AND DISTRIBUTION

Overview

The following factors determine whether the Group sells CPO or refines branded or unbranded CPO and sells the refined product and whether to export or sell in the domestic market:

- local and international prices for CPO, palm kernel oil and refined products;
- the level of export tax and levy for these products;
- foreign currency exchange rates; and
- costs the Group will incur to deliver the products to its customers.

Sales, marketing and distribution of palm-based products

Some of the Group's CPO and PK products are further processed internally, and the remaining is sold to the domestic and export market.

Domestic

The Group generally makes domestic sales on a spot basis and negotiates delivery terms at the time of the sale. In accordance with usual practice for spot market sales in Indonesia, customers pay for the Group's CPO one to two days after entering into the sales contract and take delivery approximately two weeks after the sales contract is concluded. The Group negotiates other delivery terms on a contract by contract basis.

In the domestic Indonesia market, the Group is consolidating its efforts to better position its branded products; cooking oil and margarine. The distribution and market penetration of the Group's products in Indonesia is progressively improving since the acquisition of a well-established nationwide distributor of fast-moving consumer goods, PT Sinarmas Distribusi Nusantara ("**SDN**"), in 2014. The distribution company has a strong presence in all primary and secondary cities across Indonesia. It has 25 branches covering nearly 77 thousand active outlets, including over 132 sub-distributers in all primary and secondary cities across Indonesia.

Through SDN, the Group distributes its branded refined palm oil-based products through distributors and sub-distributors appointed by it. The Group's local distributors and sub-distributors distribute these products to markets in the provinces located in Sumatra, Java, Bali, Kalimantan, Sulawesi and Papua. The Group sells its branded RBD olein, margarine and shortening products through these additional sub-distributors pursuant to annual agreements which specify the products covered, the distribution region and the terms of payment. These distributors receive selling commissions, in the form of a discounted selling price, the amounts of which depend on the geographic areas covered. These distributors are required to pay all invoices within 30 – 45 days.

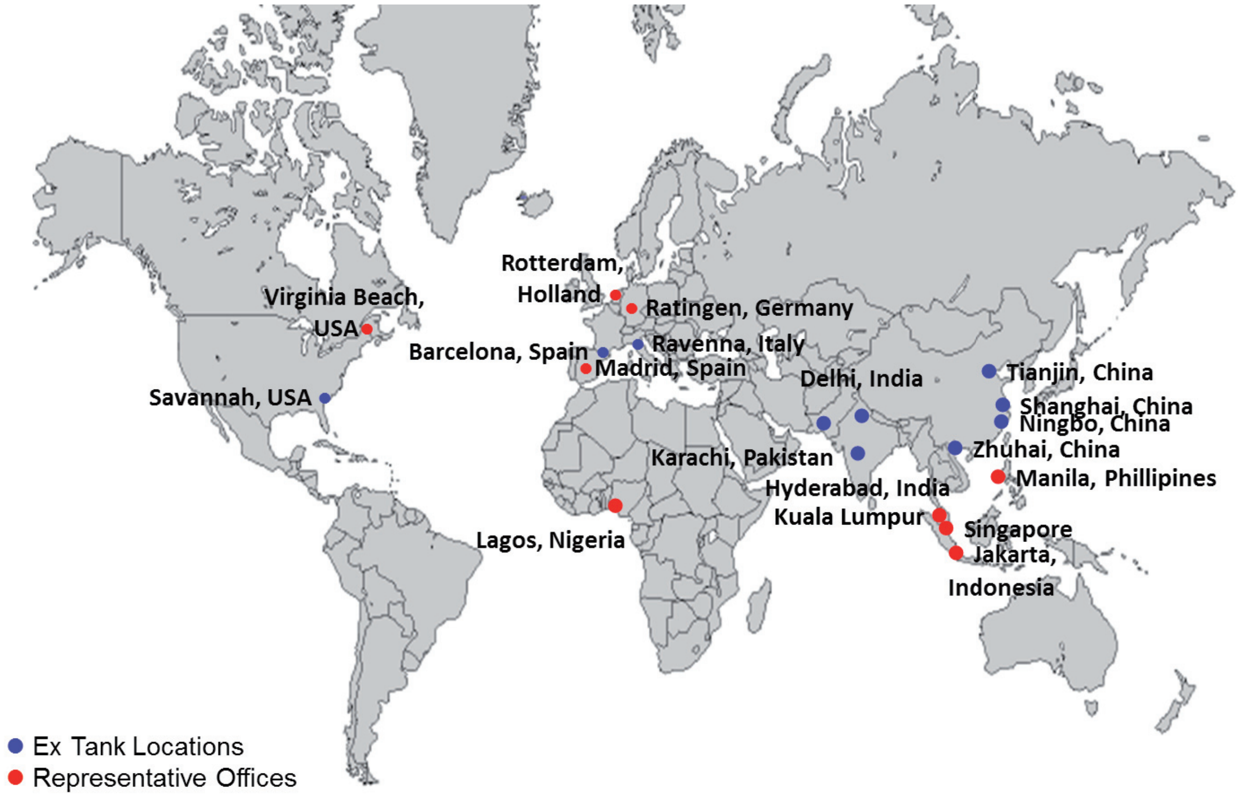
The Group sells fully-refined, industrial branded margarine and shortening, which are used in the manufacturing, cooking and frying of food for commercial purposes, directly to end-user customers, such as bakeries, restaurants and hotels, on an order-by-order basis. The usual credit period granted to customers is 30 days.

The Group sells unbranded RBD olein in bulk on a spot basis with product orders filled under delivery terms negotiated with the customer. Prices have generally been based upon or affected by prevailing international market prices. The sale of bulk unbranded RBD olein is generally made on a cash basis.

Export

In the international markets, the Group brings its products to more than 70 countries with particular emphasis on the growing markets in Europe, China, India, Pakistan, the Middle East, USA and Africa. The Group mostly sells in bulk, in addition to industrial and branded products. During 2016, the Group's destination sales continued to grow and contributed 76 percent of its export volume.

The Group has set up multiple sales office and strategically-located bulking stations and warehouses internationally to support its global destination market strategy. The following map shows the Group's strategic positioning of its sales offices to support its strategy to increase penetration into existing markets and expansion to other potential markets:



Export sales of CPO is made through trading companies and to end-users such as power plants and refiners. The Group generally makes export sales of CPO on a forward basis one month to six months prior to actual delivery under letter of credit arrangements, cash against delivery or documents and documents against payment.

Palm kernel which is processed into palm kernel meal and palm kernel oil is mainly exported to customers in Europe who pay under letters of credit, cash against delivery or documents and documents against payment. The Group's customers use palm kernel meal in the production of animal feed.

The primary branded refined palm oil-based product that the Group exports is margarine and cooking oil. The primary export market for its branded products has been China, Pakistan, India, Bangladesh and Myanmar. The Group's other major export markets for branded products have included South Korea, Russia and the Philippines and certain African countries. These sales are made based on cash against document basis.

The Group sells unbranded RBD olein in bulk through distributors and sub-distributors to customers primarily in China, India, Pakistan and Europe. These sales are primarily financed by letters of credit.

Sales, marketing and distribution: India operations

The Group's strategy is to invest in building the brand by sustaining market share where the Group has a strong presence and striving to continue to increase market share where it does not have a strong presence. The Group is also looking to increase its geographical base across the southern part of India

The Group brands sunflower oil under "FREEDOM" and also markets RBD palm oil, vanaspati, bakery fats and specialty fats under the brand "First Class", "Fabula" and "Magic".

Payment terms are divided into cash and credit with average credit terms of up to 20 days. Institutional customers are extended a maximum credit term maximum of 30 days, while others ranges from advance payment to 15 days credit term.

Sales, marketing and distribution: China operations

Soybean-based products

The AIAR Group's soybean meal customers are typically significant market participants in the feed milling and distribution businesses. Customers for vegetable oil products are hotel, restaurant and catering business (horeca), large scale processed food manufacturers (such as biscuits manufacturers, snack food, and confectionery producers) who demand a regular supply of cooking oil of a consistent quality. The AIAR Group also sells branded bottled vegetable oil to customers via supermarkets and chain stores.

The AIAR Group's core markets cover Zhejiang, and Tianjin/Hebei/Beijing and, to a lesser extent, Fujian and Shandong provinces. These are the core markets where the Group's plants with competitive advantages are located to meet local demand.

Soybean meal stock is only stored in the AIAR Group's Ningbo and Tianjin plants warehouse in order to strengthen stock controls and improve effectiveness of stock management. Soybean meal is delivered to the customer mainly via truck or barge.

Payment terms for most of the Group's sales are mainly cash on delivery. The Group provides credit terms ranging from 10 days – 60 days to selected key customers e.g. poultry integrator, feedmills, food processing company, which contribute less than 10% of total sales.

Food products

The Group's food business in China varies its production output depending on market demand by adjusting the number of production lines in operation.

The marketing function of the food business in China is carried out at two levels. Regional Marketing Departments located at the regional sales offices are responsible for planning regional marketing strategies and the sales promotion of the food products. The Corporate Marketing Department at the Head Office in Shanghai is, however, responsible for the overall planning, marketing policies, and the development of new products. In addition, the Corporate Marketing Department also provides market analysis, coordinates nationwide promotional activities, develops strategies to strengthen the brand name of the food products and coordinates with professional advertising agencies to design the advertising materials and programs.

The food business in China relies mainly on the regional media for the promotion of its products as consumer tastes and preferences are highly regionalised. Advertising via both national and regional television commercials account for a major part of marketing expenditure. Newspapers and magazine advertisements, billboard advertisements and posters, flyers and pamphlets put up or given out to consumers at point of sales are other major advertising media for the food business in China.

Sales Office Network

The Group's food business in China has an extensive distribution network of sales and liaison offices located in the northern, north–western, north–eastern, eastern, central, and southern parts of China.

The food products are distributed throughout China via an integrated network of more than 26 thousand distributors, 120 thousand traditional retail outlets, supermarkets, chain stores and hypermarkets, as well as convenience stores. In 2015, the food business began to enter into the e-commerce market. In 2017, the food products are sold in six e-commerce platforms namely JD.com, Tmall.com, yihaodian.com, feiniu.com, suning.com and pinduoduo.com.

COMPETITION

CPO and PK

Since CPO and PK products are traded in the international commodity markets, the Group does not compete directly with other CPO producers, except based on delivery time. There are a large number of producers of palm oil-based products located both in Indonesia and abroad. Although the Group is one of the largest listed producers of CPO in Indonesia, the Group's CPO production levels have been small by comparison to overall world production.

The Indonesian oil palm plantation industry is composed of government-owned plantation companies, private sector plantation companies represented by large business groups such as Indofood Agri Resources, Astra Agro Lestari, Wilmar (which, in 2007, acquired PPB Oil Palms in Malaysia), Asian Agri Group, Sampoerna and First Resources, as well as other independent companies and small landholders. In Malaysia, the Group's major competitors are IOI Corporation, KL Kepong, Sime Darby and Felda Global Ventures Holdings Berhad. A number of private Indonesian oil palm plantation companies also engage in oil palm plantations and have started production of CPO.

As one of the largest producers of CPO in Indonesia, the Group believes its ability to fill large orders for customers on a timely basis provide it with an advantage over smaller CPO producers. In addition, the Group believes that, as an integrated player, the Group has an advantage over other CPO and PK producers in regions of the world by providing additional value-added services, such as logistics and distribution.

Refined palm oil-based products

The markets for refined palm oil-based products are highly competitive and include a large number of producers, especially from Malaysia and Indonesia. The Group believes that the markets for refined palm oil-based products in Indonesia are not dominated by a single producer, or a few producers. So far, only a few of the palm oil-based plantation developers in Indonesia have become integrated manufacturers.

The Group sells its products both in bulk to wholesalers and direct to consumers through some of Asia's most popular food and cookery brands. In Indonesia, the Group's products are marketed under its prominent brands, Filma and Kunci Mas. The Group's principal competitors in the branded market are PT Salim Ivomas Pratama ("**Salim**"), a member of the Salim Group, PT Wilmar Nabati Indonesia ("**Wilmar**"), a member of Wilmar International Ltd. and also PT Bina Karya Prima, which markets branded cooking oil under the brand name of Bimoli™, Sania and Tropical, respectively. The Unilever Group of the Netherlands, operating through a local Indonesian subsidiary, dominates the Indonesian retail branded margarine segment with margarine sold under the Blueband™ brand name.

There are many RBD olein producers in Indonesia, most of whom produce unbranded RBD olein. The Group's principal competitors in the unbranded RBD olein market are members of other large conglomerates, such as Salim Group, Wilmar Group and Musim Mas Group.

The Group competes in the branded RBD olein and margarine and shortening market based on price, brand name and quality whilst for the unbranded RBD olein market, the Group competes based on price and timely delivery.

Soybean based products

The AIAR Group's competitors in respect of the soybean oil, palm oil and soybean meal product markets are mainly foreign-owned oil seed crushing companies and vegetable oils refiners, although to a certain extent, a few local crushers in China also compete in such markets. The major competitors of the AIAR Group include Eastocean Oils & Grains Industries Co., Ltd, Sanjiu Group, South Seas Oil & Fat Co., Ltd, Dalian Huanong Group Co., Ltd and President Cargill Feed Protein Technology Co., Ltd. Whereas the large vegetable oil consumption in East China can absorb all of the AIAR Group's soybean oil and palm oil products, competition is more intense in the soybean meal product market.

Packed edible oil in India

The Group's operation in India faces a very stiff competition from MNC manufacturers and domestic parties. The competitors are mainly vegetable oils refiners operating locally and on a pan-India basis. Market surveys indicate that strong brand awareness and perceived popularity of the product are critical to the buying decision. The major competitors in brand segment include brands such as Naturalle, Golddrop, Sunpure, Fortune, Goldwinner and Sunrich.

Noodle products

Market surveys indicate that strong brand awareness and perceived popularity of the product are critical to the buying decision. For the economy grade packet segment, pricing and branding are important. Within the medium and high grade packet segment, perceived quality and brand recognition are the primary factors for consumer loyalty. Bowl noodles are purchased based on convenience (travellers and higher income consumers are the most frequent consumers), brand recognition and to a lesser extent, quality. Attractive toys and promotional activities play an important role in winning market share in the snack noodle segment.

The management believes that the major competitors of the food business in China are Uni-president, Master Kong, Jin Mai Lang, White Elephant, Tianjin Tingyi International Food Co., Ltd, Wuhan President Enterprises Food Co., Ltd, Hebei Hualong Food Group Co., Ltd, Xiang Co. Ltd and Want Want China Holdings Limited.

Substitute products and new products

The Group also faces competition in the form of substitute products like rapeseed oil and corn oil, and may in the future face competition from new products, which may from time to time be developed. Nonetheless, GAR believes that palm oil has competitive advantages compared to other oils due to its lower cost and higher yield of production.

RESEARCH AND DEVELOPMENT AND TECHNICAL ASSISTANCE

Oil palm plantations

Research and development is an important part of the Group's operations and has led to improvements in the Group's agricultural techniques, yields and agricultural practices. The goal of the Group's research and development efforts is to maintain and improve plant productivity and quality to ensure that it has a regular and continuous supply of quality FFB for its CPO processing facilities. As part of this research and development effort, the Group has invested in information technology and implemented an advanced monitoring system using SAP software which performs a block-by-block analysis to identify performance of planted areas.

SMARTRI plays an essential role in sustaining the Group's high productivity by employing qualified scientists and agronomists who relentlessly search for innovative solutions and provide recommendations for continual improvement in productivity, efficiency and environmental sustainability. SMARTRI employed around 80 graduate researchers in the main research station in Libo, in Riau, Sumatra as well as in GAR's research substations in its plantations.

The Group's current research efforts focus on the following:

- Agronomy, which includes oil palm tree mineral nutrition, water management, soil fertility, eco-physiology studies, and the developments of sustainable cultivation practices;

- Breeding, namely the continuous improvement of the oil palm tree through a conventional selection programme, and more recently through assisted molecular breeding. Molecular marker assisted selection does not involve the insertion of targeted genes from one species to another as practiced in genetic engineering techniques. The development of tissue culture also contributes to improving yields;

- Crop protection, predominantly through an Integrated Pest Management (IPM) approach, which combines cultural, mechanical, biological and chemical means to control pest while minimising economic, public health and environmental risks; and

- Sustainability, including the development of methodologies and tools to assess the environmental impact of the Group's field practices, and the development and testing of more sustainable agriultural practices. The Group also conducts studies on ecosystem services.

  SMARTRI has been accredited with ISO 9001 for quality management and ISO 17025 for excellent implementation of general requirements for testing and calibrating laboratories.

REGULATIONS

Export taxes and restrictions

The Group's results of operations and financial condition have been, and will continue to be, affected by Indonesian government policies, laws and regulations governing the export of its products and changes in those policies, laws and regulations, including an export tax on CPO, RBD palm oil, crude olein and RBD olein.

In April 1998, the Indonesian government lifted the CPO export ban and imposed a tax on the export of CPO and RBD olein at the rate of 40.0% and certain other palm oil-based products at rates between 15.0% and 40.0%. The Indonesian government subsequently revised the tax rates in July 1998 to a range of between 15.0% and 60.0% and in February 1999 to a range of between 10.0% and 40.0%. In June 1999, the tax rates were amended to be between 0% and 30.0%. In July 1999, the tax rates were further amended to be between 0% and 10.0%. In December 2005, the Indonesian government adjusted the export tax rates to a range between 0.3% and 3.0%. To protect domestic prices of cooking oil in the midst of high current international CPO price, the Indonesian government increased the export tax rates to a range between 6.5% and 10.0% in June 2007. In December 2008, the Regulation of Minister of Finance No. 223/PMK.011/2008 dated 17 December 2008 set out the applicable export tax rates for exports of CPO and its refined products with export tax range from 0% - 25.0% based on various standard prices. This regulation was further revised by the Regulation of Minister of Finance No. 128/PMK.011/2011 dated 15 August 2011 and the Decree of the Ministry of Trade of the Republic of Indonesia No.25/M-DAG/PER/9/2011 dated 13 September 2011. This Regulation set out the applicable export tax rates for exports of CPO, RBD Olein and RBDS based on various export standard prices.

On 16 July 2015, Indonesia's new palm oil export levy is implemented effectively under the Decision of Minister of Finance No.136/PMK.010/2015 dated 16 July 2015. The new levy means that a US$50 per MT levy is to be imposed on CPO exports, and a US$20-30 (per metric ton) levy on processed palm oil product exports, regardless of where the CPO price stood.

The export levy is collected by the CPO Levy Body or *Badan Pengelola Dana Perkebunan Sawit* (BPDP Sawit). The proceeds from the export levy will be used mainly to support the Indonesian government's biodiesel subsidy programme. The biodiesel price is determined at CPO price plus the market price index of biofuel, which was initially set at US$125 per tonne, and revised to US$ 100 per tonne starting 5 May 2017. The difference between the preset biodiesel price and the MOPS diesel price will be subsidised by the BPDP Sawit. Besides funding these subsidies, proceeds from the new export levies will be channeled to replanting, research and human resources development in the palm oil industry.

This new regulation set out the applicable export tax rates for exports of CPO and its products based on various export standard prices as set out in the following table:

	Tax (US$/tonne)			
Price (US$/ tonne)	**CPO**	**CPKO**	**RBD Oil**	**RBD Stearin**
Levy (applicable to all price range)	50	50	20	20
Export tax:				
<US$750	0	0	0	0
US$751 – US$800	3	1	0	0
US$801 – US$850	18	21	0	0
US$851 – US$900	33	49	0	0
US$901 – US$950	52	85	5	4
US$951 – US$1,000	74	95	17	15
US$1,001 – US$1,050	93	116	30	25
US$1,051 – US$1,100	116	163	44	35
US$1,101 – US$1,150	144	190	57	50
US$1,151 – US$1,200	166	206	70	68
US$1,201 – US$1,250	183	225	81	78
>US$1,250	200	245	92	89

The import of vegetable oils into China is subject to import quotas and import duties as set out below:

Major Commodity	**Duty (%)**	**VAT (%)**
Soybean	3.0	13.0
Rapeseed	9.0	13.0
Soybean Oil	9.0	13.0
Rapeseed Oil	9.0	13.0
CPO	9.0	13.0
Refined Palm Oil	9.0	13.0
Soybean Meal	5.0	13.0

Source: Customs Import and Export Tariff of China

The table above shows that the import duties for soybean and soybean meal are lower compared to the import duties imposed on the other imported commodities.

With China's accession to the World Trade Organization, import quotas for palm oil and soybean oil were eliminated in 2006.

Letter of Credit ("LC") Export Regulation

In March 2009, the Indonesian Government set out the first regulation regarding the LC as method of payment for commodities exporters under the Regulation of Ministry of Trade No. 10/M-DAG/PER/3/2009 dated 5 March 2009. Under this regulation, it was mandatory for any exports of commodities with a contract value above US$ 1 million to use LC as a payment method. The commodities regulated under this regulation were CPO, coal, coffee, cocoa and rubber. Exporters were required to submit monthly export transactions to the Ministry of Trade including the payment method, the exporters' banks and the exporters' bank account numbers on which the export proceeds will be transferred to by the overseas buyers. This regulation was further revised under the Decision of Ministry of Trade No. 57/M-DAG/PER/10/2009 dated 30 October 2009 before being discontinued under the Decision of Ministry of Trade No. 27/M-DAG/PER/6/2010 dated 24 June 2010.

In January 2015, the regulation of LC payment method was made mandatory again under the Decision of Ministry of Trade No.04/M-DAG/PER/1/2015 dated 5 January 2015 which became effective on 1 April 2015. The commodities subject to this regulation include CPO and CPKO, coal, oil and gas, as well as minerals. The main purpose of this regulation is to assist the Government to gather and track accurate records on the sale of Indonesia's natural resources. In addition, the new regulation requires prices of commodities stated in the LC must be higher or at least equal to the world's market price. Independent surveyors appointed by the Ministry of Trade to perform checking on the documents and whether the export transaction has used LC as method of payment.

On 30 March 2015, the Ministry of Trade issued rule No. 26/M-DAG/PER/3/2015 which regulates specific terms and conditions regarding the implementation of the LC payment method in export transaction. Under the Ministry rule No. 26/M-DAG/PER/3/2015, the Government allows for suspension of the implementation of the LC payment method upon exporters' requests who have long term contracts with the buyers and do not use LC as payment method in the contracts. The suspensions provide sufficient time for exporters to adjust and prepare for the implementation of LC payment method. For those exporters with suspension approvals, a post-audit will be conducted by a special team formed by the Ministry of Trade. If the result of the post-audit is incorrect, the suspensions shall be terminated and exporters are required to change from non-LC payment method into LC payment method.

Land rights

Oil palm plantations

The Indonesian government holds title to all land in Indonesia under the Basic Agrarian Law and Government Regulation No. 24 of 1997. In order to establish a plantation, the Group must obtain land rights from the Indonesian government. The land rights granted by the Indonesian government for plantations under the Basic Agrarian Law have a fixed duration of 25 years or maximum duration of 35 years. Under the New Investment Law, the Indonesian government allows *Hak Guna Usaha* to be granted for a total of 95 years (consisting of a 60-year initial period and a 35-year extension period). However, based on the Constitutional Court's Decree No. 21-22/PUU-V/2007 dated 17 March 2008, the provision of such New Investment Law is no longer effective. The duration for *Hak Guna Usaha* based on Basic Agrarian Law is a fixed duration of 25 years or a maximum duration of 35 years and may be extended for a maximum period of 25 years. The Group holds a portion of its land rights in the form of *Hak Guna Usaha* (i.e. "Right to Cultivate" land for agricultural purposes), which are land rights granted on land covering an area of at least five hectares that give the holder the right to use the land for plantation businesses. Only Indonesian nationals and legal entities can hold *Hak Guna Usaha* title. The Group can pledge these land rights as security in the form of *Hak Tanggungan* (mortgage).

An application for *Hak Guna Usaha* involves a number of stages, the three principal stages of which are:

(1) *Ijin Lokasi*;

(2) *Panitia B*; and

(3) *Hak Guna Usaha*.

The first stage of the process is obtaining the *Ijin Lokasi* which is an approval, granted by the Indonesian government to a company which permits that company to use the land covered by the approval in accordance with a regional development plan and to apply for the transfer of the rights with respect to that land. *Ijin Lokasi* is given for one year where the land covers 25 hectares or less, two years where the land covers between 25 to 50 hectares, and three years for land covering greater than 50 hectares and can generally be extended for another one year period if the land acquisition is already more than 50% of the total area. A holder of *Ijin Lokasi* must develop the land subject to those rights within one to three years (depending on the size of the land), otherwise the *Ijin Lokasi* will be cancelled automatically.

The second stage of the process for *Hak Guna Usaha* is applying to the National Land Agency via the Provincial Regional Land Agency, to undertake a land measurement to determine the actual land area before issuing a map known as the *Kadastral* map. Then, the next stage would be obtaining a special land committee or the *Panitia B* approval which will be given by a regional committee after the evaluation of legal and technical reviews and the recommendation as to whether a *Hak Guna Usaha* certificate in respect of the target land should be issued to the applicant. *Panitia B* will then issue its minutes and submit its recommendation to the Central National Land Agency.

Upon receipt of the positive recommendation from *Panitia B* and additional government approvals, the Indonesian government issues the Decree to Grant Right for *Hak Guna Usaha* purposes.

In practice, it generally takes three to four years to process *Ijin Lokasi* to *Panitia B* and up to two years to process *Panitia B* to *Hak Guna Usaha*. A holder of *Hak Guna Usaha* can generally extend and renew these rights once for an aggregate duration period of 60 years. Most of the Group's *Hak Guna Usaha* for its oil palm plantations are under the initial term of their issuance and therefore can be renewed for an additional term.

The Group has already applied for extensions to most of its land rights held under *Hak Guna Usaha* as those rights approach expiration. In October 1993, the State Minister for Agrarian Affairs and Head of the National Land Agency issued Decree 2/1993 which sets forth the procedures for obtaining location licences and land titles. Under Article 9(1) of Decree 2/1993, a holder of *Hak Guna Usaha* is guaranteed an extension of those rights so long as the utilisation of the land covered by the rights complies with the approved usage of the land when the rights were initially granted to the holder. Under Decree 2/1993, an application for extension of the *Hak Guna Usaha* must be made at least two years prior to expiry.

The Group believes that it is in compliance with all material provisions relating to the approved usage of the land covered by its *Hak Guna Usaha*. For the land rights that have not been extended nor renewed, the Group does not anticipate any difficulty in extending the expiring land rights, but it cannot predict how long it will take or if ultimately will be successful in extending these expiring land rights. The Group believes that it has complied with all current requirements in relation to its plantations and will take all necessary steps to ensure that the land rights for such plantations will be extended. However, changes in circumstances may delay or prevent extensions.

To date, Regulation of the State Minister for Agrarian Affairs/the Head of Land National Agency of the Republic of Indonesia (the "**Land Minister**") No. 2/1999 on Location Permit ("**Regulation 2/1999**") stipulates that any person, company, group of companies or related person or company operating the agricultural plantations, including the oil palm plantation business in Indonesia may only acquire up to 20,000 hectares of land for each province or 100,000 hectares of land for the whole of Indonesia, except for the province of Papua (formerly known as Irian Jaya) which allows acquisition of up to 40,000 hectares of land. Regulation of the Minister of Agriculture (the "**Minister of Agriculture**") No. 26/Permentan/ OT.140/2/2007 ("**Regulation 26/2007**") on the other hand, increases the above threshold for each company engaging in the oil palm plantation business in Indonesia to acquire up to 100,000 hectares of land, except in the Papua province where the maximum threshold is 200,000 hectares.

Due to the differences in both regulations, the Minister of Agriculture issued a new Regulation No. 98/ Permentan/OT.140/9/2013 on the Guidelines for Licensing of Plantation Businesses ("**Regulation 98/2013**") which revokes and supersedes Regulation 26/2007. Regulation 98/2013 was dated 30 September 2013 and came into effect on 2 October 2013. Meanwhile, the Land Minister also issued a new Regulation No. 5/2015 on the Location Permit ("**Regulation 5/2015**") which revokes and supersedes Regulation 2/1999. This new Regulation 5/2015 was dated 28 April 2015 and came into effect since It has been issued.

Based on the new Regulation 5/2015, the maximum plantation area for agriculture, including oil palm plantation in Indonesia still remains the same, which may only acquire up to 20.000 hectares of land for each province or 100.000 hectares of land for the whole of Indonesia. Due to this new Regulation 5/2015, the Land Minister has made some adjustments/changes in administration procedures, such as how to obtain a new location permit and/or how to apply to extend the location permit, including all the terms and conditions that shall be applied.

Regulation 98/2013 sets the maximum plantation area for oil palm at 100,000 hectares for each plantation company or group of plantation companies. A "group of plantation companies" is defined as a group of individuals or plantation companies which are related to one another by ownership, management and/or financial relationship. The maximum plantation area restriction does not apply to state-owned companies, regional government-owned companies, cooperatives and publicly listed companies in which the majority of shares are owned by the public. A company applying for an IUP (cultivation and processing integrated plantation business licence) or IUP-B (plantation business licence for cultivation) will be required to submit a statement letter in the form provided in Regulation 98/2013 confirming that the company or its group of companies has not exceeded the maximum plantation area as stipulated in Regulation 98/2013. Regulation 98/2013 is silent on how the rule will be applied to plantation companies or groups of plantation companies which currently hold plantation areas in excess of the maximum plantation area set out in Regulation 98/2013.

All of GAR's Indonesian subsidiaries are in compliance with the new Regulation 26/2007 with regard to the maximum landholding threshold. Even though there is currently an inconsistency between Regulation 5/2015 (issued by the Land Minister) and Regulation 26/2007, GAR believes these two ministries will liaise with each other and a new unified policy by the Indonesian government will be issued in the future. As long as Regulation 5/2015 is not amended to reflect the new maximum landholding stipulated in Regulation 26/2007, the Group may be deemed to be in breach of such regulation. Regulation 5/2015 does not stipulate a specific penalty or sanction for breach thereof, but it does stipulate that *Ijin Lokasi* already granted prior to the issuance thereof may be implemented only after its area is adjusted to the maximum landholding stipulated in Regulation 5/2015. As a result, the Indonesian government may decide not to issue *Panitia B* or *Hak Guna Usaha* upon expiration of the Group's *Ijin Lokasi*, and/or may let these *Ijin Lokasi* elapse. Regulation 5/2015 does not specifically regulate *Panitia B* and *Hak Guna Usaha*.

In practice, the above limitations do not apply to land for which *Hak Guna Usaha* has been granted. According to Article 5 of the Regulation 5/2015, *Ijin Lokasi* will be given for three years and shall be extended for another year if the companies have already acquired more than 50% of the total area as stated in *Ijin Lokasi*. According to the new Regulation 5/2015, if the companies have acquired less than 50% of the total area as stated in *Ijin Lokasi*, the *Ijin Lokasi* is not allowed to be extended, but the company still can use the land in accordance with the acquisition. The Group believes that it will be permitted to use the land until the *Hak Guna Usaha* is issued, even though *Ijin Lokasi* has expired.

The application of Regulation 5/2015 to land for which *Panitia B* has been granted is, however, unclear. According to Regulation 5/2015, *Ijin Lokasi* will remain effective until those rights expire, which is generally three years after issuance of the applicable *Ijin Lokasi* for each parcel of land and extended for another year. Regulation 5/2015 stipulates that if land acquisition may not be fulfilled during the life of the relevant *Ijin Lokasi*, then the land already acquired may be (a) used by the company, subject to adjustment to its business plan, or (b) transferred to another qualified party. There is no provision in Regulation 5/2015 which requires a landholder to mandatorily relinquish its land without compensation. The Group believes that it will be permitted to continue to renew its *Ijin Lokasi* and *Panitia B* and to use the land covered by those rights even though *Hak Guna Usaha* may not be issued. The ministry may, however, not permit the Group to continue to use the land for which the Group holds *Ijin Lokasi* and *Panitia B* or may not permit the Group to renew these rights upon their expiration.

The *Hak Guna Usaha* which the Group holds in the provinces of Papua, Kalimantan and Sumatra and the aggregate *Hak Guna Usaha* which the Group holds nationally exceed the specified limitations. However, as the Group held these land rights before Regulation 2/1999 was enacted, and given that the decree is not applied retroactively, the Group believes it is not in violation of the decree. If the ministry were to apply the limitations in a manner that restricts the Group's ability to use its existing *Ijin Lokasi* and *Panitia B* or its ability to obtain additional land rights in any material way, the Group intends to seek to qualify under the exceptions stated in the decree by conducting a public offering of shares of, and listing, one or more of the Group companies in Indonesia to own the plantation land. If, however, the Group is unable to do so, the Group could be required to release its *Ijin Lokasi* and *Panitia B* which the Group presently uses and plans to use for expansion purposes, and the Group may not receive compensation for any investment made in this land. In addition, the Group may be prohibited from acquiring further land rights in Indonesia. Either case would have a material adverse effect on the Group's business. It is also possible that the Group's land rights could be revoked by the relevant authority, for instance if the relevant authority determines that the Group has breached the terms of its licences.

In accordance with prevailing regulations and policies of the Indonesian government, the Group conducts its operations pursuant to various approvals and licences issued by the Plantations Department of the Ministry of Agriculture, the Ministry of Forestry, the National Land Agency and the local governor or regent of the province in which its plantations are located.

Plasma Program

In accordance with Indonesian government policy, oil palm plantation companies are encouraged to develop new plantations that will be owned and operated by local small landholders. This form of assistance to local small landholders is generally known as the "**Plasma Program**". The Plasma Program is a program for the development of oil palm plantations for small landholders by a developer of plantations. Once developed, the plasma plantations are transferred to the small landholders who then operate the plasma plantations under the supervision and/or management of the plantation company.

Under the Plasma Program, the developer is committed to purchase FFB from the local small landholders at formula prices set by the Indonesian government less the costs incurred by the developer in processing and selling the FFB. The Group participates in the Plasma Program and processes the FFB purchased under the plan into CPO and palm kernel at its CPO processing facilities. In the past, the formula prices the Group has paid for the FFB purchased from Plasma Program landholders have been generally guided by government regulation, which would be at par or below the market price. There can be no assurance that the formula prices it pays for FFB will continue to be at or below the market price for FFB.

*Perkebunan Inti Rakyat Transmigran ("*__PIR Trans__*").* The Plasma Program development for each district is funded by loans from government-owned banks with the approval of Bank Indonesia and Directorate General of Plantation. Under the program, the Group borrows money from government-owned banks to fund development of these plantations. The Group then secures these loans with the land rights for the plantation to which the loans relate and other forms of security. Upon maturity of the plantation, which is defined as not less than 48 months after planting of the oil palm in the fields, and after the satisfaction of an inspection by the government-owned bank and certain government departments which are led by the Directorate General of Plantation, the Group transfers the plantation to the small landholder, who then assumes liability to repay the loans advanced by the government-owned banks to it. Prior to maturity of the plantation, these loans accrue interest at a rate of approximately 16.0% per annum, but this interest is not required to be paid and instead is capitalised. After the plantation matures, the principal amount of the loans (plus capitalised interest) accrues interest at a rate of 12.0% per annum and is payable every three months over a period of seven years, commencing on the date the Group hands over management of the plantation to the small landholder. The Group is required to deduct from amounts owed to the small landholder for purchase of the FFB and pay to the bank the amount of the repayment instalments. This PIR Trans program is the first generation of the Indonesian government's efforts to encourage partnership between plantation companies with local small landholders. While this program is not officially terminated, the PIR Trans program is effectively discontinued as a result of the introduction of second and third generation programs described below.

*Kredit Koperasi Primer untuk Anggota ("*__KKPA__*").* In 1994, the Indonesian government introduced a second generation program called the KKPA Program which is similar to the first generation PIR Trans program except that the small landholder enters into a contract with the developer under which the developer agrees to manage the small landholder's land and the small landholder obtains the development loan, which may be from a government-owned or private bank. Under the KKPA Program, the price for developing the plantation is fixed in the development agreement between the Group and the small landholder and the Group bears the burden of any cost overruns that are incurred in developing the plantations.

Pengembangan Perkebunan Melalui Program Revitalisasi. In 2006, the Indonesian government introduced a third generation program called "*Pengembangan Perkebunan Melalui Program Revitalisasi*". This program is seen as more comprehensive as it encourages expansion, regeneration (*peremajaan*), and rehabilitation of plantations, and supports refinery units, infrastructure and facilities. The maximum cost of this program is determined by the Directorate General of Plantation. Further, under this program, small landholders are qualified to apply for an investment credit program from any of five appointed banks (Bank Mandiri, Bank Rakyat Indonesia, Bank Bukopin, Bank Nagari (Sumbar) and BPD Sumatra Utara), whereby during the development period (up to a maximum of five years), the Rupiah interest is capitalised at a subsidised rate, currently set at 10.0% per annum. After the plantation matures, the interest rate charged will be the then prevailing market rate. Under this program, the Group as the approved partner of the small landholders, is responsible for, among others, developing the plasma plantation at a preapproved cost (any cost overrun will be the Group's responsibility), acting as a guarantor for the bank facility extended for development of plantations, encouraging small landholders to actively participate in development of plantations, purchasing produces from the plantations at prices in accordance with applicable laws and/or at a mutually agreed price and arranging the process to repay the bank facility. This program has been ended by the end of 2015.

The plantations held by small landholders under the Group's Plasma Program (PIR Trans and KKPA) generally have the same yields as those owned by the Group because the small landholders plantations are planted and are subject to the same standards of upkeep and maturing as those owned by the Group.

Innovative Financing

In addition to helping GAR's plasma smallholders, GAR is actively involved in helping independent smallholders.

To boost the productivity of one million independent palm oil smallholders in Indonesia, the Indonesian Chamber of Commerce and Industry ("**KADIN**") initiated an Innovative Financing Scheme which was formally endorsed by the Government of Indonesia in 2014.

Through the scheme, independent farmers are able to secure loans with affordable interest rates through cooperatives to fund their replanting. This financial support will help to sustain the living expenses of these smallholders in the initial four years before the oil palms reach maturity. The goal of the scheme is to increase smallholders' annual CPO yield from the current two to three tonnes per hectare to five to six tonnes per hectare. This could help avoid opening additional land for palm oil development, through the use of high-yielding certified seeds and implementation of best agronomy practices by the farmers.

RESPONSIBLE PALM OIL PRODUCTION

Since the Group adopted the first Forest Conservation Policy in the palm oil industry in 2011, it has continued to make strides in moving towards responsible palm oil production and it seeks to encourage the rest of the industry to adopt responsible practices through engagement and dialogue.

The Group's roadmap for achieving this is the GAR Social and Environmental Policy (the "**GSEP**"). Launched in 2015, the policy consolidates all its sustainability and human rights and labour policies in one document. It contains the Group's commitments for its most material sustainability issues and its overall approach to ensuring their responsible management. The GSEP embodies the Group's belief that economic growth, social progress and environmental protection can go hand-in-hand. In envisioning sustainable progress for people and the planet it is aligned to the UN Sustainable Development Goals ("**SDGs**"). As a signatory of the UN Global Compact the Group is also committed to working on and delivering the UN SDGs.

The Group has focused much attention and resources on resolving environmental issues. In addition, the Group keeps abreast of other concerns such as labour practices and human rights and it is focusing its attention on ensuring proper implementation of its commitments in these areas.

Through the Group's deepening engagement with its supply chain initiated by its Traceability to the Mill ("**TTM**") and Traceability to the Plantation ("**TTP**") exercises, it is actively trying to influence and encourage its suppliers, and by extension the rest of the industry, to adopt responsible practices.

All these endeavours require the Group to work closely and engage with multiple stakeholders. Partnership is the cornerstone of the Group's approach to achieving its goals. The Group does this in recognition of its limits as a private company and it seeks to learn and gain valuable feedback from its stakeholders such as local communities, smallholder farmers, government, Civil Society Organisations ("**CSOs**"), suppliers, the RSPO, its industry peers and implementation partners. The Group's sustainability journey would not be possible without constant engagement, dialogue and consultation with its key stakeholders.

In several instances, the Group has worked with CSO stakeholders like Greenpeace to develop new guidelines and standards such as the High Carbon Stock Approach ("**HCSA**") to address deforestation concerns. This approach is increasingly being adopted not only in the Group's industry but also in other sectors such as forestry.

The GSEP was developed with feedback and input from key stakeholders including CSOs such as Greenpeace, Rainforest Action Network ("**RAN**"), Forest Peoples Programme ("**FPP**") and the Group's implementation partner, The Forest Trust ("**TFT**").

The Group's approach to responsible palm oil production is underpinned by scientific research and development and the use of technological advances. Its flagship research facility SMARTRI conducts research to improve yields and productivity sustainably – minimising impacts on the environment and the people who work and live on the Group's plantations. With extreme weather phenomena such as El Niño becoming more severe, SMARTRI also conducts research into developing more resilient non-GMO seed stock and improving agronomic practices to cope with the impact of climate change.

Management Approach

The board and senior management fully supports GAR's sustainability commitments under the GSEP. Responsible palm oil matters come under the purview of the Sustainability Committee ("**SC**") which is chaired by the Corporate Strategy and Business Development Director. The SC comprises the senior leadership team from the upstream, downstream and corporate business units as well as the head of the Sustainability Department and other staff members from the Department. The SC reports directly to the Chairman and CEO of GAR and the Board and meets regularly to oversee the development and implementation of the GSEP and the monitoring of performance across all its business operations. Aside from these meetings, urgent and developing issues are escalated to relevant SC members for their input and decisions.

The Group has invested additional resources with the aim of embedding responsible palm practices in its day-to-day operations. A large Sustainability and Strategic Stakeholder Engagement Department has been established with 129 staff in Jakarta and another 176 staff in the field. Ongoing training in the implementation of the GSEP is being carried out for all relevant staff – to date, over 8,500 staff have been trained.

The four pillars of the GSEP

The GSEP focuses on the following:

I. **Environmental Management**, which include no development of High Carbon Stock ("**HCS**") forests, High Conservation Value ("**HCV**") areas and peat lands, zero burning and reducing Green House Gas ("**GHG**") emmissions.

   Since the Group adopted the first Forest Conservation Policy in the industry in 2011, it has made decoupling palm oil production from deforestation a top priority. It carries out High Conservation Value ("**HCV**") and HCS assessments as part of its standard procedures before embarking on new development.

   The Group has currently identified around 72,000 hectares of HCV (53,248 hectares) and HCS (18,846 hectares) forest for conservation across and adjacent to its concessions.

   Defining these areas on paper is only the first step towards conservation; ensuring they are properly protected on the ground requires a workable model of collaboration and partnership with local communities and other key stakeholders such as local government. Without this, areas set aside for conservation remain prone to encroachment by external parties who frequently regard the area as unoccupied land.

   The World Economic Forum has called for new models of sustainable rural development at the forest frontier and in particular, place-based "protection-production partnerships". GAR has been working on these partnerships since 2015, when it began collaborating with local communities to formally map their villages through Participatory Mapping. GAR helps the villages map critical areas such as customary boundaries and land necessary for food security. This map is lodged with and formally recognised by the authorities, serving amongst other things to clarify land tenure rights and enabling villages to gain access to government development funds for the first time.

The mapping lays the foundation for further dialogue on conservation through the Group's Participatory Conservation Planning process. Its intensive consultative approach takes into account local community concerns, needs and aspirations including food security requirements and continued ability to earn a decent and stable livelihood.

GAR has rolled out mapping in 67 villages across its concessions to date and carried out conservation planning in 10 villages in West Kalimantan, securing agreement with local communities to set aside over 7,000 hectares of HCS forests for conservation.

Protecting rare and endangered species

Operating in Indonesia places the Group in or near areas of rich and varied biodiversity and it wants to preserve and protect this biodiversity. This is achieved through its identification and protection of HCV areas backed up by its Zero Tolerance Policy towards hunting, injuring, possessing and killing of rare and endangered wildlife.

The Group continuously educates its employees, local communities and related stakeholders on the importance of protecting rare and endangered species.

Protection of orangutans remains a special focus for GAR. Since 2011, the Group has partnered with Orangutan Foundation International ("**OFI**") to rehabilitate and release wild-born, formerly captive primates. As of May 2017, the Group has supported the release of 87 orangutans into their natural habitat in Seruyan Forest in Kalimantan, Indonesia, with 12 released in 2016 and 17 in 2017.

GHG emission reduction

The Group now has a total of seven methane capture facilities. Amongst other things, the methane gas is used as an alternative energy source, generating electricity for its factory operations.

The Group estimates that through methane capture and avoidance of fossil fuels, the methane capture facilities reduce between 40 to 55 percent of operational GHG emissions where they are sited.

II. Social and community engagement

The palm oil industry has helped to advance socio-economic development in tropical developing countries like Indonesia and plays a key role in improving the lives of communities living in rural areas. The challenge is to ensure that this development is inclusive and sustainable.

As one of the largest palm oil companies in Indonesia, the Group has created thousands of jobs in rural areas, helping to deliver SDGs such as tackling poverty by boosting incomes and standards of living. The Group collaborates with a wide range of stakeholders to carry out its social and community programmes across all its plantations, which deliver SDGs such as providing education and ensuring health and well-being, infrastructure and reducing inequalities.

