
SECOND QUARTER FINANCIAL STATEMENT AND DIVIDEND ANNOUNCEMENT

**PART I INFORMATION REQUIRED FOR QUARTERLY (Q1, Q2 & Q3),
HALF-YEAR AND FULL YEAR ANNOUNCEMENTS**

**UNAUDITED FINANCIAL STATEMENT ANNOUNCEMENT FOR THE FINANCIAL PERIOD
FROM 1 JANUARY 2014 TO 30 JUNE 2014**
1(a)(i) Consolidated Statements of Profit or Loss and Other Comprehensive Income (for the Group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	2nd Qtr 2014	2nd Qtr 2013	Change	YTD June 2014	YTD June 2013	Change
	Rp '000	Rp '000	%	Rp '000	Rp '000	%
Revenue	97,003,778	84,112,167	15	191,093,710	150,914,158	27
Cost of sales	(58,347,947)	(68,877,211)	(15)	(117,670,099)	(122,426,230)	(4)
Gross profit	38,655,831	15,234,956	154	73,423,611	28,487,928	158
Operating expenses						
Distribution expenses	(665,260)	(623,174)	7	(1,235,064)	(932,294)	32
Administrative expenses	(7,103,130)	(6,439,811)	10	(15,051,203)	(14,125,299)	7
Finance costs	-	(220,981)	(100)	-	(437,530)	(100)
	<u>(7,768,390)</u>	<u>(7,283,966)</u>	7	<u>(16,286,267)</u>	<u>(15,495,123)</u>	5
Other items of income/(expenses)						
Interest income	2,506,553	1,254,815	100	4,494,296	2,630,634	71
Other income	210,713	(81,005)	n.m.	1,856,800	979,264	90
Other expenses	(1,168,196)	(430,986)	171	(1,630,732)	(728,133)	124
Foreign exchange (loss)/gain, net	(7,352,312)	(879,811)	736	(736,290)	2,180,636	n.m.
	<u>(5,803,242)</u>	<u>(136,987)</u>	4,136	<u>3,984,074</u>	<u>5,062,401</u>	(21)
Profit before income tax	25,084,199	7,814,003	221	61,121,418	18,055,206	239
Income tax expense	(8,543,475)	(1,437,259)	494	(15,477,158)	(2,984,708)	419
Profit for the financial period	16,540,724	6,376,744	159	45,644,260	15,070,498	203
Other comprehensive income:						
<u>Items that may be reclassified subsequently to profit or loss:</u>						
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	19,316,090	881,499	2,091	(2,245,754)	(1,932,932)	16
Total comprehensive income for the financial period	35,856,814	7,258,243	394	43,398,506	13,137,566	230

n.m.: Not meaningful



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	2nd Qtr 2014	2nd Qtr 2013	Change	YTD June 2014	YTD June 2013	Change
	Rp '000	Rp '000	%	Rp '000	Rp '000	%
Profit attributable to:						
Owners of the parent	15,366,712	6,063,807	153	43,500,421	14,400,966	202
Non-controlling interests	1,174,012	312,937	275	2,143,839	669,532	220
	16,540,724	6,376,744	159	45,644,260	15,070,498	203
Total comprehensive income attributable to:						
Owners of the parent	34,682,802	6,945,306	399	41,254,667	12,468,034	231
Non-controlling interests	1,174,012	312,937	275	2,143,839	669,532	220
	35,856,814	7,258,243	394	43,398,506	13,137,566	230

1(a)(ii) Profit before income tax is arrived at after charging / (crediting) the following significant items:

