

Press Release

Global Palm posts lower 1Q2012 net profit to Rp12.9 billion due to higher operating costs

- Revenue jumped 12% to Rp98.9 billion on the back of high volume of CPO sold amidst stabilised ASP

Financial highlights for the period ended 31 Mar:

(Rp' billion)	1Q2012	1Q2011	Chg (%)
Revenue	98.9	88.3	12
Gross profit	25.4	26.9	(6)
EBITDA	20.2	22.5	(10)
Profit before income tax	18.3	20.4	(10)
Net profit attributable to equity holders	12.9	14.9	(13)

SINGAPORE – 10 May 2012 – 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”) announced today that its net profit attributable to shareholders for the first quarter ended 31 March 2012 declined 13% to Rp12.9 billion (S\$1.8 million), largely due to higher cost of sales and other expenses.

This was despite the Group achieving a 12% boost in revenue to Rp98.9 billion (S\$13.5 million) from higher crude palm oil (CPO) sales, which was offset by lower sales of palm kernels (PK).

Based on the latest first quarter results, the Group’s earnings per share, based on 412,968,000 shares in issue, declined to Rp31 (0.4 Singapore cents) whilst its net asset value per ordinary share rose to Rp2,343 (S\$0.32) as at 31 March 2012.

Segmental Review

	1Q2012	1Q2011	% Chg
Revenue (Rp' bil)			
CPO	89.9	75.4	19
Palm Kernels	9.0	12.9	(30)
Sales Volume (tons)			
CPO	12,609	9,781	29
Palm Kernels	2,966	1,996	50
Ave. Selling Price* (Rp/kg)			
CPO	7,129	7,706	(7)
Palm Kernels	3,044	6,490	(53)

* 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.

During the first three months of the year, the Group's CPO sales grew 19% to Rp89.9 billion (S\$12.3 million), led by a 29% increase in sales volume as a result of an increase in the fresh fruit bunch (FFB) harvest and improvement in the CPO extraction yield. However, this was offset by lower average selling price of CPO which dipped 7% to Rp7,129 (S\$0.98) per kilogram.

Revenue from PK declined 30% to Rp9.0 billion (S\$1.2 million) as a result of lower average selling prices which dropped 53% to Rp3,044 (S\$0.42) per kilogram although actual sales volume surged 50% to 2,966 tons.

In line with higher sales volume of CPO and PK, cost of sales rose by 20% to Rp73.5 billion (S\$10.1 million) as the Group incurred higher costs of labour, freight and loading, fuels and lubricants, and indirect materials (such as fertilisers) used. Distribution costs increased by 115% to Rp1.1 billion (S\$0.2 million), mainly due to a Rp0.4 billion (S\$54,727) increase in sales claims by customers.

Operational Performance

Global Palm added 166 hectares (ha) of new plantings in the first quarter, increasing its total planted area to 13,346 ha as at 31 March 2012, of which, 65% comprise of mature oil palm trees in their peak production years.

The Group's CPO and palm kernel extraction rates were stable at 22.2% and 4.3% respectively in 1Q2012.

Outlook and future plans

Commenting on the outlook for the Group, Dr Suparno Adijanto (陳洪傑), Executive Chairman and CEO said, “The outlook for palm oil continues to be good. We are thankful that CPO prices have shown some stabilisation this year. However, we can still expect some price volatility given the uncertainties of the global financial market, as well as any impact that abnormal weather may bring.”

“Meanwhile, we will need to review our cost structure to ensure that we achieve a cost-competitive model in the long run, while we continue to execute our plan to grow our cultivated land bank through new plantings and acquisitions,” added Dr Suparno.

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The conversion rate used in this press release is S\$1: Rp7,309 for 1QFY2012, and S\$1: Rp6,906 for 1QFY2011

Issued for and on behalf of Global Palm Resources Holdings Limited:

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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.