The Group recognises the establishment of plantations creates changes for local communities and indigenous people. The Group is committed to respecting human rights and fulfilling Free, Prior and Informed Consent ("**FPIC**") requirements before any operations begin (GAR voluntarily stopped all new nucleus estate development in November 2014). GAR is also committed to improving its processes and procedures with regards to respecting the customary rights of local and indigenous communities. In addition to FPIC, all of the Group's plantations (100 percent) have social community engagement and development plans.

The active participation and support of these communities is also essential for other aspects of sustainability. The Group seeks to engage local communities in forest conservation, and take an inclusive and collaborative approach to addressing its sustainability challenges through its community conservation partnerships.

While ensuring that the development of the Group's industry is aligned with the interests of local communities, the Group also attempts to multiply the positive socio-economic impacts of its operations by promoting entrepreneur development and micro-enterprises in local communities.

*Respecting human rights and Free, Prior and Informed Consent ("**FPIC**")*

FPIC is a central tenet of the GSEP and part of the Group's commitment to upholding human and community rights and the Group implements this in all its plantations. Respecting FPIC means the Group ensures that decision-making by indigenous peoples and local communities regarding the presence of its operations is done without pressure and intimidation (free), performed before an activity that has impact on the surrounding communities is carried out (prior), and with sufficient knowledge about the activity and its impact on the surrounding communities (informed), so they may express agreement or disagreement to such activity (consent).

For land acquisition, the implementation of this policy includes:

- Participatory Mapping and Land Tenure Study of all indigenous peoples and local community lands prior to negotiation;
- Social Impact Assessments carried out using participatory methods, the results of which will be publicly available and actively shared with relevant stakeholders;
- Engaged and open negotiation processes; and
- Documented agreements signed by and shared with all relevant parties.

III. Work environment and industrial relations

The palm oil industry generates employment especially in rural areas, helping to lift incomes and living standards of farming communities. The Group is committed to providing equal employment opportunities where possible, treating its employees fairly and maintaining positive working relationships. The Group invests in training and developing its people, supporting their health and welfare, and equiping them with the skills they need to carry out their work safely and well. The Group strives for continuous improvement in creating a safer workplace for all.

The Group complies with all employment laws that apply to the countries in which it operates. The Indonesian labour laws that the Group complies with covers issues such as freedom of association for its employees, decent pay and working hours, non-discrimination and elimination of child or forced labour. Where relevant legal frameworks do not exist, the Group strives to follow international best practice on employment and workers' rights. In this regard, the Group recognises and respects the International Labour Organisation's Declaration on Fundamental Principles and Rights at Work.

The Group's HR policies commit it to providing all of its workers (including contract, temporary, casual and migrant workers) with clear access to remedy, and an accountable grievance mechanism. These policies are also part of the GSEP.

Through the Group's subsidiary, SMART, it is a signatory to the UN Global Compact and is committed to upholding its ten principles which include human rights and labour standards. GAR is an equal opportunities employer, and bans discrimination based on gender, race, sexual orientation, national origin, religion, disability, union membership and political affiliation. GAR's commitment to fair labour practices is a key focus of its employee handbook.

The minimum age for employment in GAR in any capacity is 18 years. GAR is against any form of child labour, and it rigorously enforces these principles at all its plantations, mills and other places of work. Its recruitment officers check identification cards against the prospective employee's schooling records, such as their school diploma, to ensure that it does not employ children. GAR also provides schools and day care centres for its workers' children to ensure that parents have somewhere safe to send their children and do not feel the need to take their children to work with them.

GAR is also at the early stages of communicating and engaging its supply chain on its stand against child labour, and this is part of its effort to help its supply chain comply with the GSEP and adopt responsible practices.

With thousands of people working for the Group, it takes its responsibility in providing a safe and healthy workplace very seriously and its Occupational Health and Safety management is aimed at minimising workplace accidents, fatalities and other negative health impacts.

IV. Marketplace and supply chain

Since the Group extended the scope of its sustainability policy in 2014, it has been focusing on bringing its supply chain along with it on its sustainability journey through dialogue and engagement. This is essential if the Group is to ensure that the palm oil industry increasingly adopts and strengthens responsible practices.

The launch of the Group's Traceability to the Plantation ("**TTP**") exercise in 2016 is enabling it to reach out to a greater number of its suppliers including middlemen and smallholders. The Group's Traceability to the Mill process enabled it to map all the mills supplying its eight downstream processing locations in Indonesia – in 2016 these numbered 429 independent mills and 45 GAR-owned mills. Working with these mills the Group is now mapping the supply chain all the way back to origin.

The traceability exercise offers the Group crucial information about the provenance of its raw materials, improving its transparency to buyers and customers. Prior to the TTP exercise, GAR mills already knew the source of 90 percent of their FFB and it is on track to complete the mapping exercise for GAR mills by end 2017. In 2016, 15 GAR mills achieved full TTP, and overall GAR mills achieved 88 percent TTP. Third-party supplier mills will have till 2020 to complete mapping to the plantation.

Engaging the Group's Suppliers

Beyond traceability, GAR is using the increased interaction with suppliers to spread responsible palm oil practices and build supplier capability to adopt these practices.

The Group is carrying out a programme of supplier visits which enables the Group to build a complete picture of where its suppliers stand with regards to responsible practices, and what help they need to address the gaps. In 2016 the Group visited 29 suppliers to assess their social and environmental practices, bringing the total of suppliers visited to 36 since 2015.

To address some of the systemic issues related to the adoption of responsible palm oil practices which the Group has noted during its site visits and assessments, it kicked off two inaugural SMART SEED workshops for its suppliers in 2016. The workshops offer them an avenue to meet government, CSOs and other experts on critical issues such as how to obtain ISPO certification.

In urgent cases, the Group has assisted suppliers with remedial action plans to tackle issues ranging from orangutan conservation to land tenure issues and community-based fire prevention programmes.

A dedicated GAR Supplier Support Team is available to respond to queries from suppliers. These engagement and support efforts will ultimately help build a more resilient supply chain and industry.

Certification and Industry Standards

Industry certification is a key part of GAR's on-going commitment to adopt best practices and standards in responsible palm oil production.

Roundtable on Sustainable Palm Oil ("RSPO") Certification

As of 4 August 2017, 262,442 hectares of plantations including 51,149 hectares of smallholder estates, 29 mills, nine kernel crushing plants, five refineries, seven bulking stations and one oleochemical plant have received RSPO certification.

The Group has extended the time frame for completion of RSPO certification for the remaining operations of 213,415 hectares of plantations and encompasses 49,233 hectares of plasma estates and 16 mills by 2020. This extension reflects the Group's conservative estimate for the time needed to acquire the Cultivation Rights title or HGU and the liability data as required recently by RSPO.

GAR continues to be an active member of RSPO and is part of the Dispute Settlement Facility Advisory Group, the Biodiversity and HCV Working Group and Innovation Lab.

Indonesian Sustainable Palm Oil ("ISPO")

GAR is supportive of the ISPO Scheme developed 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 focus on environmental issues.

As of 4 August 2017, 198,072 hectares of plantations and 32 mills have received ISPO certification. In December 2016 the Group was recognised by the Indonesian government for having obtained the highest number of ISPO certificates in the industry.

International Sustainability and Carbon Certificate ("ISCC")

As of 4 August 2017, 291,351 hectares of plantations including smallholder plantations of 57,755 hectares, 29 mills, two kernel crushing plants, five refineries and 14 bulking stations have received ISCC certification.

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.

LICENCES AND TRADEMARKS

The Group's RBD olein, margarine and shortening are sold under its own brand names. The brand names for the refined palm products in Indonesia are Filma®, Kunci Mas®, Menara®, Palmboom®, Palmvita®, Pusaka®, Mitra®, Delicio®, Masku®, SMARTBaker®, Red Rose® and Goodfry®.

The Group's brand names for edible oil, edible fat and margarine in China are 旗舰Flagship™, 金舰 Golden Carrier™, 康宜, 海鸥Seagull™,金鸥Golden Seagull™, 天山葵原, 关外御米, 大满贯, 皇宴, 厨神, 新食代, 尝香忆.

The Group's brand name for the food business in China are Huafeng, Huafeng Noodles, Mo Fa Shi, 魔法士薯你脆, ELLEVITA.

The Group's brand names for packed oils and fats in India are FREEDOM, FIRST KLASS, and GEF MAGIK.

INSURANCE

The Group maintains insurance for its equipment, machinery, motor vehicles and fixed assets (including oil palm plantations). This insurance provides for the replacement cost of certain assets and covers losses from fires, haze, earthquake, volcanic eruption and plant disease but does not cover business interruption. In addition, the Group's risk of loss from forest fires is reduced because most of its oil palm plantations are located in various areas of Sumatra, Kalimantan and Papua. Further, the Group's oil palm plantations are designed in blocks with intersecting roads, which reduces the ability of fire to spread from block to block, and the spacing between its oil palm plantations further reduces the ability of fire to spread. Live oil palm plantations also have high water content and do not easily ignite. Significant damage to the Group's plantations, FFB, processing or refining facilities, whether as a result of fire, flooding or other causes, would have a material adverse effect on the Group's business and results of operations.

EMPLOYEES

As at 31 December 2016, the Group directly employed approximately 46,940 persons, of which 98.6% were employed in the palm–based business in Indonesia.

The Group seeks to maximise workplace safety in all of its operations through the implementation of international standards for industrial health and safety.

In the Group's Indonesia agri-business operations, it has established a defined contribution retirement plan where contributions are made to a pension fund.

MANAGEMENT

This section describes GAR's Board of Directors, the board committees and the Group's senior management.

Board of Directors

The primary function of the Board of Directors is to provide effective leadership and direction in order to enhance the long–term value of the Group to its shareholders and other stakeholders.

The Board has the responsibility to fulfil its role which includes the following:

a. ensuring that the long-term interests of the shareholders are being served and safeguarding the Company's assets;
b. assessing major risk factors relating to the Company and its performance, and reviewing measures, including internal controls, to address and mitigate such risks;
c. 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;
d. monitoring the performance of Management against plans and goals;
e. reviewing and approving significant corporate actions and major transactions;
f. assessing the effectiveness of the Board;
g. ensuring ethical behaviour (including ethical standards) and compliance with laws and regulations, auditing and accounting principles and the Company's own governing documents;
h. identifying key stakeholder groups and recognize that their perceptions affect the Company's reputation;
i. considering sustainability issues, e.g. environmental and social factors, as part of its strategic formulation; and
j. performing such other functions as are prescribed by law, or assigned to the Board in the Company's governing documents.

The current members of the Board of Directors and board committees are as follows:

Name	Position	Age	Year Appointed
Franky Oesman Widjaja(2,3)	Chairman and Chief Executive Officer	59	1996
Muktar Widjaja	Director and President	63	1999
Frankle (Djafar) Widjaja	Director	61	1999
Rafael Buhay Concepcion, Jr.	Director and Chief Financial Officer	51	2002
Lew Syn Pau(1,2,3)	Independent Director and Chairman of Audit Committee	63	2007
Foo Meng Kee(1,2,3)	Independent Director and Chairman of Remuneration Committee and Nominating Committee	67	2017
Kaneyalall Hawabhay(1)	Independent Director	70	2003
William Chung Nien Chin	Independent Director	60	2017

Notes:

(1) Member of the Audit Committee

(2) Member of the Remuneration Committee

(3) Member of the Nominating Committee.

Franky Oesman Widjaja

Mr. Franky Widjaja is the Chairman and Chief Executive Officer of Golden Agri-Resources Ltd ("**GAR**") and a member of its Nominating Committee and Remuneration Committee. He has been a Director and Chief Executive Officer of GAR since 1996; and Chairman since 2000.

Mr. Franky Widjaja, aged 59, earned his Bachelor's degree in Commerce from Aoyama Gakuin University, Japan in 1979. He has extensive management and operational experience, and since 1982, been involved with different businesses, including pulp and paper, property, chemical, telecommunication, financial services and agriculture.

Mr. Franky Widjaja also sits on the board of directors of Sinarmas Land Limited ("**SML**") and Bund Center Investment Ltd ("**BCI**"), both listed on the Official List of the Singapore Exchange Securities Trading Limited. He has been a Director of SML since 1997; the Executive Chairman of SML since 2006; and a Director of BCI since 2009.

Mr. Franky Widjaja is a member of the boards of several subsidiaries of GAR, SML and BCI. Since 2003, he has been the President Commissioner of PT Sinar Mas Agro Resources and Technology Tbk, a subsidiary of GAR listed on the Indonesia Stock Exchange.

Currently, Mr. Franky Widjaja is the Co-Chairman of Partnership for Indonesia Sustainable Agriculture ("**PISAgro**"); Co-Chair of World Economic Forum ("**WEF**"): Grow Asia, and he is a member of WEF: Global Agenda Trustee for World Food Security and Agriculture Sector; Vice Chairman of the Indonesian Chamber of Commerce and Industry ("**KADIN**") for Agribusiness, Food and Forestry Sector; and a member of the Advisory Board of the Indonesian Palm Oil Association ("**GAPKI**").

Previously, from 2007 to 2015, Mr. Franky Widjaja was Vice President Commissioner of PT Bumi Serpong Damai Tbk and PT Duta Pertiwi Tbk; and he was also Vice President Commissioner of PT Puradelta Lestari Tbk until his resignation in May 2016, all subsidiaries of SML listed on the Indonesia Stock Exchange.

Muktar Widjaja

Mr. Muktar Widjaja is a Non-Executive Director and the President of GAR. He has been a Director since 1999; President since 2000; and Non-Executive Director since December 2006. His last re-election as a Director was in 2015.

Mr. Muktar Widjaja, aged 63, 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 boards of several subsidiaries of GAR and SML. Mr. Muktar Widjaja is Vice President Commissioner of PT Sinar Mas Agro Resources and Technology Tbk, a subsidiary of GAR listed on the Indonesia Stock Exchange. Mr. Muktar Widjaja is a Director and, since December 2006, the Chief Executive Officer of SML which is listed on the Official List of the Singapore Exchange Securities Trading Limited. Mr. Muktar Widjaja is President Commissioner of PT Bumi Serpong Damai Tbk, PT Duta Pertiwi Tbk and PT Puradelta Lestari Tbk, subsidiaries of SML listed on the Indonesia Stock Exchange.

Frankle (Djafar) Widjaja

Mr. Frankle Widjaja is a Non-Executive Director of GAR since December 2006. He was first appointed as a Director in May 1999 and his last re-election as a Director was in 2016.

Mr. Frankle Widjaja, aged 61, 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 the Executive Chairman and Chief Executive Officer of BCI, and presently sits on the boards of several subsidiaries of GAR, BCI and SML.

***Rafael Buhay Concepcion, Jr*.**

Mr. Rafael Buhay Concepcion, Jr. is an Executive Director and the Chief Financial Officer of GAR. He was appointed as a Director of GAR in August 2002 and as its Chief Financial Officer in January 2013. His last re-election as a Director was in 2016.

Mr. Concepcion, aged 51, studied at the University of the Philippines where he obtained a Bachelor of Science in Economics in 1988. He later obtained a Master in Business Management from the Asian Institute of Management, Philippines in 1992 with scholarship from SGV Philippines.

Mr. Concepcion 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. Mr. Concepcion also sits on the boards of several subsidiaries of GAR.

Lew Syn Pau

Mr. Lew Syn Pau is an Independent Director of GAR, Chairman of its Audit Committee, and member of its Remuneration Committee and Nominating Committee. He re-joined GAR's Board of Directors in December 2007. Prior to that, Mr. Lew was a Director of the Company from 1999 to May 2007. His last re-election as a Director was in 2017.

Mr. Lew, aged 63, obtained a Master in Engineering from Cambridge University, UK and a Master of Business Administration from Stanford University, USA. Mr Lew was a Singapore Government scholar.

Mr. Lew is a Director of Capital Connections Pte Ltd. Mr. Lew also sits on the boards of several companies listed on the Official List of the Singapore Exchange Securities Trading Limited, namely, Poh Tiong Choon Logistics Ltd, SUTL Enterprise Limited (formerly known as Achieva Ltd), Food Empire Holdings Ltd, Broadway Industrial Group Ltd and Golden Energy and Resources Limited.

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. Mr. Lew 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 a Director of Lafe Corporation Limited until his retirement in April 2014.

Foo Meng Kee

Mr. Foo Meng Kee is an Independent Director of GAR, Chairman of its Nominating Committee and Remuneration Committee, and a member of its Audit Committee. Mr. Foo joined the Board of Directors of GAR in 2017.

Mr. Foo, aged 67, holds an MBA from the University of Dubuque, USA; Graduate Diploma in Marketing Management from the Singapore Institute of Management; and Bachelor of Commerce (Honours) from the Nanyang University of Singapore.

Mr. Foo also sits on the board of Lee Metal Group Ltd, a public listed company in Singapore. Currently, he is the principal owner of M K Capital Pte Ltd and M K Marine Pte Ltd.

Mr. Foo was an independent director of several public listed companies in Singapore, Courage Marine Group Limited, Jiutian Chemical Group Limited and Sinarmas Land Limited, until his resignation in May 2016, February 2017, and April 2017, respectively. He was also an independent director of Titan Petrochemicals Group Limited, a public listed company in Hong Kong, from December 2013 to September 2015. Mr. Foo was with Hitachi Zosen Singapore Limited (now known as Keppel Shipyard Limited) from 1976 to 1998. When he was the Managing Director of Hitachi Zosen Singapore Limited, he led in the listing of the company on the main board of the Singapore Stock Exchange.

Mr. Foo has also previously served on the Committees of the Association of Singapore Marine Industries and the Singapore Armed Forces Reservists' Association.

Kaneyalall Hawabhay

Mr. Kaneyalall Hawabhay is an Independent Director of GAR and member of its Audit Committee. He was appointed as a Director of GAR in May 2003 and his last re-election as a Director was in 2015.

Mr. Hawabhay, aged 70, is a Fellow of the Institute of Chartered Accountants in England and Wales.

Presently, Mr. Hawabhay is Partner (ABAS) of BDO & Co, Mauritius. 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.

William Chung Nien Chin

Mr. William Chung Nien Chin is an Independent Director of GAR. Mr. Chung joined the Board of Directors of GAR in 2017.

Mr. Chung, aged 60, is a Member of the Institute of Chartered Accountants in England and Wales since 1980.

Currently, Mr. Chung is a Tax Partner of Kemp Chatteris, Chartered Accountants, Mauritius, a position he has held since July 2012. Prior to that, Mr. Chung was Tax Partner of Deloitte from July 2002 to June 2012, and Tax Partner of De Chazal du Mee from 1987 to 2002.

He is currently a director of Mauritian Eagle Leasing Co Ltd, which forms part of the IBL Group, a major conglomerate listed on the Stock Exchange of Mauritius.

Audit Committee ("AC")

The AC comprises the following 3 Directors, all of whom, including the AC chairman, are non-executive independent Directors:

Lew Syn Pau (AC Chairman)
Foo Meng Kee
Kaneyalall Hawabhay

The Board considers that the members of the AC are appropriately qualified to discharge the responsibilities of the AC. None of the members of the AC were previous partners or directors of the Group's external auditors, Moore Stephens LLP ("**MS**"), and none of the members of the AC hold any financial interest in MS.

The AC's roles and responsibilities are described in its terms of reference.

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 the AC 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 significant financial reporting issues and judgements so as to ensure the integrity of the financial statements of the Group and any formal announcements relating to the Group's financial performance.
b. Reviewing and reporting to the Board at least annually the adequacy and effectiveness of the Group's internal controls, including financial, operational, compliance and information technology controls.
c. Reviewing the effectiveness of the Group's internal audit function.
d. Reviewing the scope and results of the external audit, and the independence and objectivity of the external auditors.

e. Making recommendations to the Board on the proposals to the shareholders on appointment, re-appointment and removal of the external auditors, and approving the remuneration and terms of engagement of the external auditors.

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 and 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 separately with the internal and external auditors whereby any issues may be raised directly to the AC, without the presence of Management. The internal and external auditors have unfettered access to the AC.

Nominating Committee (NC)

The NC comprises the following 3 Directors, 2 of whom, including the NC chairman, are non-executive and independent Directors:

Foo Meng Kee (NC Chairman)
Lew Syn Pau
Franky Oesman Widjaja

The NC's terms of reference sets out its roles and responsibilities.

The NC is primarily responsible for:

a. identifying and nominating for the approval of the Board, all Board appointments including candidates to fill Board vacancies as and when they arise;
b. reviewing the independence element on the Board annually; and
c. deciding how the Board's performance may be evaluated.

The NC is also responsible for making 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. regarding training and professional development programmes for Board members; and
f. concerning any matters relating to the continuation in office of any Director at any time.

Remuneration Committee ("RC")

The RC comprises the following 3 Directors, 2 of whom, including the RC Chairman, are non-executive and independent Directors:

Foo Meng Kee (RC Chairman)
Lew Syn Pau
Franky Oesman Widjaja

The Board views that the current RC composition is adequate as a majority of its members are independent, and the RC chairman is non-executive and independent.

The RC's roles and responsibilities are described in its terms of reference.

The duties of the RC include reviewing and recommending to the Board for approval, the following:

a. a general framework of remuneration for the Board and key management personnel;
b. the specific remuneration packages for each Director and key management personnel; and
c. the Company's obligations arising in the event of termination of executive Directors and key management personnel's contracts of service, to ensure that such contracts of service contain fair and reasonable termination clauses which are not overly generous.

The RC may, during its annual review of remuneration of Directors and key management personnel, seek advice from external remuneration consultants as and when it deems necessary.

None of the members of the RC is involved in deliberations in respect of any remuneration, fee, compensation, incentives or any form of benefits to be granted to him.

Internal Audit

The Company has established an in-house internal audit function. The role of the internal auditors is to assist the AC to ensure that the Company maintains a sound system of internal controls.

The Chief Internal Auditor ("**CIA**") reports to the AC chairman. On administrative matters, the CIA reports to the CEO. The CIA 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 approves the hiring and removal of the CIA and ensures that the internal audit function is adequately staffed and has appropriate standing within the Company. It also ensures the adequacy and effectiveness of the internal audit function.

The annual internal audit plan is established in consultation with, but independent of, Management, and is reviewed and approved by the AC. Every quarter, the AC and Management review and discuss internal audit findings, recommendations and status of remediation, at AC meetings.

The internal auditors have unfettered access to the Group's documents, records, properties and personnel, including access to the AC.

Risk Management and Internal Controls

The Board, with assistance from the enterprise risk management ("**ERM**") committee ("**ERMC**") and the AC, is responsible for the governance of risk by ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Group's assets, and determines the nature and extent of the significant risks which the Board is willing to take in achieving strategic objectives.

The ERMC was formed in 2013 to assist Management in its role of managing risks, as part of the Group's efforts to strengthen its risk management processes and enable accountability for its adequacy and effectiveness. The ERMC currently comprises the following senior Management:-

- Franky Oesman Widjaja - Executive Director, Chairman and CEO
- Rafael Buhay Concepcion, Jr. - Executive Director and Chief Financial Officer
- Jo Daud Dharsono - Head, Upstream
- Hemant K. Bhatt - Head, Downstream
- Pedy Harianto - Head of Audit & Compliance

The ERMC reports to the AC which, in turn, reports to the Board.

The Board has ultimate responsibility for the governance and oversight of the risk management process. The Audit Committee assists the Board in their oversight of the process as well as to that of financial reporting risk and the effectiveness of the Company's internal control and compliance systems. The Management is responsible for assuring the Board as to the adequacy and effectiveness of the risk management lifecycle and ensuring the quality and timeliness of information.

The Company's risk management process comprises of a disciplined and repeatable interaction structure that facilitates active involvement by the Board in risk evaluation of strategic alternatives and operational decisions. These structures serve as a forum for the Management to highlight both favorable and adverse factors affecting the business and its performance and associated risks, and in turn creates visibility for the Board and relevant stakeholders. The Board members and Management collectively determine the materiality of the risks and appropriate strategies to address them following which appropriate risk governance structures are constituted. Governance policies are reviewed and approved by at least one Board member and one or more members of the senior Management team.

The AC is responsible for making the necessary recommendations to the Board such that the Board may make an opinion regarding the adequacy and effectiveness of the risk management and internal control systems of the Group. In this regard, the AC is assisted by the external auditors, internal auditors and the ERMC.

Compensation

Payment of compensation to GAR's independent directors is approved at its annual meeting of shareholders. Directors' fees of S$357,816 for the year ended 31 December 2016 was approved by GAR shareholders for payment to GAR's independent directors.

The Group will pay aggregate remuneration for 2016 to its directors, including directors who also held senior management positions, that the Group believes were customary.

Senior Management of the Group

Some of the current members of senior management of the Group, sorted based on alphabetical order, are as follows:

Name	Position
Agus Purnomo	Managing Director of Sustainability and Strategic Stakeholder Engagement
Chen Sau Hua	Deputy Chief Financial Officer
Edy Saputra Suradja	Managing Director Operation II
Harjanto Tanuwidjaja	Group HR
Hemant K. Bhatt	CEO – Downstream and Commercial
Jesslyne Widjaja	Director – Corporate Strategy and Business Development
Jo Daud Dharsono	Head of Upstream Operations
Milton Subianto Ng	Director, Indo Agri Operations
Paul John Hickman	Head, Global Vegetable Oils and Oilseeds
Pedy Harianto	Head of Audit & Compliance
Surya Lelyana	Chief Finance Officer – Upstream
Tan Boon Chng	Group Chief Financial Officer, Downstream Division
The Biao Leng	Managing Director Operation I

Agus Purnomo

Mr. Purnomo joined GAR in October 2014. His role is to plan sustainability strategy, communicate and implement sustainable palm oil commitments through out the entire value chain, in collaboration with key stakeholders.

Mr. Purnomo had held many positions for the government, multilateral institutions and international and national NGOs, including Special Assistant to the President of Indonesia for Climate Change (2010-2014), Special Assistant to the Minister of Environment (2004-2009), the World Bank (2002-2004), Executive Director of WWF Indonesia, and half a dozen other national organizations on sustainable development issues.

Mr. Purnomo graduated with a Master's Degree in Environmental Conservation Policy from Tufts University in the US and a Master's in Business Administration from Prasetya Mulya Management Institute in Indonesia.

Chen Sau Hua

Mr. Chen has been a Deputy Chief Financial Officer of GAR since 1999. He is responsible for the Group's general corporate matters and leads several key corporate finance functions within GAR.

Mr. Chen graduated with a Bachelor of Commerce degree from Victoria University of Wellington, New Zealand, in 1991.

Edy Saputra Suradja

Mr. Suradja was appointed as a Vice President Director since 2008 and a Director of PT SMART Tbk in 2004. He graduated from Economic Faculty of Parahyangan Catholic University, Bandung, majoring in Management in 1985. He started his career as Accounting Section Head of PT Sadang Mas in 1985.

Mr. Suradja graduated from Economic Faculty of Parahyangan Catholic University, Bandung, majoring in Management in 1985. He started his career as Accounting Section Head of PT Sadang Mas in 1985.

Mr. Suradja presently also holds position as Managing Director Operation II for developing area. He also active in palm oil organization as Chairman of Central Kalimantan – Branch of Indonesia Palm Oil Association.

Harjanto Tanuwidjaja

Mr. Tanuwidjaja joined GAR in December 2015 and was appointed as Chief of Human Resource. Prior to join GAR, he was Director of Human Resources in CIMB Niaga since 2012 to 2015, Director – Head of Agency in PT Sun Life Financial Indonesia since 2007. He had been also appointed as Director of Human Resources in PT. Asuransi Allianz Life Indonesia for period 2001 to 2007, Director of Human Resources in PT. Duta Pertiwi, Tbk in 2000, and as Country Human Resources Manager in The Chase Manhattan Bank since 1994 to 1999.

Prior to that, Mr. Tanuwidjaja was Director of Human Resources in American Express Bank (1992 – 1994), Compensation and Benefit Manager Citibank N.A Jakarta (1990 – 1992).

Mr. Tanuwidjaja holds his Bachelor Degree in Industrial Engineering Management from Sekolah Tinggi Manajemen Industri in 1989 and holds his Master Degree in Business Administration from Monash University Melbourne, Australia in 1999.

Hemant K. Bhatt

Mr. Bhatt has been with the Company for 4 years. He joined GAR in December 2012 as CEO - Downstream and Commercial. Reporting to Franky Widjaja, Chairman and CEO of GAR, Mr. Bhatt's responsibilities include leading the strategy and execution of GAR's global downstream ambitions in building end-to-end supply capabilities and for all merchandising and distribution activities.

Prior to that, Mr. Bhatt had a 26 year long career with Louis Dreyfus Commodities (LDC), the last 13 years as the CEO of the Asia Region and where he was also a member of LDC's global Executive Group.

Mr. Bhatt holds a Bachelor of Arts degree from the National University of Singapore.

Jesslyne Widjaja

Before joining the Group, Ms. Jesslyne Widjaja started her working experience in the fields of corporate finance and business consulting in New York, USA, with a leading financial institution, Citigroup Global Markets New York and a consulting firm, Deloitte Consulting LLP New York.

Ms. Widjaja obtained her Master of Business Administration from the Wharton School, University of Pennsylvania in 2010 with a Finance concentration, where she graduated as a Palmer Scholar. Ms. Widjaja graduated from the University of California Los Angeles, Summa Cum Laude, with a Bachelor of Science in Chemical Engineering in 2006.

Ms. Widjaja joined the Group as Vice President, Corporate Finance in October 2011, and assumed the responsibilities of Corporate Strategy, Business Development and Organizational Development in March 2014, upon her promotion to Director - Corporate Strategy & Business Development.

Jo Daud Dharsono

Mr Dharsono was appointed as Senior Vice President in 1991. His previous positions include Director of SMART from 1992 to 2003, Chief Executive Officer of Regional Plantation from 1994 to 2004, Chief Executive Officer of Regional Plantation IV from 2000 to 2003 and Regional Plantation V from 2002 to 2003. Since April 2000, he has held the position of Managing Director, Plantations Operations.

Mr. Dharsono presently holds position as Head of Upstream GAR and President Director of SMART. He is also active in palm oil-related organisations such as the Head of Research and Environment Affairs of Indonesian Palm Oil Association, Head of Cultivation and Industry Division of Indonesian Palm Oil Board and member of the Board of Advisory of theIndonesian Oil Palm Society.

Mr. Dharsono graduated from Economic Faculty of Trisakti University, Jakarta, majoring in Accounting, in 1984. He started his career in 1975 at Drs. Hadi Susanto & Co., a Public Accounting Firm, correspondent of Price Waterhouse & Co. In 1982, he was Operation Manager of PT Salindo Perdana Leasing Indonesia and a Lecturer at Sekolah Tinggi Ilmu Ekonomi Perbanas.

Milton Subianto Ng

Mr. Ng is Managing Director, Indonesia Agribusiness and Food. Prior to joining GAR in November 1996 as Head of Trading for Palm Oil Based Products, Mr. Ng was a field engineer with Schlumberger Middle East S.A from 1984 to 1986. He has held various other appointments in commodity trading with Cargill Group from 1986 to 1996. Mr. Ng has a Bachelor's degree in Electrical Engineering from the University of Texas at Austin and an MBA from the University of Chicago Bouth School of Business.

Paul John Hickman

Before joining GAR, Mr. Hickman served Cargill International Trading Pte. Ltd. for 25 years, with the last 16 years based in Singapore as head of global vegetable oil and risk management, and grains and oilseeds in South-East Asia.

Pedy Harianto

Mr. Harianto joined GAR in 2003. He is responsible for managing business risk, overseeing the different "lines of defences", setting the standards for controllership and ensuring the effectiveness of audit teams across the Group. He is also responsible for the timely and quality delivery of Group-wide projects that will transition the Finance function to its target operating model. Prior to GAR, he started his career as an auditor in Prasetio, Utomo & Co (Arthur Andersen & Co.).

Surya Lelyana

Ms. Lelyana started her career as an auditor and tax consultant in PricewaterhouseCoopers in 1995, before joining General Electric Capital in 2005 as Senior Vice President of Global Tax Leader and joined the Sinarmas Group in 2007.

Ms. Lelyana graduated in 1995 with the highest rank summa cum laude from the Economic Faculty of Trisakti University, Jakarta, majoring in Accounting.

Ms. Lelyana presently hold a position as an Upstream Chief Financial Officer of GAR.

Tan Boon Chng

Ms. Tan joined GAR in November 2012 as Group CFO, Downstream division. She is responsible for all financial matters in Downstream including controlling and risk management, reporting, systems and processes, treasury and tax. Ms. Tan reports to Mr. Hemant K. Bhatt, CEO-Downstream and Commercial and Mr. Rafael B. Concepcion, Jr., Group CFO and member of the GAR Board. Prior to this she spent

18 years at Louis Dreyfus Commodities; the last 8 years as the Regional CFO of the Asia region. Boon Chng started her career at Ernst & Young and holds a Bachelor of Accountancy (Hons) from the National University of Singapore.

The Biao Leng

Ms. The joined SMART in 1986 as Budget Officer, and later on became Chief Executive Officer - Plantation in 1997.

Ms. The graduated from HKBP Nemmensen University in 1981. She started her career in PriceWaterHouse & Coopers from 1982 until 1986.

Ms. The presently also holds a position as Managing Director Operation I.

TAXATION

SINGAPORE TAXATION

*The statements below are general in nature and are based on certain aspects of current tax laws in Singapore and administrative guidelines and circulars issued by the Inland Revenue Authority of Singapore ("**IRAS**") and MAS in force as at the date of this Offering Circular and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Circular are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore which have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own professional tax advisers as to the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasised that none of the Issuer, the Guarantor, the Arrangers, the Dealers and any other persons involved in the Programme accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.*

1. Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore ("**ITA**"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after 1 January 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after 17 February 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after 15 February 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession.

From the time of establishment of the Programme to 10 October 2017, Oversea-Chinese Banking Corporation Limited had been the sole arranger under the Programme and was a Financial Sector Incentive- Standard Tier ("**FSI-ST**") Company, Financial Sector Incentive-Bond Market ("**FSI-BM**") Company or Financial Sector Incentive-Capital Market ("**FSI-CM**") Company (as defined in the ITA) at such time. From 10 October 2017, MUFG Securities Asia (Singapore) Limited has been appointed as an arranger under the Programme and is also a FSI-ST Company (as defined in the ITA).

On the basis that the Programme as a whole is arranged by FSI-ST, FSI-BM or FSI-CM Company(ies) (as defined in the ITA), any tranche of the Notes (the "**Relevant Notes**") issued as debt securities under the Programme during the period from the date of this Offering Circular to 31 December 2018 would be qualifying debt securities ("**QDS**") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require, and the inclusion by the Issuer in all offering documents relating to the Relevant Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Relevant Notes is derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for QDS shall not apply if the non-resident person acquires the Relevant Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "**Qualifying Income**") from the Relevant Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have any permanent establishment in Singapore or (bb) carries on any operation in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Relevant Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require), Qualifying Income from the Relevant Notes paid by the Issuer and derived by any company or body of persons (as defined in the ITA) in Singapore is subject to income tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

   (aa) the Issuer including in all offering documents relating to the Relevant Notes a statement to the effect that any person whose interest, discount income, prepayment fee, redemption premium or break cost derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

   (bb) the furnishing by the Issuer, or such other person as MAS may direct, to MAS of a return on debt securities for the Relevant Notes in the prescribed format within such period as MAS may specify and such other particulars in connection with the Relevant Notes as MAS may require, payments of Qualifying Income derived from the Relevant Notes are not subject to withholding of tax by the Issuer.

Notwithstanding the foregoing:

(A) if during the primary launch of any tranche of Relevant Notes, the Relevant Notes of such tranche are issued to fewer than four persons and 50.0% or more of the issue of such Relevant Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Relevant Notes would not qualify as QDS; and

(B) even though a particular tranche of Relevant Notes are QDS, if at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Relevant Notes held by:

   (i) any related party of the Issuer; or

   (ii) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

   shall not be eligible for the tax exemption or concessionary rate of tax as described above.

The term "**related party**", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where he and that other person, directly or indirectly, are under the control of a common person.

The terms "**prepayment fee**", "**redemption premium**" and "**break cost**" are defined in the ITA as follows:

- "prepayment fee", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities;

- "redemption premium", in relation to debt securities and qualifying debt securities, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity; and

- "break cost", in relation to debt securities and qualifying debt securities, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption.

References to "prepayment fee", "redemption premium" and "break cost" in this Singapore tax disclosure have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (*i.e.* the Qualifying Income) is derived from any of the Relevant Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires such Relevant Notes using the funds and profits of such person's operations through a permanent establishment in Singapore.

Notwithstanding that the Issuer is permitted to make payments of interest, discount income, prepayment fee, redemption premium and break cost (*i.e.* the Qualifying Income) in respect of the Relevant Notes without deduction or withholding for tax under Section 45 or Section 45A of the ITA, any person whose interest, discount income, prepayment fee, redemption premium or break cost (*i.e.* the Qualifying Income) derived from the Relevant Notes is not exempt from tax shall include such income in a return of income made under the ITA.

Under the Qualifying Debt Securities Plus Scheme ("**QDS Plus Scheme**"), subject to certain conditions having been fulfilled (including the furnishing by the issuer, or such other person as MAS may direct, to MAS of a return on debt securities in respect of the QDS in the prescribed format within such period as MAS may specify and such other particulars in connection with the QDS as MAS may require), income tax exemption is granted on Qualifying Income derived by any investor from QDS (excluding Singapore Government Securities) which:

(a) are issued during the period from 16 February 2008 to 31 December 2018;

(b) have an original maturity of not less than 10 years;

(c) cannot have their tenure shortened to less than 10 years from the date of their issue, except where:

  (i) the shortening of the tenure is a result of any early termination pursuant to certain specified early termination clauses which the issuer included in any offering document for such QDS; and

  (ii) the QDS do not contain any call, put, conversion, exchange or similar option that can be triggered at specified dates or at specified prices which have been priced into the value of the QDS at the time of their issue; and

(d) cannot be re-opened with a resulting tenure of less than 10 years to the original maturity date.

However, even if a particular tranche of the Relevant Notes are QDS which qualify under the QDS Plus Scheme, if, at any time during the tenure of such tranche of Relevant Notes, 50.0% or more of such Relevant Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income from such Relevant Notes derived by:

(aa) any related party of the Issuer; or

(bb) any other person where the funds used by such person to acquire such Relevant Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption under the QDS Plus Scheme as described above.

2. Capital Gains

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard 39 ("**FRS 39**") may, for Singapore income tax purposes, be required to recognise gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "*Adoption of FRS 39 Treatment for Singapore Income Tax Purposes*".

3. Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled "*Income Tax Implications Arising from the Adoption of FRS 39 -Financial Instruments: Recognition and Measurement*" (the "**FRS 39 Circular**"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

4. **Estate Duty**

Singapore estate duty has been abolished with respect to all deaths occurring on or after 15 February 2008.

MAURITIUS TAXATION

The Guarantor holds a Category 1 Global Business Licence issued by the Financial Services Commission in Mauritius and a Tax Residence Certificate which has to be renewed annually.

The Income Tax Act 1995 of Mauritius imposes a tax in Mauritius on the chargeable income of the Guarantor at the rate of 15%. However, under the Income Tax (Foreign Tax Credit) Regulations 1996 of Mauritius, subject to the Income Tax Act 1995 and the regulations of the Income Tax (Foreign Tax Credit) Regulations 1996, credit is allowed for foreign tax on the foreign source income of a resident of Mauritius against Mauritius tax computed by reference to the same income, and where credit is allowed against Mauritius tax chargeable in respect of any income, the amount of Mauritius tax so chargeable shall be reduced by the amount of the credit. Under the Income Tax Act 1995, "foreign source income" means income which is not derived from Mauritius and includes in the case of a corporation holding a Category 1 Global Business Licence under the Financial Services Act 2007 of Mauritius, income derived from its transactions with non-residents or corporations holding a Global Business Licence under the Financial Services Act 2007. Subject to the provisions of the Income Tax (Foreign Tax Credit) Regulations 1996, no credit is allowed in respect of foreign tax unless written evidence is presented to the Mauritius Revenue Authority showing the amount of foreign tax which has been charged and for this purpose, "written evidence" includes a receipt of the relevant authorities of the foreign country for the foreign tax or any other evidence that the foreign tax has been deducted or paid to the relevant authorities of that country. However, pursuant to regulation 8 of the Income Tax (Foreign Tax Credit) Regulations 1996, if written evidence is not presented to the Mauritius Revenue Authority showing the amount of foreign tax charged on the Guarantor's foreign source income, the amount of foreign tax credit shall nevertheless be conclusively presumed to be equal to 80% of the Mauritius tax chargeable with respect to that foreign source income and in such circumstance, the effective tax rate in Mauritius on the Guarantor's chargeable income would be 3%.

Mauritius currently has no capital gains tax and has no or minimal taxation in the nature of a withholding tax on the payment of either dividends, or principal and interest in respect of the Notes applicable to the Guarantor as a holder of a Category 1 Global Business Licence issued by the Financial Services Commission in Mauritius. There is no estate duty, inheritance tax or gift tax in Mauritius.

Under existing Mauritius laws, no capital, transfer or registration duties are levied in Mauritius on the issue, purchase or sale of the Notes.

There are currently no exchange controls or currency exchange restrictions in Mauritius.

Prospective investors are advised to consult their tax advisers with respect to their particular tax situations and the tax effects of an investment in the Guarantor's Notes.

THE PROPOSED FINANCIAL TRANSACTIONS TAX ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's Proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**"). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances.

Under the Commission's Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

SUBSCRIPTION, PURCHASE AND DISTRIBUTION

The Programme Agreement provides for Notes to be offered from time to time through one or more Dealers. The price at which a Series or Tranche will be issued will be determined prior to its issue between the Issuer and the relevant Dealer(s). The obligations of the Dealers under the Programme Agreement will be subject to certain conditions set out in the Programme Agreement. Each Dealer (acting as principal) will subscribe or procure subscribers for Notes from the Issuer pursuant to the Programme Agreement. Under the terms of the Programme Agreement, the Issuer or the Guarantor may pay each Relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. The Issuer or the Guarantor may also agree to pay to certain private banks a private banking commission based on the principal amount of the Notes purchased by private bank clients.

The Issuer and the Guarantor has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Programme Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the Issuer.

The Dealers and certain of their affiliates may have performed certain investment banking and advisory services for the Issuer, the Guarantor and/or their respective affiliates from time to time for which they have received customary fees and expenses and may, from time to time, engage in transactions with and perform services for the Issuer, the Guarantor and/or their respective affiliates in the ordinary course of their business. If a jurisdiction requires that an offering is made by a licensed broker or dealer and the Dealers or any affiliate of the underwriters is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such affiliate on behalf of the Issuer or the Guarantor in such jurisdiction.

In connection with each Tranche of Notes issued under the Programme, the Dealers or certain of their affiliates may purchase Notes and be allocated Notes for asset management and/or proprietary purposes but not with a view to distribution. Further, the Dealers or their respective affiliates may purchase Notes for its or their own account and enter into transactions, including credit derivatives, such as asset swaps, repackaging and credit default swaps relating to such Notes and/ or other securities of the Issuer, the Guarantor or their respective subsidiaries or affiliates at the same time as the offer and sale of each Tranche of Notes or in secondary market transactions. Such transactions would be carried out as bilateral trades with selected counterparties and separately from any existing sale or resale of the Tranche of Notes to which a particular Pricing Supplement relates (notwithstanding that such selected counterparties may also be purchasers of such Tranche of Notes). Such entities are not expected to disclose such transactions or the extent of any such investment, otherwise than in accordance with any legal or regulatory obligation to do so.

United States

The Notes and the Guarantee have not been and will not be registered under the Securities Act, and the Notes may not be offered or sold within the United States except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meaning given to them by Regulation S under the Securities Act.

Bearer Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended, and regulations thereunder.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree that, except as permitted by the Programme Agreement, it will not offer, sell or deliver the Notes, (i) as part of their distribution at any time within the United States and it will have sent to each Dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting out the restrictions on offers and sales of the Notes within the United States.

Prohibition of Sales to EEA Retail Investors and Public Offer Selling Restriction under the Prospectus Directive

From 1 January 2018, unless the Pricing Supplement in respect of any Notes specifies the "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to any retail investor in the European Economic Area. For the purposes of this provision:

(a) the expression ''retail investor" means a person who is one (or more) of the following:

   (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "**MiFID II**"); or

   (ii) a customer within the meaning of Directive 2002/92/EC (as amended, the "**Insurance Mediation Directive**"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   (iii) not a qualified investor as defined in Directive 2003/71/EC (as amended, the "**Prospectus Directive**"); and

(b) the expression an "offer" includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes.

