



## Press Release

# Global Palm posts lower profit in 2Q2010

- *Biological tree stress impacts production output while one-off listing expenses and lower forex gains trims net profit attributable to equity holders*
- *On track to double current cultivated oil palm plantation land within the next 3 years to drive growth*

(Rp' billion)	2Q2010	2Q2009	Chg (%)	1H2010	1H2009	Chg (%)
Revenue	53.9	89.5	(40)	120.0	139.8	(14)
Gross profit	15.4	32.7	(53)	37.0	48.6	(24)
<b>EBITDA</b>	<b>6.2</b>	<b>43.8</b>	<b>(86)</b>	<b>26.2</b>	<b>50.2</b>	<b>(48)</b>
Profit before income tax	2.8	39.3	(93)	18.6	40.6	(54)
<b>Net profit attributable to equity holders</b>	<b>0.2</b>	<b>27.8</b>	<b>(99)</b>	<b>11.3</b>	<b>28.7</b>	<b>(61)</b>

**Singapore, 6 August 2010** – Mainboard-listed palm-oil producer **Global Palm Resources Holdings Limited** (环球资源控股有限公司) (“Global Palm”, together with its subsidiaries, “the Group”) today reported net profit attributable to equity holders of Rp0.2 billion (S\$0.03 million) on the back of Rp53.9 billion (S\$8.3 million) in revenue for the three months ended 30 June 2010 (“2Q2010”).

This was largely due to the effects of biological stress on its palm oil trees which resulted in a year-on-year decline of 22% in fresh palm fruits bunch (“FFB”) harvest to 26,224 tons in 2Q2010, from 33,497 tons in 2Q2009. Correspondingly, CPO sales volume dropped from 12,698 tons in 2Q2009 to 7,854 tons in the latest second quarter. In view of this, revenue of the Group in 2Q2010 fell 40% despite relatively firm Crude Palm Oil (“CPO”) average selling prices (“ASP”) and higher Palm Kernels ASP during the quarter.

The Group’s bottom line was impacted by its one-off listing expenses of Rp6.1 billion (S\$1.0 million) relating to the Group’s Initial Public Offering exercise in April 2010 and lower foreign exchange gains of Rp1.1 billion (S\$0.2 million) vis-à-vis Rp15.6 (S\$2.4 million) in 2Q2009.

Said Dr Suparno Adijanto (陳洪傑), Global Palm’s Executive Chairman and CEO, “The production output of our plantation was affected by biological tree stress which is a natural cyclical phenomenon that temporarily reduces the FFB yield of our plantation.”

“However, I am pleased to report that the measures that we have taken in 1Q2010 to alleviate this stress, namely utilising a more effective fertiliser application method, seems to have taken hold, as our FFB yield in 2Q2010 has improved marginally to 3.51 tons per hectare (“ha”), from 3.20 tons per ha in 1Q2010,” Dr Suparno added.

Owing to lower FFB production levels year to date, the Group reported a revenue of Rp120 billion (S\$18.5 million) and an EBITDA of Rp26.2 billion (S\$4.0 million) for the six months ended 30 June 2010 (“1H2010”), 14% and 48% lower respectively than the levels registered a year ago.

### Segmental Review

	2Q2010	2Q2009	Change (%)
<b>Revenue (Rp’ billion)</b>			
CPO	50.7	82.3	(38)
Palm Kernels	3.2	7.2	(56)
<b>Sales Volume (tons)</b>			
CPO	7,854	12,698	(38)
Palm Kernels	984	2,940	(67)
<b>Average Selling Price* (Rp/kg)</b>			
CPO	6,455	6,483	(0.4)
Palm Kernels	3,269	2,453	+33

\* The Group’s CPO selling prices are determined with reference to international prices of CPO trading on Bursa Malaysia Derivatives Berhad in Kuala Lumpur, and published CPO tender prices of other major Indonesian CPO producers.

