

## Press Release

# Global Palm posts EBITDA of Rp79.6 billion in FY2012

- Lower CPO prices in 2012 resulted in a net loss of Rp117 billion from changes in the fair value of biological assets
- Believes that the demand for palm oil remains sustainable in the long run despite volatility and price pressures
  - Declares a first and final cash dividend of 0.4 Singapore cents per share

Financial highlights for the period ended 31 December:

	4Q2012	4Q2011	% Chg	FY2012	FY2011	% Chg
Revenue	69.9	79.2	(12)	333.6	345.6	(3)
Gross profit	17.6	24.8	(29)	106.9	105.9	1
Gross profit margin (%)	25	31	(6)	32	31	1
Net (loss)/gain from changes in fair value of biological assets	(116.9)	65.1	NM	(116.9)	65.1	NM
<b>EBITDA</b>	<b>8.4</b>	<b>16.4</b>	<b>(49)</b>	<b>79.6</b>	<b>88.6</b>	<b>(10)</b>
Profit/(loss) before income tax	(110.6)	79.5	NM	(45.5)	145.9	NM
<b>Net profit / (loss) attributable to equity holders</b>	<b>(85.7)</b>	<b>55.8</b>	<b>NM</b>	<b>(39.8)</b>	<b>104.3</b>	<b>NM</b>

**SINGAPORE – 28 February 2013** – 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 net loss attributable to shareholders of Rp39.8 billion (S\$5.0 million) for the year ended 31 December 2012 (“FY2012”) compared to a profit of Rp104.3 billion (S\$14.9 million) in FY2011.

The loss was due to a Rp116.9 billion (S\$14.8 million) net loss from changes in the fair value of its biological assets during the year, which resulted from the effect of lower CPO prices, versus a fair value gain of Rp65.1 billion (S\$9.3 million) in FY2011. Taking the fair value changes into consideration, the Group’s operating performance was healthy with an EBITDA of Rp79.6 billion (S\$10.1 million) in FY2012, 10% lower than Rp88.6 billion (S\$12.7 million) in FY2011.

Revenue of the Group dipped slightly from Rp345.6 billion (S\$49.4 million) in FY2011 to Rp333.6 billion (S\$42.2 million) in FY2012 mainly due to a decrease in palm kernel sales, which experienced a decline in both sales volume and average selling price. Despite lower CPO prices, the Group's CPO segment did well in FY2012 on the back of improved sales volume.

In FY2012, the Group's gross profit improved marginally by a percent to Rp106.9 billion (S\$13.5 million) from Rp105.9 billion (S\$15.1 million) a year ago from lower purchases of fresh fruit bunches ("FFB") from third parties. As a result, gross margins of the Group strengthened slightly to 32% from 31% in FY2011.

The Group remains financially sound. As at FY2012, it generated a higher net cash of Rp72.1 billion (S\$9.1 million) from operating activities during the year and has cash resources amounting to Rp292.4 billion (S\$37.0 million). This is after taking into account payment of Rp30.3 billion (S\$3.8 million) spent on additional planting, purchase of related equipment and payments on deferred expenditure and Rp19.7 billion (S\$2.5 million) mainly for dividend paid to shareholders in FY2012 and partial repayment of bank borrowings.

Based on its FY2012 results, the Group is proposing a first and final cash dividend of 0.4 Singapore cents per share. This compares to a dividend of 0.2 Singapore cents for FY2011. The book closure and payable dates will be announced at a later date.

#### **4QFY2012**

On a three-month basis, the Group's revenue decreased by 12% to Rp69.9 billion (S\$8.8 million) in 4QFY2012 from Rp79.2 billion (S\$11.3 million) in the year ago quarter. For the quarter, the Group reported a loss of Rp89.9 billion (S\$11.4 million), with the net loss from changes in the fair value of its biological assets, and a positive EBITDA of Rp8.4 billion (S\$1.1 million). This compared to a net profit attributable to shareholders profit of Rp58.7 billion (S\$8.4 million) and EBITDA of Rp16.4 billion (S\$2.3 million) in 4QFY2011.

#### **Operational Performance**

In FY2012, the Group planted an additional 331.6 ha of palm trees, raising the total planted area (nucleus and plasma) of the Group to 13,512 ha as at 31 December 2012. Of these, 86% or 11,581 ha comprise mature oil palm trees in their peak production years compared to 83% in FY2011.

In addition, productivity of the Group's plantation remained healthy given the good weather conditions in 2012. During the year, FFB harvest from nucleus crops rose by 27% from 106,816 tons in FY2011 to 135,316

tons in FY2012. However, overall FFB processed decreased to 198,467 tons in FY2012 from 225,789 tons in FY2011 due to substantially lower purchases of FFB from third parties. At the same time, FFB yield for the year improved further to 15.9 tons/ha compared to 13.2 tons/ha in FY2011. The Group's CPO and palm kernel extraction rates remained stable at 21.9% and 4.1% respectively in FY2012 compared to 22.0% and 4.2% a year ago.

### **Outlook and future plans**

CPO prices have remained subdued due to the high level of stock piles in Malaysia and Indonesia and strong palm oil output growth arising from favourable weather over the past 12 months. However, CPO's lower pricing against soybean oil and crude oil prices and the attractive export tax regulations imposed by CPO producing countries, in a bid to reduce the stock piles, have provided some support for demand. Notwithstanding the volatility and price pressures on CPO, the Group believes that the demand for palm oil remains sustainable in the long run.

Demand for palm oil from emerging markets, which are the largest consuming markets for palm oil, is projected to see stronger growth in 2013. This demand is expected to be sustained by a number of factors in the coming year including include food-driven uses, industrial applications, bio-diesel demand from Europe and US, and China inventory building.

Providing an update to its expansion plans, Dr Suparno Adijanto (陳洪傑), Executive Chairman and CEO of the Group said, "With regards to our new land in Berau Regency, we are finalising the environment impact studies on this plot of land and made good progress in terms of socialisation with the local population. The next step for us will be to obtain a Ijin usaha perkebunan ("IUP") or plantation business permit and initiate the negotiation for land compensation with them."

Looking ahead, the Group will monitor developments in the palm oil industry closely and remains committed to exploring suitable expansion opportunities while remaining cost-competitive in the long run.

## Segmental Highlights

	4Q12	4Q11	% Chg	FY12	FY11	% Chg
<b>Sale volume (tons)</b>						
CPO	10,813	11,006	(2)	44,432	42,798	4
Palm kernels	2,949	2,098	41	7,881	8,048	(2)
<b>Average selling price (Rp/kg)</b>						
CPO	5,825	6,564	(11)	6,995	7,204	(3)
Palm kernels	2,332	3,332	(30)	2,886	4,630	(38)
<b>Revenue (Rp' billion)</b>						
CPO	63.0	72.2	(13)	310.8	308.3	1
Palm kernels	6.9	7.0	(1)	22.7	37.2	(39)

\* 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: Rp7,907 for FY2012, and S\$1: Rp6,993 for FY2011

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

#### August Consulting

For more information please contact:

Silvia Heng – [silvia@august.com.sg](mailto:silvia@august.com.sg)

Jasmine Teo – [jasmine@august.com.sg](mailto:jasmine@august.com.sg)

Tel: 6733 8873

#### 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.*