Prior to 1 January 2018, and from that date if the Pricing Supplement in respect of any Notes specifies "Prohibition of Sales to EEA Retail Investors" as "Not Applicable", each Dealer has represented, warranted and agreed, in relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a "**Relevant Member State**") with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Circular as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State, except that it may, with effect from and including the Relevant Implementation Date, make an offer of Notes to the public in that Relevant Member State:

(a) if the Pricing Supplement in relation to the Notes specifies that an offer of those Notes may be made other than pursuant to Article 3(2) of the Prospectus Directive in that Relevant Member State (a "**Non-exempt Offer**"), following the date of publication of a prospectus in relation to such Notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, provided that any such prospectus has subsequently been completed by the Pricing Supplement contemplating such Non-exempt Offer, in accordance with the Prospectus Directive, in the period beginning and ending on the dates specified in such prospectus or pricing supplement, as applicable and the Issuer has consented in writing to its use for the purpose of that Non-exempt Offer;

(b) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(c) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the Issuer for any such offer; or

(d) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in paragraphs (b) to (d) above shall require the Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an "offer of Notes to the public" in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, and includes any relevant implementing measure in each Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

United Kingdom

Each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that:

(a) in relation to any Notes which have a maturity of less than one year, (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "**FSMA**") by the Issuer;

(b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and

(c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Hong Kong

In relation to each Tranche of Notes issued by the Issuer, each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

(i) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Notes other than (a) to "professional investors" as defined in the Securities and Futures Ordinance (Cap. 571) of Hong Kong and any rules made under that Ordinance; or (b) in other circumstances which do not result in the document being a "prospectus" as defined in the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of Hong Kong or which do not constitute an offer to the public within the meaning of that Ordinance; and

(ii) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Notes, which is directed at, or the contents of which are likely to be accessed or read by, the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the Securities and Futures Ordinance and any rules made under that Ordinance.

Singapore

Each Dealer has acknowledged, and each further Dealer will be required to represent and agree, that this Offering Circular has not been registered as a prospectus with the MAS. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Offering Circular or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the SFA, (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions, specified in Section 275, of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

(a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or

(b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

(1) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 32 of the Securities and Futures (Offers of Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Mauritius

The Notes may not be offered or sold, directly or indirectly, to the public in Mauritius. Neither this Offering Circular, nor any offering material or information contained herein relating to the offer of the Notes, may be released or issued to the public in Mauritius or used in connection with any such offer. This Offering Circular does not constitute an offer to sell Notes to the public in Mauritius. This Offering Circular is not a prospectus within the meaning of the Securities Act 2005.

Each Dealer has acknowledged, and each further Dealer will be required to represent and agree, that this Offering Circular has not been registered as a prospectus within the meaning of the Securities Act 2005. Accordingly, each Dealer has represented and agreed that it has not offered or sold any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, of the Notes, whether directly or indirectly, to persons in Mauritius.

General

Each Dealer understands that no action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Circular or any other document or any Pricing Supplement, in any country or jurisdiction (other than Singapore) where action for that purpose is required.

Each Dealer has agreed that it will comply with all applicable securities laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers Notes or any interest therein or rights in respect thereof or has in its possession or distributes, any other document or any Pricing Supplement.

Any person who may be in doubt as to the restrictions set out in the SFA or the laws, regulations and directives in each jurisdiction in which it subscribes for, purchases, offers, sells or delivers the Notes or any interest therein or rights in respect thereof and the consequences arising from a contravention thereof should consult his own professional advisers and should make his own inquiries as to the laws, regulations and directives in force or applicable in any particular jurisdiction at any relevant time.

GENERAL INFORMATION

1. **Listing**: Application has been made to the SGX-ST for permission to deal in, and the quotation for, any Notes that may be issued pursuant to the Programme and which are agreed at or prior to the time of issue thereof to be so listed on the Official List of the SGX-ST. There is no assurance that the application to the SGX-ST for permission to deal in, and quotation of, the Notes of any Series (as defined herein) will be approved. The approval in-principle from, and admission to the Official List of, the SGX-ST is not to be taken as an indication of the merits of the Issuer, its subsidiaries, the Programme and/or the Notes. The SGX-ST assumes no responsibility for the correctness of any of the statements made, opinions expressed or reports contained herein.

2. **Authorisations**: The establishment of the Programme was approved by resolutions of the Directors of the Issuer and GAR both passed on 27 March 2014 respectively and the update of the Programme was authorised by a resolution of the Directors of the Issuer and GAR, each passed on 6 October 2017. Each of the Issuer and GAR has obtained or will obtain from time to time all necessary consents, approvals and authorisations in connection with the issue and performance of the Notes and the giving of the Guarantee relating to them.

3. **Litigation**: Save as disclosed in this Offering Circular, there are no governmental, legal or arbitration proceedings pending or threatened against the Issuer, the Guarantor or any of their respective subsidiaries the outcome of which may have or have had during the 12 months prior to the date of this Offering Circular a material adverse effect on the financial position of the Group.

4. **Material Adverse Change:** There has been no material adverse change in the financial condition or business of the Issuer since the date of its incorporation or the date of its latest audited financial statements, whichever is the later, or the financial condition or business of the Guarantor or the Group since 30 June 2017.

5. **Financial Statements**: GAR's audited financial statements as of and for the years ended 31 December 2015 and 2016, which are included elsewhere in this Offering Circular, have been audited by Moore Stephens LLP, as stated in its report appearing herein. GAR's published and unaudited financial statements as of and for the six months ended 30 June 2017, which are included elsewhere in this Offering Circular, have been reviewed by Moore Stephens LLP, Public Accountant and Chartered Accountants, in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity*.

6. **Documents available for inspection:** For so long as Notes may be issued pursuant to this Offering Circular, copies of the following documents may be inspected at the office of the Issuer at 108 Pasir Panjang Road, #06-00 Golden Agri Plaza, Singapore 118535 during normal business hours:

   (a) the Constitution of the Issuer;

   (b) the Constitution of the Guarantor;

   (c) the Trust Deed;

   (d) the Agency Agreement;

   (e) this Offering Circular and any supplement hereto;

   (f) each Pricing Supplement (save that a Pricing Supplement related to an unlisted Series of Notes will only be available for inspection by a holder of any such Notes and such holder must produce evidence satisfactory to the Issuer, the Guarantor or the Trustee as to its holding of such Notes and identity);

   (g) the audited financial statements of the Guarantor as of, and for, the years ended 31 December 2015 and 2016;

(h) the unaudited financial statements of the Guarantor as of, and for, the six months ended 30 June 2017; and

(i) the most recently published annual report and audited consolidated accounts of the Guarantor and its subsidiaries and the most recently published interim accounts of the Guarantor.

INDEX TO FINANCIAL STATEMENTS

The information in this Appendix has been extracted and reproduced from the audited financial statements of Golden Agri-Resources Ltd and its subsidiaries for the financial years ended 31 December 2015 and 2016 and from the unaudited financial statements of Golden Agri-Resources Ltd and its subsidiaries for the financial period ended 30 June 2017, and has not been specifically prepared for the inclusion in this Offering Circular. The references to the page numbers herein are those as reproduced from the audited financial statements of Golden Agri-Resources Ltd and its subsidiaries for the financial years ended 31 December 2015 and 2016 and from the unaudited financial statements of Golden Agri-Resources Ltd and its subsidiaries for the financial period ended 30 June 2017.

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

Report on the Consolidated Financial Statements

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 65 to 144, which comprise the consolidated statement of financial position of the Group as at 31 December 2015 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 information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation of these 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 about 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 of the consolidated financial statements to give a true and fair view 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 2015 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
Chartered Accountants

Singapore
Date: 18 March 2016

CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 US$'000	2014 US$'000
Revenue	5	6,510,051	7,619,309
Cost of sales	6	(5,370,476)	(6,308,303)
Gross profit		1,139,575	1,311,006
Net loss from changes in fair value of biological assets	24	(197,677)	(133,757)
Operating expenses			
Selling expenses	7	(537,782)	(647,920)
General and administrative expenses	7	(294,656)	(308,455)
		(832,438)	(956,375)
Operating Profit		109,460	220,874
Other income/(expenses)			
Financial income	8	31,754	25,444
Financial expenses	8	(132,039)	(123,478)
Share of results of associated companies, net of tax		968	(103)
Share of results of joint ventures, net of tax		7,827	(449)
Foreign exchange loss		(91,783)	(13,816)
Other operating income	9	21,470	41,913
		(161,803)	(70,489)
Exceptional item			
Gain on deconsolidation	40b	-	7,586
(Loss)/Profit before income tax	10	(52,343)	157,971
Income tax	11	35,610	(40,946)
(Loss)/Profit for the year		(16,733)	117,025
Attributable to:			
Owners of the Company		(16,718)	113,553
Non-controlling interests		(15)	3,472
		(16,733)	117,025
(Loss)/Earnings per ordinary share (cents)			
Basic	12	(0.13)	0.88
Diluted	12	(0.13)	0.88

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 US$'000	2014 US$'000
(Loss)/Profit for the year		(16,733)	117,025
Other comprehensive income/(loss):			
Item that will not be reclassified subsequently to profit or loss:			
Actuarial gain/(loss) on post-employment benefits	38	10,236	(4,027)
Share of other comprehensive income/(loss) of a joint venture		4	(52)
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on consolidation		(13,563)	(6,856)
Share of other comprehensive loss of a joint venture		(2,212)	(843)
Changes in fair value of cash flow hedges		(740)	(632)
Changes in fair value of available-for-sale financial assets		2,292	-
Other comprehensive loss, net of income tax		(3,983)	(12,410)
Total comprehensive (loss)/income for the year, net of income tax		(20,716)	104,615
Total comprehensive (loss)/income attributable to:			
Owners of the Company		(20,151)	101,477
Non-controlling interests		(565)	3,138
		(20,716)	104,615

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2015

	Note	2015 US$'000	2014 US$'000
Assets			
Current Assets			
Cash and cash equivalents	13	243,616	329,560
Short-term investments	14	258,882	261,166
Trade receivables	15	462,152	525,816
Other current assets	16	908,492	827,109
Inventories	17	740,918	850,723
		2,614,060	2,794,374
Non-Current Assets			
Long-term receivables and assets	18	202,870	360,593
Long-term investments	19	815,252	804,318
Investment in associated companies	20	9,556	8,431
Investment in joint ventures	21	55,771	56,167
Investment properties	22	1,113	1,227
Property, plant and equipment	23	2,842,292	2,551,664
Biological assets	24	7,839,038	7,902,105
Deferred tax assets	25	56,523	27,036
Deferred charges	26	6,866	8,332
Brands and trademarks	27	297	353
Goodwill	28	151,951	152,021
		11,981,529	11,872,247
Total Assets		14,595,589	14,666,621

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)

AS AT 31 DECEMBER 2015

	Note	2015 US$'000	2014 US$'000
Liabilities and Equity			
Current Liabilities			
Short-term loans	29	1,366,102	1,251,081
Bonds payables	33	80,645	389,882
Trade payables	30	612,040	543,197
Other payables	31	254,275	286,720
Taxes payable	11	15,422	29,554
Obligations under finance leases	32	114	132
		2,328,598	2,500,566
Non-Current Liabilities			
Obligations under finance leases	32	99	269
Bonds and notes payables	33	1,085,963	1,040,087
Long-term borrowings	34	512,462	387,250
Deferred tax liabilities	25	1,799,560	1,843,437
Long-term payables and liabilities	35	120,741	76,691
		3,518,825	3,347,734
Total Liabilities		5,847,423	5,848,300
Equity Attributable to Owners of the Company			
Issued capital	36	320,939	320,939
Share premium		1,216,095	1,216,095
Treasury shares	36	(31,726)	-
Other paid-in capital		184,318	184,318
Other reserves			
Option reserve		31,471	31,469
Currency translation reserve		(2,795)	12,293
Fair value reserve		2,292	-
PRC statutory reserve		3,820	3,820
Hedging reserve		(1,372)	(632)
Other reserve		8,292	(1,809)
		41,708	45,141
Retained earnings		6,928,359	6,962,010
		8,659,693	8,728,503
Non-Controlling Interests		88,473	89,818
Total Equity		8,748,166	8,818,321
Total Liabilities and Equity		14,595,589	14,666,621

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2015

	Attributable to Owners of the Company								
	Issued Capital	Share Premium	Treasury Shares	Other Paid-in Capital	Other Reserves	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
Balance at 1.1.2015	320,939	1,216,095	-	184,318	45,141	6,962,010	8,728,503	89,818	8,818,321
Loss for the year	-	-	-	-	-	(16,718)	(16,718)	(15)	(16,733)
Other comprehensive loss	-	-	-	-	(3,433)	-	(3,433)	(550)	(3,983)
Total comprehensive loss for the year	-	-	-	-	(3,433)	(16,718)	(20,151)	(565)	(20,716)
Shares buy back and held as treasury shares (Note 36)	-	-	(31,726)	-	-	-	(31,726)	-	(31,726)
Dividends paid (Note 37)	-	-	-	-	-	(16,933)	(16,933)	-	(16,933)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(780)	(780)
Balance at 31.12.2015	320,939	1,216,095	(31,726)	184,318	41,708	6,928,359	8,659,693	88,473	8,748,166
Balance at 1.1.2014	320,939	1,216,095	-	184,318	56,597	6,942,606	8,720,555	82,818	8,803,373
Profit for the year	-	-	-	-	-	113,553	113,553	3,472	117,025
Other comprehensive loss	-	-	-	-	(10,372)	(1,704)	(12,076)	(334)	(12,410)
Total comprehensive (loss)/income for the year	-	-	-	-	(10,372)	111,849	101,477	3,138	104,615
Dividends paid (Note 37)	-	-	-	-	-	(52,795)	(52,795)	-	(52,795)
Dividends payable (Note 37)	-	-	-	-	-	(39,650)	(39,650)	-	(39,650)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(690)	(690)
Acquisition of subsidiaries (Note 40a)	-	-	-	-	-	-	-	3,487	3,487
Change in interests in subsidiaries (Note 40a, 40c)	-	-	-	-	(1,084)	-	(1,084)	1,021	(63)
Capital subscribed by non-controlling shareholders	-	-	-	-	-	-	-	44	44
Balance at 31.12.2014	320,939	1,216,095	-	184,318	45,141	6,962,010	8,728,503	89,818	8,818,321

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2015

	Note	2015 US$'000	2014 US$'000
Cash flows from operating activities			
(Loss)/Profit before income tax		(52,343)	157,971
Adjustments for:			
Net loss from changes in fair value of biological assets	24	197,677	133,757
Depreciation of investment properties	22	60	91
Depreciation of property, plant and equipment	23	174,315	146,695
Amortisation	26,27	1,572	2,015
Unrealised foreign exchange loss/(gain), net		17,559	(4,817)
Share of results of associated companies, net of tax		(968)	103
Share of results of joint ventures, net of tax		(7,827)	449
Loss on disposal of property, plant and equipment	9	888	2,662
Property, plant and equipment written off	9	1,026	1,034
Allowance for/(Write-back of) impairment loss on:			
Trade receivables	15	4,086	340
Other receivables	16	32	100
Inventories, net	17	(779)	160
Trade receivables written off	9	224	-
Other receivables written off		-	51
Changes in fair value of financial assets at fair value through profit or loss	9	(721)	(11,895)
Gain on deconsolidation	40b	-	(7,586)
Goodwill written off	28	419	-
Interest income	8	(31,754)	(25,444)
Interest expense	8	128,600	119,132
Operating cash flows before working capital changes		432,066	514,818
Changes in operating assets and liabilities:			
Trade receivables		65,740	(30,038)
Other receivables		39,302	23,799
Inventories		110,626	(28,718)
Trade payables		64,592	(71,750)
Other payables		54,959	104,767
Cash generated from operations		767,285	512,878
Interest paid		(117,434)	(97,156)
Interest received		24,201	17,274
Income tax paid		(208,685)	(83,780)
Net cash generated from operating activities		465,367	349,216

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

	Note	2015 US$'000	2014 US$'000
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		3,875	18,887
Proceeds from disposal of biological assets	24	2,477	2,142
Capital expenditure on property, plant and equipment	23	(415,445)	(415,393)
Acquisition and capital expenditure on biological assets	24	(33,967)	(42,325)
Investment in financial assets, net		(5,637)	(97,515)
Investment in joint ventures		(1,500)	(32,228)
Investment in an associated company		-	(890)
Proceeds from/(Investment in) Plasma/KKPA program plantations, net		2,363	(4,945)
Acquisition of subsidiaries, net of cash acquired	40a	(52,940)	(18,377)
Cash flow effect arising from deconsolidation	40b	-	(9,024)
Dividend received from a joint venture		5,500	1,000
Payments for deferred expenditure	26,27	(92)	(538)
Net decrease/(increase) in long-term receivables and assets		37,808	(79,074)
Net cash used in investing activities		(457,558)	(678,280)
Cash flows from financing activities			
Proceeds from short-term loans		3,111,045	2,816,392
Proceeds from long-term borrowings		300,000	136,990
Proceeds from notes issue, net		148,698	237,167
Payments of dividends		(57,363)	(53,485)
Payments of short-term loans		(3,006,659)	(2,498,965)
Payments of long-term borrowings		(153,221)	(303,843)
Payments of obligations under finance leases		(188)	(102)
Payments of shares buy back		(31,726)	-
Payments for redemption and repurchase of bonds		(399,623)	-
Acquisition of additional interests in subsidiaries	40c	-	(63)
Capital subscribed by non-controlling shareholders		-	44
Payments of deferred loan charges and bank loan administration costs	34	(4,716)	(2,997)
Increase in cash in banks and time deposits pledged		(9,814)	(1,282)
Net cash (used in)/generated from financing activities		(103,567)	329,856
Net (decrease)/increase in cash and cash equivalents		(95,758)	792
Cash and cash equivalents at the beginning of the year		322,646	321,854
Cash and cash equivalents at the end of the year	13	226,888	322,646

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

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 CIM CORPORATE SERVICES LTD, Les Cascades Building, Edith Cavell Street, Port Louis, Republic of Mauritius.

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries, associated companies and joint ventures are described in Note 45 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 2015 were authorised for issue by the Board of Directors on 18 March 2016.

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

(a) Adoption of New and Revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except that in the current year, the Group has adopted all the amendments to IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 January 2015. The adoption of these amendments to IFRSs has had no material financial impact on the financial performance and financial position of the Group.

(b) New and Amendments to IFRSs issued but not yet effective

As at the date of these financial statements, the Group has not adopted the following standards that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
IFRS 9, *Financial Instruments*	1 January 2018
IFRS 15, *Revenue from Contracts with Customers*	1 January 2018
IFRS 16, *Leases*	1 January 2019
Amendments to IFRS 10, IFRS 12 and IAS 28, *Investment Entities: Applying the Consolidation Exception*	1 January 2016
Amendments to IFRS 10 and IAS 28, *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendment to IFRS 11, *Accounting for Acquisition of Interest in Joint Operations*	1 January 2016
Amendment to IAS 1, *Presentation of Financial Statements: Disclosure Initiative*	1 January 2016
Amendment to IAS 7, *Statement of Cash Flows*	1 January 2017
Amendment to IAS 12, *Income taxes - Recognition of deferred tax assets for unrealised losses*	1 January 2017
Amendments to IAS 16 and IAS 38, *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Amendments to IAS 16 and IAS 41, *Agriculture: Bearer Plants*	1 January 2016
Amendment to IAS 27, *Equity Method in Separate Financial Statements*	1 January 2016

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

(b) New and Amendments to IFRSs issued but not yet effective (cont'd)

Description	Effective for annual periods beginning on or after
Improvements to IFRSs (2014)	
• IAS 19*, Employee Benefits*	1 January 2016
• IFRS 7*, Financial Instruments: Disclosures*	1 January 2016

Except as disclosed below, the directors of the Company expect the adoption of the other standards above will have no material financial impact on the consolidated financial statements in the period of initial application.

Amendments to IAS 16 and IAS 41, *Agriculture: Bearer Plants*

The amendments to IAS 16 and IAS 41 require biological assets that meet the definition of a bearer plant to be accounted for as property, plant and equipment in accordance with IAS 16. This includes the ability to choose between the cost model and revaluation model for subsequent measurement. Bearer plants are defined as living plants that are used in the production or supply of agricultural produce and of which there is only a remote likelihood that the plant will also be sold as agricultural produce.

The amendments apply retrospectively to annual periods beginning on or after 1 January 2016, with earlier application permitted. As at the end of the reporting period, the Group is still in the process of assessing the financial impact on the future application of these amendments. However, based on the Group's initial assessment, the estimated financial impact to the statement of financial position of the Group upon the adoption of these amendments will be a decrease to biological assets and deferred tax liabilities of US$6,650,483,000 and US$1,525,251,000 respectively, with a corresponding decrease to total equity of US$5,125,232,000.

IFRS 15, *Revenue from Contracts with Customers*

IFRS 15 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). IFRS 15 replaces the previous revenue standards, IAS 8, *Revenue* and the relevant interpretations on revenue recognition, IFRIC 18 *Transfers of Assets from Customers*, and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*.

IFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer, i.e. when performance obligations are satisfied. Key issues include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress towards satisfaction of a performance obligation, recognising contract cost assets and addressing disclosures requirements.

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standards on the required effective date.

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

(b) New and Amendments to IFRSs issued but not yet effective (cont'd)

IFRS 9, *Financial Instruments*

IFRS 9 was introduced to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. IFRS 9 also provides a simplified hedge accounting model that will align more closely with companies' risk management strategies.

The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standards on the required effective date.

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 4 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. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

(c) 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.

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

(c) Foreign Currencies (cont'd)

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.

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.

(d) 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 have control. The Group companies control an entity if and only if they have power over the entity and when they are exposed to, or have rights to variable returns from their involvement with the entity, and have the ability to use their power over the entity to affect those returns. The Group will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group companies and are deconsolidated from the date that control ceases.

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.

3 Summary of Significant Accounting Policies (cont'd)

(d) Basis of Consolidation (cont'd)

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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.

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as transactions with equity owners of the Company. Any difference between the change in carrying amounts of the non-controlling interest and the value of consideration paid or received is recognised in other reserves, within equity attributable to the owners of the Company.

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.

(e) Investment in 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.

Investments in associated companies are initially recognised at cost. The cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Goodwill on associated companies represents the excess of the cost of acquisition of the associated company over the Group's share of the fair value of the identifiable net assets of the associated company and is included in the carrying amount of the investments.

In applying the equity method of accounting, the Group's share of its associated companies' post-acquisition profit or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies are adjusted against the carrying amount of the investments. When the Group's share of losses in an associated company equals to or exceeds its interest in the associated company, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments to behalf of the associated company. The accounting policies of associated companies have been changed where necessary to ensure consistency with the accounting policies adopted by the Group.

Investments in associated companies are derecognised when the Group loses significant influence. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when significant influence is lost and its fair value is recognised in the income statement. Gains and losses arising from partial disposals or dilutions in investments in associated companies in which significant influence is retained are recognised in the income statement.

3 Summary of Significant Accounting Policies (cont'd)

(f) Investment in Joint Ventures

Joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties.

Investment in a joint venture is initially stated at cost less any impairment losses, and is subsequently accounted for by the Group using 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 joint venture since the date of acquisition. Losses of a joint venture in excess of the Group's interest in that joint venture (which includes any long-term receivables, in substance, form part of the Group's net investment in that joint venture) are not recognised. The financial statements of the joint ventures are prepared as of the same reporting date as the Group.

Investments in joint ventures are derecognised when the Group loses joint control. Any retained equity interest in the entity is remeasured at its fair value. The difference between the carrying amount of the retained interest at the date when joint control is lost and its fair value is recognised in the income statement.

(g) Deferred Charges

All incidental costs, incurred in connection with the renewal of land rights, are capitalised and amortised over the term of the related land rights less any impairment loss.

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 less any impairment loss.

(h) 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.

3 Summary of Significant Accounting Policies (cont'd)

(i) 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.

(j) Cash and Bank Balances

Cash and cash equivalents classified under current assets comprise cash on hand, cash in banks and time deposits with maturities of three months or less which are highly liquid assets that are readily convertible into known amounts of cash and 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.

(k) 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 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.

(l) 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.

3 Summary of Significant Accounting Policies (cont'd)

(m) 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	- 5 to 50
Buildings	- 10 to 50
Machinery and equipment	- 4 to 25
Leasehold improvements, furniture and fixtures	- 3 to 10
Transportation equipment	- 5 to 16

Land rights are carried at cost less any impairment losses and not subject to amortisation except for those 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.

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.

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.

(n) 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.

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

(o) 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.

(p) 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.

(q) 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 its fair value less costs of disposal.

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.

3 Summary of Significant Accounting Policies (cont'd)

(r) 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. Financial assets are recognised initially on the trade date which is the date that the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when, and only when, the contractual rights to the cash flows from the financial assets have expired, or have been transferred and transferred substantially all the risks and rewards of ownership of the financial assets to another entity.

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 and cash and cash equivalents. 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.

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. Financial assets at fair value through profit or loss arising from derivatives that are linked to and must be settled by delivery of such unquoted equity instruments 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.

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.

If the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity is precluded from measuring the instrument at fair value.

(s) 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.

3 Summary of Significant Accounting Policies (cont'd)

(t) 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 remeasured 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.

(u) Share Capital and Share Premium

Ordinary shares are classified as equity. Share capital is determined using the par value of shares that have been issued. Share premium includes any excess received on the issuance of shares over the par value, net of any direct issue costs. The share premium amount may be applied only for the purpose specified in the Companies Act 2001.

The Company's own ordinary shares, which are re-acquired by the Company and held as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, re-issuance or cancellation of equity shares. Any difference between the carrying amount of treasury shares and the consideration received, if re-issued, is recognised directly in equity as gain or loss on re-issuance of treasury shares.

(v) Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved for payment.

3 Summary of Significant Accounting Policies (cont'd)

(w) 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.

(x) Convertible Financial Instruments

Compound financial instruments issued by the Company comprise convertible bonds that can be converted to share capital at the option of the holder, where the number of shares to be issued is fixed. The liability component of a compound financial instrument is recognised initially at the fair value of a similar liability that does not have an equity conversion option, net of direct issue costs. The equity component is recognised initially at the difference between the fair value of the compound financial instrument as a whole and the fair value of the liability component. Subsequent to initial recognition, the liability component of a compound financial instrument is measured at amortised cost using the effective interest method. The equity component of a compound financial instrument is not remeasured subsequent to initial recognition. Interest related to the financial liability is recognised in the income statement. On conversion, the financial liability is reclassified to equity.

(y) 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.

3 Summary of Significant Accounting Policies (cont'd)

(z) 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.

(aa) 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 recognised immediately in other comprehensive income and all past service costs are recognised immediately in the income statement in the period they occur.

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)

(ab) 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) Revenue from provision of port and storage facilities is recognised when the services are rendered.

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

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

(vi) Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

(ac) Related Party Transactions

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, a joint venture or provides key management personnel services to the reporting entity or to the parent of the reporting entity. 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.

(ad) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee (the chief operating decision maker) of the Group, which consist of the Chairman and Chief Executive Officer (CEO), the Executive Directors and the CEOs of business units, to make decisions about resources to be allocated to the segment and to assess its performance.

The Executive Committee assesses the performance of the operating segments based on a measure of earnings before income tax, non-controlling interests, interests on borrowings, foreign exchange gain/(loss), depreciation and amortisation, net changes in fair value of biological assets and exceptional item ("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.

3 Summary of Significant Accounting Policies (cont'd)

(ae) Financial Guarantees

The Company has issued corporate guarantees to creditors for borrowings of its subsidiaries, joint ventures and entities owned by its investees and joint ventures. These guarantees are financial guarantee contracts as they require the Company to reimburse the creditors if the borrowers 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 income statement over the period of the 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 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) 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 current financial year. As at 31 December 2015, the carrying amount of property, plant and equipment amounted to US$2,842,292,000 (2014: US$2,551,664,000) (Note 23).

(ii) 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 crude palm oil ("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 at 31 December 2015, the carrying amount of biological assets amounted to US$7,839,038,000 (2014: US$7,902,105,000) (Note 24).

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

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

(iii) Impairment of Goodwill

The Group performed impairment tests on goodwill on an annual basis, in accordance with the accounting policy stated in Note 3(p). 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 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 at 31 December 2015, there is no impairment loss recognised in the consolidated financial statements and the carrying amount of goodwill amounted to US$151,951,000 (2014: US$152,021,000) (Note 28).

(iv) Post Employment Benefits

The present value of the post employment benefits obligations and cost for post employment benefits are dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions, which include among others, discount rates and rates of salary increase, are described in Note 38. In accordance with IAS 19, *Employee Benefits*, actual results that differ from the assumptions may generally affect the recognised expense and recorded obligation. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the post employment benefits obligations. As at 31 December 2015, the estimated post employment benefits liabilities amounted to US$63,929,000 (2014: US$70,383,000) (Note 38).

(b) Critical Judgements in Applying Accounting Policies

(i) 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 at 31 December 2015, the Group has taxes payable of US$15,422,000 (2014: US$29,554,000) (Note 11).

(ii) Impairment of Available-for-Sale Financial Assets

The Group reviews its equity and debt securities classified as available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment charges on available-for-sale financial assets when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluated, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. As at 31 December 2015, the carrying amount of available-for-sale financial assets amounted to US$678,918,000 (2014: US$624,720,000) (Notes 14 and 19).

5 Revenue

	2015 US$'000	2014 US$'000
Sales in Indonesia		
Third parties	606,263	805,086
Associated companies	19,960	22,025
Related parties	5,504	3,190
	631,727	830,301
Sales outside Indonesia		
Third parties	5,878,199	6,788,677
Related parties	125	331
	5,878,324	6,789,008
	6,510,051	7,619,309

	2015 US$'000	2014 US$'000
Sales in Indonesia		
Palm oil based products:		
Crude palm oil	55,343	139,484
Margarine and fat	54,529	55,024
Palm fatty acid distillate	197	2,181
Palm kernel	12,709	32,927
Palm kernel meal	3,009	6,282
Palm kernel oil	5,432	28,003
Refined bleached deodorised olein	306,052	319,709
Refined bleached deodorised stearin	47,256	89,966
Refined bleached deodorised palm oil	39,382	51,634
Refined bleached deodorised palm kernel oil	5,300	12,206
Oleochemical products	27,969	26,984
Others	11,678	13,874
	568,856	778,274
Others	62,871	52,027
Total sales in Indonesia	631,727	830,301
Sales outside Indonesia		
Palm oil based products:		
Crude palm oil	1,943,797	2,672,091
Margarine and fat	73,142	80,252
Palm fatty acid distillate	105,649	128,548
Palm kernel meal	57,646	72,192
Palm kernel oil	252,572	300,060
Refined bleached deodorised olein	1,330,640	1,345,430
Refined bleached deodorised stearin	212,048	206,806
Refined bleached deodorised palm oil	435,927	496,498
Refined bleached deodorised palm kernel oil	176,953	131,433
Oleochemical products	125,095	68,017
Others	141,895	136,304
	4,855,364	5,637,631
Soy bean based products	643,612	843,769
Noodles and snack products	130,370	146,452
Revenue from provision of port and storage facilities	7,203	8,134
Others	241,775	153,022
Total sales outside Indonesia	5,878,324	6,789,008
	6,510,051	7,619,309

6 Cost of Sales

	2015 US$'000	2014 US$'000
Cost of inventories recognised as an expense	4,961,665	5,953,714
Depreciation of property, plant and equipment	141,129	117,269
Processing and direct costs	267,682	237,320
	5,370,476	6,308,303

7 Selling, General and Administrative Expenses

	Note	2015 US$'000	2014 US$'000
Selling expenses:			
Freight and related expenses		291,076	279,069
Export tax and administration		120,890	277,009
Advertising and promotions		59,639	25,881
Salaries and employee benefits expense		25,129	23,749
Depreciation of property, plant and equipment		4,429	4,263
Bulking		3,963	4,851
Amortisation of deferred charges	26	16	16
Others		32,640	33,082
		537,782	647,920
General and administrative expenses:			
Salaries and employee benefits expense		173,314	187,694
Depreciation of property, plant and equipment		23,978	22,168
Professional fees		19,005	25,531
Rent, tax and licenses		16,179	13,528
Travelling		15,304	16,925
Repairs and maintenance		10,191	12,091
Office supplies and utilities		5,216	5,521
Amortisation of deferred charges, brands and trademarks	26,27	1,262	1,705
Others		30,207	23,292
		294,656	308,455
		832,438	956,375

8 Financial Income and Financial Expenses

	Note	2015 US$'000	2014 US$'000
Interest income from:			
Third parties		26,712	23,445
Associated company		16	112
Joint ventures		5,007	1,797
Related parties		19	90
Financial income		31,754	25,444
Interest expense to:			
Third parties		(123,923)	(112,893)
Related parties		(44)	(263)
Amortisation of deferred loan charges	34	(3,363)	(4,212)
Amortisation of deferred bond charges	33	(1,356)	(1,764)
Amortisation of premium on notes	33	86	-
Total interest expense		(128,600)	(119,132)
Finance charges		(3,439)	(4,346)
Financial expenses		(132,039)	(123,478)
Financial expenses, net		(100,285)	(98,034)

9 Other Operating Income

	Note	2015 US$'000	2014 US$'000
Insurance and product claims		9,750	10,612
Rental income		7,674	6,479
Gain on sale of other materials and by-products		4,887	5,209
Income from sales of seedlings		2,533	8,389
Management fee income from a joint venture		2,468	1,827
Shipping and workshop income		1,051	3,848
Changes in fair value of financial assets at fair value through profit or loss		721	11,895
Depreciation of property, plant and equipment		(4,779)	(2,995)
Allowance for impairment loss on trade receivables	15	(4,086)	(340)
Property, plant and equipment written off		(1,026)	(1,034)
Loss on disposal of property, plant and equipment		(888)	(2,662)
Goodwill written off	28	(419)	-
Trade receivables written off		(224)	-
Depreciation of investment properties	22	(60)	(91)
Allowance for impairment loss on other receivables	16	(32)	(100)
Others		3,900	876
		21,470	41,913

10 (Loss)/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	2015 US$'000	2014 US$'000
Audit fees paid/payable to:			
Auditors of the Company		318	332
Auditors of the subsidiaries		962	916
Non-audit services paid/payable to:			
Auditors of the Company		27	16
Auditors of the subsidiaries		-	-
Employee compensation:			
Wages and salaries		192,564	206,673
Post employment benefits expense	38	14,409	11,553
Employer's contributions to defined contribution plans		3,895	4,553

11 Income Tax

	2015 US$'000	2014 US$'000
Income tax (credit)/expense attributable to the (loss)/profit is made up of:		
Current income tax		
- Current year	55,869	106,152
- (Over)/Under-provision in respect of prior years	(1,096)	100
	54,773	106,252
Deferred income tax	(90,383)	(65,306)
	(35,610)	40,946

Substantially all the Group's operations are located in Indonesia. Accordingly, the Indonesian statutory tax rate of 25% (2014: 25%) is used in the reconciliation of the tax expense and the product of accounting (loss)/profit multiplied by the applicable tax rate.

11 Income Tax (cont'd)

The income tax (credit)/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 (loss)/profit before income tax due to the following factors:

	2015 US$'000	2014 US$'000
(Loss)/Profit before income tax	(52,343)	157,971
Adjustments for:		
Share of results of associated companies, net of tax	(968)	103
Share of results of joint ventures, net of tax	(7,827)	449
	(61,138)	158,523
Tax calculated at a tax rate of 25% (2014: 25%)	(15,285)	39,631
Effect of different tax rates in other countries	11,517	9,490
Non-deductible expenses, net	7,735	10,651
Permanent differences arising mainly from remeasurement	(3,236)	19,494
Recognition of previously unrecognised tax losses	(13,616)	(31,217)
Utilisation of previously unrecognised tax losses	(16,441)	(13,019)
Income tax at preferential rate	(32,395)	(3,788)
Unrecognised deferred tax assets	27,207	9,604
(Over)/Under-provision in prior years' current income tax	(1,096)	100
	(35,610)	40,946

Taxes Payable

Details of taxes payable are as follows:

	2015 US$'000	2014 US$'000
Estimated income tax payable of subsidiaries	5,718	18,151
Income and other taxes:		
Article 21	2,809	1,361
Article 23	1,339	1,208
Article 25	3,524	5,987
Article 26	578	883
Value added tax	1,454	1,964
	15,422	29,554

12 (Loss)/Earnings Per Share and Net Asset Value Per Share

(a) Basic (Loss)/Earnings Per Share

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

	2015	2014
(Loss)/Profit attributable to the owners of the Company (US$'000)	(16,718)	113,553
Weighted average number of ordinary shares (excluding treasury shares) ('000)	12,759,641	12,837,549
Basic (loss)/earnings per share (US cents)	(0.13)	0.88

(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 (excluding treasury shares) during the year after adjustment for the effects of all dilutive potential ordinary shares.

For the current financial year, there is no dilution as the Company did not have any potential ordinary shares outstanding as at 31 December 2015.

For the previous financial year, there is no dilution as the potential ordinary shares that may be issued on the conversion of outstanding convertible bonds of 573,747,126 are anti-dilutive.

(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 (excluding treasure shares) as at the end of the reporting period.

	2015	2014
Total equity attributable to the owners of the Company (US$'000)	8,659,693	8,728,503
Number of ordinary shares based on existing issued share capital (excluding treasury shares) as at the end of the reporting period ('000)	12,734,756	12,837,549
Net asset value per share (US$)	0.68	0.68

13 Cash and Cash Equivalents

	2015 US$'000	2014 US$'000
Cash on hand	501	402
Cash in banks	223,931	284,995
Time deposits	19,184	44,163
Total cash and cash equivalents	243,616	329,560
Less: Cash in banks and time deposits pledged	(16,728)	(6,914)
Cash and cash equivalents in the consolidated statement of cash flows	226,888	322,646

The cash and cash equivalents are denominated in the following currencies:

	2015 US$'000	2014 US$'000
United States dollar	136,417	151,121
Chinese renminbi	46,368	73,792
Indonesian rupiah	40,674	67,770
Indian rupee	14,567	15,295
Euro	2,449	4,926
Singapore dollar	1,170	4,057
Others	1,971	12,599
	243,616	329,560

The above cash and cash equivalents include balances with related parties of US$1,530,000 (2014: US$6,286,000).

The above time deposits have a maturity period of less than three months from the end of the financial year and earn interest at the following rates per annum:

	2015 %	2014 %
United States dollar	-	0.3 – 2.9
Chinese renminbi	1.1 – 1.8	3.3 – 3.4
Indonesian rupiah	4.3 – 8.8	4.3 – 9.5
Indian rupee	5.0 – 9.0	9.3 – 9.6

14 Short-Term Investments

Short-term investments which represent debt and equity securities and time deposits with a maturity over three months but not more than one year are detailed as follows:

	2015 US$'000	2014 US$'000
Time deposits	49,675	72,008
Available-for-sale financial assets:		
Equity securities	46,266	39,339
Financial assets at fair value through profit or loss:		
Equity securities held for trading	22,835	30,642
Debt securities held for trading	58,716	39,037
Debt securities designated at inception, at cost	81,390	80,140
	162,941	149,819
	258,882	261,166

The short-term investments are denominated in the following currencies:

	2015 US$'000	2014 US$'000
United States dollar	215,475	188,562
Indian rupee	37,153	64,549
Chinese renminbi	5,393	7,395
Indonesian rupiah	861	660
	258,882	261,166

Time deposits amounting to US$46,950,000 (2014: US$71,336,000) have been pledged to banks as security for credit facilities (see Notes 29 and 34).

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

	2015 %	2014 %
Chinese renminbi	1.3 – 1.6	2.6
Indonesian rupiah	5.3 – 6.5	6.5
Indian rupee	7.8 – 8.9	7.8 – 9.3
United States dollar	0.8 – 1.9	-

15 Trade Receivables

	2015 US$'000	2014 US$'000
Third parties	464,395	522,257
Related parties	1,843	1,312
Associated companies	432	2,794
	466,670	526,363
Less: Allowance for impairment loss on trade receivables	(4,518)	(547)
	462,152	525,816

15 Trade Receivables (cont'd)

Trade receivables of the Group, including intra-group trade receivables which have been eliminated at consolidation, amounting to US$220,711,000 (2014: US$220,246,000) have been pledged as security for credit facilities (see Notes 29 and 34).

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

	Note	2015 US$'000	2014 US$'000
Balance at the beginning of the year		547	352
Allowance for impairment loss during the year	9	4,086	340
Receivables written off against allowance during the year		(85)	(129)
Translation adjustments		(30)	(16)
Balance at the end of the year		4,518	547

As at 31 December 2015, 14% (2014: 21%) and 7% (2014: 3%) 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 loss 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:

	2015 US$'000	2014 US$'000
United States dollar	287,476	405,558
Indonesian rupiah	70,908	67,104
Euro	67,386	19,327
Chinese renminbi	18,168	12,535
Indian rupee	17,384	6,477
Malaysian ringgit	830	14,815
	462,152	525,816

16 Other Current Assets

	2015 US$'000	2014 US$'000
Receivable from third parties	65,815	71,702
Receivable from related parties	133	32
Receivable from joint ventures	138,174	86,829
Staff advances	4,264	5,014
	208,386	163,577
Advances and deposits to suppliers	178,888	209,539
Advances for purchases of property, plant and equipment and others	112,198	161,389
Prepaid taxes, net	369,442	253,798
Prepaid expenses	22,463	28,685
Others	17,115	10,121
	908,492	827,109

16 **Other Current Assets** (cont'd)

The amounts receivable from related parties are interest-free, unsecured and repayable on demand. The amounts receivable from joint ventures are unsecured, bear interest ranging from 2.3% to 3.2% (2014: 2.2% to 2.5%) per annum and expected to be repayable within the next twelve months.

The amounts receivable from third parties shown above are net of allowance for impairment loss. The allowance for impairment loss on other receivables mainly related to certain receivables where the recovery is remote. Movements in allowance for impairment loss on other receivables are as follows:

	Note	2015 US$'000	2014 US$'000
Balance at the beginning of the year		673	597
Allowance for impairment loss during the year	9	32	100
Receivables written off against allowance during the year		-	(2)
Translation adjustments		(60)	(22)
Balance at the end of the year		645	673

The other current assets are denominated in the following currencies:

	2015 US$'000	2014 US$'000
Indonesian rupiah	573,006	580,366
United States dollar	260,520	172,812
Chinese renminbi	48,769	55,323
Malaysian ringgit	13,809	3,760
Indian rupee	11,045	12,983
Others	1,343	1,865
	908,492	827,109

17 **Inventories**

	2015 US$'000	2014 US$'000
Raw materials	322,199	408,953
Finished goods	310,994	271,961
Goods in transit	869	19,461
	634,062	700,375
Consumables:		
Fertilisers and general material	34,464	69,115
Fuel, chemical and packing supplies	41,558	48,845
Others	30,834	32,388
	740,918	850,723

17 Inventories (cont'd)

The inventories shown above are net of allowance for impairment loss. Movements in allowance for impairment loss on inventories are as follows:

	2015 US$'000	2014 US$'000
Balance at the beginning of the year	1,475	1,634
Allowance for impairment loss during the year	629	1,481
Write-back of impairment loss during the year	(1,408)	(1,321)
Translation adjustments	(42)	(319)
Balance at the end of the year	654	1,475

During the current financial year, the Group recognised an allowance for impairment loss of US$629,000 (2014: US$1,481,000) in cost of sales as the carrying amount of certain inventories was higher than the net realisable value. Allowance for impairment loss of US$1,408,000 (2014: US$1,321,000) has been reversed as a result of increase in net realisable value of certain inventories.

Inventories amounting to US$165,201,000 (2014: US$213,921,000) have been pledged to banks as security for credit facilities (see Notes 29 and 34).

18 Long-Term Receivables and Assets

	2015 US$'000	2014 US$'000
Loan receivable from joint ventures	28,344	94,231
Tax recoverable	93,956	101,572
Advances for projects	36,832	75,576
Advances for plasma plantations, net	17,189	21,621
Advances for investment in land	2,759	2,759
Land clearing	1,564	40,117
Others	22,226	24,717
	202,870	360,593

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

	2015 US$'000	2014 US$'000
Indonesian rupiah	148,065	253,711
United States dollar	44,303	26,647
Euro	5,239	72,683
Malaysian ringgit	5,105	6,201
Others	158	1,351
	202,870	360,593

The unsecured loan receivable from joint ventures bears interest ranging from 3.7% to 3.9% (2014: 3.7%) per annum with a maturity date in April 2024.

18 Long-Term Receivables and Assets (cont'd)

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.

19 Long-Term Investments

	2015 US$'000	2014 US$'000
Available-for-sale financial assets:		
Equity securities	632,652	585,381
Financial assets at fair value through profit or loss:		
Debt securities designated at inception, at cost	182,600	182,660
Debt securities held for trading	-	36,277
	182,600	218,937
	815,252	804,318

The above debt securities include a secured 3% interest-bearing loan of US$182,000,000 extended by the Group to a third party with a maturity date in October 2017. On the maturity date, the Group is granted an option to either convert the loan into shares of the borrower or to settle in cash.

The long-term investments are denominated in the following currencies:

	2015 US$'000	2014 US$'000
United States dollar	773,981	755,721
Euro	35,827	44,411
Japanese yen	5,444	4,186
	815,252	804,318

20 Investment in Associated Companies

	2015 US$'000	2014 US$'000
Unquoted equity shares, at cost	5,549	5,549
Share of post-acquisition profits, net of dividend received	3,879	2,911
Translation adjustment	128	(29)
	9,556	8,431

Particulars of the associated companies are disclosed in Note 45 to the consolidated financial statements. Summarised aggregated financial information in respect of the Group's associated companies, which is not adjusted for the percentage of ownership held by the Group, is as follows:

	2015 US$'000	2014 US$'000
Results		
Revenue	43,739	46,334
Profit/(Loss) for the year	1,624	(1,103)
Assets and liabilities		
Total assets	27,506	28,248
Total liabilities	(6,654)	(8,771)
Net assets	20,852	19,477

As at 31 December 2015 and 2014, there are no losses which are in excess of the Group's interests in the associated companies.

