

Press Release

Global Palm posts earnings of Rp8.3 billion in 1Q2013

- Lower volume sales and average selling prices in 1Q
- Believes that the demand for palm oil remains sustainable in the long run despite volatility and price pressures

Financial highlights for the period ended 31 March:

	1Q2013	1Q2012	% Chg
Revenue	66.8	98.9	(32)
Gross profit	13.3	25.4	(48)
Gross profit margin (%)	19.8	25.7	(5.9) % pts
EBITDA	11.6	20.2	(43)
Profit/(loss) before income tax	10.2	18.3	(44)
Net profit / (loss) attributable to equity holders	8.3	12.9	(36)

SINGAPORE – 9 May 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 profit attributable to shareholders of Rp8.3 billion (S\$1.1 million) for the three months ended 31 March 2013 (“1Q2013”), a decline of 36% compared to Rp12.9 billion (S\$1.7 million) a year ago in 1Q2012.

Revenue of the Group decreased by 32% from Rp98.9 billion (S\$13.5 million) to Rp66.8 billion (S\$8.5 million) in 1Q2013 from lower volume of CPO and palm kernel sales as well as soft average selling prices during the period, that has arisen from the high stock piles in Malaysia and Indonesia since late 2012.

The Group’s revenue from CPO sales fell 28% from Rp89.9 billion (S\$12.3 million) to Rp64.6 billion (S\$8.3 million) in 1Q2013. This resulted from both a decline in sales volume and well as lower CPO average selling prices during the period, which decreased by 12% and 18% to 11,105 tons and Rp5,819/kg (S\$0.74/kg).

Likewise, revenue generated from the sale of palm kernels in 1Q2013 declined by 76% from Rp9.0 billion (S\$1.2 million) to Rp2.2 billion (S\$0.3 million) on the back of lower volume sales and average selling prices, which decreased by 68% and 26% to 963 tons and Rp2,262/kg (S\$0.29/kg) respectively during the quarter.

In 1Q2013, gross profit of the Group saw a 48% year-on-year decline from Rp25.4 billion (S\$34.7 million) to Rp13.3 billion (S\$16.9 million). This was attributed by an increase in labour costs; higher plantation and factory overheads arising from repairs, maintenance as well as upkeep and harvesting and fertiliser costs. In view of this, gross profit margin of the Group slipped to 19.8% in 1Q2013 compared to 25.7% a year ago.

Based on this set of results and 412,968,000 shares in issue, the Group's earnings per share declined to Rp20 (S\$0.002) from Rp31 (S\$0.004) as at 1Q2012 while and its net asset value per ordinary share dipped to Rp2,253 (S\$0.29) as at 31 March 2013 from Rp2,239 (S\$0.28) as at 31 December 2012.

Operational Performance

In 1Q2013, the Group planted an additional 5 ha of palm trees, raising the total planted area (nucleus and plasma) of the Group to 13,517 ha as at 31 March 2013 of which 85% or 11,536 ha comprise mature oil palm trees in their peak production years. FFB yield for the quarter slightly improved to 3.3 tons/ha compared to 3.2 tons/ha in 1Q2012.

Overall, the Group's efficiency levels remained stable in 1Q2013 with a CPO extraction rate of 21.9% and palm kernel extraction rate of 4.6% compared to 22.2% and 4.3% respectively in 1Q2012.

Outlook and future plans

CPO prices in the first quarter of 2013 remained subdued due to a slower than expected drawdown from record stockpiles in Malaysia and Indonesia as well as the current weakness in crude oil prices.

On the operations front, the Group expects labour costs to rise in the coming months with the upward revision of Indonesia's minimum wages with effect 2013.

Said, Dr Suparno Adijanto (陳洪傑), Executive Chairman and CEO said, "The minimum wage hike does not have a significant on our operations as labour costs constitute approximately 20% of total production cost per ton of CPO. However, we will continue to vigilantly review our cost structure to ensure that we achieve a cost-competitive model in the long run, even as we continue to explore ways to grow organically and inorganically."

Segment Review

	1Q2013	1Q2012	% Chg
Revenue (Rp' bil)			
CPO	64.6	89.9	(28)
Palm Kernels	2.2	9.0	(76)
Sales Volume (tons)			
CPO	11,105	12,609	(12)
Palm Kernels	963	2,966	(68)
Ave. Selling Price* (Rp/kg)			
CPO	5,819	7,129	(18)
Palm Kernels	2,262	3,044	(26)

* 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: Rp7,816 for 1Q2013, S\$1: Rp7,309 for 1QFY2012 and S\$1: Rp7,907 for FY2012.

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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.