



## Press Release

# Global Palm posts Rp12.7 billion in earnings in 3Q2012

*Financial highlights for the period ended 30 September:*

(Rp' billion)	3Q2012	3Q2011	% Chg	9M2012	9M2011	% Chg
Revenue	58.4	91.4	(36)	263.7	266.3	(1)
Gross profit	25.8	23.9	8	89.3	81.0	10
Gross profit margin (%)	44.2	26.2	18 % pts	33.9	30.4	3.5% pts
<b>EBITDA</b>	<b>20.3</b>	<b>21.3</b>	<b>(5)</b>	<b>71.2</b>	<b>72.3</b>	<b>(1)</b>
Profit before income tax	18.2	19.5	(7)	65.1	66.4	(2)
<b>Net profit attributable to equity holders</b>	<b>12.7</b>	<b>13.8</b>	<b>(9)</b>	<b>45.8</b>	<b>48.5</b>	<b>(5)</b>

**SINGAPORE – 8 November 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”) today reported a 9% decline in net profit attributable to shareholders to Rp12.7 billion (S\$1.6 million) for the three months quarter ended 30 September 2012 (“3Q2012”).

Revenue of the Group for the quarter registered a 36% decline to Rp58.4 billion (S\$7.5 million) from lower CPO and palm kernel sales. The volume of CPO sold during the period fell 36% to 7,702 tons, from 12,006 tons, while palm kernel tonnage halved to 979 tons from 1,972 tons. The two products generated Rp55.6 billion (S\$7.1 million) and Rp2.8 billion (S\$0.4 million) in revenue in 3Q2012, representing year-on-year declines of 34% and 58% respectively.

In spite of this, the Group’s gross profit improved, rising 8% to Rp 25.8 billion (S\$3.3 million), largely due to a decrease in purchases of fresh fruit bunches (“FFB”) from third parties. As a result, gross margins of the Group strengthened substantially to 44.2% in 3Q2012 from 26.2% a year ago.

Based on its 3Q2012 results, the Group's earnings per share, based on 412,968,000 shares in issue, dipped from Rp34 to Rp31 (S\$0.004) whilst its net asset value per ordinary share as at 30 September 2012 rose to Rp2,453 (S\$0.31) compared to Rp2,292 as at 31 December 2011.

On a nine-month basis, the Group's performance in 9M2012 remained relatively stable compared to the same period a year ago with revenue falling by a marginal 1% to Rp 263.7 billion (S\$33.7 million) and net profit attributable to equity holders slipping 5% to Rp45.8 billion (S\$5.9 million).

### **Operational Performance**

In 3Q2012, the Group planted an additional 33 ha of palm trees, raising the total planted area (nucleus and plasma) of the Group to 13,473 ha as at 30 September 2012. Of these, 81.3% or 10,955 ha comprise mature oil palm trees in their peak production years.

In addition, productivity of the Group's plantation remained healthy. Signally the stabilisation of its palm trees, the Group's FFB harvest rose to 36,533 tons in 3Q2012 from 30,808 tons in 2Q2012 and 24,678 tons in 3Q2011. At the same time, FFB yield for the quarter improved further to 4.5 tons/ha compared to 3.8 tons/ha in the preceding quarter (2Q2012) and 3.0 tons/ha in 3Q2011. The Group's CPO and palm kernel extraction rates remained stable at 22.0% and 3.7% respectively in 3Q2012 compared to 21.4% and 4.2% a quarter ago in 2Q2012.

### **Outlook and future plans**

In recent months, an increase in stockpiles in Malaysia and Indonesia has led to a softening in CPO prices. The governments of these two countries have, however, reduced export taxes on CPO in bid to counter the downward price spiral and to remain competitive.

Notwithstanding the price pressures on CPO, the Group believes that the demand for palm oil remains sustainable given the resilient demand for food requirements from China, India, Indonesia and emerging markets. Indeed, palm oil exports from Indonesia to China, the world's second largest buyer of palm oil, are still on the rise despite signs of slowdown for the Chinese economy. In the first seven months of 2012, Indonesia exports to China rose 14% to 1.25 million tons from the same 2011 period. China is the third biggest importer of Indonesia palm oil and due to the numerous festivities and religious events during the second half of 2012, demand from China is expected to rise<sup>1</sup>.

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<sup>1</sup> (2012, 12 September). China buying more Indonesia palm oil. *The Business Times*.

Said Dr Suparno Adijanto (陳洪傑), Executive Chairman and CEO, “Even with the swift fiscal measures taken by the governments of Indonesia and Malaysia, CPO prices have been volatile and we will continue to keep a close watch on this situation. We, however, believe that global demand for palm oil in the long run is sustainable and we will continue to work hard at improving the productivity and cost efficiency of our plantation.”

The Group had obtained a land location permit (valid for two years wef 21 March 2012) in April 2012, issued by the provincial government of East Kalimantan, for 7,170 hectares of land in Muara Lesan Village and Lesan Dayak Village, located in Berau Regency, East Kalimantan, Indonesia. Currently, the Group is currently processing the land further to get a Ijin usaha perkebunan (“IUP”) or plantation business permit and conducting an environment impact studies.

In light of the above industry dynamics, the Group expects its CPO production to remain stable for the coming months. At the same time, the Group remains committed to exploring opportunities to expand its operations and streamlining its operations to remain cost competitive in the long run.

#### Segmental Highlights

	3Q12	3Q11	% Chg	9M12	9M11	% Chg
<b>Sales volume (tons)</b>						
CPO	7,702	12,006	(36)	33,619	31,792	6
Palm kernels	979	1,972	(50)	4,932	5,950	(17)
<b>Average Selling Price (Rp/kg)</b>						
CPO	7,225	7,063	2	7,372	7,425	(1)
Palm kernels	2,833	3,335	(15)	3,217	5,088	(37)
<b>Revenue (Rp' billion)</b>						
CPO	55.6	84.8	(34)	247.8	236.1	5
Palm kernels	2.8	6.6	(58)	15.9	30.2	(48)

\* 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.

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The conversion rate used in this press release is S\$1: Rp7,826 for 3Q2012, and S\$1: Rp6,936 for 2Q2011

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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.*