21 Investment in Joint Ventures

	2015 US$'000	2014 US$'000
Unquoted equity shares, at cost	62,979	61,479
Share of post-acquisition comprehensive loss, net of dividend received	(5,016)	(5,135)
Translation adjustment	(2,192)	(177)
	55,771	56,167

Particulars of the joint ventures are disclosed in Note 45 to the consolidated financial statements. Summarised aggregated financial information in respect of the Group's joint ventures, which is not adjusted for the percentage of ownership held by the Group, is as follows:

	2015 US$'000	2014 US$'000
Results		
Revenue	152,177	50,501
Profit/(Loss) for the year	11,032	(1,398)
Assets and liabilities		
Total assets	649,828	485,016
Total liabilities	(578,762)	(413,347)
Net assets	71,066	71,669

21 Investment in Joint Ventures (cont'd)

Reconciliation of the above net assets to the carrying amount of the Group's interests in joint ventures is as follows:

	2015 US$'000	2014 US$'000
Interest in joint ventures (50%)	35,533	35,835
Goodwill on acquisition	12,540	14,007
Unrecognised share of comprehensive loss	6,698	4,325
Dividend receivable	1,000	2,000
Net carrying amount	55,771	56,167

22 Investment Properties

	Note	2015 US$'000	2014 US$'000
Cost			
Balance at the beginning of the year		1,706	1,773
Translation adjustments		(123)	(67)
Balance at the end of the year		1,583	1,706
Less: Accumulated depreciation			
Balance at the beginning of the year		479	422
Charge for the year	9	60	91
Translation adjustments		(69)	(34)
Balance at the end of the year		470	479
Net carrying amount		1,113	1,227

As at 31 December 2015, the fair value of the Group's investment properties is approximately US$6,292,000 (2014: US$5,824,000), determined based on management's value in use calculation using discounted cashflow method.

Investment properties are held mainly for use by tenants under operating leases. The rental income and direct operating expenses recognised in the Group's income statement in respect of these operating leases were US$137,000 (2014: US$185,000) and US$60,000 (2014: US$91,000) respectively.

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 1.1.2015	7,969	280,042	278,147	988,511	906,777	147,512	296,285	631,683	3,536,926
Translation adjustment	(576)	(2,505)	(144)	(13,396)	(12,864)	(774)	(531)	(281)	(31,071)
Additions	139	13,329	48,341	2,131	8,939	10,814	11,838	319,914	415,445
Disposals	-	(1,865)	(44)	(491)	(3,870)	(901)	(6,440)	-	(13,611)
Write off	-	-	(450)	(2,925)	(7,442)	(2,547)	(2,393)	-	(15,757)
Acquisition of subsidiaries (Note 40a)	-	75,205	-	-	340	-	-	-	75,545
Reclassification	-	14,027	74,084	146,425	157,479	9,179	19,727	(420,921)	-
Balance at 31.12.2015	7,532	378,233	399,934	1,120,255	1,049,359	163,283	318,486	530,395	3,967,477
Accumulated depreciation									
Balance at 1.1.2015	-	23,327	55,558	238,860	377,397	110,906	179,214	-	985,262
Translation adjustment	-	(753)	-	(2,844)	(6,381)	(461)	(374)	-	(10,813)
Charge for the year	-	1,958	15,310	42,703	53,497	19,952	40,895	-	174,315
Disposals	-	(785)	(44)	(393)	(1,826)	(741)	(5,059)	-	(8,848)
Write off	-	-	(447)	(2,534)	(7,279)	(2,446)	(2,025)	-	(14,731)
Reclassification	-	-	102	(5)	(1,569)	1,412	60	-	-
Balance at 31.12.2015	-	23,747	70,479	275,787	413,839	128,622	212,711	-	1,125,185
Net book values									
Balance at 31.12.2015	7,532	354,486	329,455	844,468	635,520	34,661	105,775	530,395	2,842,292

As at 31 December 2015, the net carrying amount of property, plant and equipment which has been pledged as security for credit facilities (see Notes 29 and 34) amounted to US$586,859,000 (2014: US$399,406,000).

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 1.1.2014	8,213	261,374	233,761	884,097	871,614	125,579	229,429	608,288	3,222,355
Translation adjustment	(366)	(1,321)	(133)	(7,866)	(6,879)	(329)	(368)	(264)	(17,526)
Additions	-	16,171	2,205	7,087	8,536	18,876	19,945	342,573	415,393
Disposals	-	-	(588)	(2,897)	(30,118)	(1,017)	(9,922)	-	(44,542)
Write off	-	(110)	(153)	(1,206)	(1,614)	(1,119)	(1,086)	(79)	(5,367)
Acquisition of subsidiaries (Note 40a)	122	1,693	1,595	12,944	14,549	290	896	665	32,754
Deconsolidation of subsidiaries (Note 40b)	-	-	(19)	-	(1)	(119)	(25)	(68,000)	(68,164)
Transfers from deferred charges (Note 26)	-	2,023	-	-	-	-	-	-	2,023
Reclassification	-	212	41,479	96,352	50,690	5,351	57,416	(251,500)	-
Balance at 31.12.2014	7,969	280,042	278,147	988,511	906,777	147,512	296,285	631,683	3,536,926
Accumulated depreciation									
Balance at 1.1.2014	-	21,815	45,998	207,557	351,251	95,106	149,677	-	871,404
Translation adjustment	-	(407)	-	(1,414)	(3,147)	(258)	(271)	-	(5,497)
Charge for the year	-	1,985	10,284	35,585	42,395	16,959	39,487	-	146,695
Disposals	-	-	(588)	(2,101)	(10,731)	(901)	(8,672)	-	(22,993)
Write off	-	-	(51)	(835)	(1,393)	(1,056)	(998)	-	(4,333)
Deconsolidation of subsidiaries (Note 40b)	-	-	-	-	-	(8)	(6)	-	(14)
Reclassification	-	(66)	(85)	68	(978)	1,064	(3)	-	-
Balance at 31.12.2014	-	23,327	55,558	238,860	377,397	110,906	179,214	-	985,262
Net book values									
Balance at 31.12.2014	7,969	256,715	222,589	749,651	529,380	36,606	117,071	631,683	2,551,664

The Group holds land rights in Indonesia in the form of Hak Guna Usaha (HGU) which will be expired in 2018 to 2098 and the management believes that those land rights can be extended upon expiry.

24 Biological Assets

	2015 US$'000	2014 US$'000
Balance at the beginning of the year	7,902,105	7,988,140
Additions	33,967	42,325
Disposals	(2,477)	(2,142)
Transfers from land clearing	103,120	7,539
	8,036,715	8,035,862
Net loss from changes in fair value	(197,677)	(133,757)
Balance at the end of the year	7,839,038	7,902,105

The Group's oil palm plantations are located in Indonesia. As at 31 December 2015, the Group's total planted area of mature and immature nucleus plantations is approximately 363,000 (2014: 344,800) hectares and 21,400 (2014: 27,200) hectares respectively.

During the current financial year, the Group harvested approximately 7,749,500 (2014: 7,569,900) tonnes of FFB from its nucleus plantations, which has a fair value less estimated point-of-sale costs of approximately US$1,399,024,000 (2014: US$1,472,270,000). 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. The fair value of biological assets is classified under level 2 of the fair value hierarchy (Note 39).

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 6.9% (2014: 7.6%) per annum; and

(e) Average market price of CPO of US$788 (2014: US$905) per tonne.

The fair values of biological assets would be affected by changes in the above assumptions, particularly the average CPO price used. As at the end of the current reporting period, if we assume the market CPO prices as at year end increased by 5% with all other variables including exchange rate being held constant, loss attributable to the owners of the Company would have decreased and total equity attributable to the owners of the Company would have increased by approximately US$4 million, as a result of lower loss arising from changes in fair value of biological assets net of tax and non-controlling interests and vice versa.

As at the end of the previous reporting period, if we assume the market CPO prices as at year end increased 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 by approximately US$5 million, as a result of lower loss arising from changes in fair value of biological assets net of tax and non-controlling interests and vice versa.

As at 31 December 2015, the fair value of biological assets which have been pledged as security for credit facilities (see Notes 29 and 34) amounted to US$1,806,026,000 (2014: US$2,599,821,000).

25 Deferred 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 2015	(117,265)	287	116,565	(1,815,988)	(1,816,401)
(Charged)/Credited to income statement	(5,162)	(1)	39,368	56,178	90,383
Charged to other comprehensive income	-	-	-	(3,257)	(3,257)
Acquisition of subsidiaries (Note 40a)	-	-	-	(17,852)	(17,852)
Translation adjustment	8,707	2	(3,093)	(1,526)	4,090
Balance at 31 December 2015	(113,720)	288	152,840	(1,782,445)	(1,743,037)
Balance at 1 January 2014	(117,808)	294	83,692	(1,847,444)	(1,881,266)
(Charged)/Credited to income statement	(1,259)	(8)	34,458	32,115	65,306
Acquisition of subsidiaries (Note 40a)	(2,294)	-	-	1,574	(720)
Translation adjustment	4,096	1	(1,585)	(2,233)	279
Balance at 31 December 2014	(117,265)	287	116,565	(1,815,988)	(1,816,401)

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:

	2015 US$'000	2014 US$'000
Deferred tax liabilities	(1,799,560)	(1,843,437)
Deferred tax assets	56,523	27,036
	(1,743,037)	(1,816,401)

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 2015, 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$965,000 (2014: US$973,000) that would be payable upon remittance into Singapore of its offshore interest income, which amounted to approximately US$21,875,000 (2014: US$22,187,000) as it is the intention of the directors of GAI to permanently reinvest the unremitted interest income.

Deferred tax liabilities of US$63,017,000 (2014: US$69,514,000) have not been recognised for taxes that would be payable on the remittance to Mauritius of unremitted retained earnings of approximately US$2,100,563,000 (2014: US$2,317,141,000) 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 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$369,266,000 (2014: US$431,550,000).

	2015 US$'000	2014 US$'000
Expiry dates		
31 December 2015	-	35,015
31 December 2016	34,908	102,552
31 December 2017	61,279	108,555
31 December 2018	111,258	139,950
31 December 2019	32,484	44,533
31 December 2020	126,963	-
No expiry dates and subject to terms and conditions	2,374	945
	369,266	431,550

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$56,558,000 (2014: US$69,044,000) has not been recognised in the consolidated financial statements.

26 Deferred Charges

	Note	2015 US$'000	2014 US$'000
Cost			
Balance at the beginning of the year		17,052	18,485
Additions		90	538
Acquisition of subsidiaries	40a	-	83
Transfer to property, plant and equipment	23	-	(2,023)
Deferred charges written off		(129)	(23)
Translation adjustment		(32)	(8)
Balance at the end of the year		16,981	17,052
Less: Accumulated amortisation			
Balance at the beginning of the year		8,720	7,073
Amortisation charged to selling expenses		16	16
Amortisation charged to general and administrative expenses		1,239	1,366
Amortisation charged to cost of sales		294	294
Deferred charges written off		(129)	(23)
Translation adjustment		(25)	(6)
Balance at the end of the year		10,115	8,720
Net carrying amount		6,866	8,332

27 Brands and Trademarks

	Note	2015 US$'000	2014 US$'000
Cost			
Balance at the beginning of the year		7,283	6,924
Additions		2	-
Acquisition of subsidiaries	40a	-	405
Translation adjustment		(50)	(46)
Balance at the end of the year		7,235	7,283
Less: Accumulated amortisation			
Balance at the beginning of the year		6,930	6,604
Amortisation charged to general and administrative expenses		23	339
Translation adjustment		(15)	(13)
Balance at the end of the year		6,938	6,930
Net carrying amount		297	353

28 Goodwill

	Note	2015 US$'000	2014 US$'000
Balance at the beginning of the year		152,021	115,898
Acquisition of subsidiaries	40a	1,499	36,457
Goodwill written off	45d	(419)	-
Translation adjustment		(1,150)	(334)
Balance at the end of the year		151,951	152,021

Goodwill is allocated to the individual cash-generating units ("CGU") which are also the reportable operating segments for impairment testing purposes.

The above goodwill is allocated to the palm and laurics 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 10th year's future cash flow using the terminal growth rates ranging from 0% to 5.0% (2014: 0% to 5.0%) and pre-tax discount rates ranging from 6.9% to 12.0% (2014: 7.6% to 12.0%).

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

29 Short-Term Loans

	Note	2015 US$'000	2014 US$'000
Short-term loans:			
United States dollar		1,217,548	1,119,397
Euro		544	-
		1,218,092	1,119,397
Current maturities of long-term borrowings	34	150,406	133,645
		1,368,498	1,253,042
Less: Unamortised loan charges	34	(2,396)	(1,961)
		1,366,102	1,251,081

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

	2015 US$'000	2014 US$'000
Secured loans	878,900	875,919
Unsecured loans	339,192	243,478
	1,218,092	1,119,397

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

The above short-term 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:

	2015 %	2014 %
United States dollar	0.6 – 5.0	0.7 – 3.8
Euro	1.9	-

Certain time deposits, short-term investments, trade receivables, inventories, property, plant and equipment and biological assets have been pledged to banks to obtain the Group's short-term secured loans as disclosed in their respective notes.

30 Trade Payables

	2015 US$'000	2014 US$'000
Trust receipts payable	365,419	243,802
Trade payables to:		
Third parties	238,475	287,970
Associated companies	617	114
Joint ventures	2,332	3,851
Related parties	5,197	7,460
	612,040	543,197

30 Trade Payables (cont'd)

The above trust receipts payable, which represent amounts due to certain banks, bear interest ranging from 1.5% to 4.8% (2014: 1.4% to 2.0%) per annum. The trust receipts payable and trade payables are denominated in the following currencies:

	2015 US$'000	2014 US$'000
United States dollar	369,569	353,731
Indonesian rupiah	118,808	163,047
Chinese renminbi	102,478	17,917
Indian rupee	14,541	6,924
Others	6,644	1,578
	612,040	543,197

31 Other Payables

	2015 US$'000	2014 US$'000
Payable to third parties	103,425	80,597
Derivative payable	56,768	63,069
Interim dividends payable	-	39,650
Interest payable	12,021	14,249
Payable to related parties	4,401	2,226
	176,615	199,791
Advances from customers	27,747	40,086
Accrued expenses	49,913	46,843
	254,275	286,720

The amounts payable to related parties are unsecured and repayable on demand. As at 31 December 2015, included in the amounts payable to third parties are US$3,234,000 (2014: US$3,164,000) which bear interest at 2.3% (2014: 2.2%) per annum.

The other payables are denominated in the following currencies:

	2015 US$'000	2014 US$'000
United States dollar	136,638	107,518
Indonesian rupiah	60,778	78,584
Chinese renminbi	38,323	43,543
Singapore dollar	4,736	42,978
Others	13,800	14,097
	254,275	286,720

31 Other Payables (cont'd)

The details of the contracts outstanding as at end of the reporting period are as follows:

	2015		2014	
	Notional amount	Liabilities	Notional amount	Liabilities
	US$'000	US$'000	US$'000	US$'000
Cross currency swap ("CCS") contracts	222,337	51,788	222,337	37,012
Forward foreign currency contracts	535,190	56,768	2,916,390	26,057
		108,556		63,069
Less: Non-current portion (Note 35)		(51,788)		-
Current portion		56,768		63,069

The Group classifies derivative payable at fair value through profit or loss with the resulting gain or loss recognised immediately in the income statement, except for certain derivatives designated as cash flow hedges, wherein hedge accounting has been applied.

The Group entered into CCS contracts to hedge certain Indonesian rupiah and Singapore dollar ("SGD") denominated borrowings. Cash flow hedge accounting has been applied to the CCS contracts for the hedging of our SGD denominated borrowings as these contracts met the criteria of highly effective hedging instruments. During the current financial year, the Group recognised a net loss from changes in fair value of CCS contracts of US$5,487,000 (2014: net gain of US$6,419,000) in the income statement as part of net foreign exchange loss and a net loss from changes in fair value of CCS contracts of US$740,000 (2014: US$632,000) in other comprehensive income.

During the current financial year, the Group recognised a net loss from forward foreign currency contracts of US$46,839,000 (2014: net gain of US$25,237,000) in the income statement as part of net foreign exchange loss.

32 Obligations under Finance Leases

	Minimum lease payments		Present value of minimum lease payments	
	2015	2014	2015	2014
	US$'000	US$'000	US$'000	US$'000
Finance leases payable:				
Within one year	152	205	114	132
In the second to fifth year	85	263	99	269
	237	468	213	401
Less: Future finance charges	(24)	(67)		
Present value of lease obligation	213	401		
Less: Amount due for settlement within 12 months			(114)	(132)
Amount due for settlement after 12 months			99	269
Net book value of assets under finance leases			294	347

32 Obligations under Finance Leases (cont'd)

The obligations under finance leases are denominated in the following currencies:

	2015 US$'000	2014 US$'000
Indonesian rupiah	202	375
Singapore dollar	11	26
	213	401

The obligations under finance leases bear interest at the following rates per annum during the year:

	2015 %	2014 %
Indonesian rupiah	5.5 – 6.5	5.5 – 6.5
Singapore dollar	2.2	2.2

33 Bonds and Notes Payables

	2015 US$'000	2014 US$'000
Unsecured interest-bearing bonds (a)	72,490	80,385
Unsecured Islamic medium term notes (b)	846,456	846,456
Unsecured convertible bonds (c)	-	391,132
Unsecured multicurrency medium term notes (d)	247,524	113,550
	1,166,470	1,431,523
Less: Deferred bond charges	(198)	(1,554)
Add: Unamortised premium on notes	336	-
	1,166,608	1,429,969
Less: Current portion	(80,645)	(389,882)
Non-current portion	1,085,963	1,040,087

Movements in deferred bond charges are as follows:

	Note	2015 US$'000	2014 US$'000
Balance at the beginning of the year		1,554	3,318
Amortisation during the year	8	(1,356)	(1,764)
Balance at the end of the year		198	1,554
Less: Current portion		-	(1,250)
Non-current portion		198	304

33 Bonds and Notes Payables (cont'd)

Movements in unamortised premium on notes are as follows:

	Note	2015 US$'000	2014 US$'000
Balance at the beginning of the year		-	-
Additions during the year		422	-
Amortisation during the year	8	(86)	-
Balance at the end of the year		336	-

(a) In June 2012, a subsidiary has established a fixed rate IDR Bond Program ("Bond Program") of up to IDR3 trillion. As at 31 December 2015 and 2014, the outstanding bonds amounted to IDR1 trillion (2015: equivalent to US$72,490,000, 2014: equivalent to US$80,385,000) which comprise A series bonds of IDR900 billion due in July 2017 and B series bonds of IDR100 billion due in July 2019. These bonds bear interest at rates ranging from 9% to 9.25% per annum and are listed on the Indonesia Stock Exchange.

(b) In November 2012, a subsidiary has established a Ringgit-denominated Islamic medium term note ("IMTN") programme of up to RM5 billion under the laws of Malaysia. As at 31 December 2015, the outstanding IMTN comprises 4 tranches and bears profit rates ranging from 4.08% to 5.35% per annum. The scheduled maturities of the outstanding IMTN as at 31 December 2015 and 2014 are as follows:

Year	2015 US$'000	2014 US$'000
2016	80,645	80,645
2017	491,481	491,481
2018	156,590	156,590
2019	117,740	117,740
	846,456	846,456

(c) On 4 October 2012, the Company issued US$400 million 2.5% convertible bonds ("Bonds") due on 4 October 2017. The Bonds were listed and quoted on the Singapore Exchange on 5 October 2012. The Company will, at the option of the bondholders, redeem all or some of the Bonds on or after 4 October 2015 at the principal amount, plus interest accrued up to the date of redemption.

From May to September 2015, the Company repurchased US$116,000,000 of its Bonds. Such bonds were cancelled subsequent to the repurchases. The remaining US$283,000,000 and US$1,000,000 of the Bonds were redeemed in full on 5 October 2015 and 6 November 2015 respectively.

(d) In April 2014, a wholly-owned subsidiary, Golden Assets International Investment Pte. Ltd., has established a multicurrency medium term note ("MMTN") programme of up to US$1.5 billion under the laws of Singapore. As at 31 December 2015 and 2014, the outstanding Singapore dollar denominated MMTN comprises 2 tranches (2014: 1 tranche) with fixed coupon rates ranging from 4.2% to 5.5% (2014: 4.2%) per annum. The scheduled maturities of the outstanding MMTN as at 31 December 2015 and 2014 are as follows:

Year	2015 US$'000	2014 US$'000
2017	106,082	113,550
2018	141,442	-
	247,524	113,550

34 Long-Term Borrowings

	Note	2015 US$'000	2014 US$'000
Long-term borrowings:			
United States dollar		596,885	431,873
Singapore dollar		65,687	70,311
Indonesian rupiah		-	13,666
Indian rupee		2,478	6,331
Total long-term borrowings		665,050	522,181
Less: Current maturities of long-term borrowings	29	(150,406)	(133,645)
		514,644	388,536
Less: Unamortised loan charges		(2,182)	(1,286)
Non-current portion		512,462	387,250

Movements in unamortised loan charges are as follows:

	Note	2015 US$'000	2014 US$'000
Balance at the beginning of the year		3,247	4,477
Additions		4,716	2,997
Amortisation during the year	8	(3,363)	(4,212)
Translation adjustment		(22)	(15)
Balance at the end of the year		4,578	3,247
Less: Current portion	29	(2,396)	(1,961)
Non-current portion		2,182	1,286

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

	2015 US$'000	2014 US$'000
Secured borrowings	647,051	494,181
Unsecured borrowings	17,999	28,000
	665,050	522,181

Certain time deposits, short-term investments, trade receivables, inventories, property, plant and equipment and biological assets have been pledged to banks to obtain the Group's total secured borrowings as disclosed in their respective notes.

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

	2015 %	2014 %
United States dollar	2.2 – 5.0	1.9 – 5.0
Indonesian rupiah	-	10.0
Singapore dollar	2.2 – 3.3	1.7 – 2.3
Indian rupee	11.3	9.5 – 13.7

34 Long-Term Borrowings (cont'd)

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 2015 and 2014 are as follows:

		Original loan currency			U.S. Dollar Equivalent
Year	US$'000	IDR'000	S$'000	INR'000	US$'000
As at 31 December 2015					
Long-term borrowings repayable in:					
2016	148,345	-	-	137,434	150,406
2017	204,263	-	-	27,800	204,680
2018	143,513	-	92,881	-	209,200
2019	40,888	-	-	-	40,888
2020	53,888	-	-	-	53,888
Thereafter	5,988	-	-	-	5,988
Total	596,885	-	92,881	165,234	665,050
Current portion (Note 29)	(148,345)	-	-	(137,434)	(150,406)
Non-current portion	448,540	-	92,881	27,800	514,644
As at 31 December 2014					
Long-term borrowings repayable in:					
2015	117,204	170,000,000	-	173,467	133,645
2016	137,871	-	-	177,767	140,716
2017	148,146	-	-	44,466	148,857
2018	20,888	-	92,881	-	91,199
2019	888	-	-	-	888
Thereafter	6,876	-	-	-	6,876
Total	431,873	170,000,000	92,881	395,700	522,181
Current portion (Note 29)	(117,204)	(170,000,000)	-	(173,467)	(133,645)
Non-current portion	314,669	-	92,881	222,233	388,536

35 Long-Term Payables and Liabilities

	Note	2015 US$'000	2014 US$'000
Post employment benefits liability, denominated in Indonesian rupiah	38	63,929	70,383
Derivative payables, denominated in United Stated dollar	31	51,788	-
Rental deposits, denominated in Singapore dollar		276	374
Deferred rental income, denominated in United States dollar		4,748	5,934
		120,741	76,691

36 Issued Capital and Treasury Shares

	No. of ordinary shares		Amount	
	Issued capital	Treasury shares	Issued capital	Treasury shares
			US$'000	US$'000
Issued and fully paid:				
Balance at 31 December 2014 and 1 January 2015	12,837,548,556	-	320,939	-
Treasury shares purchased	-	(102,792,400)	-	(31,726)
Balance at 31 December 2015	12,837,548,556	(102,792,400)	320,939	(31,726)

The Company acquired 102,792,400 of its own shares in the open market during the current financial year. These shares are held as treasury shares. The total amount paid to acquire the shares of US$31,726,000 was presented as a component within shareholders' equity.

The holders of ordinary shares, except for treasury shares, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares, except for treasury shares rank equally with regards to the Company's residual assets.

37 Dividends

	2015	2014
	US$'000	US$'000
Interim dividend of S$Nil (2014: S$0.00408) per share	-	39,650
Final dividend paid in respect of the previous year of S$0.00177 (2014: S$0.00515) per share	16,933	52,795
	16,933	92,445

At the Annual Meeting to be held on 21 April 2016, a final dividend (tax not applicable) of S$0.00502 per share, amounting to S$63,928,475.90 (equivalent to approximately US$45,211,000) 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 2016.

38 Post Employment Benefits Liability and Share-Based Payment

(a) Post Employment Benefits Liability

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.

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

The principal actuarial assumptions used by the actuaries were as follows:

	2015	2014
Discount rate	9.0%	8.5%
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 represent present value of unfunded employees retirement benefit obligations in addition to the defined contribution scheme. The movements in the post employment benefits liability are as follows:

	Note	2015 US$'000	2014 US$'000
Balance at the beginning of the year		70,383	54,706
Post employment benefits expense during the year recognised in the income statement		14,409	11,553
Post employment benefits (income)/expense during the year recognised in other comprehensive income		(13,651)	4,027
Payments made during the year		(374)	(285)
Under-provision in respect of prior years		86	-
Acquisition of subsidiaries	40a	-	1,660
Translation adjustment		(6,924)	(1,278)
Balance at the end of the year	35	63,929	70,383

The components of the post employment benefits expense recognised in the income statement are as follows:

	Note	2015 US$'000	2014 US$'000
Current service cost		6,654	6,771
Past service cost		2,432	192
Interest cost		5,323	4,590
Post employment benefits expense recognised in the income statement	10	14,409	11,553

The components of the post employment benefits income/(expense) recognised in other comprehensive income are as follows:

	2015 US$'000	2014 US$'000
Actuarial gain/(loss) arising from changes in financial assumptions	3,765	(4,090)
Actuarial gain arising from experience adjustment	9,886	63
Post employment benefits income/(expense) recognised in other comprehensive income	13,651	(4,027)
Less: Deferred income tax	(3,415)	-
Net post employment benefits income/(expense) recognised in other comprehensive income	10,236	(4,027)

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

(b) 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 2015, no awards have been granted by the Company under the RSP.

39 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, short-term bonds payables 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 2015 and 2014, the carrying amounts of the long-term receivables and long-term interest-bearing borrowings approximate their fair values.

Fair Value Hierarchy

The following table presents financial assets and financial liabilities 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).

	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	US$'000
At 31 December 2015				
Available-for-sale financial assets	-	-	69,704	69,704
Financial assets at fair value				
through profit or loss held for trading	20,119	45,349	16,083	81,551
Derivative payable	-	(108,556)	-	(108,556)
	20,119	(63,207)	85,787	42,699
At 31 December 2014				
Financial assets at fair value				
through profit or loss held for trading	37,458	59,558	8,940	105,956
Derivative payable	-	(63,069)	-	(63,069)
	37,458	(3,511)	8,940	42,887

Note: Excluded available-for-sale financial assets stated at cost of US$609,214,000 (2014: US$624,720,000).

39 Financial Instruments (cont'd)

Methods and Assumptions Used to Determine Fair Values

The methods and assumptions used by management to determine fair values of assets and liabilities other than those whose carrying amounts reasonably approximate their fair values are as follows:

Unquoted debt and equity securities:	The fair value is determined by reference to fund statements provided by non-related fund managers.
Forward currency contracts:	Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles as at the reporting date.
Cross currency swap contracts:	Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are determined by reference to valuation by non-related financial institutions by reference to the market prices of another contract that is substantially similar.

40 Business Combinations

(a) Acquisition of subsidiaries

During the financial year 2015, there were the following acquisitions of subsidiaries:

(i) In July 2015, the Group through its wholly-owned subsidiary, acquired 100% shareholding in Billford Investment Corporation Ltd, ("BIC"). Following the acquisition, BIC together with its subsidiaries, PT Nusatama Agung Kreasi, PT Kreasi Nusajaya Abadi and PT Dumai Mas Resources became subsidiaries of the Group.

From the date of acquisition, BIC does not contribute significantly to the Group's results for the financial year ended 31 December 2015. If the acquisition has been completed on 1 January 2015, management estimated there would have been no significant changes to the Group's revenue and profit before income tax.

(ii) In August 2015, the Group through its wholly-owned subsidiary, acquired 100% shareholding in Victory Oleo Holding GmbH ("VOH"). Following the acquisition, VOH together with its subsidiary, OLIQEM GmbH became subsidiaries of the Group.

From the date of acquisition, VOH has contributed revenue and loss before income tax of US$17,739,000 and US$45,000 respectively for the financial year ended 31 December 2015. If the acquisition has been completed on 1 January 2015, total Group's revenue and loss before income tax for the year would have been US$6,523,440,000 and US$52,468,000 respectively.

40 Business Combinations (cont'd)

(a) Acquisition of subsidiaries (cont'd)

The following summarise the major classes of consideration transferred, and the recognised fair value of identifiable assets acquired and liabilities assumed, which reasonably approximated their carrying amount, at the acquisition dates.

	BIC US$'000	VOH US$'000	Total US$'000
Property, plant and equipment	75,205	340	75,545
Cash and cash equivalents	7	1,009	1,016
Trade and other receivables	8	6,571	6,579
Borrowings	(3,753)	(559)	(4,312)
Trade and other payables	(2)	(8,469)	(8,471)
Taxes payable	-	(48)	(48)
Deferred tax liabilities	(17,852)	-	(17,852)
Net assets/(liabilities) acquired	53,613	(1,156)	52,457
Add: Goodwill (Note 28)	-	1,499	1,499
Consideration for acquisition	53,613	343	53,956
Less: Cash and cash equivalents acquired	(7)	(1,009)	(1,016)
Net cash outflow/(inflow) on acquisition	53,606	(666)	52,940

During the financial year 2014, there were the following acquisitions of subsidiaries:

(iii) In April 2014, the Group through its wholly-owned subsidiary, acquired 100% shareholding in PT Sinarmas Distribusi Nusantara ("SDN") and its subsidiary, PT Kreasi Mas Indah.

From the date of acquisition, SDN has contributed revenue and profit before income tax of US$139,669,000 and US$6,271,000 respectively for the financial year ended 31 December 2014. If the acquisition has been completed on 1 January 2014, total Group's revenue and profit before income tax for the year would have been US$7,653,168,000 and US$159,023,000 respectively.

(iv) In April 2014, the Group through its wholly-owned subsidiary, acquired 100% shareholding in Integrated Investments Ltd ("Integrated") and Solid Growth Investments Ltd ("Solid"). Following the acquisition, Integrated and Solid together with their subsidiaries, Zhuhai Huafeng Film Co., Ltd and Zhuhai Huafeng Printing Co., Ltd became subsidiaries of the Group.

From the date of acquisition, Integrated and Solid contributed loss of US$13,000 for the financial year ended 31 December 2014. If the acquisition has been completed on 1 January 2014, management estimated there would have been no significant changes to the Group's revenue and profit before income tax.

(v) In October 2014, the Group through its wholly-owned subsidiary, acquired 71.63% shareholding, comprising 5,372,251 equity shares in Gemini Edibles & Fats India Private Limited ("GEFI"). From the date of acquisition, GEFI contributed revenue and profit before income tax of US$53,192,000 and US$719,000 respectively for the financial year ended 31 December 2014. If the acquisition has been completed on 1 January 2014, total Group's revenue and profit before income tax for the year would have been US$7,832,806,000 and US$158,808,000 respectively.

Subsequent to the acquisition and pursuant to a preferential allotment by GEFI in December 2014, the Group further increased its equity interest in GEFI from 71.63% to 75.02%, with subscription of additional 1,019,341 shares in GEFI for a cash consideration of INR 324,843,590 (equivalent to US$5,197,000). The Group recognised a decrease in other reserves and an increase in non-controlling interest of US$936,000.

40 Business Combinations (cont'd)

(a) Acquisition of subsidiaries (cont'd)

(vi) In December 2014, the Group through its wholly-owned subsidiary, acquired 100% shareholding in Victory Tropical Oil B.V. ("VTO"). Following the acquisition, VTO together with its subsidiary, Victory Tropical Oil USA, Inc. became subsidiaries of the Group.

From the date of acquisition, VTO does not contribute significantly to the Group's revenue and profit before income tax for the financial year ended 31 December 2014. If the acquisition has been completed on 1 January 2014, total Group's revenue and profit before income tax for the year would have been US$7,655,677,000 and US$156,338,000 respectively.

The following summarise the major classes of consideration transferred, and the recognised fair value of identifiable assets acquired and liabilities assumed, which reasonably approximated their carrying amount, at the acquisition dates.

	SDN	Integrated and Solid	GEFI	VTO	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Property, plant and equipment	7,742	4,532	20,445	35	32,754
Deferred charges	43	-	40	-	83
Brands and trademarks	405	-	-	-	405
Other non-current assets	149	-	1,351	-	1,500
Cash and cash equivalents	2,031	322	16,943	7,680	26,976
Short-term investment	-	-	35,011	-	35,011
Trade and other receivables	11,827	90	19,978	5,709	37,604
Inventories	4,153	-	25,102	20,622	49,877
Borrowings	(15,750)	-	(84,204)	-	(99,954)
Trade and other payables	(9,577)	-	(23,538)	(35,111)	(68,226)
Taxes payable	(1,267)	-	-	-	(1,267)
Deferred tax liabilities	(10)	-	(710)	-	(720)
Long-term payables and liabilities	(1,615)	-	(45)	-	(1,660)
Total identifiable net assets/(liabilities)	(1,869)	4,944	10,373	(1,065)	12,383
Less: Non-controlling interests' proportionate share of net assets	-	(544)	(2,943)	-	(3,487)
Net assets/(liabilities) acquired	(1,869)	4,400	7,430	(1,065)	8,896
Add: Goodwill (Note 28)	16,639	-	18,185	1,633	36,457
Consideration for acquisition	14,770	4,400	25,615	568	45,353
Less: Cash and cash equivalents acquired	(2,031)	(322)	(16,943)	(7,680)	(26,976)
Net cash outflow/ (inflow) on acquisition	12,739	4,078	8,672	(7,112)	18,377

40 Business Combinations (cont'd)

(b) Deconsolidation of subsidiaries

In September 2014, the Group disposed its 50% equity interest in Sinarmas Cepsa Pte. Ltd. ("SCPL") for a cash consideration of US$5,700,000. Following the transaction, SCPL together with its group subsidiaries, became the Group's joint ventures and ceased as subsidiaries of the Group. The Group recognised a gain on deconsolidation of US$7,586,000 in the consolidated income statement for this transaction. An analysis of assets and liabilities of SCPL and its subsidiaries as at the date of deconsolidation were as follows:

	Fair Value US$'000
Property, plant and equipment	68,150
Other non-current assets	38
Cash and cash equivalents	14,724
Other receivables	2,491
Other payables	(87,257)
Taxes payable	(32)
Net liabilities derecognised	(1,886)
Gain on deconsolidation	7,586
Proceeds from disposal	5,700
Less: Cash and cash equivalents of deconsolidated subsidiaries	(14,724)
Cash flow effect arising from deconsolidation	(9,024)

(c) In November 2014, the Group through its wholly-owned subsidiary, acquired the remaining 51% equity interest in PT Dian Ciptamas Agung for a total cash consideration of IDR765,000,000 (equivalent to US$63,000). Following the transaction, PT Dian Ciptamas Agung became a wholly-owned subsidiary of the Group. The Group recognised a decrease in other reserves of US$148,000 and an increase in non-controlling interests of US$85,000.

41 Operating Segment Information

For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

Plantation and palm oil mills - comprises the products from upstream business;

Palm and laurics - comprises the processing and merchandising of palm based products, i.e. bulk and branded as well as oleochemicals;

Oilseeds - comprises the processing and merchandising of oilseeds based products, i.e. bulk and branded; and

Others - comprises the production and distribution of food and consumer products in China and Indonesia.

41 Operating Segment Information (cont'd)

2015	Plantation and palm oil mills US$'000	Palm and laurics US$'000	Oilseeds US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Revenue from external customers	77,099	5,609,441	630,272	193,239	-	6,510,051
Inter-segment sales	1,425,890	4,542	13,826	2	(1,444,260)	-
Total revenue	1,502,989	5,613,983	644,098	193,241	(1,444,260)	6,510,051
EBITDA	415,315	108,726	11,284	4,958	1,381	541,664
Other information						
Capital expenditure	244,123	195,651	1,000	3,299	-	444,073
Unallocated capital expenditure						5,339
Total capital expenditure						449,412
Depreciation and amortisation	(96,577)	(62,614)	(11,952)	(4,804)	-	(175,947)
Net loss from changes in fair value of biological assets	(197,677)	-	-	-	-	(197,677)
Interest on borrowings	(49,113)	(69,553)	(9,908)	(26)	-	(128,600)
Share of results of associated companies, net of tax	619	349	-	-	-	968
Share of results of joint ventures, net of tax	(553)	6,780	(222)	1,822	-	7,827
Assets						
Segment assets	11,380,609	2,808,798	405,199	220,713	(1,851,598)	12,963,721
Investment in associated companies	2,611	6,945	-	-	-	9,556
Investment in joint ventures	2,217	34,692	339	18,523	-	55,771
Unallocated assets						1,566,541
Total assets						14,595,589
Liabilities						
Segment liabilities	(3,394,903)	(2,712,120)	(161,353)	(189,461)	2,298,910	(4,158,927)
Unallocated liabilities						(1,688,496)
Total liabilities						(5,847,423)

41 Operating Segment Information (cont'd)

2014	Plantation and palm oil mills US$'000	Palm and laurics US$'000	Oilseeds US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Revenue from external customers	112,491	6,461,564	845,365	199,889	-	7,619,309
Inter-segment sales	1,814,367	2,998	-	999	(1,818,364)	-
Total revenue	1,926,858	6,464,562	845,365	200,888	(1,818,364)	7,619,309
EBITDA	561,028	57,569	(60,257)	7,734	(183)	565,891
Other information						
Capital expenditure	213,732	235,399	5,388	670	-	455,189
Unallocated capital expenditure						2,529
Total capital expenditure						457,718
Depreciation and amortisation	(87,735)	(45,667)	(10,440)	(4,959)	-	(148,801)
Net loss from changes in fair value of biological assets	(133,757)	-	-	-	-	(133,757)
Interest on borrowings	(49,887)	(57,225)	(11,874)	(146)	-	(119,132)
Share of results of associated companies, net of tax	(158)	55	-	-	-	(103)
Share of results of joint ventures, net of tax	(728)	621	(342)	-	-	(449)
Assets						
Segment assets	11,462,126	2,821,322	412,962	280,273	(1,910,947)	13,065,736
Investment in associated companies	2,701	5,730	-	-	-	8,431
Investment in joint ventures	2,885	52,804	478	-	-	56,167
Unallocated assets						1,536,287
Total assets						14,666,621
Liabilities						
Segment liabilities	(3,350,741)	(2,625,128)	(115,727)	(215,301)	2,382,630	(3,924,267)
Unallocated liabilities						(1,924,033)
Total liabilities						(5,848,300)

41 Operating Segment Information (cont'd)

A reconciliation of total EBITDA to total (loss)/profit before income tax is as follows:

	2015 US$'000	2014 US$'000
EBITDA for reportable segments	540,283	566,074
Other EBITDA	1,381	(183)
Net loss from changes in fair value of biological assets	(197,677)	(133,757)
Depreciation and amortisation	(175,947)	(148,801)
Foreign exchange loss	(91,783)	(13,816)
Interest on borrowings	(128,600)	(119,132)
Exceptional item	-	7,586
(Loss)/Profit before income tax	(52,343)	157,971

Revenue based on geographical location of customers is as follows:

	2015 US$'000	2014 US$'000
China	1,269,784	1,706,676
Indonesia	631,727	830,301
India	926,742	766,098
Rest of Asia	2,189,152	2,751,163
Europe	1,138,331	1,227,592
Others	354,315	337,479
Consolidated revenue	6,510,051	7,619,309

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

	2015 US$'000	2014 US$'000
Indonesia	10,522,869	10,362,526
China	262,875	291,150
Singapore	133,684	125,322
India	38,180	39,843
Others	29,846	26,249
Total non-current non-financial assets	10,987,454	10,845,090

42 Related Party Transactions

(a) In addition to the related party information disclosed elsewhere in the consolidated financial statements, significant transactions with related parties, on terms agreed between parties, are as follows:

	2015 US$'000	2014 US$'000
(i) Sale of services		
Rental income from related parties	182	192
Rental income from joint ventures	679	124
Service fee income from joint ventures	96	30
(ii) Purchase of goods and services		
Insurance premium to a related party	7,248	5,668
Purchase of agricultural products from associated companies	160	166
Purchase of non-palm oil products from related parties	22,654	25,779
Freight and related expenses to joint ventures	239,842	224,414
Rental and service charge expense to related parties	12,030	8,119
Toll manufacturing expense to an associated company	-	214
Transport and port expense to related parties	1,971	1,721
Advisory fee to a related party	74	236
Acquisition of subsidiaries from a related party	-	4,400
(iii) Dividend income from a joint venture	5,500	1,000

(b) The key management personnel remuneration is as follows:

	2015 US$'000	2014 US$'000
Directors of the holding company	4,422	4,217
Other key management personnel	4,900	4,487

Included in the above remuneration are post employment benefits of US$34,942 for the current financial year (2014: US$35,522).

43 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 through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged since 2014. Neither the Group nor the Company is subject to externally imposed capital requirements. The Group monitors capital using net debts-to-equity ratio and adjusted net debts-to-equity ratio.

Net debts-to-equity ratio equals net debts divided by total equity. Total equity comprises share capital, share premium, reserves, retained earnings and non-controlling interests. The Group's net debts include borrowings, bonds and notes payables and obligations under finance leases net of cash and cash equivalents.

43 Financial Risk Management (cont'd)

(a) Capital Risk Management (cont'd)

	2015 US$'000	2014 US$'000
Total debts	3,045,385	3,068,701
Cash and cash equivalents	(243,616)	(329,560)
Net debts	2,801,769	2,739,141
Total equity	8,748,166	8,818,321
Net debts-to-equity ratio (times)	0.32	0.31

Adjusted net debts-to-equity ratio equals adjusted net debts divided by total equity attributable to owners of the Company. Adjusted net debts comprise net debts (as defined above) less liquid working capital. Liquid working capital includes short-term investments, trade receivables, advances and deposits to suppliers and inventories (excluding consumables) less trade payables and advances from customers.

	2015 US$'000	2014 US$'000
Net debts	2,801,769	2,739,141
Liquid working capital:		
Short-term investments	(258,882)	(261,166)
Trade receivables	(462,152)	(525,816)
Inventories (excluding consumables)	(634,062)	(700,375)
Advances and deposits to suppliers	(178,888)	(209,539)
Trade payables	612,040	543,197
Advances from customers	27,747	40,086
Adjusted net debts	1,907,572	1,625,528
Equity attributable to the owners of the Company	8,659,693	8,728,503
Adjusted net debts-to-equity ratio (times)	0.22	0.19

The directors of the Company review the capital structure on a semi-annual basis. As a part of the review, the directors of the Company 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 risk. 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.

43 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(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.

As at the end of the current reporting period, if interest rates on net financial liabilities at variable rate had been 0.5% lower with all other variables held constant, loss before income tax would have been lower by approximately US$7,076,000 and total equity for the year would have been higher by approximately US$5,506,000, as a result of lower interest expense and vice versa. As at the end of the previous reporting period, if interest rates on net financial liabilities at variable rate had been 0.5% lower with all other variables held constant, profit before income tax and total equity for the year would have been higher by approximately US$5,536,000 and US$4,372,000 respectively, as a result of lower interest expense and vice versa. This analysis is prepared assuming the amount of net financial liabilities outstanding at the end of the reporting period was outstanding for the whole year.

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.

	2015 US$'000	2014 US$'000
Financial Assets		
Variable rate	434,544	514,697
Fixed rate	266,215	324,617
Non-interest bearing	1,315,873	1,339,354
	2,016,632	2,178,668
Financial Liabilities		
Variable rate	1,845,264	1,618,563
Fixed rate	1,568,774	1,697,104
Non-interest bearing	471,790	496,022
	3,885,828	3,811,689

(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.

43 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(ii) Foreign Currency Risk (cont'd)

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, such as forward exchange contracts and cross currency swap contracts. 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.

As at the end of the current reporting period, if IDR and RMB strengthen/weaken against USD by 5% with all other variables, including interest rates remain constant, the Group's loss before income tax would have decreased/increased by US$25,100,000 and US$4,934,000 respectively.

As at the end of the previous reporting period, if IDR and RMB strengthen/weaken against USD by 5% with all other variables, including interest rates remain constant, the Group's profit before income tax would have increased/decreased by US$22,886,000 and US$6,121,000 respectively.

(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. As the Group's products are related to commodities, it is exposed to price risk in the commodities market. 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) Significant Concentrations of Credit Risk

Concentrations of credit risk exists when changes in economic, industry or geographical factors similarly affect counterparties 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 counterparties and customers.

(v) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty 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.

