

Press Release

Global Palm records net profit of Rp6.1 billion in 2Q2013

- Sees lower volume sales and average selling prices from continued supply glut and sluggish demand for palm oil

Financial highlights for the period ended 30 June:

Rp'bil	2Q2013	2Q2012	% Chg	1H2013	1H2012	% Chg
Revenue	84.1	106.49	(21)	150.9	205.3	(26)
Gross profit	15.2	38.1	(60)	28.5	63.5	(55)
Gross profit margin (%)	18.1	35.8	(18) % pts	18.9	30.9	(12) % pts
EBITDA	9.4	30.7	(69)	21.0	51.0	(59)
Profit/(loss) before income tax	7.8	28.5	(73)	18.1	46.8	(61)
Net profit / (loss) attributable to equity holders	6.1	20.3	(70)	14.4	33.2	(57)

SINGAPORE – 12 August 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 Rp6.1 billion (S\$0.8 million) for the three months ended 30 June 2013 (“2Q2013”) on the back of Rp84.1 billion (S\$10.7 million) in revenue.

Compared to the same period a year ago, contribution from the Group’s Palm Kernel sales rose 71% to Rp7.0 billion (S\$0.9 million) in 2Q2013. Despite this, the Group’s topline was pulled down by lower sales volume and lower average selling prices of CPO, which resulted in a 25% decline in revenue from CPO to Rp77.1 billion (S\$9.8 million).

Average Selling Prices and Tonnage Sales

The quarter under review saw average selling prices of CPO and Palm Kernels decline by 16% and 39% to Rp6,451/kg (S\$0.82/kg) and Rp2,494/kg (S\$0.32/kg) respectively due to the supply glut and sluggish demand that has continued to dog the global palm oil industry.

The Group sold 11,956 tons of CPO in 2Q2013, about 10% lower compared to 2Q2012. At the same time, it doubled its volume sales of Palm Kernels to 2,802 tons.

Mainly in view of the above, the Group's gross profit in 2Q2013 was trimmed to Rp15.2 billion (S\$1.9 million), 60% lower compared to Rp38.1 billion (S\$5.1 million) a year ago, while gross profit margin for the current quarter slipped to 18.1% from 35.8% in 2Q2012.

Dr Suparno Adijanto (陳洪傑), Executive Chairman and CEO said, "This is a challenging period for the palm oil industry as prices have fallen to the lowest level in over three years as global supplies climb the most since 1999. At the same time, demand is growing at the slowest pace in more than a decade. We believe that demand for palm oil in the long haul remains sustainable and given our strong fundamentals, we believe that Global Palm is well positioned to ride out this cycle."

Based on this set of results, the Group's earnings per share declined to Rp15 (S\$0.002) from Rp49 (S\$0.007) as at 2Q2012 while and its net asset value per ordinary share remained at Rp2,239 (S\$0.28) as at 30 June 2013 from Rp2,239 (S\$0.28) as at 31 December 2012.

Operational Performance

In 2Q2013, the Group's total planted area (nucleus and plasma) totalled 13,518 ha as at 30 June of which 86% or 11,581 ha comprise mature oil palm trees in their peak production years. FFB yield for the quarter was 3.7 tons/ha compared to 3.8 tons/ha in 2Q2012.

Overall, the Group's efficiency levels remained stable in 2Q2013 with a CPO extraction rate of 22.0% and palm kernel extraction rate of 3.9% compared to 21.4% and 4.2% respectively in 1Q2012.

Outlook and future plans

In the second quarter, CPO prices were under pressure from the slower than expected drawdown from record stockpiles in Malaysia and Indonesia and current weakness in crude oil prices. The Group also expects labour costs to rise in the coming months with the upward revision of Indonesia's minimum wages with effect 2013, though it does not expect the impact to be significant as labour costs constitute only around 20% of its total production cost per ton of CPO.

Notwithstanding the volatility and price pressures on CPO, the Group believes that the demand for palm oil remains sustainable in the long run and will continue to vigilantly review its cost structure to ensure that it achieves a cost-competitive model in the long run.

Segment Review

	2Q2013	2Q2012	% Chg
Revenue (Rp' bil)			
CPO	77.1	102.2	(25)
Palm Kernels	7.0	4.1	+71
Sales Volume (tons)			
CPO	11,956	13,308	(10)
Palm Kernels	2,802	987	+184
Ave. Selling Price* (Rp/kg)			
CPO	6,451	7,687	(16)
Palm Kernels	2,494	4,116	(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: Rp7,841 for 2Q2013 and S\$1: Rp7,415 for 2Q2012

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

August Consulting

For more information please contact:

Silvia Heng – silvia@august.com.sg

Jeremy Sing – jeremysing@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.