In 2Q2010, revenue from CPO experienced a year-on-year decline of 38% to Rp50.7 billion (S\$7.8 million) despite a relatively constant ASP of Rp6,455 per kg (S\$1.00). This was largely the result of a 38% drop in volume sales to 7,854 tons. To be noted, the Group has CPO closing stock of about 1,400 tons which is due for shipment to a customer in the next quarter. Taking this tonnage into account, the Group’s decline in volume sales in 2Q2010 would have been cushioned. At the same time, even though ASP of Palm Kernels improved 33% to Rp3,269 per kg (S\$0.50), revenue generated from the segment decreased 56% to Rp3.2 billion (S\$0.5 million) as volume sales dropped 67% from a year ago to 984 tons.

## **Operational Performance**

In the latest quarter, Global Palm added 238 ha of new plantings, increasing its total planted area to 11,905 ha as at 30 June 2010, of which 84% comprise mature oil palm trees in their peak production years.

The Group recorded a FFB yield of 3.51 tons per ha in 2Q2010 as compared to 4.49 tons per ha in 2Q2009, and managed to keep its productivity levels relatively stable with a CPO extraction rate of 21.04% and palm kernel extraction rate of 3.80%, compared to 21.36% and 3.87% in 2Q2009.

## **Outlook and future plans**

Going forward, the Group continues to expect demand for palm oil to maintain its strength, supported by rising food requirements from China, India and emerging markets as well as buoyant demand from the biofuel, oleochemicals and compound feed industries.

Amidst weather uncertainties for palm crops and potentially tight near-term supplies, CPO prices appear to have stabilized for now. Notwithstanding this, Global Palm expects a measure of price volatility in view of ongoing uncertainties in the global financial market

Global Palm reiterates its key expansion strategies against this macro-economic landscape. "The focus for Global Palm going forward will very much be on optimizing our operational efficiencies with the goal of achieving a cost competitive business model in the long-run. We are well on track in the construction of our co-composting plant to generate organic compost fertilisers and we expect to enjoy costs and environmental benefits once it is completed and operational by end 2010 , " says Dr Suparno.

The Group is also actively pursuing potential oil palm plantations for acquisition in a bid to double its current cultivated oil palm plantation land by 2013 via both organic and inorganic growth.

Said Dr Suparno, "Evaluating potential acquisition targets has been one of our chief focus since the Group's listing, and we are working hard at achieving our promise to double our cultivated plantation land by 2013."

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*The conversion rate used in this press release is Rp1 : S\$0.000154*

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*The initial public offering of Global Palm Resources Holdings Limited was sponsored by AmFraser Securities Pte. Ltd. (a member of AmInvestment Bank Group) and Oversea-Chinese Banking Corporation Limited (collectively, the "Joint Issue Managers"). The Joint Issue Managers assume no responsibility for the contents of this announcement.*

**About Global Palm Resources Holdings Limited**

*Founded by the Adijanto family, who has various business interests in this region, including coal mining, production of formalin-based chemicals and timber businesses, Global Palm's operating subsidiary PT Prakarsa Tani Sejati commenced the palm oil business in October 1991 in West Kalimantan, Indonesia where the climate and soil conditions are suitable for oil palm cultivation.*

*Today, Global Palm is engaged in the cultivation of oil palms, harvesting of the fresh fruit bunches (FFB) and processing them, together with purchased FFB, into crude palm oil (CPO) and palm kernels.*

**Strong focus on Corporate Social Responsibility**

*The Group is also committed to improving the quality of life of the local communities in the area it operates as part of its corporate social responsibility, contributing in the areas of education, social, and cultural welfare, as well as helping to improve living conditions of the local communities.*

*Beyond creating employment opportunities for local communities in its oil palm plantation, it also partners with approximately 1,400 surrounding small landholders in the development of small oil palm plantations, under its Plasma Programme.*

*Another area of focus of Global Palm is its commitment to sustainable development of its business, with the view to conserve and preserve the natural environment. It adopts a "zero burning" policy, using chain saws and machinery rather than fire to clear land for oil palm cultivation and is continuously working towards "zero waste management" on its CPO production waste. On 26 May 2010, the Group became a member of the Roundtable of Sustainable Palm Oil, a not-for-profit association which promotes the production and use of palm oil in a sustainable manner.*