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

(b) Financial Risk Management (cont'd)

(vi) Credit Risk (cont'd)

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 is the carrying amount of each class of assets in the statement of financial position, except as follows:

	2015 US$'000	2014 US$'000
Corporate guarantees provided to financial institutions on borrowings of joint ventures and entities owned by investees and joint ventures:		
- Total facilities	610,695	530,608
- Total outstanding	199,100	111,467

(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 US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
At 31 December 2015				
Debts*	1,522,158	1,669,722	6,094	3,197,974
Other financial liabilities	788,655	51,788	-	840,443
Financial guarantee contracts	4,335	20,716	174,049	199,100
Total Financial Liabilities	2,315,148	1,742,226	180,143	4,237,517
At 31 December 2014				
Debts*	1,723,230	1,513,948	7,216	3,244,394
Other financial liabilities	742,988	-	-	742,988
Financial guarantee contracts	2,891	9,540	99,036	111,467
Total Financial Liabilities	2,469,109	1,523,488	106,252	4,098,849

* including principal and estimated interest until maturity.

44 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.

	2015 US$'000	2014 US$'000
Within one year	15,645	6,544
Between one year to five years	24,852	10,610
After five years	240	648
Minimum lease payments paid under operating leases	17,331	9,062

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:

	2015 US$'000	2014 US$'000
Capital expenditure	45,599	37,650

45 Group Companies

The details of the subsidiaries are as follows:

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	Effective interest of the Company 2014 %
Subsidiaries held by the Company				
Asia Integrated Agri Resources Limited	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

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	2014 %
Subsidiaries held by the Company (cont'd)				
Golden Agri International (Mauritius) Ltd (b1)	Investment holding and business and management 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 and treasury management	Malaysia	100.00	100.00
Golden Asset Capital Investment Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Golden Assets International Finance Limited	Treasury management	British Virgin Islands	100.00	100.00
Golden Assets International Investment Pte. Ltd.	Treasury management and business and management consultancy services	Singapore	100.00	100.00
Golden Capital Resources (S) Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Funds & Investment Management Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Logistics International Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Golden Oleo Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Madascar Investment Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Purimas Sasmita ("Purimas") (b1),(a)	Investment holding, building management services, business and management consultancy and trading	Indonesia	100.00	100.00
Sinarmas Food Pte. Ltd. (b3)	Investment holding	Singapore	100.00	100.00

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	Effective interest of the Company 2014 %
Subsidiaries held through subsidiaries				
PT Abadimas Investama (b1)	Investment holding and business and management consultancy services	Indonesia	100.00	100.00
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 (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrokarya Primalestari (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrolestari Mandiri (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrolestari Sentosa (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agropalma Sejahtera (b1)	Investment holding	Indonesia	100.00	100.00
PT Aimer Sawitmas (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Alam Sumber Rahmat (b3)	Oil palm cultivation and palm oil producer	Indonesia	97.48	97.48
Aurea Investment Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Aurorea Investment Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Aurea Resource Trading Company Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00
PT Bangun Nusa Mandiri (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Belino Investments Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00
PT Berau Sarana Jaya (b3)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
PT Bhakti Manunggal Karya (b5)	Training services	Indonesia	100.00	100.00

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	2014 %
Subsidiaries held through subsidiaries (cont'd)				
Billford Investment Corporation Ltd. (Note 40a),(b1)	Investment holding	Malaysia	100.00	-
PT Bina Kreasi Teknologi (b3)	Investment holding, trading and the provision of services in technology products	Indonesia	100.00	100.00
PT Binasawit Abadipratama (b8)	Investment holding, 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
PT Buana Adhitama (b8)	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 services	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 and business and management consultancy	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 (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Citra Bhakti Mandiri (b8)	Investment holding	Indonesia	100.00	100.00
PT Dami Mas Sejahtera (b8)	Production and sale of oil palm seeds	Indonesia	100.00	100.00
PT Dian Ciptamas Agung (b3)	Shipping and/or related business	Indonesia	100.00	100.00

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	2014 %
Subsidiaries held through subsidiaries (cont'd)				
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 Mas Resources (Note 40a),(b5)	Producer of edible oil and fat	Indonesia	100.00	-
Eco Investment Ltd (b2)	Investment holding	Malaysia	100.00	100.00
Enterprise Capital Corporation (b2)	Investment holding	Malaysia	100.00	100.00
Florentina International Holdings Limited (b1)	Investment holding	Mauritius	100.00	100.00
PT Forestalestari Dwikarya (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Smart Trac Resources Trading Limited *(formerly known as "GAI Trading (HK) Limited")* (b4)	Trading	Hong Kong	100.00	100.00
GAR Pakistan (Pvt.) Limited (b1)	Export, import, transportation, management and trading	Pakistan	100.00	100.00
Gemini Edibles & Fats India Private Limited (b13)	Trading, manufacturing and marketing of edible oils and fats	India	75.02	75.02
PT Genta Mas Perkasa (b5)	Investment holding	Indonesia	100.00	100.00
PT Global Media Telekomindo (b3)	Telecommunication and multimedia services	Indonesia	100.00	100.00
Goederhand Finance B.V. (b2)	Treasury management	The Netherlands	100.00	100.00
Golden Adventure (GSW) Pte. Ltd.	Ownership of shipping vessel(s)	Singapore	70.00	70.00
Golden Agri International India Holding Pte. Ltd.	Investment holding and provision of management and consultancy services	Singapore	100.00	100.00
Golden Agri International (L) Ltd (b1)	Trading in crude palm oil and related products	Malaysia	100.00	100.00
Golden Agri International (M) Ltd (b2)	Trading in crude palm oil and related products	Cayman Islands	100.00	100.00

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	2014 %
Subsidiaries held through subsidiaries (cont'd)				
Golden Agri International (M) Trading Sdn. Bhd. (b1)	Trading in crude palm oil and related products	Malaysia	100.00	100.00
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 and property investment	Singapore	100.00	100.00
Golden Agri Resources (India) Private Limited (b1)	Trading and refining of crude palm oil and related products	India	100.00	100.00
Golden Agri-Resources Nigeria Limited (b3)	Importing, marketing and distributing palm oil products	Federal Republic of Nigeria	100.00	100.00
Golden Agri Resources & Technology (M) Sdn. Bhd. (b1)	Owner and construction of bulking stations, export, import, administration of transportation services, management and trading	Malaysia	100.00	100.00
Golden Agri SEA (Labuan) Ltd (b1)	Trading in crude palm oil 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 (b4)	Leasing of aircraft(s) under its ownership	Hong Kong	100.00	100.00
Golden Avenue (GSW) Pte. Ltd.	Ownership of shipping vessel(s)	Singapore	70.00	70.00
Golden Funds & Investment Services Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Maritime Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Golden Natural Resources (HK) Investment Co. Limited (b4)	Investment holding	Hong Kong	100.00	100.00
GP Pakistan (Mauritius) Limited (b1)	Investment holding	Mauritius	100.00	100.00
PT Griyagraha Sarimakmur (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	Effective interest of the Company 2014 %
Subsidiaries held through subsidiaries (cont'd)				
GSW 2 Pte. Ltd. (b3),(e)	Dormant	Singapore	-	70.00
Harford Holdings Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00
Huafeng Foodstuff (Fuxin) Co., Ltd (b9)	Manufacturing and sale of processed instant noodles, snack products and beverages	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 and beverages	People's Republic of China	100.00	100.00
PT Indokarya Mas Sejahtera (b1)	Investment holding and business and management consultancy	Indonesia	100.00	100.00
Integrated Advance IT Services Sdn. Bhd. (b1),(c)	IT consultancy, IT application design, development and maintenance services and provision of facilities for data centre resources and other IT outsourced activities	Malaysia	100.00	-
Integrated Investments Ltd (b1)	Investment holding	Mauritius	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 and business and management consultancy	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 (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Kencana Graha Permai (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Kreasi Mas Indah (b1)	Producer of beverage products	Indonesia	100.00	100.00
PT Kreasi Nusajaya Abadi (Note 40a),(b3)	Producer of edible oil and fat	Indonesia	100.00	-
PT Kresna Duta Agroindo (b1)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	2014 %
Subsidiaries held through subsidiaries (cont'd)				
PT Kurnia Cakra Sakti (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Langgeng Subur (b1)	Cultivation of ornamental plants	Indonesia	97.20	97.20
Madascar Capital Pte. Ltd.	Investment holding	Singapore	100.00	100.00
PT Mantap Andalan Unggul (b3)	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	97.20
PT Meganusa Intisawit (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Meganusa Karya Langgeng (b5)	Investment holding and business and management consultancy	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 (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Nabati Energi Mas (b1)	Production of palm oil based bio-diesel and other renewable resources based bio-fuel	Indonesia	97.20	97.20
Ningbo Shining Gold Cereal Oil Port Co., Ltd	Port and storage facilities	People's Republic of China	81.73	81.73
Ningbo Shining Gold Cereal Oil Storage Co., Ltd	Provide services in port loading, storage, packaging and transportation	People's Republic of China	81.73	81.73
PT Nusantara Candra (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Nusatama Agung Kreasi (Note 40a),(b3)	Producer of edible oil and fat	Indonesia	100.00	-
PT Oleokimia Sejahtera Mas (b8)	Refinery operation	Indonesia	100.00	100.00
OLIQEM GmbH (Note 40a),(b18)	Trade and distribution of oleochemical products	Germany	100.00	-

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	2014 %
Subsidiaries held through subsidiaries (cont'd)				
PT Paramitra Agung Cemerlang (b1)	Provision of shipping and chartering services	Indonesia	100.00	100.00
PT Paramitra Internusa Pratama (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Pelangi Sungai Siak (b3)	Oil palm cultivation and palm oil producer	Indonesia	82.62	82.62
PT Persada Graha Mandiri (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Perusahaan Perkebunan Panigoran (b1)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
PT Pratama Ronaperintis (b3)	Investment holding	Indonesia	68.04	68.04
PT Propertindo Prima (b1)	Transportation services	Indonesia	97.20	97.20
PT Putra Manunggal Abadi (b8)	Investment holding	Indonesia	100.00	100.00
PT Rama Flora Sejahtera (b3)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
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 (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Sangatta Andalan Utama (b3)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
PT Satrindo Jaya Agropalma (b5)	Transportation services	Indonesia	100.00	100.00
PT Satya Kisma Usaha (b1)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
PT Sawit Mas Sejahtera (b5)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Sawitakarya Manunggul (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Shining Gold Foodstuffs (Ningbo) Co., Ltd	Refinery of palm and vegetable oil	People's Republic of China	100.00	100.00

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	2014 %
Subsidiaries held through subsidiaries (cont'd)				
Shining Gold Oilseed Crushing (Ningbo) Co., Ltd	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 ("SMART") (b1)	Investment holding, oil palm cultivation and palm oil producer, refinery and producer of consumer cooking oil, shortening and margarine	Indonesia	97.20	97.20
PT Sinar Mas Digital Ventures (b3)	Provision of investment, consultancy and management services in information technology	Indonesia	100.00	100.00
Sinar Mas Natural Resources (China) Investment Co., Ltd (b10)	Investment holding	People's Republic of China	100.00	100.00
PT Sinarmas Bio Energy (b3),(c)	Production of palm oil based bio-diesel and other renewable resources based energy	Indonesia	97.20	-
PT Sinarmas Cakrawala Persada (b1)	Investment holding	Indonesia	100.00	100.00
Sinarmas Corporate Management (Shanghai) Co., Ltd (b9)	Provision of management and consultancy services	People's Republic of China	100.00	100.00
Sinarmas Digital Ventures (HK) Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Sinarmas Digital Ventures (SG) Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
PT Sinarmas Distribusi Nusantara (b1)	Distributor of fast moving consumer products	Indonesia	100.00	100.00
Sinarmas Food (Hong Kong) Co., Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Sinarmas Food (Shaoguan) Co., Ltd (b9),(c)	Manufacturing and sale of food products and instant noodles	People's Republic of China	100.00	-

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	Effective interest of the Company 2014 %
Subsidiaries held through subsidiaries (cont'd)				
Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd	Refinery of palm and vegetable oil	People's Republic of China	100.00	100.00
Sinarmas Natural Resources (Tianjin) Investment Co. Limited (b3),(c)	Investment holding	Hong Kong	100.00	-
PT Sinarmas Surya Sejahtera (b3),(c)	Sale of food products	Indonesia	100.00	-
PT Sinar Mas Super Air (b5)	Aerial manuring	Indonesia	99.02	99.02
Sinarkonex Korea Co., Ltd (b3)	Dormant	Korea	70.00	70.00
PT Soci Mas (b1)	Oleochemical industries	Indonesia	97.23	97.23
Solid Growth Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
Sterling International Investment Ltd (b3)	Investment holding	Malaysia	100.00	100.00
Straits Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
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	97.20
PT Tarunacipta Kencana (b1)	Ownership and operation of marine cargo	Indonesia	100.00	100.00
Tianjin Decoris Investment and Consultancy Co., Ltd (b11)	Investment holding and business consultancy services	People's Republic of China	100.00	100.00
Tianjin Mundus Investment and Consultancy Co., Ltd (b11)	Investment holding and business consultancy services	People's Republic of China	100.00	100.00
PT Tradisi Mas Sejahtera (b3)	Investment holding	Indonesia	62.50	62.50
PT Tradisi Sawit Mandiri Utama (b3)	Oil palm cultivation and palm oil producer	Indonesia	85.00	85.00

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	2014 %
Subsidiaries held through subsidiaries (cont'd)				
PT Trans Indojaya Mas (b5),(d)	Transportation services	Indonesia	-	99.03
PT Universal Transindo Mas (b5)	Transportation services	Indonesia	99.03	99.03
PT Usaha Malindo Jaya (b5)	Construction service	Indonesia	100.00	100.00
Victory Oleo Holding GmbH (Note 40a),(b6)	Distribution of oleochemical products	Germany	100.00	-
Victory Tropical Oil B.V. (b2)	Investment holding and finance	The Netherlands	100.00	100.00
Victory Tropical Oil USA, Inc. (b2)	Trading in tropical oils and their by-products	United States of America	100.00	100.00
Windflower Investments Limited (b2)	Investment holding and treasury management	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 Film Co., Ltd (b9)	Dormant	People's Republic of China	85.00	85.00
Zhuhai Huafeng Printing Co., Ltd (b9)	Dormant	People's Republic of China	85.00	85.00
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	Refinery of palm and vegetable oil	People's Republic of China	85.00	85.00

45 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2015 %	Effective interest of the Company 2014 %
The Group's associated companies are:				
PT Catur Paramita (b3)	Property owner for education purposes	Indonesia	36.21	36.21
PT Duta Anugerah Indah (b16)	Television broadcasting which focuses on education and in the humanitarian field	Indonesia	28.08	28.08
PT Hortimart Agrogemilang (b3)	Production and sale of seeds	Indonesia	38.01	38.01
PT Sinar Meadow International Indonesia (b5)	Production of special vegetable oil and fat	Indonesia	50.00	50.00
The Group's joint ventures are:				
Golden Stena Bulk IMOIIMAX I Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX III Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX VII Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX VIII Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX IX Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX X Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Weco Pte. Ltd.	Transportation services	Singapore	50.00	50.00
Jetlane Holdings Limited (b12)	Investment holding	British Virgin Islands	50.00	50.00
Nuova Energia S.r.l. (b17)	Building and operation of wind power farms	Italy	50.00	50.00
Sinarmas LDA Maritime Pte. Ltd. (b14)	Shipping and logistics business	Singapore	50.00	50.00
GSW F-Class Pte. Ltd. *(formerly known as "Shining Sunrise 2013 Pte. Ltd.")*	Investment holding and ownership of vessel(s)	Singapore	50.00	50.00
Sinarmas Cepsa Pte. Ltd (b15)	Investment holding	Singapore	50.00	50.00
PT Super Wahana Tehno (b1)	Production and distribution of bottled ionised mineral water	Indonesia	48.60	48.60

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

(4) Audited by TCL & Company, Certified Public Accountants (Practising).

(5) Audited by Tanubrata Sutanto Fahmi & Rekan (BDO).

(6) Audited by MIZ GmbH.

(7) Audited by PricewaterhouseCoopers Ltd.

(8) Audited by Purwantono, Suherman & Surja (Ernst & Young).

(9) Audited by Zhonghua Certified Public Accountants LLP, PRC.

(10) Audited by Beijing Dongshen Dingli International CPA, PRC.

(11) Audited by Tianjin Chengtai CPAs Ltd.

(12) Audited by KAP Drs. Ferdinand.

(13) Audited by member firms of Moore Stephens International Limited of which Moore Stephens LLP, Singapore is a member and Walker Chandiok & Co LLP for the financial year 2015 and 2014 respectively.

(14) Audited by Paul Wan & Co.

(15) Audited by Ernst & Young LLP.

(16) Audited by KAP Handoko & Suparmun.

(17) Audited by PricewaterhouseCoopers SpA.

(18) Audited by Wir Treuhand GmbH.

45 Group Companies (cont'd)

Notes: (cont'd)

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

Subsidiaries	Initial Issued and Paid-up Capital
Integrated Advance IT Services Sdn. Bhd.	2 ordinary shares of RM1 each
Sinarmas Natural Resources (Tianjin) Investment Co. Limited	1 ordinary share of HK$1
PT Sinarmas Bio Energy	10,000 shares of IDR1,000,000 each
PT Sinarmas Surya Sejahtera	1,000 shares of IDR1,000,000 each
	Registered capital
Sinarmas Food (Shaoguan) Co., Ltd	US$7,260,000

(d) During the current financial year, PT Trans Indojaya Mas was liquidated, and goodwill previously recognised on the initial acquisition of the company of US$419,000 was written off.

(e) During the current financial year, GSW 2 Pte. Ltd. was struck off.

(f) As at 31 December 2015, the accumulated non-controlling interests is US$88,473,000 (2014: US$89,818,000), of which US$72,275,000 (2014: US$73,811,000) is for 2.8% non-controlling interests in SMART and its subsidiaries ("SMART Group"). The non-controlling interests in respect of other subsidiaries are individually not material.

The following table summarises the financial information relating to SMART Group which has non-controlling interests that are material to the Group:

	SMART Group	
	2015	2014
	US$'000	US$'000
Non-current assets	3,506,769	3,479,409
Current assets	847,305	846,610
Non-current liabilities	(927,469)	(859,956)
Current liabilities	(794,727)	(779,172)
Revenue	2,750,481	2,730,242
(Loss)/Profit for the year	(57,640)	156,236
Total comprehensive (loss)/income	(52,551)	155,313
(Loss)/Profit allocated to NCI	(1,611)	4,368
Dividends paid to NCI	60	34
Cash inflows from operating activities	48,667	144,275
Cash outflows from investing activities	(170,369)	(144,909)
Cash inflows from financing activities	103,985	97,063
Net (decrease)/increase in cash and cash equivalents	(17,717)	96,429

Report on the Audit of the Consolidated Financial Statements

Opinion

We have audited the consolidated financial statements of Golden Agri-Resources Ltd (the "Company") and its subsidiaries (the "Group") as set out on pages 72 to 153, which comprise the consolidated statement of financial position of the Group as at 31 December 2016, and the consolidated income statement, consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the financial year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying consolidated financial statements give a true and fair view of the consolidated financial position of the Group as at 31 December 2016, and its consolidated financial performance and its consolidated cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for Opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Group in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) and we have fulfilled our other ethical responsibilities in accordance with the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the consolidated financial statements of the current period. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Adoption of Amendments to IAS 16 and IAS 41 and valuation of biological assets

We refer to Note 3(i), Note 3(k), Note 4(a)(i), Note 24 and Note 25 to the consolidated financial statements.

The carrying amount of the Group's bearer plants and biological assets amounted to US$1.10 billion and US$85.17 million as at 31 December 2016.

The Group adopted the amendments to IAS 16 and IAS 41 and the change has been applied retrospectively. The accounting impact saw a decrease in biological assets of US$7.79 billion, an increase in bearer plants of US$1.23 billion, a decrease in deferred tax liabilities of US$1.56 billion and a net decrease in total equity of US$5 billion to the consolidated financial position as at 31 December 2015. The adoption of the amended standards have a significant impact to the Group's results.

Under the amended standards, management has chosen to record the bearer plants using the cost model for subsequent measurement. Depreciation is computed based on estimated useful lives of bearer plants determined by management. Biological assets are measured at fair value less estimated point-of-sale costs at the point of harvest. The calculations require the use of estimates and assumptions which involve judgements.

(cont'd)

Our response:

We have reviewed the Group's accounting policy for the adoption of amendments to IAS 16 and IAS 41, with bearer plants stated at cost, less accumulated depreciation and any impairment losses. We have considered whether impairment indicators (both internal and external indicators) existed and reviewed the useful lives of bearer plants estimated by management. We have reviewed the fair value measurement performed by management to determine the biological assets at the reporting date.

We have discussed with the component auditors on their work performed. We further conducted a detailed discussion with the Group's key management and considered their views on the basis for the Group's accounting for bearer plants under the historical cost method, the key estimates and assumptions used in determining the useful lives of to compute the depreciation of the bearer plants and to measure the fair values of the biological assets.

Based on our understanding of the Group's business and the economic environment in which it operates, we have obtained the data and reviewed the key estimates and assumptions used to determine the carrying amount of the bearer plants and to measure the fair value of the biological assets. The key estimates and assumptions are reasonable when compared to industry benchmarks.

Our findings:

We found the carrying value of the bearer plants and biological assets have been appropriately stated in accordance with the amendments to IAS 16 and IAS 41.

Valuation of investments in financial assets

We refer to Note 3(s), Note 4(b)(ii), Note 14 and Note 19 to the consolidated financial statements.

The carrying amount of available-for-sale financial assets amounted to US$706.31 million and financial assets at fair value through profit or loss amounted to US$321.99 million. These accounted for 12% of the Group's total assets as at 31 December 2016.

At the end of the reporting period, the Group reviews the appropriateness of valuations in respect of equity and debt investments that are measured at fair value. The Group also assesses for impairment indicators and conducts impairment analyses of financial assets where appropriate. In making these assessments, the Group evaluated, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. Changes to these factors will result in changes in the carrying amount of investments in financial assets recognised at the reporting period end.

Our response:

We have reviewed the Group's investments in equity and debt securities and determined if they are measured at fair value or at cost less any impairment losses. We conducted a detailed discussion with the Group's key management and considered their views to derive the measurement of the investments in financial assets.

We have reviewed the financial information and other external data sources provided by the Group. In determining whether there are any impairment losses to the financial assets, we further challenged management's judgement, which included comparing to historical results.

Our findings:

We found valuation and impairment analyses of financial assets conducted by management to be appropriate and reasonable.

(cont'd)

Recoverability of deferred tax assets

We refer to Note 3(x), Note 4(b)(i), Note 11 and Note 26 to the consolidated financial statements.

The Group's subsidiaries in Indonesia revalued certain bearer plants in connection with the new legislation in Indonesia to allow entities to revalue their assets for tax purposes. During the current financial year, the Group's subsidiaries in Indonesia received approval for the revaluation of certain bearer plants from the Indonesian Tax Authorities. In addition, the Group recognised deferred tax assets on unutilised tax losses and capital allowances. The Group exercised its judgement to determine the amount of deferred tax assets that can be recognised, to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. As at 31 December 2016, the Group has recognised deferred tax assets of US$301.86 million.

Our response:

We have discussed with the component auditors to understand the tax regulations in Indonesia and their work performed on the recognition of deferred tax assets, including the deferred tax assets that arose from the revaluation of assets for tax reporting purposes.

We have obtained the details of the revaluation of assets for tax purposes, the related approval from the Indonesian Tax Authorities and reviewed the calculation for the recognition of deferred tax assets.

We further conducted a detailed discussion with the Group's key management and considered their views on the Group's recoverability of deferred tax assets. We have reviewed management's assessment on the recoverability of deferred tax assets to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised.

Our findings:

We found management assessment of the recoverability of deferred tax assets to be reasonable based on available audit evidence.

Other Information

Management is responsible for the other information. The other information comprises the annual report on pages 1 to 43 and 62 to 66, but does not include the financial statements and our auditor's report thereon.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Directors for the Consolidated Financial Statements

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

In preparing the consolidated financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors are responsible for overseeing the Group's financial reporting process.

(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Group's internal control.

- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by the management.

- Conclude on the appropriateness of management's use of the going concern basis of accounting and based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

(cont'd)

Auditor's Responsibilities for the Audit of the Financial Statements (cont'd)

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Christopher Bruce Johnson.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
Date: 16 March 2017

CONSOLIDATED INCOME STATEMENT

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 US$'000	(Restated) 2015 US$'000
Revenue	5	7,208,849	6,510,051
Cost of sales	6	(6,194,462)	(5,505,277)
Gross profit		1,014,387	1,004,774
Operating expenses			
Selling expenses	7	(533,479)	(537,782)
General and administrative expenses	7	(305,305)	(294,656)
		(838,784)	(832,438)
Operating Profit		175,603	172,336
Other income/(expenses)			
Financial income	8	28,906	31,754
Financial expenses	8	(131,346)	(132,039)
Share of results of associated companies, net of tax		794	968
Share of results of joint ventures, net of tax		7,101	7,827
Foreign exchange gain/(loss)		47,188	(91,783)
Other operating income	9	46,325	10,196
		(1,032)	(173,077)
Exceptional item			
Allowance for impairment loss on property, plant and equipment	23	(34,296)	-
Profit/(Loss) before income tax	10	140,275	(741)
Income tax	11	262,544	10,746
Profit for the year		402,819	10,005
Attributable to:			
Owners of the Company		399,619	10,352
Non-controlling interests		3,200	(347)
		402,819	10,005
Earnings per ordinary share (cents)			
Basic and diluted	12a	3.14	0.08

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 US$'000	(Restated) 2015 US$'000
Profit for the year		402,819	10,005
Other comprehensive (loss)/income:			
Items that will not be reclassified subsequently to profit or loss:			
Actuarial (loss)/gain on post-employment benefits	37	(2,440)	10,236
Share of other comprehensive income of a joint venture		12	4
Items that may be reclassified subsequently to profit or loss:			
Foreign currency translation differences on consolidation		(11,108)	(13,563)
Share of other comprehensive income/(loss) of a joint venture		434	(2,212)
Changes in fair value of cash flow hedges		1,740	(740)
Changes in fair value of available-for-sale financial assets	38	2,527	2,292
Other comprehensive loss, net of income tax		(8,835)	(3,983)
Total comprehensive income for the year		393,984	6,022
Total comprehensive income/(loss) attributable to:			
Owners of the Company		391,358	6,919
Non-controlling interests		2,626	(897)
		393,984	6,022

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

CONSOLIDATED STATEMENT OF FINANCIAL POSITION

AS AT 31 DECEMBER 2016

	Note	2016 US$'000	(Restated) 2015 US$'000	(Restated) 1.1.2015 US$'000
Assets				
Current Assets				
Cash and cash equivalents	13	153,007	243,616	329,560
Short-term investments	14	201,972	258,882	261,166
Trade receivables	15	561,411	462,152	525,816
Other current assets	16	892,529	959,867	889,758
Inventories	17	967,138	740,918	850,723
		2,776,057	2,665,435	2,857,023
Non-Current Assets				
Long-term receivables and assets	18	253,008	202,870	360,593
Long-term investments	19	847,370	815,252	804,318
Investment in associated companies	20	10,158	9,556	8,431
Investment in joint ventures	21	62,112	55,771	56,167
Investment properties	22	986	1,113	1,227
Property, plant and equipment	23	2,788,483	2,842,292	2,551,664
Bearer plants	25	1,101,374	1,227,784	1,227,975
Deferred tax assets	26	301,860	56,523	27,036
Intangible assets	27	165,007	159,114	160,706
		5,530,358	5,370,275	5,198,117
Total Assets		**8,306,415**	**8,035,710**	**8,055,140**

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

	Note	2016 US$'000	(Restated) 2015 US$'000	(Restated) 1.1.2015 US$'000
Liabilities and Equity				
Current Liabilities				
Short-term borrowings	28	1,112,377	1,366,102	1,251,081
Bonds and notes payable	32	661,379	80,645	389,882
Trade payables	29	575,940	612,040	543,197
Other payables	30	348,945	254,275	286,720
Taxes payable	11	16,375	15,422	29,554
Obligations under finance lease	31	84	114	132
		2,715,100	2,328,598	2,500,566
Non-Current Liabilities				
Obligations under finance lease	31	-	99	269
Bonds and notes payable	32	420,158	1,085,963	1,040,087
Long-term borrowings	33	872,373	512,462	387,250
Deferred tax liabilities	26	117,627	238,449	257,462
Long-term payables and liabilities	34	85,206	120,741	76,691
		1,495,364	1,957,714	1,761,759
Total Liabilities		4,210,464	4,286,312	4,262,325
Equity Attributable to Owners of the Company				
Issued capital	35	320,939	320,939	320,939
Share premium		1,216,095	1,216,095	1,216,095
Treasury shares	35	(31,726)	(31,726)	-
Other paid-in capital		184,318	184,318	184,318
Other reserves				
Option reserve		31,471	31,471	31,469
Currency translation reserve		(12,909)	(2,795)	12,293
Fair value reserve		4,819	2,292	-
PRC statutory reserve		3,820	3,820	3,820
Hedging reserve		368	(1,372)	(632)
Other reserve		27,656	30,070	19,969
		55,225	63,486	66,919
Retained earnings		2,308,899	1,956,742	1,963,323
		4,053,750	3,709,854	3,751,594
Non-Controlling Interests		42,201	39,544	41,221
Total Equity		4,095,951	3,749,398	3,792,815
Total Liabilities and Equity		**8,306,415**	**8,035,710**	**8,055,140**

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

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

FOR THE YEAR ENDED 31 DECEMBER 2016

	Attributable to Owners of the Company								
	Issued Capital	Share Premium	Treasury Shares	Other Paid-in Capital	Other Reserves	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
Balance at 1.1.2016 as previously reported	320,939	1,216,095	(31,726)	184,318	41,708	6,928,359	8,659,693	88,473	8,748,166
Effect of adoption of amended IAS 16 and 41	-	-	-	-	21,778	(4,971,617)	(4,949,839)	(48,929)	(4,998,768)
Balance at 1.1.2016 as restated	320,939	1,216,095	(31,726)	184,318	63,486	1,956,742	3,709,854	39,544	3,749,398
Profit for the year	-	-	-	-	-	399,619	399,619	3,200	402,819
Other comprehensive loss	-	-	-	-	(8,261)	-	(8,261)	(574)	(8,835)
Total comprehensive income for the year	-	-	-	-	(8,261)	399,619	391,358	2,626	393,984
Dividends paid (Note 36)	-	-	-	-	-	(47,462)	(47,462)	-	(47,462)
Non-controlling interests for incorporation of subsidiaries (Note 44e)	-	-	-	-	-	-	-	31	31
Balance at 31.12.2016	320,939	1,216,095	(31,726)	184,318	55,225	2,308,899	4,053,750	42,201	4,095,951
Balance at 1.1.2015 as previously reported	320,939	1,216,095	-	184,318	45,141	6,962,010	8,728,503	89,818	8,818,321
Effect of adoption of amended IAS 16 and 41	-	-	-	-	21,778	(4,998,687)	(4,976,909)	(48,597)	(5,025,506)
Balance at 1.1.2015 as restated	320,939	1,216,095	-	184,318	66,919	1,963,323	3,751,594	41,221	3,792,815
Profit for the year, as restated	-	-	-	-	-	10,352	10,352	(347)	10,005
Other comprehensive loss	-	-	-	-	(3,433)	-	(3,433)	(550)	(3,983)
Total comprehensive income for the year	-	-	-	-	(3,433)	10,352	6,919	(897)	6,022
Shares buy back and held as treasury shares (Note 35)	-	-	(31,726)	-	-	-	(31,726)	-	(31,726)
Dividends paid (Note 36)	-	-	-	-	-	(16,933)	(16,933)	-	(16,933)
Dividends paid to non-controlling shareholders	-	-	-	-	-	-	-	(780)	(780)
Balance at 31.12.2015 as restated	320,939	1,216,095	(31,726)	184,318	63,486	1,956,742	3,709,854	39,544	3,749,398

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

CONSOLIDATED STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 US$'000	(Restated) 2015 US$'000
Cash flows from operating activities			
Profit/(Loss) before income tax		140,275	(741)
Adjustments for:			
Depreciation of investment properties	22	57	60
Depreciation of property, plant and equipment	23	187,460	174,315
Depreciation of bearer plants	25	159,447	134,801
Amortisation of intangible assets		2,211	1,572
Net (gain)/loss from changes in fair value of biological assets	24	(33,791)	11,274
Unrealised net foreign exchange (gain)/loss		(7,439)	17,559
Share of results of associated companies, net of tax		(794)	(968)
Share of results of joint ventures, net of tax		(7,101)	(7,827)
(Gain)/Loss on disposal of property, plant and equipment	9	(1,467)	888
Property, plant and equipment written off	9	980	1,026
Bearer plants written off	9	355	-
Allowance for/(Write-back of) impairment loss on:			
Trade receivables	15	-	4,086
Other receivables	9	(63)	32
Inventories, net		141	(779)
Property, plant and equipment	23	34,296	-
Gain on disposal/deconsolidation of subsidiaries, net	39b	(655)	-
Changes in fair value of financial assets at fair value through profit or loss	9	4,745	(721)
Goodwill written off	9	-	419
Trade receivables written off	9	-	224
Interest income	8	(28,906)	(31,754)
Interest expense	8	128,893	128,600
Operating cash flows before working capital changes		578,644	432,066
Changes in operating assets and liabilities:			
Trade receivables		(97,778)	65,740
Other receivables		(52,749)	39,302
Inventories		(225,739)	110,626
Trade payables		(36,764)	64,592
Other payables		44,456	54,959
Cash generated from operations		210,070	767,285
Interest paid		(122,032)	(117,434)
Interest received		23,410	24,201
Tax paid		(9,385)	(208,685)
Net cash generated from operating activities		102,063	465,367

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

CONSOLIDATED STATEMENT OF CASH FLOWS
(cont'd)
FOR THE YEAR ENDED 31 DECEMBER 2016

	Note	2016 US$'000	(Restated) 2015 US$'000
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment		17,795	3,875
Proceeds from disposal of bearer plants		603	2,477
Capital expenditure on property, plant and equipment	23	(201,749)	(415,445)
Capital expenditure on bearer plants	25	(13,176)	(33,967)
Proceeds from/(Investment in) financial assets, net		23,768	(5,637)
Investment in joint ventures		(2,000)	(1,500)
(Investment in)/Proceeds from Plasma/KKPA program plantations, net		(1,185)	2,363
Acquisition of subsidiaries, net of cash acquired	39a	(10,473)	(52,940)
Cash inflow from non-controlling interest for incorporation of subsidiaries	44e	31	-
Net cash outflow from disposal/deconsolidation of subsidiaries	39b	(216)	-
Dividend received from a joint venture		2,750	5,500
Payments for intangible assets		(8,049)	(92)
Net decrease in long-term receivables and assets		22,840	37,808
Net cash used in investing activities		(169,061)	(457,558)
Cash flows from financing activities			
Proceeds from short-term borrowings		2,451,198	3,111,045
Proceeds from long-term borrowings		607,691	300,000
Proceeds from notes issue		-	148,698
Payments of dividends		(47,462)	(57,363)
Payments of short-term borrowings		(2,675,104)	(3,006,659)
Payments of long-term borrowings		(269,863)	(153,221)
Payments of obligations under finance lease		(129)	(188)
Payments of shares buy back	35	-	(31,726)
Payments for redemption and repurchase of bonds and notes		(81,378)	(399,623)
Payments of deferred loan charges and bank loan administration costs	33	(8,564)	(4,716)
Increase in cash in banks and time deposits pledged		(13,589)	(9,814)
Net cash used in financing activities		(37,200)	(103,567)
Net decrease in cash and cash equivalents		(104,198)	(95,758)
Cash and cash equivalents at the beginning of the year		226,888	322,646
Cash and cash equivalents at the end of the year	13	122,690	226,888

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

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 CIM Corporate Services Ltd, Les Cascades Building, Edith Cavell Street, Port Louis, Republic of Mauritius.

The Company is principally engaged as an investment holding company. The principal activities of the subsidiaries, associated companies and joint ventures are described in Note 44 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 2016 were authorised for issue by the Board of Directors on 16 March 2017.

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

(a) Adoption of New and Revised IFRSs

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all the new and revised IFRSs issued that are relevant to its operations and effective for annual periods beginning on 1 January 2016. Except for the adoption of amendments to IAS 16 and IAS 41, *Agriculture: Bearer Plants*, of which the effect is discussed below, the adoption of the new and revised IFRSs has had no material financial impact on the financial statements of the Group.

Accounting for biological assets

The amendments to IAS 16 and IAS 41, *Agriculture: Bearer Plants* require biological assets that meet the definition of a bearer plant to be accounted for in accordance with IAS 16 measured at using either the cost model or revaluation model for subsequent measurement, while the agricultural produce growing on bearer plants will remain within the scope of IAS 41 to be measured at fair value less costs to sell. Bearer plants are defined as living plants that are used in the production or supply of agricultural produce and of which there is only a remote likelihood that the plant will also be sold as agricultural produce.

Prior to the adoption of these amendments, the Group's biological assets which include both the oil palm trees and fresh fruit bunches are measured at fair value less estimated point-of-sale costs. Upon the adoption of these amendments, biological assets that meet the definition of bearer plants (oil palm trees) are measured at historical costs less accumulated depreciation and agricultural produce (fresh fruit bunches) are measured at fair value less cost to sell. The change in accounting policy has been applied retrospectively and the effects of the change are as follows:

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

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

	As previously reported 2015 US$'000	Effect of adoption of amended IAS 16 and IAS 41 US$'000	Restated for 2015 US$'000
Consolidated income statements			
Cost of sales	(5,370,476)	(134,801)	(5,505,277)
Gross profit	1,139,575	(134,801)	1,004,774
Operating Profit	109,460	62,876	172,336
Net loss from changes in fair value of biological assets	(197,677)	186,403	(11,274)
Loss before income tax	(52,343)	51,602	(741)
Income tax credit	35,610	(24,864)	10,746
(Loss)/Profit for the year	(16,733)	26,738	10,005
(Loss)/Profit for the year attributable to:			
Owners of the Company	(16,718)	27,070	10,352
Non-controlling interests	(15)	(332)	(347)

	As previously reported 31.12.2015 US$'000	Effect of adoption of amended IAS 16 and IAS 41 US$'000	Restated for 31.12.2015 US$'000
Consolidated statements of financial position			
Biological assets	7,839,038	(7,787,663)	51,375
Bearer plants	-	1,227,784	1,227,784
Deferred tax liabilities	1,799,560	(1,561,111)	238,449
Equity attributable to owners of the Company	8,659,693	(4,949,839)	3,709,854
Non-controlling interests	88,473	(48,929)	39,544

	As previously reported 1.1.2015 US$'000	Effect of adoption of amended IAS 16 and IAS 41 US$'000	Restated for 1.1.2015 US$'000
Consolidated statements of financial position			
Biological assets	7,902,105	(7,839,456)	62,649
Bearer plants	-	1,227,975	1,227,975
Deferred tax liabilities	1,843,437	(1,585,975)	257,462
Equity attributable to owners of the Company	8,728,503	(4,976,909)	3,751,594
Non-controlling interests	89,818	(48,597)	41,221

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

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

As at the date of these financial statements, the Group has not adopted the following standards that have been issued but are not yet effective:

Description	Effective for annual periods beginning on or after
IFRS 9, *Financial Instruments*	1 January 2018
IFRS 15, *Revenue from Contracts with Customers*	1 January 2018
IFRS 16, *Leases*	1 January 2019
Amendments to IAS 7, *Statement of Cash Flows*	1 January 2017
Amendments to IAS 12, *Income Taxes - Recognition of Deferred Tax Assets for Unrealised Losses*	1 January 2017
Improvements to IFRSs (2016)	
• IFRS 12, *Disclosure of Interests in Other Entities*	1 January 2017
• IAS 28, *Investments in Associates and Joint Ventures*	1 January 2018

Except as disclosed below, the directors of the Company expect the adoption of the other standards above will have no material financial impact on the consolidated financial statements in the period of initial application.

<u>IFRS 15, *Revenue from Contracts with Customers*</u>

IFRS 15 sets out the requirements for recognising revenue that apply to all contracts with customers (except for contracts that are within the scope of the standards on leases, insurance contracts and financial instruments). IFRS 15 replaces the previous revenue standards, IAS 8, *Revenue* and the relevant interpretations on revenue recognition, IFRIC 18 *Transfers of Assets from Customers*, and SIC-31 *Revenue – Barter Transactions Involving Advertising Services*.

IFRS 15 establishes a five-step model that will apply to revenue arising from contracts with customers. Under IFRS 15, revenue is recognised at an amount that reflects the consideration which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in IFRS 15 provide a more structured approach to measuring and recognising revenue when the promised goods and services are transferred to the customer, i.e. when performance obligations are satisfied. Key issues include identifying performance obligations, accounting for contract modifications, applying the constraint to variable consideration, evaluating significant financing components, measuring progress towards satisfaction of a performance obligation, recognising contract cost assets and addressing disclosures requirements.

The Group is currently assessing the impact of IFRS 15 and plans to adopt the new standard on the required effective date.

<u>IFRS 9, *Financial Instruments*</u>

IFRS 9 was introduced to replace IAS 39, *Financial Instruments: Recognition and Measurement*. IFRS 9 changes the classification and measurement requirements for financial assets and liabilities, and also introduces a three-stage impairment model that will impair financial assets based on expected losses regardless of whether objective indicators of impairment have occurred. IFRS 9 also provides a simplified hedge accounting model that will align more closely with companies' risk management strategies.

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

(b) New and Revised IFRSs issued but not yet effective (cont'd)

IFRS 9, *Financial Instruments* (cont'd)

The Group is currently assessing the impact of IFRS 9 and plans to adopt the new standard on the required effective date.

IFRS 16, *Leases*

IFRS 16 requires lessees to recognise right-of-use assets and lease liabilities for all leases with a term of more than 12 months, except where the underlying asset is of low value. The right-of-use asset is depreciated and interest expense is recognised on the lease liability. The accounting requirements for lessors have not been changed substantially, and continue to be based on classification as operating and finance leases. Disclosure requirements have been enhanced for both lessors and lessees.

The Group is currently assessing the impact of IFRS 16 and plans to adopt the new standard on the required effective date.

3 Summary of Significant Accounting Policies

(a) Basis of Preparation

The consolidated financial statements are prepared on the historical cost basis, 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 4 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. All financial information presented in United States dollars have been rounded to the nearest thousand, unless otherwise stated.

3 Summary of Significant Accounting Policies (cont'd)

(c) 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.

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:

- assets and liabilities are translated at the exchange rates approximating those prevailing at the end of the reporting period;
- share capital and reserves are translated at historical exchange rate; and
- 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.

(d) 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 have control. The Group companies control an entity if and only if they have power over the entity and when they are exposed to, or have rights to variable returns from their involvement with the entity, and have the ability to use their power over the entity to affect those returns. The Group will re-assess whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date on which control is transferred to the Group companies and are deconsolidated from the date that control ceases.

3 Summary of Significant Accounting Policies (cont'd)

(d) 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.

With the exception of business combinations involving entities under common control, acquisitions of subsidiaries are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

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.

Changes in the Group's interest in a subsidiary that do not result in loss of control are accounted for as transactions with equity owners of the Company. Any difference between the change in carrying amounts of the non-controlling interest and the value of consideration paid or received is recognised in other reserves, within equity attributable to the owners of the Company.

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.

(e) Associated Companies and Joint Ventures

Associated companies are entities in which the Group has significant influence but not control, which generally occurs when the Group holds, directly or indirectly, 20% or more of the voting power of the investee, or is in a position to exercise significant influence on the financial and operating policy decisions.

Joint ventures are entities over which the Group has contractual arrangements to jointly share the control over the economic activity of the entities with one or more parties and have rights to the net assets of the arrangements.

The Group accounts for its investment in associated companies and joint ventures using the equity method from the date on which it becomes an associated company or joint venture.

On acquisition of the investment, the cost of an acquisition is measured at the fair value of the assets given, equity instruments issued or liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Any excess of the cost of investment over the Group's share of the net fair value of the investee's identifiable assets and liabilities is included in the carrying amount of the investments. Any excess of the Group's share of the net fair value of the investee's identifiable assets and liabilities over the cost of the investment, the Group will reassess whether it has correctly identified all of the assets acquired and liabilities assumed, and any excess thereafter is included as income in the determination of the entity's share of the associate or joint venture's profit or loss in the period in which the investment is acquired.

3 Summary of Significant Accounting Policies (cont'd)

(e) Associated Companies and Joint Ventures (cont'd)

Under the equity method, the investment in associated companies or joint ventures are carried in the statement of financial position at cost plus post-acquisition changes in the Group's share of net assets of the associated companies or joint ventures. The Group's share of post-acquisition profit or losses are recognised in the income statement and its share of post-acquisition other comprehensive income is recognised in other comprehensive income. These post-acquisition movements and distributions received from the associated companies or joint ventures are adjusted against the carrying amount of the investments. Unrealised gains on transactions between the Group and its associated companies or joint ventures are eliminated to the extent of the Group's interest in the associated companies or joint ventures. Unrealised losses are also eliminated unless transactions provide evidence of impairment of the assets transferred.

When the Group's share of losses in an associated company or joint venture equals to or exceeds its interest in the associated company or joint venture, including any other unsecured non-current receivables, the Group does not recognise further losses, unless it has obligations to make or has made payments on behalf of the associated company or joint venture.

The financial statements of the associated companies and joint ventures are prepared as the same reporting date as the Company. Where necessary, adjustments are made to bring the accounting policies in line with those of the Group.

(f) Intangible Assets Excluding Goodwill

All incidental costs, incurred in connection with the renewal of land rights, are capitalised and amortised over the term of the related land rights less any impairment loss.

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 less any impairment loss.

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.

(g) 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.

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

(h) 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.

(i) Bearer Plants

Bearer plants are living plants that are used in the production or supply of agricultural produce, which are expected to bear produce for more than one period. Bearer plants (oil palm trees) include mature plantations (fresh fruit bunches), immature plantations and nursery that are established or acquired by the Group.

Mature plantations are stated 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 charged so as to write off the cost of mature plantations, using the straight-line method, over the estimated useful lives of 25 years.

Costs incurred in the preparation of the nursery, purchase of seedlings and their maintenance are stated at cost. The accumulated costs will be transferred to immature plantations account at the time of planting.

Immature plantations are stated at cost. The costs of immature plantations consist mainly of the accumulated cost of planting, fertilising and maintaining the plantation, including borrowing costs on such borrowings and other indirect overhead costs up to the time the trees are harvestable and to the extent appropriate. An oil palm plantation is considered mature when such plantation starts to produce at the beginning of the fourth year.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposed. Any gains or losses on disposal of bearer plants are recognised in the income statement in the year of disposal.

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

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

(j) 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	- 5 to 50
Buildings	- 10 to 50
Machinery and equipment	- 4 to 25
Leasehold improvements, furniture and fixtures	- 3 to 10
Transportation equipment	- 5 to 16

Land rights are carried at cost less any impairment losses and not subject to amortisation except for those 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.

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.

Property, plant and equipment are derecognised upon disposal or when no future economic benefits are expected from its use or disposed. Any gains or losses on disposal of property, plant and equipment are recognised in the income statement in the year of disposal.

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.

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.

(k) Biological Assets

The fresh fruit bunches ("FFB") that are growing on the bearer plants (oil palm trees) are accounted for as biological assets until the point of harvest. Biological assets are 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. Any resultant gains or losses arising from changes in fair value are recognised in the income statement.

3 Summary of Significant Accounting Policies (cont'd)

(l) 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 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.

(m) 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 its fair value less costs of disposal.

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.

(n) Cash and Bank Balances

Cash and cash equivalents comprise cash on hand, cash in banks and time deposits with maturities of three months or less which are highly liquid assets that are readily convertible into known amounts of cash and 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.

(o) 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.

3 Summary of Significant Accounting Policies (cont'd)

(p) 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.

(q) 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.

(r) 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.

(s) 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. Financial assets are recognised initially on the trade date which is the date that the Group becomes a party to the contractual provisions of the instrument. Financial assets are derecognised when, and only when, the contractual rights to the cash flows from the financial assets have expired, or have been transferred and transferred substantially all the risks and rewards of ownership of the financial assets to another entity.

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 and cash and cash equivalents. 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. Where risks associated with trade receivables are transferred out of the Group under receivable purchase arrangements, such receivables are derecognised from the statement of financial position, except to the extent of the Group's continuing involvement or exposure.

3 Summary of Significant Accounting Policies (cont'd)

(s) 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. Financial assets at fair value through profit or loss arising from derivatives that are linked to and must be settled by delivery of such unquoted equity instruments 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.

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.

If the range of reasonable fair value measurements is significant and the probabilities of the various estimates cannot be reasonably assessed, an entity is precluded from measuring the instrument at fair value.

(t) 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 remeasured 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.

3 Summary of Significant Accounting Policies (cont'd)

(u) Share Capital and Share Premium

Ordinary shares are classified as equity. Share capital is determined using the par value of shares that have been issued. Share premium includes any excess received on the issuance of shares over the par value, net of any direct issue costs. The share premium amount may be applied only for the purpose specified in the Companies Act 2001.

The Company's own ordinary shares, which are re-acquired by the Company and held as treasury shares, are recognised at cost and deducted from equity. No gain or loss is recognised in the income statement on the purchase, sale, re-issuance or cancellation of equity shares. Any difference between the carrying amount of treasury shares and the consideration received, if re-issued, is recognised directly in equity as gain or loss on re-issuance of treasury shares.

(v) Dividend Distribution

Dividend distribution to the Company's shareholders is recognised as a liability in the Group's financial statements in the period in which the dividends are approved for payment.

(w) 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.

(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.

3 Summary of Significant Accounting Policies (cont'd)

(x) Income Tax (cont'd)

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) Related Party Transactions

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, a joint venture or provides key management personnel services to the reporting entity or to the parent of the reporting entity. 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.

(z) 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 recognised immediately in other comprehensive income and all past service costs are recognised immediately in the income statement in the period they occur.

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)

(aa) 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:

- 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.
- Revenue from processing, shipping, repair services and trucking services is recognised when the services are rendered.
- Revenue from provision of port and storage facilities is recognised when the services are rendered.
- Rental income from operating leases is recognised on a straight-line basis over the term of the lease contracts.
- Dividend income from investments is recognised on the date the dividends are declared payable by the investees.
- Interest income is accrued on a time-proportion basis, by reference to the principal outstanding and at the effective interest rate applicable.

(ab) Segment Reporting

An operating segment is a component of the Group that engages in business activities from which it may earn revenues and incur expenses, including revenues and expenses that relate to transactions with any of the Group's other components. Operating segments are reported in a manner consistent with the internal reporting provided to the Executive Committee (the chief operating decision maker) of the Group, which consist of the Chairman and Chief Executive Officer (CEO), the Executive Directors and the CEOs of business units, to make decisions about resources to be allocated to the segment and to assess its performance.

The Executive Committee assesses the performance of the operating segments based on a measure of earnings before income tax, non-controlling interests, interests on borrowings, foreign exchange gain/(loss), depreciation and amortisation, net changes in fair value of biological assets and exceptional item ("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.

(ac) Financial Guarantees

The Company has issued corporate guarantees to creditors for borrowings of its subsidiaries, joint ventures and entities owned by its investees and joint ventures. These guarantees are financial guarantee contracts as they require the Company to reimburse the creditors if the borrowers 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 income statement over the period of the 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 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) Estimated Useful Lives of Property, Plant and Equipment and Bearer Plants

The Group estimates the useful lives of property, plant and equipment and bearer plants based on the period over which the assets are expected to be available for use. The estimated useful lives of property, plant and equipment and bearer plants 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 and bearer plants 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 and bearer plants 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 and bearer plants during the current financial year. As at 31 December 2016, the carrying amount of property, plant and equipment and bearer plants amounted to US$2,788,483,000 (2015: US$2,842,292,000) (Note 23) and US$1,101,374,000 (2015: US$1,227,784,000) (Note 25) respectively.

(ii) Impairment of Goodwill

The Group performed impairment tests on goodwill on an annual basis, in accordance with the accounting policy stated in Note 3(g). 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 future cash flows as well as growth rate used for extrapolation purpose during the period. The growth and discount rates are based on industry forecasts. The expected cash flows are based on past practices and margins with reference to the historical results. As at 31 December 2016, there is no impairment loss recognised in the consolidated financial statements and the carrying amount of goodwill amounted to US$151,895,000 (2015: US$151,951,000) (Note 27).

(iii) Post Employment Benefits

The present value of the post employment benefits obligations and cost for post employment benefits are dependent on the selection of certain assumptions used by actuaries in calculating such amounts. Those assumptions, which include among others, discount rates and rates of salary increase, are described in Note 37. In accordance with IAS 19, *Employee Benefits*, actual results that differ from the assumptions may generally affect the recognised expense and recorded obligation. While the Group believes that the assumptions are reasonable and appropriate, significant differences in the actual experience or significant changes in the assumptions may materially affect the post employment benefits obligations. As at 31 December 2016, the estimated post employment benefits liabilities amounted to US$80,570,000 (2015: US$63,929,000) (Note 37).

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

(b) Critical Judgements in Applying Accounting Policies

(i) Deferred Tax Assets

The Group's subsidiaries in Indonesia revalued certain bearer plants in connection with the new legislation in Indonesia to allow entities to revalue their assets for tax purposes. During the current financial year, the Group's subsidiaries in Indonesia received approval for the revaluation of certain bearer plants from the Indonesian Tax Authorities. In addition, the Group also recognised deferred tax assets on unutilised tax losses and capital allowances. Significant judgement is required to determine the amount of deferred tax assets that can be recognised to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilised. As at 31 December 2016, the Group has deferred tax assets of US$301,860,000 (2015: US$56,523,000) (Note 26).

(ii) Impairment of Financial Assets

The Group reviews its equity and debt securities classified as financial assets at fair value through profit or loss and available-for-sale financial assets at the end of each reporting period to assess whether they are impaired. The Group also records impairment charges on these financial assets when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluated, among other factors, historical share price movements and the duration and extent to which the fair value of an investment is less than its cost. As at 31 December 2016, the carrying amount of financial assets at fair value through profit or loss and available-for-sale financial assets amounted to US$321,993,000 (2015: US$345,541,000) and US$706,308,000 (2015: US$678,918,000) (Notes 14 and 19) respectively.

5 **Revenue**

	2016 US$'000	2015 US$'000
Sales in Indonesia		
Third parties	741,032	606,263
Associated companies	19,162	19,960
Related parties	6,173	5,504
	766,367	631,727
Sales outside Indonesia		
Third parties	6,442,480	5,878,199
Related parties	2	125
	6,442,482	5,878,324
	7,208,849	6,510,051

5 Revenue (cont'd)

	2016 US$'000	2015 US$'000
Sales in Indonesia		
Palm oil based products:		
Crude palm oil	30,229	55,343
Margarine and fat	46,009	54,529
Palm fatty acid distillate	22	197
Palm kernel	8,364	12,709
Palm kernel meal	3,117	3,009
Palm kernel oil	2,843	5,432
Refined bleached deodorised olein	381,467	306,052
Refined bleached deodorised stearin	68,617	47,256
Refined bleached deodorised palm oil	32,186	39,382
Refined bleached deodorised palm kernel oil	6,757	5,300
Oleochemical products	31,362	27,969
Biodiesel products	56,598	-
Others	33,524	11,678
	701,095	568,856
Others	65,272	62,871
Total sales in Indonesia	766,367	631,727
Sales outside Indonesia		
Palm oil based products:		
Crude palm oil	1,310,320	1,943,797
Margarine and fat	89,339	73,142
Palm fatty acid distillate	101,436	105,649
Palm kernel meal	54,725	57,646
Palm kernel oil	202,045	252,572
Refined bleached deodorised olein	1,896,240	1,330,640
Refined bleached deodorised stearin	251,246	212,048
Refined bleached deodorised palm oil	583,181	435,927
Refined bleached deodorised palm kernel oil	388,907	176,953
Oleochemical products	165,618	125,095
Biodiesel products	2,841	-
Others	195,410	141,895
	5,241,308	4,855,364
Soy bean based products	641,023	643,612
Noodles and snack products	122,264	130,370
Revenue from provision of port and storage facilities	4,571	7,203
Others	433,316	241,775
Total sales outside Indonesia	6,442,482	5,878,324
	7,208,849	6,510,051

6 Cost of Sales

	Note	2016 US$'000	(Restated) 2015 US$'000
Cost of inventories recognised as an expense		5,614,911	4,961,665
Depreciation of property, plant and equipment		152,889	141,129
Depreciation of bearer plants	25	159,447	134,801
Processing and direct costs		267,215	267,682
		6,194,462	5,505,277

7 Selling, General and Administrative Expenses

	Note	2016 US$'000	2015 US$'000
Selling expenses			
Freight and related expenses		249,555	291,076
Export tax and administration		169,247	120,890
Advertising and promotions		46,068	59,639
Salaries and employee benefits expense		30,624	25,129
Depreciation of property, plant and equipment		4,484	4,429
Bulking		1,437	3,963
Amortisation of intangible assets	27	23	16
Others		32,041	32,640
		533,479	537,782
General and administrative expenses			
Salaries and employee benefits expense		190,601	173,314
Depreciation of property, plant and equipment		24,948	23,978
Professional fees		18,874	19,005
Rent, tax and licenses		16,893	16,179
Travelling		14,092	15,304
Repairs and maintenance		10,259	10,191
Office supplies and utilities		4,339	5,216
Amortisation of intangible assets	27	1,895	1,262
Others		23,404	30,207
		305,305	294,656
		838,784	832,438

8 Financial Income and Financial Expenses

	Note	2016 US$'000	2015 US$'000
Interest income from:			
Third parties		22,922	26,712
Joint ventures		5,975	5,007
Associated company		-	16
Related parties		9	19
Financial income		28,906	31,754
Interest expense to:			
Third parties		(124,113)	(123,923)
Joint ventures		(61)	(44)
Amortisation of deferred loan charges	33	(4,747)	(3,363)
Amortisation of deferred bond charges	32	(117)	(1,356)
Amortisation of premium on notes	32	145	86
Total interest expense		(128,893)	(128,600)
Finance charges		(2,453)	(3,439)
Financial expenses		(131,346)	(132,039)
Net financial expenses		(102,440)	(100,285)

9 Other Operating Income

	Note	2016 US$'000	(Restated) 2015 US$'000
Net gain/(loss) from changes in fair value of biological assets	24	33,791	(11,274)
Insurance and product claims		7,790	9,750
Rental income		7,650	7,674
Gain on sale of other materials and by-products		3,216	4,887
Gain/(Loss) on disposal of property, plant and equipment		1,467	(888)
Gain on disposal/deconsolidation of subsidiaries	39b	655	-
Income from sales of seedlings		345	2,533
Management and service fee income from joint ventures		1,349	2,564
Write-back of/(Allowance for) impairment loss on:			
Other receivables		63	(32)
Trade receivables	15	-	(4,086)
Depreciation of property, plant and equipment		(5,139)	(4,779)
Depreciation of investment properties	22	(57)	(60)
Changes in fair value of financial assets at fair value through profit or loss		(4,745)	721
Property, plant and equipment written off		(980)	(1,026)
Bearer plants written off		(355)	-
Goodwill written off	27	-	(419)
Trade receivables written off		-	(224)
Others		1,275	4,855
		46,325	10,196

10 Profit/(Loss) 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	2016 US$'000	2015 US$'000
Audit fees paid/payable to:			
Auditors of the Company		296	318
Auditors of the subsidiaries		1,062	962
Non-audit services paid/payable to:			
Auditors of the Company		33	27
Auditors of the subsidiaries		42	-
Employee compensation:			
Wages and salaries		220,063	192,564
Post employment benefits expense	37	11,992	14,409
Employer's contributions to defined contribution plans		5,532	3,895

11 Income Tax

	2016 US$'000	(Restated) 2015 US$'000
Income tax expense/(credit) attributable to the profit/(loss) is made up of:		
Current income tax		
Current year	107,057	55,869
Under/(Over)-provision in respect of prior years	137	(1,096)
	107,194	54,773
Deferred income tax (Note 26)	(369,738)	(65,519)
	(262,544)	(10,746)

Substantially all the Group's operations are located in Indonesia. Accordingly, the Indonesian statutory tax rate of 25% (2015: 25%) is used in the reconciliation of the tax expense/(credit) and the product of accounting profit/(loss) multiplied by the applicable tax rate.

11 Income Tax (cont'd)

The income tax credit 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/(loss) before income tax due to the following factors:

	2016 US$'000	(Restated) 2015 US$'000
Profit/(Loss) before income tax	140,275	(741)
Adjustments for:		
Share of results of associated companies, net of tax	(794)	(968)
Share of results of joint ventures, net of tax	(7,101)	(7,827)
	132,380	(9,536)
Tax calculated at a tax rate of 25% (2015: 25%)	33,095	(2,384)
Effect of different tax rates in other countries	11,394	11,517
Non-deductible expenses, net	7,031	7,735
Permanent differences arising mainly from remeasurement	(2,254)	8,727
Effect arising from revalued assets for tax purposes	(303,705)	-
Recognition of previously unrecognised tax losses	-	(13,616)
Utilisation of previously unrecognised tax losses	(11,975)	(16,441)
Income tax at preferential rate	(3,574)	(32,395)
Unrecognised deferred tax assets	7,307	27,207
Under/(Over)-provision in prior years' current income tax	137	(1,096)
	(262,544)	(10,746)

Taxes Payable

Details of taxes payable are as follows:

	2016 US$'000	2015 US$'000
Estimated income tax payable of subsidiaries	9,653	5,718
Income and other taxes:		
Article 21	686	2,809
Article 23	2,103	1,339
Article 25	83	3,524
Article 26	502	578
Value added tax	3,348	1,454
	16,375	15,422

12 Earnings Per Share and Net Asset Value Per Share

(a) Earnings Per Share

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 (excluding treasury shares) during the year.

	2016	(Restated) 2015
Profit attributable to the owners of the Company (US$'000)	399,619	10,352
Weighted average number of ordinary shares (excluding treasury shares) ('000)	12,734,756	12,759,641
Basic and diluted earnings per share (US cents)	3.14	0.08

There is no dilution as the Company did not have any potential ordinary shares outstanding as at 31 December 2016 and 2015.

(b) 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 (excluding treasury shares) as at the end of the reporting period.

	2016	(Restated) 2015
Total equity attributable to the owners of the Company (US$'000)	4,053,750	3,709,854
Number of ordinary shares (excluding treasury shares) as at the end of the reporting period ('000)	12,734,756	12,734,756
Net asset value per share (US$)	0.32	0.29

13 Cash and Cash Equivalents

	2016 US$'000	2015 US$'000
Cash on hand	505	501
Cash in banks	118,304	223,931
Time deposits	34,198	19,184
Total cash and cash equivalents	153,007	243,616
Less: Cash in banks and time deposits pledged	(30,317)	(16,728)
Cash and cash equivalents in the consolidated statement of cash flows	122,690	226,888

The cash and cash equivalents are denominated in the following currencies:

	2016 US$'000	2015 US$'000
Chinese renminbi	58,483	46,368
United States dollar	39,368	136,417
Indonesian rupiah	36,257	40,674
Indian rupee	11,285	14,567
Others	7,614	5,590
	153,007	243,616

The above cash and cash equivalents include balances with related parties of US$2,293,000 (2015: US$1,530,000).

The above time deposits have a maturity period of less than three months from the end of the financial year and earn interest at the following rates per annum:

	2016 %	2015 %
Chinese renminbi	0.3 – 1.4	1.1 – 1.8
Indonesian rupiah	4.3 – 8.0	4.3 – 8.8
Indian rupee	5.0 – 8.0	5.0 – 9.0

14 Short-Term Investments

Short-term investments which represent debt and equity securities and time deposits with a maturity over three months but not more than one year are detailed as follows:

	2016 US$'000	2015 US$'000
Time deposits	21,041	49,675
Available-for-sale financial assets:		
Equity securities	40,938	46,266
Financial assets at fair value through profit or loss:		
Equity securities held for trading	28,095	22,835
Debt securities held for trading	31,758	58,716
Debt securities designated at inception, at cost	80,140	81,390
	139,993	162,941
	201,972	258,882

The short-term investments are denominated in the following currencies:

	2016 US$'000	2015 US$'000
United States dollar	173,699	215,475
Indian rupee	21,659	37,153
Chinese renminbi	4,317	5,393
Singapore dollar	1,728	-
Indonesian rupiah	569	861
	201,972	258,882

Time deposits amounting to US$12,654,000 (2015: US$46,950,000) have been pledged to banks as security for credit facilities (Notes 28 and 33).

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

	2016 %	2015 %
United States dollar	0.6	0.8 – 1.9
Indian rupee	7.0 – 8.3	7.8 – 8.9
Chinese renminbi	1.7	1.3 – 1.6
Singapore dollar	1.1	-
Indonesian rupiah	4.2 – 5.0	5.3 – 6.5

15 Trade Receivables

	2016 US$'000	2015 US$'000
Third parties	561,960	464,395
Related parties	2,104	1,843
Associated companies	1,660	432
	565,724	466,670
Less: Allowance for impairment loss on trade receivables	(4,313)	(4,518)
	561,411	462,152

Trade receivables of the Group, including intra-group trade receivables which have been eliminated at consolidation, amounting to US$213,288,000 (2015: US$220,711,000) have been pledged as security for credit facilities (Notes 28 and 33).

As at 31 December 2016, 8% (2015: 14%) and 3% (2015: 7%) of the Group's trade receivables are past due for less than 3 months and more than 3 months respectively. The following allowance for impairment loss 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. Movements in allowance for impairment loss on trade receivables are as follows:

	Note	2016 US$'000	2015 US$'000
Balance at the beginning of the year		4,518	547
Allowance for impairment loss during the year	9	-	4,086
Receivables written off against allowance during the year		(81)	(85)
Translation adjustment		(124)	(30)
Balance at the end of the year		4,313	4,518

The trade receivables are denominated in the following currencies:

	2016 US$'000	2015 US$'000
United States dollar	423,097	287,476
Indonesian rupiah	72,468	70,908
Euro	26,625	67,386
Indian rupee	19,932	17,384
Chinese renminbi	16,203	18,168
Malaysian ringgit	3,086	830
	561,411	462,152

In November 2016, a subsidiary has entered into a revolving receivable purchase agreement ("the RPA") with a financial institution and the RPA is supported by a credit insurance program that is for the benefit of the bank. The bank upon purchase of the eligible receivable obtains all the rights to the receivable and is exposed to the substantial risks and rewards of the receivable. Under the terms of the RPA, the subsidiary will have to repurchase the receivable at the original invoice amount upon the occurrence of defined repurchase events, including as a result of a commercial dispute between the subsidiary and the receivable payer. Based on historic experience, the subsidiary believes the likelihood of a repurchase event occurring to be remote.

As at 31 December 2016, the subsidiary has transferred the receivable, its credit risk and control to the bank, amounting to US$9,168,000, and it has continued to recognise as a receivable of US$1,050,000.

16 Other Current Assets

	Note	2016 US$'000	(Restated) 2015 US$'000
Non-trade receivable from:			
Third parties		76,488	65,815
Related parties		42	133
Joint ventures		198,272	138,174
Derivative receivable	30	17,264	-
Staff advances		6,625	4,264
		298,691	208,386
Biological assets	24	85,166	51,375
Advances and deposits to suppliers		220,340	178,888
Advances for purchases of property, plant and equipment and others		49,227	112,198
Prepaid taxes		211,711	369,442
Prepaid expenses		22,485	22,463
Others		4,909	17,115
		892,529	959,867

The amounts receivable from related parties are interest-free, unsecured and repayable on demand. The amounts receivable from joint ventures are unsecured, bear interest ranging from 2.3% to 3.0% (2015: 2.3% to 3.2%) per annum and expected to be repayable within the next twelve months.

The amounts receivable from third parties shown above are net of allowance for impairment loss. The allowance for impairment loss on other receivables mainly related to certain receivables where the recovery is remote. Movements in allowance for impairment loss on other receivables are as follows:

	2016 US$'000	2015 US$'000
Balance at the beginning of the year	645	673
Allowance for impairment loss during the year	38	32
Write-back of impairment loss during the year	(101)	-
Receivables written off against allowance during the year	(354)	-
Translation adjustment	(68)	(60)
Balance at the end of the year	160	645

The other current assets are denominated in the following currencies:

	2016 US$'000	(Restated) 2015 US$'000
Indonesian rupiah	403,006	573,006
United States dollar	388,578	311,895
Chinese renminbi	85,879	48,769
Indian rupee	10,192	11,045
Malaysian ringgit	1,137	13,809
Others	3,737	1,343
	892,529	959,867

17 Inventories

	2016 US$'000	2015 US$'000
Raw materials	483,039	322,199
Finished goods	340,245	310,994
Goods in transit	25,368	869
	848,652	634,062
Consumables:		
Fertilisers and general material	38,208	34,464
Fuel, chemical and packing supplies	43,709	41,558
Others	36,569	30,834
	967,138	740,918

The inventories shown above are net of allowance for impairment loss. Movements in allowance for impairment loss on inventories are as follows:

	2016 US$'000	2015 US$'000
Balance at the beginning of the year	654	1,475
Allowance for impairment loss during the year	718	629
Write-back of impairment loss during the year	(577)	(1,408)
Translation adjustment	(48)	(42)
Balance at the end of the year	747	654

During the current financial year, the Group recognised an allowance for impairment loss of US$718,000 (2015: US$629,000) in cost of sales as the carrying amount of certain inventories was higher than the net realisable value. Allowance for impairment loss of US$577,000 (2015: US$1,408,000) has been reversed as a result of increase in net realisable value of certain inventories.

Inventories amounting to US$315,822,000 (2015: US$165,201,000) have been pledged to banks as security for credit facilities (Notes 28 and 33).

18 Long-Term Receivables and Assets

	2016 US$'000	2015 US$'000
Loan receivable from joint ventures	21,000	28,344
Tax recoverable	163,472	93,956
Advances for projects	21,802	36,832
Advances for plasma plantations, net	18,992	17,189
Advances for investment in land	2,759	2,759
Land clearing	1,968	1,564
Others	23,015	22,226
	253,008	202,870

18 Long-Term Receivables and Assets (cont'd)

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

	2016 US$'000	2015 US$'000
Indonesian rupiah	208,900	148,065
United States dollar	33,696	44,303
Euro	6,494	5,239
Malaysian ringgit	3,062	5,105
Others	856	158
	253,008	202,870

The unsecured loan receivable from joint ventures bears interest ranging from 4.0% to 4.5% (2015: 3.7% to 3.9%) per annum with a maturity date in April 2024.

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.

19 Long-Term Investments

	2016 US$'000	2015 US$'000
Available-for-sale financial assets:		
Equity securities	665,370	632,652
Financial assets at fair value through profit or loss:		
Debt securities designated at inception, at cost	182,000	182,600
	847,370	815,252

The above debt securities include a secured 3% interest-bearing loan of US$182,000,000 extended by the Group to a third party with a maturity date in October 2018. On the maturity date, the Group is granted an option to either convert the loan into shares of the borrower or to settle in cash.

19 Long-Term Investments (cont'd)

The long-term investments are denominated in the following currencies:

	2016 US$'000	2015 US$'000
United States dollar	814,261	773,981
Euro	33,109	35,827
Japanese yen	-	5,444
	847,370	815,252

20 Investment in Associated Companies

	2016 US$'000	2015 US$'000
Unquoted equity shares, at cost	5,549	5,549
Share of post-acquisition profits, net of dividend received	4,673	3,879
Translation adjustment	(64)	128
	10,158	9,556

Particulars of the associated companies are disclosed in Note 44 to the consolidated financial statements. Summarised aggregated financial information in respect of the Group's associated companies, which is not adjusted for the percentage of ownership held by the Group, is as follows:

	2016 US$'000	2015 US$'000
Results		
Revenue	38,990	43,739
Profit for the year	1,278	1,624
Assets and liabilities		
Total assets	30,292	27,506
Total liabilities	(8,033)	(6,654)
Net assets	22,259	20,852

As at 31 December 2016 and 2015, there are no losses which are in excess of the Group's interests in the associated companies.

21 Investment in Joint Ventures

	2016 US$'000	2015 US$'000
Unquoted equity shares, at cost	64,979	62,979
Share of post-acquisition reserve, net of dividend received	(219)	(5,016)
Translation adjustment	(2,648)	(2,192)
	62,112	55,771

Particulars of the joint ventures are disclosed in Note 44 to the consolidated financial statements. Summarised aggregated financial information in respect of the Group's joint ventures, which is not adjusted for the percentage of ownership held by the Group, is as follows:

	2016 US$'000	2015 US$'000
Results		
Revenue	148,120	152,177
Profit for the year	1,915	11,032
Assets and liabilities		
Total assets	804,280	649,828
Total liabilities	(728,212)	(578,762)
Non-controlling interests	(1,934)	-
Net assets	74,134	71,066

Reconciliation of the above net assets to the carrying amount of the Group's interests in joint ventures is as follows:

	2016 US$'000	2015 US$'000
Interest in joint ventures (50%)	37,067	35,533
Goodwill on acquisition	12,038	12,540
Unrecognised share of post-acquisition reserve	13,007	6,698
Dividend receivable	-	1,000
Net carrying amount	62,112	55,771

22 Investment Properties

	Note	2016 US$'000	2015 US$'000
Cost			
Balance at the beginning of the year		1,583	1,706
Translation adjustment		(172)	(123)
Balance at the end of the year		1,411	1,583
Less: Accumulated depreciation			
Balance at the beginning of the year		470	479
Charge for the year	9	57	60
Translation adjustment		(102)	(69)
Balance at the end of the year		425	470
Net carrying amount		986	1,113

As at 31 December 2016, the fair value of the Group's investment properties is approximately US$5,102,000 (2015: US$6,292,000), determined based on management's value in use calculation using discounted cashflow method.

Investment properties are held mainly for use by tenants under operating leases. The rental income and direct operating expenses recognised in the Group's income statement in respect of these operating leases were US$186,000 (2015: US$137,000) and US$83,000 (2015: US$77,000) respectively.

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 1.1.2016	7,532	378,233	399,934	1,120,255	1,049,359	163,283	318,486	530,395	3,967,477
Translation adjustment	(168)	(2,966)	-	(11,313)	(15,950)	(706)	(115)	(206)	(31,424)
Additions	-	18,479	3,215	7,793	14,962	8,234	8,695	140,371	201,749
Disposals	-	(6,105)	(2,239)	(8,478)	(4,100)	(864)	(13,475)	(40)	(35,301)
Write off	-	(4)	(80)	(743)	(2,227)	(1,758)	(1,945)	(78)	(6,835)
Acquisition of a subsidiary (Note 39a)	-	1,525	16	11	-	22	126	67	1,767
Deconsolidation of subsidiaries (Note 39b)	-	-	-	-	(61)	(222)	-	-	(283)
Reclassification	111	-	67,645	97,667	127,489	5,662	3,382	(301,956)	-
Balance at 31.12.2016	7,475	389,162	468,491	1,205,192	1,169,472	173,651	315,154	368,553	4,097,150
Accumulated depreciation and impairment loss									
Balance at 1.1.2016	-	23,747	70,479	275,787	413,839	128,622	212,711	-	1,125,185
Translation adjustment	-	(3,435)	-	(3,281)	(6,069)	(481)	(97)	-	(13,363)
Charge for the year	-	1,353	27,954	47,654	57,937	17,388	35,174	-	187,460
Disposals	-	(600)	(2,203)	(2,223)	(1,104)	(759)	(12,084)	-	(18,973)
Write off	-	-	(23)	(517)	(1,872)	(1,697)	(1,746)	-	(5,855)
Deconsolidation of subsidiaries (Note 39b)	-	-	-	-	(22)	(61)	-	-	(83)
Allowance for impairment loss	-	-	-	27,331	6,854	108	3	-	34,296
Reclassification	-	-	(383)	598	(510)	619	(324)	-	-
Balance at 31.12.2016	-	21,065	95,824	345,349	469,053	143,739	233,637	-	1,308,667
Net book values									
Balance at 31.12.2016	7,475	368,097	372,667	859,843	700,419	29,912	81,517	368,553	2,788,483

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 1.1.2015	7,969	280,042	278,147	988,511	906,777	147,512	296,285	631,683	3,536,926
Translation adjustment	(576)	(2,505)	(144)	(13,396)	(12,864)	(774)	(531)	(281)	(31,071)
Additions	139	13,329	48,341	2,131	8,939	10,814	11,838	319,914	415,445
Disposals	-	(1,865)	(44)	(491)	(3,870)	(901)	(6,440)	-	(13,611)
Write off	-	-	(450)	(2,925)	(7,442)	(2,547)	(2,393)	-	(15,757)
Acquisition of subsidiaries (Note 39a)	-	75,205	-	-	340	-	-	-	75,545
Reclassification	-	14,027	74,084	146,425	157,479	9,179	19,727	(420,921)	-
Balance at 31.12.2015	7,532	378,233	399,934	1,120,255	1,049,359	163,283	318,486	530,395	3,967,477
Accumulated depreciation									
Balance at 1.1.2015	-	23,327	55,558	238,860	377,397	110,906	179,214	-	985,262
Translation adjustment	-	(753)	-	(2,844)	(6,381)	(461)	(374)	-	(10,813)
Charge for the year	-	1,958	15,310	42,703	53,497	19,952	40,895	-	174,315
Disposals	-	(785)	(44)	(393)	(1,826)	(741)	(5,059)	-	(8,848)
Write off	-	-	(447)	(2,534)	(7,279)	(2,446)	(2,025)	-	(14,731)
Reclassification	-	-	102	(5)	(1,569)	1,412	60	-	-
Balance at 31.12.2015	-	23,747	70,479	275,787	413,839	128,622	212,711	-	1,125,185
Net book values									
Balance at 31.12.2015	7,532	354,486	329,455	844,468	635,520	34,661	105,775	530,395	2,842,292

During the current financial year, the Group carried out its annual impairment review and recorded impairment loss amounting to US$34,296,000 (2015: Nil) for certain property, plant and equipment in China. The recoverable amount is determined based on each asset's value in use calculation, at a discount rate of 6% at the end of the reporting period.

As at 31 December 2016, the net carrying amount of property, plant and equipment which has been pledged as security for credit facilities (Notes 28 and 33) amounted to US$490,424,000 (2015: US$498,070,000).

The Group holds land rights in Indonesia in the form of Hak Guna Usaha (HGU) which will expire in 2020 to 2098 and the management believes that those land rights can be extended upon expiry.

24 Biological Assets

	Note	2016 US$'000	(Restated) 2015 US$'000
Balance at the beginning of the year as previously reported		7,839,038	7,902,105
Effect of adoption of amended IAS 16 and 41		(7,787,663)	(7,839,456)
Balance at the beginning of the year as restated		51,375	62,649
Net gain/(loss) from changes in fair value recognised as part of other operating income	9	33,791	(11,274)
Balance at the end of the year	16	85,166	51,375

Prior to the adoption of amended IAS 16 and 41, the Group's biological assets include both bearer plants (oil palm trees) and FFB. Upon the adoption of these amendments, the Group's biological assets represent FFB of its oil palm trees as at end of the reporting period. During the current financial year, the Group harvested approximately 6,904,900 (2015: 7,749,500) tonnes of FFB from its nucleus plantations.

The fair value of FFB is classified under level 2 of the fair value hierarchy and was determined with reference to their average market prices. If we assume the market prices of FFB as at year end increased/decreased by 5% with all other variables being held constant, profit attributable to owners of the Company and total equity attributable to owners of the Company would have increased/decreased by approximately US$3,484,000 (2015: US$1,909,000), as a result of higher/lower gain arising from changes in fair value of biological assets.

Biological assets amounting to US$25,667,000 (2015: US$17,158,000) have been pledged to banks as security for credit facilities (Notes 28 and 33).

25 Bearer Plants

	Note	2016 US$'000	(Restated) 2015 US$'000
Cost			
Balance at the beginning of the year as previously reported		-	-
Effect of adoption of amended IAS 16 and 41		2,333,604	2,200,786
Balance at the beginning of the year as restated		2,333,604	2,200,786
Additions		13,176	33,967
Disposal		(2,308)	(4,269)
Write off		(2,755)	-
Transfer from land clearing		1,833	103,120
Acquisition of a subsidiary	39a	18,986	-
Balance at the end of the year		2,362,536	2,333,604
Less: Accumulated depreciation			
Balance at the beginning of the year as previously reported		-	-
Effect of adoption of amended IAS 16 and 41		1,105,820	972,811
Balance at the beginning of the year as restated		1,105,820	972,811
Charge for the year	6	159,447	134,801
Disposal		(1,705)	(1,792)
Write off		(2,400)	-
Balance at the end of the year		1,261,162	1,105,820
Net book value		1,101,374	1,227,784

25 Bearer Plants (cont'd)

Bearer plants amounting to US$116,640,000 (2015: US$123,762,000) have been pledged to banks as security for credit facilities (Notes 28 and 33).

26 Deferred Tax

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:

	2016 US$'000	(Restated) 2015 US$'000
Deferred tax assets	301,860	56,523
Deferred tax liabilities	(117,627)	(238,449)
	184,233	(181,926)

	Accelerated tax depreciation 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 2016 as previously reported	(113,720)	152,840	(1,782,157)	(1,743,037)
Effect of adoption of amended IAS 16 and 41	-	-	1,561,111	1,561,111
Balance at 1 January 2016 as restated	(113,720)	152,840	(221,046)	(181,926)
Credited to income statement (Note 11)	341,431	3,467	24,840	369,738
Charged to other comprehensive income	-	-	812	812
Acquisition of a subsidiary (Note 39a)	(218)	-	12	(206)
Disposal/Deconsolidation of subsidiaries (Note 39b)	-	(69)	(53)	(122)
Translation adjustment	(5,272)	1,151	58	(4,063)
Balance at 31 December 2016	222,221	157,389	(195,377)	184,233

26 **Deferred Tax** (cont'd)

	Accelerated tax depreciation US$'000	Unutilised tax losses/capital allowances US$'000	Valuation allowances/ others US$'000	Total US$'000
Balance at 1 January 2015 as previously reported	(117,265)	116,565	(1,815,701)	(1,816,401)
Effect of adoption of amended IAS 16 and 41	-	-	1,585,975	1,585,975
Balance at 1 January 2015 as restated	(117,265)	116,565	(229,726)	(230,426)
(Charged)/Credited to income statement as restated (Note 11)	(5,162)	39,368	31,313	65,519
Charged to other comprehensive loss	-	-	(3,257)	(3,257)
Acquisition of subsidiaries (Note 39a)	-	-	(17,852)	(17,852)
Translation adjustment	8,707	(3,093)	(1,524)	4,090
Balance at 31 December 2015	(113,720)	152,840	(221,046)	(181,926)

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 2016, 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$891,000 (2015: US$965,000) that would be payable upon remittance into Singapore of its offshore interest income, which amounted to approximately US$22,803,000 (2015: US$21,875,000) as it is the intention of the directors of GAI to permanently reinvest the unremitted interest income.

Deferred tax liabilities of US$70,596,000 (2015: US$63,017,000) have not been recognised for taxes that would be payable on the remittance to Mauritius of unremitted retained earnings of approximately US$2,353,196,000 (2015: US$2,100,563,000) 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.

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$324,489,000 (2015: US$369,266,000).

	2016 US$'000	2015 US$'000
Expiry dates		
31 December 2016	-	34,908
31 December 2017	53,003	61,279
31 December 2018	89,662	111,258
31 December 2019	39,745	32,484
31 December 2020	101,510	126,963
31 December 2021	35,570	-
No expiry dates and subject to terms and conditions	4,999	2,374
	324,489	369,266

26 Deferred Tax (cont'd)

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$49,776,000 (2015: US$56,558,000) has not been recognised in the consolidated financial statements.

27 Intangible Assets

	Goodwill	Brands and trademarks	Deferred landrights	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Cost					
Balance at 1 January 2016	151,951	7,235	11,319	5,662	176,167
Additions	-	-	83	7,966	8,049
Write off	-	-	-	(197)	(197)
Acquisition of a subsidiary (Note 39a)	-	-	177	-	177
Translation adjustment	(56)	10	-	(85)	(131)
Balance at 31 December 2016	151,895	7,245	11,579	13,346	184,065
Less: Accumulated amortisation					
Balance at 1 January 2016	-	6,938	4,991	5,124	17,053
Amortisation charged to:					
Selling expenses (Note 7)	-	-	1	22	23
General and administrative expenses (Note 7)	-	23	138	1,734	1,895
Cost of sales	-	-	293	-	293
Write off	-	-	-	(197)	(197)
Translation adjustment	-	4	-	(13)	(9)
Balance at 31 December 2016	-	6,965	5,423	6,670	19,058
Net carrying amount					
Balance at 31 December 2016	151,895	280	6,156	6,676	165,007

	Goodwill	Brands and trademarks	Deferred landrights	Others	Total
Cost					
Balance at 1 January 2015	152,021	7,283	11,319	5,733	176,356
Additions	-	2	-	90	92
Write off	(419)	-	-	(129)	(548)
Acquisition of subsidiaries (Note 39a)	1,499	-	-	-	1,499
Translation adjustment	(1,150)	(50)	-	(32)	(1,232)
Balance at 31 December 2015	151,951	7,235	11,319	5,662	176,167

27 Intangible Assets (cont'd)

	Goodwill US$'000	Brands and trademarks US$'000	Deferred landrights US$'000	Others US$'000	Total US$'000
Less: Accumulated amortisation					
Balance at 1 January 2015	-	6,930	4,562	4,158	15,650
Amortisation charged to:					
Selling expenses (Note 7)	-	-	1	15	16
General and administrative expenses (Note 7)	-	23	134	1,105	1,262
Cost of sales	-	-	294	-	294
Write off	-	-	-	(129)	(129)
Translation adjustment	-	(15)	-	(25)	(40)
Balance at 31 December 2015	-	6,938	4,991	5,124	17,053
Net carrying amount					
Balance at 31 December 2015	151,951	297	6,328	538	159,114

Goodwill is allocated to the individual cash-generating units ("CGU") which are also the reportable operating segments for impairment testing purposes.

The above goodwill is allocated to the palm and laurics segment. The recoverable amount of the goodwill was determined based on value in use calculations using 5-year cash flows projection with reference to historical results of approximately 14% margin. A terminal value was estimated based on the 5th year's future cash flow using the terminal growth rate of 5.0% (2015: 5.0%) and pre-tax discount rates ranging from 6.6% to 11.4% (2015: 6.9% to 12.0%).

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

28 Short-Term Borrowings

	Note	2016 US$'000	2015 US$'000
Short-term loans:			
United States dollar		981,021	1,217,548
Indian rupee		9,472	-
Indonesian rupiah		744	-
Euro		526	544
		991,763	1,218,092
Current maturities of long-term borrowings	33	125,263	150,406
		1,117,026	1,368,498
Less: Unamortised loan charges	33	(4,649)	(2,396)
		1,112,377	1,366,102

28 Short-Term Borrowings (cont'd)

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

	2016 US$'000	2015 US$'000
Secured loans	595,731	878,900
Unsecured loans	396,032	339,192
	991,763	1,218,092

As at the end of the financial years, there are no breach of loan covenants.

The above short-term 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:

	2016 %	2015 %
United States dollar	1.2 – 4.0	0.6 – 5.0
Indian rupee	7.0 – 9.0	-
Indonesian rupiah	10.3	-
Euro	1.7 – 1.9	1.9

Certain time deposits, short-term investments, trade receivables, inventories, property, plant and equipment, biological assets and bearer plants have been pledged to banks to obtain the Group's secured short-term loans as disclosed in their respective notes.

29 Trade Payables

	2016 US$'000	2015 US$'000
Trust receipts payable	263,592	365,419
Trade payables to:		
Third parties	301,654	238,475
Associated companies	923	617
Joint ventures	3,241	2,332
Related parties	6,530	5,197
	575,940	612,040

The above trust receipts payable, which represent amounts due to certain banks, bear interest ranging from 1.9% to 4.0% (2015: 1.5% to 4.8%) per annum. The trust receipts payable and trade payables are denominated in the following currencies:

	2016 US$'000	2015 US$'000
United States dollar	391,223	369,569
Indonesian rupiah	122,795	118,808
Chinese renminbi	41,153	102,478
Indian rupee	16,288	14,541
Others	4,481	6,644
	575,940	612,040

30 Other Payables

	2016 US$'000	2015 US$'000
Non-trade payable to:		
Third parties	141,764	103,425
Joint ventures	3,101	3,548
Related parties	1,577	853
Derivative payable	45,382	56,768
Interest payable	14,163	12,021
	205,987	176,615
Advances and deposits	87,577	27,747
Accrued expenses	55,381	49,913
	348,945	254,275

The amounts payable to related parties are unsecured, interest free and repayable on demand.

As at 31 December 2016, included in the amounts payable to joint ventures are US$2,994,000 (2015: US$2,936,000) which bear interest ranging from 1.9% to 2.1% (2015: 1.7%) per annum and repayable within the next twelve months.

As at 31 December 2016, included in the amounts payable to third parties are US$53,018,000 (2015: US$3,234,000) which bear interest ranging from 1.9% to 2.9% (2015: 2.3%) per annum and repayable in 2017.

The other payables are denominated in the following currencies:

	2016 US$'000	2015 US$'000
United States dollar	132,484	136,638
Indonesian rupiah	121,395	60,778
Chinese renminbi	65,054	38,323
Singapore dollar	16,905	4,736
Others	13,107	13,800
	348,945	254,275

The Group classifies derivative receivable/payable at fair value through profit or loss with the resulting gain or loss recognised immediately in the income statement, except for certain derivatives designated as cash flow hedges, wherein hedge accounting has been applied.

The details of the contracts outstanding as at end of the reporting period are as follows:

	2016		2015	
	Notional amount US$'000	(Assets)/ Liabilities US$'000	Notional amount US$'000	Liabilities US$'000
Cross currency swap ("CCS") contracts	222,337	45,382	222,337	51,788
Forward foreign currency contracts	235,477	(17,264)	535,190	56,768
		28,118		108,556
Less: Non-current liabilities (Note 34)		-		(51,788)
Less: Current assets (Note 16)		17,264		-
Current liabilities		45,382		56,768

30 Other Payables (cont'd)

The Group entered into CCS contracts to hedge certain Indonesian rupiah and Singapore dollar ("SGD") denominated borrowings. Cash flow hedge accounting has been applied to the CCS contracts for the hedging of the Group's SGD denominated borrowings as these contracts met the criteria of highly effective hedging instruments. During the current financial year, the Group recognised a net gain from changes in fair value of CCS contracts of US$8,124,000 (2015: net loss of US$5,487,000) in the income statement as part of net foreign exchange gain and a net gain from changes in fair value of CCS contracts of US$1,740,000 (2015: net loss US$740,000) in other comprehensive income.

During the current financial year, the Group recognised a net gain from forward foreign currency contracts of US$59,619,000 (2015: net loss US$46,839,000) in the income statement as part of net foreign exchange gain.

31 Obligations under Finance Lease

	Minimum lease payments		Present value of minimum lease payments	
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Finance leases payable:				
Within one year	88	152	84	114
In the second to fifth year	-	85	-	99
	88	237	84	213
Less: Future finance charges	(4)	(24)		
Present value of lease obligation	84	213		
Less: Amount due for settlement within 12 months			(84)	(114)
Amount due for settlement after 12 months			-	99
Net book value of assets under finance leases			80	211

The obligations under finance lease are denominated in the following currencies:

	2016	2015
	US$'000	US$'000
Indonesian rupiah	84	202
Singapore dollar	-	11
	84	213

The obligations under finance lease bear interest at the following rates per annum during the year:

	2016	2015
	%	%
Indonesian rupiah	5.5 – 6.5	5.5 – 6.5
Singapore dollar	-	2.2

32 Bonds and Notes Payable

	2016 US$'000	2015 US$'000
Unsecured interest-bearing bonds (a)	74,426	72,490
Unsecured Islamic medium term notes (b)	765,811	846,456
Unsecured multicurrency medium term notes (c)	241,190	247,524
	1,081,427	1,166,470
Less: Deferred bond charges	(81)	(198)
Add: Unamortised premium on notes	191	336
	1,081,537	1,166,608
Less: Current portion	(661,379)	(80,645)
Non-current portion	420,158	1,085,963

Movements in deferred bond charges are as follows:

	Note	2016 US$'000	2015 US$'000
Balance at the beginning of the year		198	1,554
Amortisation during the year	8	(117)	(1,356)
Balance at the end of the year		81	198
Less: Current portion		(58)	-
Non-current portion		23	198

Movements in unamortised premium on notes are as follows:

	Note	2016 US$'000	2015 US$'000
Balance at the beginning of the year		336	-
Additions		-	422
Amortisation during the year	8	(145)	(86)
Balance at the end of the year		191	336

(a) In June 2012, a subsidiary has established a fixed rate IDR Bond Program ("Bond Program") of up to IDR3 trillion. As at 31 December 2016 and 2015, the outstanding bonds amounted to IDR1 trillion (2016: equivalent to US$74,426,000, 2015: equivalent to US$72,490,000) which comprise A series bonds of IDR900 billion due in July 2017 and B series bonds of IDR100 billion due in July 2019. These bonds bear interest at rates ranging from 9% to 9.25% per annum and are listed on the Indonesia Stock Exchange.

(b) In November 2012, a subsidiary has established a Ringgit-denominated Islamic medium term note ("IMTN") programme of up to RM5 billion under the laws of Malaysia. As at 31 December 2016, the outstanding IMTN comprises 3 tranches (2015: 4 tranches) and bears profit rates ranging from 4.08% to 5.35% per annum. The scheduled maturities of the outstanding IMTN as at 31 December 2016 and 2015 are as follows:

Year	2016 US$'000	2015 US$'000
2016	-	80,645
2017	491,481	491,481
2018	156,590	156,590
2019	117,740	117,740
	765,811	846,456

32 Bonds and Notes Payable (cont'd)

(c) In April 2015, a wholly-owned subsidiary, Golden Assets International Investment Pte. Ltd. ("GAII"), has established a multicurrency medium term note ("MMTN") programme of up to US$1.5 billion under the laws of Singapore. During the current financial year, GAII repurchased SGD1 million (equivalent to US$733,000) of principal amount of the MMTN due 2017. As at 31 December 2016 and 2015, the outstanding Singapore dollar denominated MMTN comprises 2 tranches with fixed coupon rates ranging from 4.2% to 5.5% per annum. The scheduled maturities of the outstanding MMTN as at 31 December 2016 and 2015 are as follows:

Year	2016 US$'000	2015 US$'000
2017	102,972	106,082
2018	138,218	141,442
	241,190	247,524

33 Long-Term Borrowings

	Note	2016 US$'000	2015 US$'000
Long-term borrowings:			
United States dollar		937,042	596,885
Singapore dollar		64,189	65,687
Indian rupee		150	2,478
Total long-term borrowings		1,001,381	665,050
Less: Current maturities of long-term borrowings	28	(125,263)	(150,406)
		876,118	514,644
Less: Unamortised deferred loan charges		(3,745)	(2,182)
Non-current portion		872,373	512,462

Movements in unamortised deferred loan charges are as follows:

	Note	2016 US$'000	2015 US$'000
Balance at the beginning of the year		4,578	3,247
Additions		8,564	4,716
Amortisation during the year	8	(4,747)	(3,363)
Translation adjustment		(1)	(22)
Balance at the end of the year		8,394	4,578
Less: Current portion	28	(4,649)	(2,396)
Non-current portion		3,745	2,182

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

	2016 US$'000	2015 US$'000
Secured borrowings	1,001,381	647,051
Unsecured borrowings	-	17,999
	1,001,381	665,050

33 Long-Term Borrowings (cont'd)

Certain time deposits, short-term investments, trade receivables, inventories, property, plant and equipment, biological assets and bearer plants have been pledged to banks to obtain the Group's total secured borrowings as disclosed in their respective notes.

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

	2016	2015
	%	%
United States dollar	2.6 – 4.8	2.2 – 5.0
Singapore dollar	1.8 – 3.2	2.2 – 3.3
Indian rupee	11.2	11.3

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 2016 and 2015 are as follows:

	Original loan currency			U.S. Dollar Equivalent
Year	US$'000	S$'000	INR'000	US$'000
As at 31 December 2016				
Long-term borrowings repayable in:				
2017	125,263	-	-	125,263
2018	186,513	92,881	-	250,702
2019	362,888	-	-	362,888
2020	102,388	-	-	102,388
2021	55,990	-	10,000	56,140
Thereafter	104,000	-	-	104,000
Total	937,042	92,881	10,000	1,001,381
Current portion (Note 28)	(125,263)	-	-	(125,263)
Non-current portion	811,779	92,881	10,000	876,118
As at 31 December 2015				
Long-term borrowings repayable in:				
2016	148,345	-	137,434	150,406
2017	204,263	-	27,800	204,680
2018	143,513	92,881	-	209,200
2019	40,888	-	-	40,888
2020	53,888	-	-	53,888
Thereafter	5,988	-	-	5,988
Total	596,885	92,881	165,234	665,050
Current portion (Note 28)	(148,345)	-	(137,434)	(150,406)
Non-current portion	448,540	92,881	27,800	514,644

34 Long-Term Payables and Liabilities

	Note	2016 US$'000	2015 US$'000
Post employment benefits liability, denominated in Indonesian rupiah	37	80,570	63,929
Derivative payables, denominated in United Stated dollar	30	-	51,788
Rental deposits, denominated in Singapore dollar		779	276
Deferred rental income, denominated in United States dollar		3,857	4,748
		85,206	120,741

35 Issued Capital and Treasury Shares

	No. of ordinary shares		Amount	
	Issued capital	Treasury shares	Issued capital US$'000	Treasury shares US$'000
Issued and fully paid:				
Balance at 1 January 2015	12,837,548,556	-	320,939	-
Treasury shares purchased	-	(102,792,400)	-	(31,726)
Balance at 31 December 2015 and 2016	12,837,548,556	(102,792,400)	320,939	(31,726)

During the financial year 2015, the Company acquired 102,792,400 of its own shares in the open market. The total amount paid to acquire the shares of US$31,726,000 was presented as a component within shareholders' equity.

The holders of ordinary shares, except for treasury shares, are entitled to receive dividends as declared from time to time and are entitled to one vote per share at shareholders' meetings. All shares, except for treasury shares rank equally with regards to the Company's residual assets.

36 Dividends

	2016 US$'000	2015 US$'000
Final dividend paid in respect of 2015 of S$0.00502 (2014: S$0.00177) per share	47,462	16,933

At the Annual Meeting to be held on 25 April 2017, a final dividend (tax not applicable) of S$0.00635 per share, amounting to S$80,865,701.59 (equivalent to approximately US$55,885,000) 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 2017.

37 Post Employment Benefits Liability and Share-Based Payment

(a) Post Employment Benefits Liability

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:

	2016	2015
Discount rate	8.5%	9.0%
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 represent present value of unfunded employees retirement benefit obligations in addition to the defined contribution scheme. The movements in the post employment benefits liability are as follows:

	Note	2016 US$'000	2015 US$'000
Balance at the beginning of the year		63,929	70,383
Post employment benefits expense during the year recognised in the income statement		11,992	14,409
Post employment benefits expense/(income) during the year recognised in other comprehensive income		3,252	(13,651)
Payments made during the year		(579)	(374)
Under-provision in respect of prior years		14	86
Acquisition of a subsidiary	39a	49	-
Translation adjustment		1,913	(6,924)
Balance at the end of the year	34	80,570	63,929

The components of the post employment benefits expense recognised in the income statement are as follows:

	Note	2016 US$'000	2015 US$'000
Current service cost		7,026	6,654
Past service cost		(754)	2,432
Interest cost		5,720	5,323
Post employment benefits expense recognised in the income statement	10	11,992	14,409

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

The components of the post employment benefits (expense)/income recognised in other comprehensive loss are as follows:

	2016 US$'000	2015 US$'000
Actuarial (loss)/gain arising from changes in assumptions	(6,026)	3,765
Actuarial gain arising from experience adjustment	2,774	9,886
Post employment benefits (expense)/income recognised in other comprehensive income	(3,252)	13,651
Less: Deferred income tax	812	(3,415)
Net post employment benefits (expense)/income recognised in other comprehensive income	(2,440)	10,236

(b) 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 2016, 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 borrowings, short-term bonds and notes payables and obligations under finance lease 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 2016 and 2015, the carrying amounts of the long-term receivables and long-term interest-bearing borrowings approximate their fair values.

Fair Value Hierarchy

The following table presents financial assets and financial liabilities 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).

38 Financial Instruments (cont'd)

	Level 1 US$'000	Level 2 US$'000	Level 3 US$'000	Total US$'000
At 31 December 2016				
Available-for-sale financial assets	-	-	78,777	78,777
Financial assets at fair value through profit or loss held for trading	7,632	40,063	12,158	59,853
Derivative receivable	-	17,264	-	17,264
Derivative payable	-	(45,382)	-	(45,382)
	7,632	11,945	90,935	110,512
At 31 December 2015				
Available-for-sale financial assets	-	-	86,071	86,071
Financial assets at fair value through profit or loss held for trading	20,119	45,349	16,083	81,551
Derivative payable	-	(108,556)	-	(108,556)
	20,119	(63,207)	102,154	59,066

Note: Excluded available-for-sale financial assets stated at cost of US$627,531,000 (2015: US$592,847,000).

Movements in Level 3 financial assets measured at fair value are as follows:

	2016		2015	
	Available-for-sale US$'000	Held for trading US$'000	Available-for-sale US$'000	Held for trading US$'000
Balance at 1 January	86,071	16,083	-	8,940
Transfer of financial assets previously measured at cost	-	-	80,774	-
Additions	3,021	997	12,608	5,509
Return of capital	(12,842)	-	(9,603)	-
Changes in fair value recognised in other comprehensive income	2,527	-	2,292	-
Unrealised (loss)/gain recognised in income statement	-	(4,922)	-	1,634
Balance at 31 December	78,777	12,158	86,071	16,083

Methods and Assumptions Used to Determine Fair Values

The methods and assumptions used by management to determine fair values of assets and liabilities other than those whose carrying amounts reasonably approximate their fair values are as follows:

Unquoted debt and equity securities: The fair value is determined by reference to fund statements provided by non-related fund managers.

Forward currency contracts: Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles as at the reporting date.

Cross currency swap contracts: Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are determined by reference to valuation by non-related financial institutions by reference to the market prices of another contract that is substantially similar.

39 Business Combinations

(a) Acquisition of subsidiaries

(i) In December 2016, the Group through its wholly-owned subsidiaries, acquired 100% shareholding in PT Palmindo Billiton Berjaya ("PBB").

From the date of acquisition, PBB has contributed profit before income tax of US$430,000 for the financial year ended 31 December 2016. If the acquisition has been completed on 1 January 2016, total Group's revenue and profit before income tax for the year would have been US$7,212,028,000 and US$140,202,000 respectively.

The recognised fair value of the identifiable assets acquired and liabilities assumed, which reasonably approximated their carrying amount at the acquisition date is as follows:

	US$'000
Bearer plants	18,986
Long-term receivables	1,885
Property, plant and equipment	1,767
Intangible assets	177
Cash and cash equivalents	357
Trade and other receivables	1,510
Inventories	574
Trade and other payables	(14,112)
Taxes payable	(59)
Long-term payables	(49)
Deferred tax liabilities	(206)
Net assets acquired/Cash consideration	10,830
Less: Cash and cash equivalents acquired	(357)
Net cash outflow on acquisition	10,473

During the financial year 2015, there were the following acquisitions of subsidiaries:

(ii) In July 2015, the Group through its wholly-owned subsidiary, acquired 100% shareholding in Billford Investment Corporation Ltd, ("BIC"). Following the acquisition, BIC together with its subsidiaries, PT Nusatama Agung Kreasi, PT Kreasi Nusajaya Abadi and PT Dumai Mas Resources became subsidiaries of the Group.

From the date of acquisition, BIC does not contribute significantly to the Group's results for the financial year ended 31 December 2015. If the acquisition has been completed on 1 January 2015, management estimated there would have been no significant changes to the Group's revenue and profit before income tax.

(iii) In August 2015, the Group through its wholly-owned subsidiary, acquired 100% shareholding in Victory Oleo Holding GmbH ("VOH"). Following the acquisition, VOH together with its subsidiary, OLIQEM GmbH became subsidiaries of the Group.

From the date of acquisition, VOH has contributed revenue and loss before income tax of US$17,739,000 and US$45,000 respectively for the financial year ended 31 December 2015. If the acquisition has been completed on 1 January 2015, total Group's revenue and loss before income tax for the year would have been US$6,523,440,000 and US$866,000 respectively.

39 Business Combinations (cont'd)

(a) Acquisition of subsidiaries (cont'd)

The following table summarises the recognised fair value of identifiable assets acquired and liabilities assumed, which reasonably approximated their carrying amount, at the acquisition dates.

	BIC US$'000	VOH US$'000	Total US$'000
Property, plant and equipment	75,205	340	75,545
Cash and cash equivalents	7	1,009	1,016
Trade and other receivables	8	6,571	6,579
Borrowings	(3,753)	(559)	(4,312)
Trade and other payables	(2)	(8,469)	(8,471)
Taxes payable	-	(48)	(48)
Deferred tax liabilities	(17,852)	-	(17,852)
Net assets/(liabilities) acquired	53,613	(1,156)	52,457
Add: Goodwill (Note 27)	-	1,499	1,499
Consideration for acquisition	53,613	343	53,956
Less: Cash and cash equivalents acquired	(7)	(1,009)	(1,016)
Net cash outflow/(inflow) on acquisition	53,606	(666)	52,940

(b) Disposal and deconsolidation of subsidiaries

(i) In October 2016, the Group disposed its entire shareholding in PT Dian Ciptamas Agung ("DCA") for a consideration of IDR70,000,000 (equivalent to US$5,000). Following the disposal, DCA ceased to be a subsidiary of the Group.

(ii) In December 2016, the Group through its wholly-owned subsidiary, has subscribed for a limited partnership interest in a technology investment fund, RMDV Fund I, L.P. (the "Fund"). The Group's contribution and commitment towards the Fund will be by the injection of non-cash assets ("Non-cash Contribution") and cash into the Fund.

The Non-cash Contribution of US$87,596,000 comprised the Group's existing investment in financial assets and wholly-owned subsidiaries, namely Sinarmas Digital Ventures (SG) Pte. Ltd., Sinarmas Digital Ventures (HK) Limited and PT Sinar Mas Digital Ventures, held through Achieve Market Holdings Limited ("AMHL"), a newly purchased subsidiary during the current financial year. Following the transaction, AMHL together with its subsidiaries, ceased as subsidiaries of the Group.

39 Business Combinations (cont'd)

(b) Disposal and deconsolidation of subsidiaries (cont'd)

The following table summarises the carrying amount of the major class of the identifiable assets and liabilities disposed/deconsolidated:

	DCA US$'000	AMHL US$'000	Total US$'000
Cash and cash equivalents	13	208	221
Property, plant and equipment	-	200	200
Long-term investments	-	67,173	67,173
Short-term investments	-	19,172	19,172
Deferred tax assets	69	53	122
Other receivables	-	570	570
Other payables	(174)	(375)	(549)
Taxes payable	-	(2)	(2)
Net (liabilities)/assets disposed/deconsolidated	(92)	86,999	86,907
Net foreign currency reserve realised upon deconsolidation	-	71	71
Net fair value reserve realised upon deconsolidation	-	(32)	(32)
Net (liabilities)/assets derecognised	(92)	87,038	86,946
Gain on disposal/deconsolidation of subsidiaries (Note 9)	97	558	655
Total proceeds from disposal/deconsolidation	5	87,596	87,601
Less: Settlement by Non-cash Contribution	-	(87,596)	(87,596)
Cash proceeds from disposal	5	-	5
Less: Cash of disposed/deconsolidated subsidiaries	(13)	(208)	(221)
Net cash outflow on disposal/deconsolidation	(8)	(208)	(216)

40 Operating Segment Information

For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

Plantation and palm oil mills - comprises the products from upstream business;

Palm and laurics - comprises the processing and merchandising of palm based products, i.e. bulk and branded as well as oleochemicals and other vegetable oils;

Oilseeds - comprises the processing and merchandising of oilseeds based products, i.e. bulk and branded; and

Others - comprises the production and distribution of food and consumer products in China and Indonesia.

40 Operating Segment Information (cont'd)

2016	Plantation and palm oil mills US$'000	Palm and laurics US$'000	Oilseeds US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Revenue from external customers	70,088	6,261,444	690,658	186,659	-	7,208,849
Inter-segment sales	1,486,767	479	61,945	56	(1,549,247)	-
Total revenue	1,556,855	6,261,923	752,603	186,715	(1,549,247)	7,208,849
EBITDA	379,328	180,736	10,157	1,827	(388)	571,660
Other information						
Capital expenditure	97,423	92,285	992	8,792	-	199,492
Unallocated capital expenditure						15,433
Total capital expenditure						214,925
Depreciation and amortisation	(264,741)	(65,899)	(12,124)	(6,411)	-	(349,175)
Allowance for impairment loss of property, plant and equipment	-	(12,879)	-	(21,417)	-	(34,296)
Net gain from changes in fair value of biological assets	33,791	-	-	-	-	33,791
Interest on borrowings	(58,416)	(61,676)	(8,796)	(5)	-	(128,893)
Share of profit/(loss) of:						
Associated companies	471	323	-	-	-	794
Joint ventures	(468)	4,427	(236)	3,378	-	7,101
Assets						
Segment assets	3,905,368	3,643,875	460,607	220,899	(2,093,526)	6,137,223
Investment in:						
Associated companies	2,192	7,966	-	-	-	10,158
Joint ventures	790	38,188	313	22,821	-	62,112
Unallocated assets						2,096,922
Total assets						8,306,415
Liabilities						
Segment liabilities	(625,468)	(3,181,799)	(156,463)	(196,537)	2,540,733	(1,619,534)
Unallocated liabilities						(2,590,930)
Total liabilities						(4,210,464)

40 Operating Segment Information (cont'd)

2015	Plantation and palm oil mills US$'000	Palm and laurics US$'000	Oilseeds US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Revenue from external customers	77,099	5,609,441	630,272	193,239	-	6,510,051
Inter-segment sales	1,425,890	4,542	13,826	2	(1,444,260)	-
Total revenue	1,502,989	5,613,983	644,098	193,241	(1,444,260)	6,510,051
EBITDA	415,315	108,726	11,284	4,958	1,381	541,664
Other information						
Capital expenditure	244,123	195,651	1,000	3,299	-	444,073
Unallocated capital expenditure						5,339
Total capital expenditure						449,412
Depreciation and amortisation, restated	(231,378)	(62,614)	(11,952)	(4,804)	-	(310,748)
Net loss from changes in fair value of biological assets, restated	(11,274)	-	-	-	-	(11,274)
Interest on borrowings	(49,113)	(69,553)	(9,908)	(26)	-	(128,600)
Share of profit/(loss) of:						
Associated companies	619	349	-	-	-	968
Joint ventures	(553)	6,780	(222)	1,822	-	7,827
Assets, restated						
Segment assets	3,682,836	3,095,850	454,196	263,329	(1,743,067)	5,753,144
Investment in:						
Associated companies	2,611	6,945	-	-	-	9,556
Joint ventures	841	34,692	339	19,899	-	55,771
Unallocated assets						2,217,239
Total assets						8,035,710
Liabilities, restated						
Segment liabilities	(769,450)	(2,712,991)	(164,577)	(211,368)	2,269,985	(1,588,401)
Unallocated liabilities						(2,697,911)
Total liabilities						(4,286,312)

40 Operating Segment Information (cont'd)

A reconciliation of total EBITDA to total profit/(loss) before income tax is as follows:

	2016 US$'000	(Restated) 2015 US$'000
EBITDA for reportable segments	572,048	540,283
Other EBITDA	(388)	1,381
Net gain/(loss) from changes in fair value of biological assets	33,791	(11,274)
Depreciation and amortisation	(349,175)	(310,748)
Foreign exchange gain/(loss)	47,188	(91,783)
Interest on borrowings	(128,893)	(128,600)
Exceptional item	(34,296)	-
Profit/(Loss) before income tax	140,275	(741)

Revenue based on geographical location of customers is as follows:

	2016 US$'000	2015 US$'000
China	1,266,877	1,269,784
Indonesia	766,367	631,727
India	1,409,694	926,742
Rest of Asia	2,203,461	2,189,152
Europe	1,022,202	1,138,331
Others	540,248	354,315
Consolidated revenue	7,208,849	6,510,051

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

	2016 US$'000	(Restated) 2015 US$'000
Indonesia	3,764,102	3,911,615
China	227,233	262,875
Singapore	130,906	133,684
India	37,445	38,180
Others	36,970	29,846
Total non-current non-financial assets	4,196,656	4,376,200

41 Related Party Transactions

(a) In addition to the related party information disclosed elsewhere in the consolidated financial statements, significant transactions with related parties, on terms agreed between parties, are as follows:

	2016 US$'000	2015 US$'000
(i) Sale of services		
Rental income from related parties	214	182
Rental income from joint ventures	688	679
(ii) Purchase of goods and services		
Insurance premium to a related party	7,276	7,248
Purchase of agricultural products from associated companies	147	160
Purchase of non-palm oil products from related parties	50,114	22,654
Freight and related expenses to joint ventures	187,099	239,842
Rental and service charge expense to related parties	12,945	12,030
Transport and port expense to related parties	3,145	1,971
Advisory fee to a related party	-	74
(iii) Dividend income from a joint venture	2,750	5,500

(b) The key management personnel remuneration is as follows:

	2016 US$'000	2015 US$'000
Directors of the holding company	4,222	4,422
Other key management personnel	4,673	4,900

Included in the above remuneration are post employment benefits of US$47,090 for the current financial year (2015: US$34,942).

42 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 through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged since 2015. Neither the Group nor the Company is subject to externally imposed capital requirements. The Group monitors capital using net debts-to-equity ratio and adjusted net debts-to-equity ratio.

Net debts-to-equity ratio equals net debts divided by total equity. Total equity comprises share capital, share premium, reserves, retained earnings and non-controlling interests.

42 Financial Risk Management (cont'd)

(a) Capital Risk Management (cont'd)

	Note	2016 US$'000	(Restated) 2015 US$'000
Short-term borrowings	28	1,112,377	1,366,102
Long-term borrowings	33	872,373	512,462
Bonds and notes payable	32	1,081,537	1,166,608
Obligations under finance lease	31	84	213
Total debts		3,066,371	3,045,385
Less: Cash and cash equivalents	13	(153,007)	(243,616)
Net debts		2,913,364	2,801,769
Total equity		4,095,951	3,749,398
Net debts-to-equity ratio (times)		0.71	0.75

Adjusted net debts-to-equity ratio equals adjusted net debts divided by total equity attributable to owners of the Company. Adjusted net debts comprise net debts (as defined above) less liquid working capital. Liquid working capital includes short-term investments, trade receivables, advances and deposits to suppliers and inventories (excluding consumables) less trade payables and advances and deposits.

	2016 US$'000	(Restated) 2015 US$'000
Net debts	2,913,364	2,801,769
Less: Liquid working capital:		
Short-term investments	(201,972)	(258,882)
Trade receivables	(561,411)	(462,152)
Inventories (excluding consumables)	(848,652)	(634,062)
Advances and deposits to suppliers	(220,340)	(178,888)
Trade payables	575,940	612,040
Advances and deposits	87,577	27,747
Adjusted net debts	1,744,506	1,907,572
Equity attributable to the owners of the Company	4,053,750	3,709,854
Adjusted net debts-to-equity ratio (times)	0.43	0.51

The directors of the Company review the capital structure on a semi-annual basis. As a part of the review, the directors of the Company 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.

42 Financial Risk Management (cont'd)

(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 risk. 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.

As at the end of the current reporting period, if interest rates on net financial liabilities at variable rate had been 0.5% lower with all other variables held constant, profit before income tax and total equity for the year would have been higher by approximately US$8,135,000 and US$6,300,000 respectively, as a result of lower interest expense and vice versa. As at the end of the previous reporting period, if interest rates on net financial liabilities at variable rate had been 0.5% lower with all other variables held constant, loss before income tax would have been lower by approximately US$7,076,000 and total equity for the year would have been higher by approximately US$5,506,000, as a result of lower interest expense and vice versa. This analysis is prepared assuming the amount of net financial liabilities outstanding at the end of the reporting period was outstanding for the whole year.

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.

	2016 US$'000	2015 US$'000
Financial Assets		
Variable rate	369,172	434,544
Fixed rate	237,239	266,215
Non-interest bearing	1,477,040	1,315,873
	2,083,451	2,016,632
Financial Liabilities		
Variable rate	1,987,768	1,845,264
Fixed rate	1,395,213	1,568,774
Non-interest bearing	465,317	471,790
	3,848,298	3,885,828

(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.

42 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(ii) Foreign Currency Risk (cont'd)

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, such as forward exchange contracts and cross currency swap contracts. 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.

As at the end of the current reporting period, if IDR and RMB strengthen/weaken against USD by 5% with all other variables, including interest rates remain constant, the Group's profit before income tax would have increased/decreased by US$30,934,000 and US$1,995,000 respectively.

As at the end of the previous reporting period, if IDR and RMB strengthen/weaken against USD by 5% with all other variables, including interest rates remain constant, the Group's loss before income tax would have decreased/increased by US$25,100,000 and US$4,934,000 respectively.

(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. As the Group's products are related to commodities, it is exposed to price risk in the commodities market. 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) Significant Concentrations of Credit Risk

Concentrations of credit risk exists when changes in economic, industry or geographical factors similarly affect counterparties 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 counterparties and customers.

(v) Credit Risk

Credit risk is the risk of financial loss to the Group if a customer or counterparty 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.

42 Financial Risk Management (cont'd)

(b) Financial Risk Management (cont'd)

(v) Credit Risk (cont'd)

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 is the carrying amount of each class of assets in the statement of financial position, except as follows:

	2016 US$'000	2015 US$'000
Corporate guarantees provided to financial institutions on borrowings of joint ventures and entities owned by investees and joint ventures:		
Total facilities	584,670	610,695
Total outstanding	268,070	199,100

(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 (inclusive of principals and estimated interest until maturity):

	Less than 1 year US$'000	1 to 5 years US$'000	Over 5 years US$'000	Total US$'000
At 31 December 2016				
Short-term loans	999,456	-	-	999,456
Long-term borrowings	159,552	827,050	110,888	1,097,490
Bonds and notes payable	698,146	434,265	-	1,132,411
Obligations under finance lease	88	-	-	88
Other financial liabilities	781,927	-	-	781,927
Financial guarantee contracts	6,078	34,119	227,873	268,070
Total Financial Liabilities	2,645,247	1,295,434	338,761	4,279,442
At 31 December 2015				
Short-term loans	1,228,607	-	-	1,228,607
Long-term borrowings	168,957	532,612	6,094	707,663
Bonds and notes payable	124,442	1,137,025	-	1,261,467
Obligations under finance lease	152	85	-	237
Other financial liabilities	788,655	51,788	-	840,443
Financial guarantee contracts	4,335	20,716	174,049	199,100
Total Financial Liabilities	2,315,148	1,742,226	180,143	4,237,517

43 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.

	2016 US$'000	2015 US$'000
Within one year	20,224	15,645
Between one year to five years	32,920	24,852
After five years	4,060	240
Minimum lease payments paid under operating leases	22,266	17,331

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:

	2016 US$'000	2015 US$'000
Capital expenditure	31,219	45,599

44 Group Companies

The details of the subsidiaries are as follows:

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	Effective interest of the Company 2015 %
Subsidiaries held by the Company				
Asia Integrated Agri Resources Limited	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

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	2015 %
Subsidiaries held by the Company (cont'd)				
Golden Agri International (Mauritius) Ltd (b1)	Investment holding and business and management 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 and treasury management	Malaysia	100.00	100.00
Golden Asset Capital Investment Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Golden Assets International Finance Limited	Treasury management	British Virgin Islands	100.00	100.00
Golden Assets International Investment Pte. Ltd.	Treasury management and business and management consultancy services	Singapore	100.00	100.00
Golden Capital Resources (S) Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Funds & Investment Management Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00
Golden Logistics International Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Golden Oleo Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Madascar Investment Ltd (b1)	Investment holding	Mauritius	100.00	100.00
PT Purimas Sasmita ("Purimas") (b1),(a)	Investment holding, building management services, business and management consultancy and trading	Indonesia	100.00	100.00
Sinarmas Food Pte. Ltd. (b3)	Investment holding	Singapore	100.00	100.00

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	2015 %
Subsidiaries held through subsidiaries				
PT Abadimas Investama (b1)	Investment holding and business and management consultancy services	Indonesia	100.00	100.00
Achieve Market Holdings Limited (Note 39b),(e)	Investment holding	British Virgin Islands	-	-
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 (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrokarya Primalestari (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrolestari Mandiri (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agrolestari Sentosa (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Agropalma Sejahtera (b1)	Investment holding	Indonesia	100.00	100.00
PT Aimer Sawitmas (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Alam Sumber Rahmat (b3)	Oil palm cultivation and palm oil producer	Indonesia	97.48	97.48
Ascent Industrial Complex Sdn. Bhd. *(formerly known as "Golden Agri Resources & Technology (M) Sdn. Bhd.")* (b1)	Owner and construction of bulking stations, export, import, administration of transportation services, management and trading	Malaysia	100.00	100.00
Aurea Investment Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Aurorea Investment Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Aurea Resource Trading Company Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	2015 %
Subsidiaries held through subsidiaries (cont'd)				
PT Bangun Nusa Mandiri (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Belino Investments Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00
PT Berau Sarana Jaya (b3)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
PT Bhakti Manunggal Karya (b5)	Training services	Indonesia	100.00	100.00
Billford Investment Corporation Ltd. (b1)	Investment holding	Malaysia	100.00	100.00
PT Bioenergi Semesta Mas *(formerly known as "PT Sinar Energi Sejahtera")* (b5),(e)	Trading	Indonesia	59.90	-
PT Bina Kreasi Teknologi (b3)	Investment holding, trading and the provision of services in technology products	Indonesia	100.00	100.00
PT Binasawit Abadipratama (b8)	Investment holding, 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
PT Buana Adhitama (b8)	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 services	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 and business and management consultancy	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

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	2015 %
Subsidiaries held through subsidiaries (cont'd)				
PT Bumipermai Lestari (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Cahayanusa Gemilang (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Citra Bhakti Mandiri (b8)	Investment holding	Indonesia	100.00	100.00
PT Dami Mas Sejahtera (b8)	Production and sale of oil palm seeds	Indonesia	100.00	100.00
PT Dian Ciptamas Agung (Note 39b),(b3)	Shipping and/or related business	Indonesia	-	100.00
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 Mas Resources (b5)	Producer of edible oil and fat	Indonesia	100.00	100.00
Eco Investment Ltd (b2)	Investment holding	Malaysia	100.00	100.00
Enterprise Capital Corporation (b2)	Investment holding	Malaysia	100.00	100.00
Florentina International Holdings Limited (b1)	Investment holding	Mauritius	100.00	100.00
PT Forestalestari Dwikarya (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
GAR Pakistan (Pvt.) Limited (b1)	Commercial import and trading in crude palm oil and related products	Pakistan	100.00	100.00
Gemini Edibles & Fats India Private Limited (b1)	Trading, manufacturing and marketing of edible oils and fats	India	75.02	75.02
PT Genta Mas Perkasa (b5)	Investment holding	Indonesia	100.00	100.00
PT Global Media Telekomindo (b3)	Telecommunication and multimedia services	Indonesia	100.00	100.00
Goederhand Finance B.V. (b2)	Treasury management	The Netherlands	100.00	100.00
Golden Adventure (GSW) Pte. Ltd.	Ownership of shipping vessel(s)	Singapore	70.00	70.00

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	Effective interest of the Company 2015 %
Subsidiaries held through subsidiaries (cont'd)				
Golden Agri International India Holding Pte. Ltd.	Investment holding and provision of management and consultancy services	Singapore	100.00	100.00
Golden Agri International (L) Ltd (b1)	Trading in crude palm oil and related products	Malaysia	100.00	100.00
Golden Agri International (M) Ltd (b2)	Trading in crude palm oil and related products	Cayman Islands	100.00	100.00
Golden Agri International (M) Trading Sdn. Bhd. (b1)	Trading in crude palm oil and related products	Malaysia	100.00	100.00
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 Investment & Management Limited *(formerly known as "Sinarmas Natural Resources (Tianjin) Investment Co. Limited")* (b4)	Investment holding	Hong Kong	100.00	100.00
Golden Agri Plaza Pte. Ltd.	Commercial and industrial real estate management and property investment	Singapore	100.00	100.00
Golden Agri Resources (India) Private Limited (b1)	Trading and refining of crude palm oil and related products	India	100.00	100.00
Golden Agri-Resources Nigeria Limited (b3)	Importing, marketing and distributing palm oil products	Federal Republic of Nigeria	100.00	100.00
Golden Agri SEA (Labuan) Ltd (b1)	Trading in crude palm oil 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 (b4)	Leasing of aircraft(s) under its ownership	Hong Kong	100.00	100.00
Golden Avenue (GSW) Pte. Ltd.	Ownership of shipping vessel(s)	Singapore	70.00	70.00
Golden Funds & Investment Services Pte. Ltd.	Investment holding and treasury management	Singapore	100.00	100.00

44 **Group Companies** (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	2015 %
Subsidiaries held through subsidiaries (cont'd)				
Golden Maritime Pte. Ltd.	Investment holding	Singapore	100.00	100.00
Golden Natural Resources (HK) Investment Co. Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Golden Natural Resources (Shanghai) International Trade Co., Ltd. (b3),(e)	Trading in edible oils and its related products	People's Republic of China	100.00	-
GP Pakistan (Mauritius) Limited (b1)	Investment holding	Mauritius	100.00	100.00
PT Griyagraha Sarimakmur (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Harford Holdings Limited (b2)	Investment holding	British Virgin Islands	100.00	100.00
Huafeng Foodstuff (Fuxin) Co., Ltd (b9)	Manufacturing and sale of processed instant noodles, snack products and beverages	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 and beverages	People's Republic of China	100.00	100.00
PT Indokarya Mas Sejahtera (b1)	Investment holding and business and management consultancy	Indonesia	100.00	100.00
Integrated Advance IT Services Sdn. Bhd. (b1)	IT consultancy, IT application design, development and maintenance services and provision of facilities for data centre resources and other IT outsourced activities	Malaysia	100.00	100.00
Integrated Investments Ltd (b1)	Investment holding	Mauritius	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 and business and management consultancy	Indonesia	100.00	100.00
PT Ivomas Tunggal Lestari (b1)	Provision of maintenance services for palm oil processing units	Indonesia	100.00	100.00

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	2015 %
Subsidiaries held through subsidiaries (cont'd)				
PT Jambi Semesta Biomassa (b5),(e)	Trading	Indonesia	59.90	-
PT Kartika Prima Cipta (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Kencana Graha Permai (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Kreasi Mas Indah (b1)	Producer of beverage products	Indonesia	100.00	100.00
PT Kreasi Nusajaya Abadi (b3)	Producer of edible oil and fat	Indonesia	100.00	100.00
PT Kresna Duta Agroindo (b1)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
PT Kurnia Cakra Sakti (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Langgeng Subur (b1)	Cultivation of ornamental plants	Indonesia	97.20	97.20
Madascar Capital Pte. Ltd.	Investment holding	Singapore	100.00	100.00
PT Mantap Andalan Unggul (b3)	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	97.20
PT Meganusa Intisawit (b1)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Meganusa Karya Langgeng (b5)	Investment holding and business and management consultancy	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 (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Nabati Energi Mas (b1)	Production of palm oil based bio-diesel and other renewable resources based bio-fuel	Indonesia	97.20	97.20
Ningbo Shining Gold Cereal Oil Port Co., Ltd	Port and storage facilities	People's Republic of China	81.73	81.73

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	2015 %
Subsidiaries held through subsidiaries (cont'd)				
Ningbo Shining Gold Cereal Oil Storage Co., Ltd	Provide services in port loading, storage, packaging and transportation	People's Republic of China	81.73	81.73
PT Nusantara Candra (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Nusatama Agung Kreasi (b3)	Producer of edible oil and fat	Indonesia	100.00	100.00
PT Oleokimia Sejahtera Mas (b8)	Refinery operation	Indonesia	100.00	100.00
OLIQEM GmbH (b13)	Trade and distribution of oleochemical products	Germany	100.00	100.00
PT Palmindo Billiton Berjaya (Note 39a),(b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	-
PT Paramitra Agung Cemerlang (b1)	Provision of shipping and chartering services	Indonesia	100.00	100.00
PT Paramitra Internusa Pratama (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Pelangi Sungai Siak (b3)	Oil palm cultivation and palm oil producer	Indonesia	82.62	82.62
PT Persada Graha Mandiri (b5)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Perusahaan Perkebunan Panigoran (b1)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
PT Pratama Ronaperintis (b3)	Investment holding	Indonesia	68.04	68.04
PT Propertindo Prima (b1)	Transportation services	Indonesia	97.20	97.20
PT Putra Manunggal Abadi (b8)	Investment holding	Indonesia	100.00	100.00
PT Rama Flora Sejahtera (b3)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
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 (b3)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	Effective interest of the Company 2015 %
Subsidiaries held through subsidiaries (cont'd)				
PT Sangatta Andalan Utama (b3)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
PT Satrindo Jaya Agropalma (b5)	Transportation services	Indonesia	100.00	100.00
PT Satya Kisma Usaha (b1)	Oil palm cultivation and palm oil producer	Indonesia	97.20	97.20
PT Sawit Mas Sejahtera (b5)	Investment holding, oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
PT Sawitakarya Manunggul (b8)	Oil palm cultivation and palm oil producer	Indonesia	100.00	100.00
Shining Gold Foodstuffs (Ningbo) Co., Ltd	Refinery of palm and vegetable oil	People's Republic of China	100.00	100.00
Shining Gold Oilseed Crushing (Ningbo) Co., Ltd	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 ("SMART") (b1)	Investment holding, oil palm cultivation and palm oil producer, refinery and producer of consumer cooking oil, shortening and margarine	Indonesia	97.20	97.20
PT Sinar Mas Digital Ventures (Note 39b),(b3)	Provision of investment, consultancy and management services in information technology	Indonesia	-	100.00
Sinar Mas Natural Resources (China) Investment Co., Ltd (b10)	Investment holding	People's Republic of China	100.00	100.00
PT Sinarmas Bio Energy (b3)	Production of palm oil based bio-diesel and other renewable resources based energy	Indonesia	97.20	97.20
PT Sinarmas Cakrawala Persada (b1)	Investment holding	Indonesia	100.00	100.00
Sinarmas Corporate Management (Shanghai) Co., Ltd (b9)	Provision of management and consultancy services	People's Republic of China	100.00	100.00

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	2015 %
Subsidiaries held through subsidiaries (cont'd)				
Sinarmas Digital Ventures (HK) Limited (Note 39b),(b4)	Investment holding	Hong Kong	-	100.00
Sinarmas Digital Ventures (SG) Pte. Ltd. (Note 39b)	Investment holding and treasury management	Singapore	-	100.00
PT Sinarmas Distribusi Nusantara (b1)	Distributor of fast moving consumer products	Indonesia	100.00	100.00
Sinarmas Food (Hong Kong) Co., Limited (b4)	Investment holding	Hong Kong	100.00	100.00
Sinarmas Food (Shaoguan) Co., Ltd (b9)	Manufacturing and sale of food products and instant noodles	People's Republic of China	100.00	100.00
Sinarmas Natural Resources Foodstuff Technology (Tianjin) Co., Ltd	Refinery of palm and vegetable oil	People's Republic of China	100.00	100.00
PT Sinarmas Surya Sejahtera (b3)	Sale of food products	Indonesia	100.00	100.00
PT Sinar Mas Super Air (b5)	Aerial manuring	Indonesia	99.02	99.02
Sinarkonex Korea Co., Ltd (b3)	Dormant	Korea	70.00	70.00
Smart Trac Resources Trading Limited (b4)	Trading of palm oil and palm stearin	Hong Kong	100.00	100.00
PT Soci Mas (b1)	Oleochemical industries	Indonesia	97.23	97.23
Solid Growth Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
Sterling International Investment Ltd (b3)	Investment holding	Malaysia	100.00	100.00
Straits Investments Ltd (b1)	Investment holding	Mauritius	100.00	100.00
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	97.20

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	Effective interest of the Company 2015 %
Subsidiaries held through subsidiaries (cont'd)				
PT Tarunacipta Kencana (b1)	Ownership and operation of marine cargo	Indonesia	100.00	100.00
Tianjin Decoris Investment and Consultancy Co., Ltd (b11),(c)	Investment holding and business consultancy services	People's Republic of China	-	100.00
Tianjin Mundus Investment and Consultancy Co., Ltd (b11),(c)	Investment holding and business consultancy services	People's Republic of China	-	100.00
PT Tradisi Mas Sejahtera (b3)	Investment holding	Indonesia	62.50	62.50
PT Tradisi Sawit Mandiri Utama (b3)	Oil palm cultivation and palm oil producer	Indonesia	85.00	85.00
PT Universal Transindo Mas (b5)	Transportation services	Indonesia	99.03	99.03
PT Usaha Malindo Jaya (b5)	Construction service	Indonesia	100.00	100.00
Victory Oleo Holding GmbH (b6)	Distribution of oleochemical products	Germany	100.00	100.00
Victory Tropical Oil B.V. (b1)	Investment holding and finance	The Netherlands	100.00	100.00
Victory Tropical Oil USA, Inc. (b1)	Trading in tropical oils and their by-products	United States of America	100.00	100.00
Windflower Investments Limited (b2)	Investment holding and treasury management	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 Film Co., Ltd (b9)	Dormant	People's Republic of China	85.00	85.00
Zhuhai Huafeng Printing Co., Ltd (b9)	Dormant	People's Republic of China	85.00	85.00
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	Refinery of palm and vegetable oil	People's Republic of China	85.00	85.00

44 Group Companies (cont'd)

Name of company	Principal activities	Place of business/ incorporation	Effective interest of the Company 2016 %	2015 %
The Group's associated companies are:				
PT Catur Paramita (b3)	Property owner for education purposes	Indonesia	36.21	36.21
PT Duta Anugerah Indah (b16)	Television broadcasting which focuses on education and in the humanitarian field	Indonesia	28.08	28.08
PT Hortimart Agrogemilang (b3)	Production and sale of seeds	Indonesia	38.01	38.01
PT Sinar Meadow International Indonesia (b5)	Production of special vegetable oil and fat	Indonesia	50.00	50.00
The Group's joint ventures are:				
Golden Stena Bulk IMOIIMAX I Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX III Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX VII Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX VIII Limited (b7)	Ownership of shipping vessel(s)	Cyprus	50.00	50.00
Golden Stena Bulk IMOIIMAX IX Limited (b7),(d)	Ownership of shipping vessel(s)	Cyprus	-	50.00
Golden Stena Bulk IMOIIMAX X Limited (b7),(d)	Ownership of shipping vessel(s)	Cyprus	-	50.00
Golden Stena Weco Pte. Ltd.	Provision of ship management services and chartering and operation of vessels	Singapore	50.00	50.00
Jetlane Holdings Limited (b12)	Investment holding	British Virgin Islands	50.00	50.00
Nuova Energia S.r.l. (b17)	Building and operation of wind power farms	Italy	50.00	50.00
Sinarmas LDA Maritime Pte. Ltd. (b14)	Shipping and logistics business	Singapore	50.00	50.00
GSW F-Class Pte. Ltd.	Investment holding and ownership of vessel(s)	Singapore	50.00	50.00
Sinarmas Cepsa Pte. Ltd. (b15)	Investment holding	Singapore	50.00	50.00
PT Super Wahana Tehno (b1)	Production and distribution of bottled ionised mineral water	Indonesia	48.60	48.60

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

(4) Audited by TCL & Company, Certified Public Accountants (Practising).

(5) Audited by Tanubrata Sutanto Fahmi & Rekan (BDO).

(6) Audited by MIZ GmbH.

(7) Audited by PricewaterhouseCoopers Ltd.

(8) Audited by Purwantono, Suherman & Surja (Ernst & Young).

(9) Audited by Zhonghua Certified Public Accountants LLP, PRC.

(10) Audited by Beijing Dongshen Dingli International CPA, PRC.

(11) Audited by Tianjin Chengtai CPAs Ltd.

(12) Audited by KAP Drs. Ferdinand.

(13) Audited by Wir Treuhand GmbH.

(14) Audited by Paul Wan & Co.

(15) Audited by Ernst & Young LLP.

(16) Audited by KAP Handoko & Suparmun.

(17) Audited by PricewaterhouseCoopers SpA.

(c) During the current financial year, Tianjin Decoris Investment and Consultancy Co., Ltd and Tianjin Mundus Investment and Consultancy Co., Ltd were liquidated.

(d) During the current financial year, the Group through its wholly-owned subsidiary, disposed its entire shareholding in Golden Stena Bulk IMOIIMAX IX Limited and Golden Stena Bulk IMOIIMAX X Limited at approximately net carrying value.

44 Group Companies (cont'd)

Notes: (cont'd)

(e) During the current financial year, the following new companies have been incorporated/purchased:

Subsidiaries	Initial Issued and Paid-up Capital
Achieve Market Holdings Limited	1 ordinary share of US$1
PT Bioenergi Semesta Mas ("BSM") *(formerly known as "PT Sinar Energi Sejahtera")*	1,000 shares of IDR1,000,000 each
PT Jambi Semesta Biomassa ("JSB")	1,000 shares of IDR1,000,000 each
	Registered share capital
Golden Natural Resources (Shanghai) International Trade Co., Ltd	US$30,000,000

Following the incorporation of BSM and JSB, the Group recognised a cash inflow from its 40.1% non-controlling interest of US$31,000.

(f) As at 31 December 2016, the accumulated non-controlling interests is US$42,201,000 (2015: US$39,544,000), of which US$25,977,000 (2015: US$23,346,000) is for 2.8% non-controlling interests in SMART and its subsidiaries ("SMART Group") and US$8,181,000 (2015: US$5,682,000) is for 24.98% non-controlling interests in Gemini Edibles & Fats India Private Limited ("GEFI"). The non-controlling interests in respect of other subsidiaries are individually not material.

The following table summarises the financial information relating to SMART Group and GEFI which have non-controlling interests that are material to the Group:

	SMART Group		GEFI	
		(Restated)		
	2016	2015	2016	2015
	US$'000	US$'000	US$'000	US$'000
Non-current assets	1,420,554	1,376,502	20,615	21,429
Current assets	903,964	864,200	93,028	119,078
Non-current liabilities	586,107	420,424	2,065	1,882
Current liabilities	626,697	794,727	79,058	116,110
Revenue	2,245,510	2,750,481	510,817	356,293
Profit/(Loss) for the year	93,399	(24,277)	10,005	7,951
Total comprehensive income/(loss)	92,889	(19,188)	10,005	6,655
Profit/(Loss) allocated to NCI	2,611	(1,943)	2,499	1,986
Dividends paid to NCI	-	60	-	-
Cash (outflows)/inflows from operating activities	(54,586)	48,667	18,130	(15,161)
Cash (outflows)/inflows from investing activities	(83,618)	(170,369)	(77,625)	24,032
Cash inflows/(outflows) from financing activities	51,981	103,985	61,407	(18,758)
Net (decrease)/increase in cash and cash equivalents	(86,223)	(17,717)	1,162	(9,887)

INDEPENDENT AUDITOR'S REPORT ON REVIEW OF INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS TO THE MEMBERS OF GOLDEN AGRI-RESOURCES LTD
(Incorporated in Mauritius)

Introduction

We have reviewed the accompanying interim condensed consolidated statement of financial position of Golden Agri-Resources Ltd (the "Company") and its subsidiaries (the "Group") as at 30 June 2017 and the related interim consolidated income statement, statement of comprehensive income, statement of changes in equity and statement of cash flows for the six-month period then ended, and explanatory notes. Management is responsible for the preparation and fair presentation of this interim condensed consolidated financial statements in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting.* Our responsibility is to express a conclusion on this interim condensed consolidated financial statements based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements 2410, *Review of Interim Financial Information Performed by the Independent Auditor of the Entity.* A review of interim condensed financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim condensed consolidated financial statements does not give a true and fair view of the financial position of the Group as at 30 June 2017, and of its financial performance and its cash flows for the six-month period then ended in accordance with IAS 34.

Moore Stephens LLP
Public Accountants and
Chartered Accountants

Singapore
Date: 10 October 2017

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

INTERIM CONSOLIDATED INCOME STATEMENT
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

	Note	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Revenue	4	3,802,960	3,235,377
Cost of sales		(3,256,427)	(2,809,750)
Gross profit		546,533	425,627
Operating expenses			
Selling expenses	5	(274,243)	(257,915)
General and administrative expenses	5	(152,075)	(148,291)
		(426,318)	(406,206)
Operating Profit		120,215	19,421
Other income/(expenses)			
Financial income	6	14,276	12,258
Financial expenses	6	(71,291)	(64,448)
Share of results of associated companies, net of tax		1,031	(161)
Share of results of joint ventures, net of tax		2,839	5,366
Foreign exchange gain		3,705	30,640
Other operating income		11,880	23,255
		(37,560)	6,910
Profit before income tax	7	82,655	26,331
Income tax	8	(22,121)	110,844
Profit for the period		60,534	137,175
Profit for the period attributable to:			
Owners of the Company		59,427	133,613
Non-controlling interests		1,107	3,562
		60,534	137,175
Earnings per ordinary share (cents)			
Basic and Diluted	9	0.47	1.05

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

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

INTERIM CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Profit for the period	60,534	137,175
Other comprehensive income/(loss):		
Items that may be reclassified subsequently to profit or loss:		
Foreign currency translation differences on consolidation	6,940	(1,950)
Share of other comprehensive income of a joint venture	457	1,210
Changes in fair value of cash flow hedges	(146)	1,370
Changes in fair value of cash flow hedges transferred to income statement	(222)	-
Changes in fair value of available-for-sale financial assets	(8,172)	419
	(1,143)	1,049
Items that will not be reclassified subsequently to profit or loss:		
Actuarial loss on post-employment benefits	(7,619)	(10,558)
Other comprehensive loss, net of income tax	(8,762)	(9,509)
Total comprehensive income for the period, net of income tax	51,772	127,666
Total comprehensive income attributable to:		
Owners of the Company	50,580	124,445
Non-controlling interests	1,192	3,221
	51,772	127,666

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

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 30 JUNE 2017 AND 31 DECEMBER 2016

	Note	30.6.2017	31.12.2016
		US$'000	US$'000
Assets			
Current Assets			
Cash and cash equivalents		197,025	153,007
Short-term investments	10	214,738	201,972
Trade receivables		437,199	561,411
Other current assets	11	916,176	892,529
Inventories	12	985,654	967,138
		2,750,792	2,776,057
Non-Current Assets			
Long-term receivables and assets	13	262,625	253,008
Long-term investments	14	833,342	847,370
Investment in associated companies		11,195	10,158
Investment in joint ventures		71,598	62,112
Investment properties		982	986
Property, plant and equipment	15	2,765,624	2,788,483
Bearer plants	16	1,039,379	1,101,374
Deferred tax assets	17	293,572	301,860
Intangible assets	18	166,187	165,007
		5,444,504	5,530,358
Total Assets		**8,195,296**	**8,306,415**

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

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

INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION (cont'd)
AS AT 30 JUNE 2017 AND 31 DECEMBER 2016

	Note	30.6.2017 US$'000	31.12.2016 US$'000
Liabilities and Equity			
Current Liabilities			
Short-term borrowings	19	1,001,097	1,112,377
Bonds and notes payable	20	636,844	661,379
Trade payables		483,923	575,940
Other payables		338,241	348,945
Taxes payable		16,857	16,375
Obligations under finance lease		16	84
		2,476,978	2,715,100
Non-Current Liabilities			
Bonds and notes payable	20	281,818	420,158
Long-term borrowings	21	1,044,878	872,373
Deferred tax liabilities	17	107,187	117,627
Long-term payables and liabilities		151,519	85,206
		1,585,402	1,495,364
Total Liabilities		4,062,380	4,210,464
Equity Attributable to Owners of the Company			
Issued capital	22	320,939	320,939
Share premium		1,216,095	1,216,095
Treasury shares	22	(31,726)	(31,726)
Other paid-in capital		184,318	184,318
Other reserves			
Option reserve		31,471	31,471
Currency translation reserve		(5,692)	(12,909)
Fair value reserve		(3,353)	4,819
PRC statutory reserve		3,820	3,820
Hedging reserve		-	368
Other reserve		9,369	27,656
		35,615	55,225
Retained earnings		2,310,910	2,308,899
		4,036,151	4,053,750
Non-Controlling Interests		96,765	42,201
Total Equity		4,132,916	4,095,951
Total Liabilities and Equity		**8,195,296**	**8,306,415**

On behalf of the Board of Directors,

FRANKY OESMAN WIDJAJA
Director

RAFAEL BUHAY CONCEPCION, JR.
Director

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

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

INTERIM CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

	Attributable to Owners of the Company								
The Group	Issued Capital	Share Premium	Treasury Shares	Other Paid-in Capital	Other Reserves	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
Balance at 1.1.2017	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	-	-	-	-	-	59,427	59,427	1,107	60,534
Other comprehensive (loss)/income	-	-	-	-	(8,847)	-	(8,847)	85	(8,762)
Total comprehensive (loss)/income for the period	-	-	-	-	(8,847)	59,427	50,580	1,192	51,772
Dividends paid (Note 23)	-	-	-	-	-	(57,416)	(57,416)	-	(57,416)
Change in interest in a subsidiary	-	-	-	-	(10,763)	-	(10,763)	53,349	42,586
Non-controlling interest for incorporation of subsidiaries	-	-	-	-	-	-	-	23	23
Balance at 30.6.2017	320,939	1,216,095	(31,726)	184,318	35,615	2,310,910	4,036,151	96,765	4,132,916
Balance at 1.1.2016	320,939	1,216,095	(31,726)	184,318	63,486	1,956,742	3,709,854	39,544	3,749,398
Profit for the period	-	-	-	-	-	133,613	133,613	3,562	137,175
Other comprehensive loss	-	-	-	-	(9,168)	-	(9,168)	(341)	(9,509)
Total comprehensive (loss)/income for the period	-	-	-	-	(9,168)	133,613	124,445	3,221	127,666
Dividends paid (Note 23)	-	-	-	-	-	(47,462)	(47,462)	-	(47,462)
Balance at 30.6.2016	320,939	1,216,095	(31,726)	184,318	54,318	2,042,893	3,786,837	42,765	3,829,602

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

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

	Note	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Cash flows from operating activities			
Profit before income tax		82,655	26,331
Adjustments for:			
Depreciation of investment properties		28	29
Depreciation of property, plant and equipment		98,464	94,185
Depreciation of bearer plants		79,144	79,151
Amortisation of intangible assets		1,223	921
Net gain from changes in fair value of biological assets		(130)	(5,149)
Unrealised foreign exchange gain		(6,787)	(12,230)
Share of results of associated companies, net of tax		(1,031)	161
Share of results of joint ventures, net of tax		(2,839)	(5,366)
Gain on disposal of property, plant and equipment		-	(224)
Property, plant and equipment written off		286	595
Bearer plants written off		411	337
Allowance for/(Write-back of) impairment loss on:			
Inventories, net		3,612	172
Trade receivables		(335)	21
Changes in fair value of financial assets at fair value through profit or loss		996	(5,212)
Loss on disposal of a joint venture		1,309	-
Interest income	6	(14,276)	(12,258)
Interest expense	6	70,589	62,936
Operating cash flows before working capital changes		313,319	224,400
Changes in operating assets and liabilities:			
Trade receivables		124,549	(14,701)
Other current assets		(50,827)	(173,520)
Inventories		(22,129)	(148,231)
Trade payables		(92,017)	(54,979)
Other payables		58,040	33,854
Cash generated from/(used in) operations		330,935	(133,177)
Interest received		6,393	7,084
Interest paid		(67,026)	(58,090)
Income tax refunded		47,363	58,882
Net cash generated from/(used in) operating activities		317,665	(125,301)

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

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

INTERIM CONSOLIDATED STATEMENT OF CASH FLOWS (cont'd)
FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2017 AND 2016

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Cash flows from investing activities		
Proceeds from disposal of property, plant and equipment	5,935	4,308
Proceeds from disposal of bearer plants	669	188
Capital expenditure on property, plant and equipment	(72,108)	(98,322)
Capital expenditure on bearer plants	(17,290)	(4,300)
(Investment in)/Proceeds from financial assets, net	(7,906)	22,014
Investment in a joint venture	-	(1,000)
Proceeds from disposal of a joint venture	1,076	-
Cash inflow from non-controlling interest for incorporation of subsidiaries	23	-
Investment in Plasma/KKPA program plantations, net	(1,213)	(632)
Dividend received from a joint venture	785	2,250
Payments for intangible assets	(2,207)	(2,154)
Net increase in long-term receivables and assets	(2,540)	(1,584)
Net cash used in investing activities	(94,776)	(79,232)
Cash flows from financing activities		
Proceeds from short-term borrowings	1,185,493	1,261,663
Proceeds from long-term borrowings	269,966	345,348
Payments of dividends	(57,416)	(47,462)
Payments of short-term borrowings	(1,315,460)	(1,248,445)
Payments of long-term borrowings	(75,194)	(107,505)
Payments of obligations under finance lease	(68)	(58)
Payments of bonds and notes payable	(183,238)	(80,645)
Payments of deferred loan charges and bank loan administration costs	(2,954)	(4,126)
Decrease/(Increase) in cash in banks and time deposits pledged	14,391	(28,619)
Net cash (used in)/generated from financing activities	(164,480)	90,151
Net increase/(decrease) in cash and cash equivalents	58,409	(114,382)
Cash and cash equivalents at the beginning of the period	122,690	226,888
Cash and cash equivalents at the end of the period (See Note below)	181,099	112,506

Note:	As at 30.6.2017 US$'000	As at 30.6.2016 US$'000
Cash and cash equivalents shown in consolidated statement of financial position	197,025	157,853
Less: Cash and cash equivalents pledged	(15,926)	(45,347)
Cash and cash equivalents shown above	181,099	112,506

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

These notes form an integral part of and should be read in conjunction with the accompanying interim condensed consolidated financial statements.

1 General

Golden Agri-Resources Ltd (the “Company” or “GAR”) is a limited company incorporated in Mauritius. The Company is principally engaged as an investment holding company. The interim condensed consolidated financial statements as at and for the six-month period ended 30 June 2017 comprise the condensed financial statements of the Company and its subsidiaries (the “Group”).

The interim condensed consolidated financial statements as at and for the six-month period ended 30 June 2017 were authorised for issue by the Board of Directors on 10 October 2017.

2 Basis of Preparation and Changes to the Group’s Accounting Policies

(a) Basis of Preparation

The interim condensed consolidated financial statements of the Group for the six-month period ended 30 June 2017 have been prepared in accordance with International Accounting Standard (“IAS”) 34, *Interim Financial Reporting*.

The interim condensed consolidated financial statements do not include all the information and disclosures required in the annual financial statements, and should be read in conjunction with the Group’s audited annual consolidated financial statements for the year ended 31 December 2016.

(b) New and Revised International Financial Reporting Standards (“IFRSs”)

The accounting policies and methods of computation adopted in the preparation of the interim condensed consolidated financial statements are consistent with those followed in the preparation of the Group’s audited annual consolidated financial statements for the year ended 31 December 2016, except for the adoption of new and revised IFRSs effective for annual periods beginning on 1 January 2017. The adoption of the new and revised IFRSs has had no material financial impact on the interim condensed consolidated financial statements of the Group. The Group has not early adopted any other new and revised IFRSs that have been issued but are not yet effective.

3 Seasonality of Operations

The production of fresh fruit bunch (“FFB”) in oil palm plantations is subject to seasonal fluctuations as a result of weather conditions and rainfall patterns. Generally, production of FFB is higher in the second half of the year, resulting in an increase in the supply of crude palm oil (“CPO”) and in turn higher sales volume.

For the 12-month period ended 30 June 2017, the Group’s revenue and profit before income tax amounted to US$7,776,432,000 and US$196,599,000 respectively (12-month period ended 30 June 2016: US$6,361,039,000 and US$7,947,000 respectively).

4 Revenue

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Sales in Indonesia		
Third parties	492,567	345,599
Associated companies	11,176	10,668
Related parties	23,197	2,988
	526,940	359,255
Sales outside Indonesia		
Third parties	3,275,965	2,876,110
Related parties	55	12
	3,276,020	2,876,122
	3,802,960	3,235,377
Sales in Indonesia		
Palm oil based products:		
Crude palm oil	10,836	17,095
Margarine and fat	20,949	25,434
Palm fatty acid distillate	16,295	11
Palm kernel	6,188	2,408
Palm kernel meal	1,726	1,780
Palm kernel oil	21,576	2,843
Refined bleached deodorised olein	234,422	187,210
Refined bleached deodorised stearin	33,382	32,282
Refined bleached deodorised palm oil	25,246	12,959
Refined bleached deodorised palm kernel oil	5,643	3,858
Oleochemical products	17,054	15,208
Biodiesel products	71,290	12,807
Others	21,428	11,035
	486,035	324,930
Others	40,905	34,325
Total sales in Indonesia	526,940	359,255
Sales outside Indonesia		
Palm oil based products:		
Crude palm oil	637,713	580,475
Margarine and fat	43,720	38,756
Palm fatty acid distillate	64,737	47,444
Palm kernel meal	28,760	24,965
Palm kernel oil	133,630	87,115
Refined bleached deodorised olein	923,818	912,317
Refined bleached deodorised stearin	150,626	99,192
Refined bleached deodorised palm oil	358,488	254,963
Refined bleached deodorised palm kernel oil	171,548	169,362
Oleochemical products	103,442	73,525
Biodiesel products	3,174	682
Others	96,883	71,706
	2,716,539	2,360,502
Soy bean based products	308,992	294,423
Noodles and snack products	58,217	59,283
Revenue from provision of port and storage facilities	1,109	2,886
Others	191,163	159,028
Total sales outside Indonesia	3,276,020	2,876,122
	3,802,960	3,235,377

5 Selling, General and Administrative Expenses

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Selling expenses:		
Freight and related expenses	115,136	119,805
Export tax and administration	106,192	78,623
Advertising and promotions	17,484	24,200
Salaries and employee benefits expense	15,068	16,106
Depreciation of property, plant and equipment	2,413	2,271
Others	17,950	16,910
	274,243	257,915
General and administrative expenses:		
Salaries and employee benefits expense	97,046	94,496
Depreciation of property, plant and equipment	10,255	12,322
Professional fees	6,745	7,907
Rent, tax and licenses	8,677	8,744
Travelling	6,793	7,159
Repairs and maintenance	5,160	4,606
Office supplies and utilities	2,201	2,162
Amortisation of intangible assets	1,070	600
Others	14,128	10,295
	152,075	148,291
	426,318	406,206

6 Financial Income and Financial Expenses

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Interest income from:		
Third parties	10,565	9,475
Joint ventures	3,700	2,778
Related parties	11	5
Financial income	14,276	12,258
Interest expense to:		
Third parties	(67,511)	(60,752)
Joint ventures	(36)	(31)
Amortisation of deferred loan charges	(3,052)	(2,168)
Amortisation of deferred bond charges	(62)	(57)
Amortisation of premium on notes	72	72
Total interest expense	(70,589)	(62,936)
Finance charges	(702)	(1,512)
Financial expenses	(71,291)	(64,448)
Financial expenses, net	(57,015)	(52,190)

7 Profit Before Income Tax

Profit before income tax includes the following expenses/(income):

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Cost of inventories recognised as an expense	2,945,663	2,532,931
Depreciation of property, plant and equipment	98,464	94,185
Depreciation of bearer plants	79,144	79,151
Amortisation of intangible assets	1,223	921
Net gain from changes in fair value of biological assets	(130)	(5,149)
Allowance for/(Write-back of) impairment loss on:		
Inventories, net	3,612	172
Trade receivables	(335)	21

8 Income Tax

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Income tax expense/(credit) attributable to the profit is made up of:		
Current income tax		
- Current year	18,719	44,498
- (Over)/Under-provision in respect of prior periods	(34)	157
	18,685	44,655
Deferred income tax (Note 17)	3,436	(155,499)
Income tax expense/(credit)	22,121	(110,844)

The income tax expense/(credit) on the results for the financial period 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:

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Profit before income tax	82,655	26,331
Adjustments for:		
Share of results of associated companies, net of tax	(1,031)	161
Share of results of joint ventures, net of tax	(2,839)	(5,366)
	78,785	21,126
Tax calculated at a tax rate of 25%	19,696	5,282
Effect of different tax rates in other countries	10,558	9,139
Non-deductible expenses	2,291	2,054
Permanent differences arising mainly from remeasurement	(5,698)	7,842
Recognition of previously unrecognised tax losses	(2,339)	-
Effect arising from revalued assets for tax purposes	-	(130,862)
Utilisation of previously unrecognised tax losses	(6,756)	(12,253)
Income tax at preferential rate	(1,981)	(540)
Unrecognised deferred tax assets	6,384	8,337
(Over)/Under-provision in prior periods' current income tax	(34)	157
Income tax expense/(credit)	22,121	(110,844)

9 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 (excluding treasury shares) during the six-month periods.

	1.1.2017 to 30.6.2017	1.1.2016 to 30.6.2016
Profit attributable to the owners of the Company (US$'000)	59,427	133,613
Weighted average number of ordinary shares (excluding treasury shares) ('000)	12,734,756	12,734,756
Basic and diluted earnings per share (US cents)	0.47	1.05

There is no dilution as the Company did not have any potential ordinary shares outstanding as at 30 June 2017 and 2016.

(b) 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 (excluding treasury shares) as at the end of the reporting periods.

	30.6.2017	31.12.2016
Total equity attributable to the owners of the Company (US$'000)	4,036,151	4,053,750
Number of ordinary shares (excluding treasury shares) as at the end of the reporting period ('000)	12,734,756	12,734,756
Net asset value per share (US$)	0.32	0.32

10 Short-Term Investments

Short-term investments which represent debt and equity securities and time deposits with a maturity over three months but not more than one year are detailed as follows:

	30.6.2017 US$'000	31.12.2016 US$'000
Time deposits	20,640	21,041
Available-for-sale financial assets:		
Equity securities	52,293	40,938
Financial assets at fair value through profit or loss:		
Equity securities held for trading	33,895	28,095
Debt securities held for trading	27,770	31,758
Debt securities designated at inception, at cost	80,140	80,140
	141,805	139,993
	214,738	201,972

11 Other Current Assets

	30.6.2017 US$'000	31.12.2016 US$'000
Non-trade receivable from:		
Third parties	129,185	76,488
Related parties	65	42
Joint ventures	210,815	198,272
Derivative receivables	-	17,264
Staff advances	6,990	6,625
	347,055	298,691
Biological assets	85,296	85,166
Advances and deposits to suppliers	214,581	220,340
Advances for purchases of property, plant and equipment and others	62,856	49,227
Prepaid taxes	142,296	211,711
Prepaid expenses	59,849	22,485
Others	4,243	4,909
	916,176	892,529

The Group's biological assets represent the FFB of its oil palm trees as at the end of the reporting period. During the six-month period ended 30 June 2017, the Group harvested approximately 3,705,000 (six-month period ended 30 June 2016: 2,745,000) tonnes of FFB from its nucleus plantations. The fair value of FFB is classified under level 2 of the fair value hierarchy and was determined with reference to their average market prices. Movement of biological assets during six-month period ended 30 June 2017 is as follows:

	30.6.2017 US$'000
Balance at 31 December 2016 and 1 January 2017	85,166
Net gain from changes in fair value recognised as part of other operating income	130
Balance at 30 June 2017	85,296

12 Inventories

	30.6.2017 US$'000	31.12.2016 US$'000
Raw materials	423,406	483,039
Finished goods	412,042	340,245
Goods in transit	14,519	25,368
	849,967	848,652
Consumables:		
Fertilisers and general material	44,561	38,208
Fuel, chemical and packing supplies	54,721	43,709
Others	36,405	36,569
	985,654	967,138

During the six-month period ended 30 June 2017, the Group recognised an allowance for impairment loss of US$3,935,000 (six-month period ended 30 June 2016: US$739,000) in cost of sales as the carrying amount of certain inventories was higher than the net realisable value. Allowance for impairment loss of US$323,000 (six-month period ended 30 June 2016: US$567,000) has been reversed as a result of the increase in net realisable value of certain inventories.

13 Long-Term Receivables and Assets

	30.6.2017	31.12.2016
	US$'000	US$'000
Loan receivable from joint ventures	24,174	21,000
Tax recoverable	169,501	163,472
Advances for projects	23,273	21,802
Advances for plasma plantations, net	20,372	18,992
Land clearing	1,715	1,968
Advances for investment in land	1,495	2,759
Others	22,095	23,015
	262,625	253,008

14 Long-Term Investments

	30.6.2017	31.12.2016
	US$'000	US$'000
Available-for-sale financial assets:		
Equity securities	651,342	665,370
Financial assets at fair value through profit or loss:		
Debt securities designated at inception, at cost	182,000	182,000
	833,342	847,370

The above debt securities represent a secured 3% interest-bearing loan of US$182,000,000 extended by the Group to a third party with a maturity date in October 2018. On the maturity date, the Group is granted an option to either convert the loan into shares of the borrower or to settle in cash.

15 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 31.12.2016 and 1.1.2017	7,475	389,162	468,491	1,205,192	1,169,472	173,651	315,154	368,553	4,097,150
Translation adjustment	365	1,284	-	7,464	5,747	434	96	254	15,644
Additions	300	1,143	1,003	1,031	2,973	4,415	3,459	57,784	72,108
Disposals	-	-	(47)	(705)	(7,459)	(266)	(2,946)	-	(11,423)
Write off	-	(69)	(233)	(611)	(691)	(513)	(182)	(44)	(2,343)
Reclassification	-	33	15,327	25,028	21,616	1,476	971	(64,451)	-
Balance at 30.6.2017	8,140	391,553	484,541	1,237,399	1,191,658	179,197	316,552	362,096	4,171,136
Accumulated depreciation									
Balance at 31.12.2016 and 1.1.2017	-	21,065	95,824	345,349	469,053	143,739	233,637	-	1,308,667
Translation adjustment	-	329	-	1,693	3,588	240	76	-	5,926
Charge for the period	-	736	18,534	31,101	32,595	4,854	10,644	-	98,464
Disposals	-	-	(46)	(343)	(2,161)	(253)	(2,685)	-	(5,488)
Write off	-	-	(226)	(552)	(616)	(506)	(157)	-	(2,057)
Reclassification	-	-	5	(4)	(52)	51	-	-	-
Balance at 30.6.2017	-	22,130	114,091	377,244	502,407	148,125	241,515	-	1,405,512
Net book value									
Balance at 31.12.2016	7,475	368,097	372,667	859,843	700,419	29,912	81,517	368,553	2,788,483
Balance at 30.6.2017	8,140	369,423	370,450	860,155	689,251	31,072	75,037	362,096	2,765,624

16 Bearer Plants

	Cost	Accumulated depreciation	Net book value
	US$'000	US$'000	US$'000
Balance at 31 December 2016 and 1 January 2017	2,362,536	(1,261,162)	1,101,374
Additions	17,290	-	17,290
Depreciation charge for the period	-	(79,144)	(79,144)
Disposal	(669)	-	(669)
Write off	(423)	12	(411)
Transfer from land clearing	939	-	939
Balance at 30 June 2017	2,379,673	(1,340,294)	1,039,379

17 Deferred Tax

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:

	30.6.2017	31.12.2016
	US$'000	US$'000
Deferred tax assets	293,572	301,860
Deferred tax liabilities	(107,187)	(117,627)
	186,385	184,233

	Accelerated tax depreciation	Unutilised tax losses/capital allowances	Valuation allowances/ others	Total
	US$'000	US$'000	US$'000	US$'000
Deferred tax assets/(liabilities)				
Balance at 31 December 2016 and 1 January 2017	222,221	157,389	(195,377)	184,233
(Charged)/Credited to income statement (Note 8)	(17,230)	600	13,194	(3,436)
Credited to other comprehensive income	-	-	2,535	2,535
Translation adjustment	2,109	745	199	3,053
Balance at 30 June 2017	207,100	158,734	(179,449)	186,385

18 Intangible Assets

	Goodwill	Brands and trademarks	Deferred landrights	Others	Total
	US$'000	US$'000	US$'000	US$'000	US$'000
Balance at 31 December 2016 and 1 January 2017					
Cost	151,895	7,245	11,579	13,346	184,065
Accumulated amortisation	-	(6,965)	(5,423)	(6,670)	(19,058)
Net book value	151,895	280	6,156	6,676	165,007
Additions	-	1,346	684	177	2,207
Amortisation charged to income statement	-	(35)	(211)	(977)	(1,223)
Translation adjustment	120	4	1	71	196
Balance at 30 June 2017	152,015	1,595	6,630	5,947	166,187

19 Short-Term Borrowings

	30.6.2017	31.12.2016
	US$'000	US$'000
Short-term loans:		
United States dollar	854,290	981,021
Indian rupee	-	9,472
Indonesian rupiah	-	744
Euro	571	526
	854,861	991,763
Current maturities of long-term borrowings (Note 21)	150,011	125,263
	1,004,872	1,117,026
Less: Unamortised loan charges	(3,775)	(4,649)
	1,001,097	1,112,377

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

	30.6.2017	31.12.2016
	US$'000	US$'000
Secured loans	583,149	595,731
Unsecured loans	271,712	396,032
	854,861	991,763

As at the end of the reporting period, there is no breach of loan covenants.

Certain time deposits, short-term investments, trade receivables, inventories, property, plant and equipment, bearer plants and biological assets have been pledged to banks to obtain the Group's short-term secured loans.

20 Bonds and Notes Payable

	30.6.2017	31.12.2016
	US$'000	US$'000
Unsecured interest-bearing bonds (a)	7,507	74,426
Unsecured Islamic medium term notes (b)	765,811	765,811
Unsecured multicurrency medium term notes (c)	145,244	241,190
	918,562	1,081,427
Less: Deferred bond charges	(19)	(81)
Add: Unamortised premium on notes	119	191
	918,662	1,081,537
Less: Current portion	(636,844)	(661,379)
Non-current portion	281,818	420,158

(a) In June 2012, a subsidiary established a fixed rate IDR Bond Program ("Bond Program") of up to IDR3 trillion. As at 30 June 2017, the outstanding bonds amounted to IDR100 billion (equivalent to US$7,507,000) which comprise B series bonds of IDR100 billion due in July 2019. These outstanding bonds bear interest at 9.25% per annum and are listed on the Indonesia Stock Exchange. A series bonds of IDR900 billion (equivalent to US$66,984,000) have been fully repaid during the six-month period ended 30 June 2017.

20 Bonds and Notes Payable (cont'd)

(b) In November 2012, a subsidiary established a Ringgit-denominated Islamic medium term note ("IMTN") programme of up to RM5 billion under the laws of Malaysia. As at 30 June 2017, the outstanding IMTN comprises 3 tranches and bears profit rates ranging from 4.35% to 5.35% per annum. The scheduled maturities of the outstanding IMTN as at 30 June 2017 are as follows:

	30.6.2017
	US$'000
12-month periods ended 30 June	
2018	491,481
2019	156,590
2020	117,740
	765,811

(c) In April 2014, a wholly-owned subsidiary, Golden Assets International Investment Pte. Ltd., established a multicurrency medium term note ("MMTN") programme of up to US$1.5 billion under the laws of Singapore. As at 30 June 2017, the outstanding Singapore dollar denominated MMTN comprises 1 tranche with a fixed coupon rate at 5.5% per annum and scheduled maturity within the next 12-month period ended 30 June 2018.

21 Long-Term Borrowings

	30.6.2017	31.12.2016
	US$'000	US$'000
Long-term borrowings:		
United States dollar	1,131,814	937,042
Singapore dollar	67,452	64,189
Indian rupee	150	150
Total long-term borrowings	1,199,416	1,001,381
Less: Current maturities of long-term borrowings (Note 19)	(150,011)	(125,263)
	1,049,405	876,118
Less: Unamortised loan charges	(4,527)	(3,745)
Non-current portion	1,044,878	872,373

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

	30.6.2017	31.12.2016
	US$'000	US$'000
Secured borrowings	1,018,200	1,001,381
Unsecured borrowings	181,216	-
	1,199,416	1,001,381

21 Long-Term Borrowings (cont'd)

Certain time deposits, short-term investments, trade receivables, inventories, property, plant and equipment, bearer plants and biological assets have been pledged to banks to obtain the Group's total secured borrowings.

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 period/year, there is no breach of loan covenants.

The scheduled maturities of the Group's borrowings as at 30 June 2017 are as follows:

	Original loan currency			U.S. Dollar Equivalent
	US$'000	S$'000	INR'000	US$'000
Long-term borrowings repayable in 12-month periods ended 30 June:				
2018	150,011	-	-	150,011
2019	443,259	92,881	-	510,711
2020	157,860	-	-	157,860
2021	103,888	-	10,000	104,038
2022	100,796	-	-	100,796
Thereafter	176,000	-	-	176,000
Total	1,131,814	92,881	10,000	1,199,416
Current portion (Note 19)	(150,011)	-	-	(150,011)
Non-current portion	981,803	92,881	10,000	1,049,405

22 Issued Capital and Treasury Shares

	No. of ordinary shares		Amount	
	Issued capital	Treasury shares	Issued capital	Treasury shares
			US$'000	US$'000
Issued and fully paid:				
Balance at 31 December 2016 and 30 June 2017	12,837,548,556	(102,792,400)	320,939	(31,726)

There is no change in the Company's issued and fully paid share paid during the six-month period ended 30 June 2017.

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 through the optimisation of the debts and equity balance. The Group's overall strategy remains unchanged since 2016. Neither the Group nor the Company is subject to externally imposed capital requirements. The Group monitors capital using net debts-to-equity ratio and adjusted net debts-to-equity ratio.

Net debts-to-equity ratio equals net debts divided by total equity. Total equity comprises share capital, share premium, reserves, retained earnings and non-controlling interests. The Group's net debts include borrowings, bonds and notes payable and obligations under finance leases net of cash and cash equivalents.

22 Issued Capital and Treasury Shares (cont'd)

Capital Risk Management (cont'd)

	30.6.2017
	US$'000
Total debts	2,964,653
Cash and cash equivalents	(197,025)
Net debts	2,767,628
Total equity	4,132,916
Net debts-to-equity ratio (times)	0.67

Adjusted net debts-to-equity ratio equals adjusted net debts divided by total equity attributable to owners of the Company. Adjusted net debts comprise net debts (as defined above) less liquid working capital. Liquid working capital includes short-term investments, trade receivables, advances and deposits to suppliers and inventories (excluding consumables) less trade payables and advances from customers.

	30.6.2017
	US$'000
Net debts	2,767,628
Liquid working capital:	
Short-term investments	(214,738)
Trade receivables	(437,199)
Inventories (excluding consumables)	(849,967)
Advances and deposits to suppliers	(214,581)
Trade payables	483,923
Advances and deposits	36,215
Adjusted net debts	1,571,281
Equity attributable to the owners of the Company	4,036,151
Adjusted net debts-to-equity ratio (times)	0.39

The directors of the Company review the capital structure on a semi-annual basis. As a part of the review, the directors of the Company 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.

23 Dividends

	1.1.2017 to 30.6.2017	1.1.2016 to 30.6.2016
	US$'000	US$'000
Final dividend paid in respect of 2016 of S$0.00635 (2015: S$0.00502) per share	57,416	47,462

24 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 borrowings, short-term bonds and notes payable and obligations under finance lease 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 30 June 2017, the carrying amounts of the long-term receivables and long-term interest-bearing borrowings approximate their fair values.

Fair Value Hierarchy

The following table presents financial assets and financial liabilities 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).

	Level 1	Level 2	Level 3	Total
	US$'000	US$'000	US$'000	US$'000
At 30 June 2017				
Available-for-sale financial assets	-	-	69,123	69,123
Financial assets at fair value through profit or loss held for trading	7,421	39,210	15,034	61,665
Derivative payable	-	(40,559)	-	(40,559)
	7,421	(1,349)	84,157	90,229

Note: Excluded available-for-sale financial assets stated at cost of US$634,512,000. Derivative payable is recorded in other payables on the interim consolidated statement of financial position.

Methods and Assumptions Used to Determine Fair Values

The methods and assumptions used by management to determine fair values of assets and liabilities other than those whose carrying amounts reasonably approximate their fair values are as follows:

Unquoted debt and equity securities: The fair value is determined by reference to fund statements provided by non-related fund managers.

Forward currency contracts: Fair value of forward currency contracts is calculated by reference to current forward exchange rates for contracts with similar maturity profiles as at the reporting date.

Cross currency swap contracts: Where available, quoted market prices are used as a measure of fair values for the outstanding contracts. Where the quoted market prices are not available, the fair values are determined by reference to valuation by non-related financial institutions by reference to the market prices of another contract that is substantially similar.

25 Operating Segment Information

For management purposes, the Group is organised into business units based on their products and has four reportable operating segments as follows:

Plantations and palm oil mills - comprises the products from upstream business;

Palm and laurics - comprises the processing and merchandising of palm based products, i.e. bulk and branded as well as oleochemicals and other vegetable oils;

Oilseeds - comprises the processing and merchandising of oilseeds based products, i.e. bulk and branded; and

Others - comprises the production and distribution of food and consumer products in China and Indonesia.

Six-month period ended 30 June 2017	Plantations and palm oil mills	Palm and laurics	Oilseeds	Others	Eliminations	Total
	US$'000	US$'000	US$'000	US$'000	US$'000	US$'000
Revenue from external customers	43,317	3,385,432	277,004	97,207	-	3,802,960
Inter-segment sales	800,178	839	77,151	422	(878,590)	-
Total revenue	843,495	3,386,271	354,155	97,629	(878,590)	3,802,960
EBITDA	243,797	78,831	4,464	1,145	31	328,268
Other information						
Capital expenditure	48,516	38,209	219	1,205	-	88,149
Unallocated capital expenditure						1,249
Total capital expenditure						89,398
Depreciation and amortisation	(122,413)	(48,340)	(5,799)	(2,307)	-	(178,859)
Net gain from changes in fair value of biological assets	130	-	-	-	-	130
Interest on borrowings	(34,001)	(32,646)	(3,941)	(1)	-	(70,589)
Share of profit/(loss) of:						
Associated companies	559	472	-	-	-	1,031
Joint ventures	(192)	993	(88)	2,126	-	2,839
As at 30 June 2017						
Assets						
Segment assets	4,164,638	2,984,240	564,908	226,557	(1,181,074)	6,759,269
Investment in associated companies	2,307	8,888	-	-	-	11,195
Investment in joint ventures	-	46,076	-	25,522	-	71,598
Unallocated assets						1,353,234
Total assets						8,195,296
Liabilities						
Segment liabilities	(507,172)	(2,794,126)	(215,477)	(211,863)	2,219,966	(1,508,672)
Unallocated liabilities						(2,553,708)
Total liabilities						(4,062,380)

25 Operating Segment Information (cont'd)

Six-month period ended 30 June 2016	Plantations and palm oil mills US$'000	Palm and laurics US$'000	Oilseeds US$'000	Others US$'000	Eliminations US$'000	Total US$'000
Revenue from external customers	21,935	2,798,268	323,106	92,068	-	3,235,377
Inter-segment sales	577,367	479	24,113	-	(601,959)	-
Total revenue	599,302	2,798,747	347,219	92,068	(601,959)	3,235,377
EBITDA	148,973	74,737	2,816	1,118	120	227,764
Other information						
Capital expenditure	36,013	58,321	66	6,589	-	100,989
Unallocated capital expenditure						1,633
Total capital expenditure						102,622
Depreciation and amortisation	(132,354)	(32,908)	(6,396)	(2,628)	-	(174,286)
Net gain from changes in fair value of biological assets	5,149	-	-	-	-	5,149
Interest on borrowings	(27,632)	(30,503)	(4,799)	(2)	-	(62,936)
Share of profit/(loss) of:						
Associated companies	(88)	(73)	-	-	-	(161)
Joint ventures	(239)	3,959	(140)	1,786	-	5,366

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

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
EBITDA for reportable segments	328,237	227,644
Other EBITDA	31	120
Net gain from changes in fair value of biological assets	130	5,149
Depreciation and amortisation	(178,859)	(174,286)
Foreign exchange gain	3,705	30,640
Interest on borrowings	(70,589)	(62,936)
Profit before income tax	82,655	26,331

25 Operating Segment Information (cont'd)

Revenue based on geographical location of customers is as follows:

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
China	442,010	573,612
Indonesia	526,940	359,255
India	723,926	612,614
Rest of Asia	1,269,814	976,092
Europe	590,801	475,867
Others	249,469	237,937
Consolidated revenue	3,802,960	3,235,377

26 Related Party Transactions

(a) In addition to the related party information disclosed elsewhere in the condensed consolidated financial statements, significant transactions with related parties, on terms agreed between parties, are as follows:

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
(i) Sale of services		
Rental income from related parties	140	91
Rental income from joint ventures	104	323
Service fee income from joint ventures	135	78
(ii) Purchase of goods and services		
Insurance premium to a related party	4,229	4,408
Purchase of non-palm oil products from related parties	56,636	22,262
Freight and related expenses to joint ventures	89,714	90,907
Rental and service charge expense to related parties	7,094	6,582
Transport and port expense to related parties	2,291	1,868
(iii) Dividend income from a joint venture	785	2,250

(b) The key management personnel remuneration is as follows:

	1.1.2017 to 30.6.2017 US$'000	1.1.2016 to 30.6.2016 US$'000
Directors of the holding company	2,884	2,109
Other key management personnel	2,162	2,333

Included in the above remuneration are post employment benefits of US$24,347 (six-month period ended 30 June 2016: US$24,175) for the current interim period.

27 Significant Commitments

Operating lease commitments

As at 30 June 2017, 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.

	30.6.2017
	US$'000
Within one year	19,100
Between one year to five years	27,039
After five years	1,480
Minimum lease payments paid under operating leases	12,247

Capital expenditure commitment

As at 30 June 2017, the estimated significant expenditure committed but not provided for in the condensed consolidated financial statements amounted to US$37,058,000.

The Issuer
Golden Assets International Investment Pte. Ltd.
108 Pasir Panjang Road
#06-00 Golden Agri Plaza
Singapore 118535

The Guarantor
Golden Agri-Resources Ltd

(*Registered address*)
c/o CIM CORPORATE SERVICES LTD
Les Cascades Building,
Edith Cavell Street, Port Louis,
Republic of Mauritius

(*Correspondence address*)
c/o 108 Pasir Panjang Road
#06-00 Golden Agri Plaza
Singapore 118535

Auditors of the Issuer and the Guarantor
Moore Stephens LLP
10 Anson Road
#29-15 International Plaza
Singapore 079903

Arrangers and Dealers

MUFG Securities Asia (Singapore) Limited
7 Straits View
#23-01 Marina One East Tower
Singapore 018936

Oversea-Chinese Banking Corporation Limited
63 Chulia Street
#03-05 OCBC Centre East
Singapore 049514

Issuing and Paying Agent, CDP Transfer Agent and CDP Registrar
The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#03-01 Millenia Tower
Singapore 039192

Trustee
The Bank of New York Mellon, Singapore Branch
One Temasek Avenue
#03-01 Millenia Tower
Singapore 039192

Non-CDP Paying Agent and Calculation Agent
The Bank of New York Mellon, London Branch
One Canada Square
London E14 5AL
United Kingdom

Non-CDP Transfer Agent and Non-CDP Registrar
The Bank of New York Mellon SA/NV, Luxembourg Branch
Vertigo Building – Polaris
2-4 rue Eugene Ruppert
L-2453 Luxembourg

CMU Lodging and Paying Agent, CMU Transfer Agent and CMU Registrar
The Bank of New York Mellon, Hong Kong Branch
Level 24, Three Pacific Place
1 Queen's Road East
Hong Kong

Legal Adviser to the Issuer and Guarantor as to Singapore law
Allen & Gledhill LLP
One Marina Boulevard
#28-00
Singapore 018989

Legal Adviser to the Guarantor as to Mauritius law
Conyers Dill & Pearman (Mauritius) Limited
Level 3, Tower 1
Nexteracom Towers
Cybercity, Ebene, Mauritius

Legal Adviser to the Arrangers as to English law
Clifford Chance
27/F Jardine House
One Connaught Place
Hong Kong

Legal Adviser to the Trustee and the Agents
Clifford Chance
27/F Jardine House
One Connaught Place
Hong Kong