	2nd Qtr 2014	2nd Qtr 2013	Change	YTD June 2014	YTD June 2013	Change
	Rp '000	Rp '000	%	Rp '000	Rp '000	%
Interest income	(2,506,553)	(1,254,815)	100	(4,494,296)	(2,630,634)	71
Finance costs	-	220,981	(100)	-	437,530	(100)
Depreciation expense	2,603,788	2,604,129	0	5,183,025	5,090,980	2
Amortisation of operating use rights	11,040	11,040	0	22,080	22,080	0
Foreign exchange loss/(gain), net	7,352,312	879,811	736	736,290	(2,180,636)	(134)
Gain on disposal of plant and equipment, net	(13,875)	(560)	2,378	(12,173)	(152,638)	(92)
Fair value loss from financial assets at fair value through profit or loss	22,050	95,130	(77)	61,110	120,330	(49)
Employment benefits expenses - salaries, wages and bonuses	4,495,062	4,013,432	12	10,074,550	8,952,089	13
Operating lease expenses - rental of premises	335,230	265,610	26	678,554	531,377	28
Representation and entertainment	77,379	171,018	(55)	222,427	319,226	(30)
Transportation, travelling and accommodation	322,075	133,239	142	511,887	325,976	57

Additional information:

EBITDA (Excluding changes in fair value less estimated point-of-sales costs of biological assets)	25,192,474	9,395,338	168	61,832,228	20,975,162	195
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1(b)(i) Statement of Financial Position, together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	As at		As at	
	30/6/2014	31/12/2013	30/6/2014	31/12/2013
	Rp '000	Rp '000	Rp '000	Rp '000
Non-current assets				
Biological assets	658,832,532	653,185,280	-	-
Property, plant and equipment	119,815,637	119,232,226	391,149	561,437
Investments in subsidiaries	-	-	552,751,778	555,375,799
Operating use rights	716,481	738,563	-	-
Club memberships	1,216,978	1,222,755	1,216,978	1,222,755
Deferred charges	4,093,154	3,628,500	-	-
	784,674,782	778,007,324	554,359,905	557,159,991
Current assets				
Inventories	49,117,417	30,587,623	-	-
Trade and other receivables	21,581,055	18,753,675	367,597,128	382,626,970
Dividend receivable	-	-	22,000,000	22,000,000
Prepayments	1,398,375	1,420,466	490,477	382,790
Financial assets at fair value through profit or loss	197,190	258,300	-	-
Cash and cash equivalents	361,003,120	354,479,648	43,881,935	45,242,076
	433,297,157	405,499,712	433,969,540	450,251,836
Less:				
Current liabilities				
Trade and other payables	54,187,213	55,576,351	856,684	1,048,300
Dividend payable	4,186,250	4,186,250	-	-
Current income tax payable	8,856,832	2,227,728	276,814	346,608
	67,230,295	61,990,329	1,133,498	1,394,908
Net current asset	366,066,862	343,509,383	432,836,042	448,856,928
Less:				
Non-current liabilities				
Provision for post-employment benefits	24,372,716	25,007,853	-	-
Deferred tax liabilities	130,923,732	128,010,915	-	-
	155,296,448	153,018,768	-	-
Net assets	995,445,196	968,497,939	987,195,947	1,006,016,919
Capital and reserves				
Share capital	680,520,587	681,817,047	680,520,587	681,817,047
Foreign currency translation reserve	92,589,803	94,835,557	305,761,431	311,098,031
Accumulated profits	188,620,438	160,274,806	913,929	13,101,841
Equity attributable to owners of the parent	961,730,828	936,927,410	987,195,947	1,006,016,919
Non-controlling interests	33,714,368	31,570,529	-	-
Total equity	995,445,196	968,497,939	987,195,947	1,006,016,919

1(b)(ii) Aggregate amount of the Group's borrowings and debt securities

	As at	
	30/6/2014 Rp '000	31/12/2013 Rp '000
Amount repayable in one year or less, or on demand		
Secured	-	-
Unsecured	-	-
Total	-	-
Amount repayable after one year		
Secured	-	-
Unsecured	-	-
Total	-	-

1(c) Consolidated Statement of Cash Flows, together with a comparative statement for the corresponding period of the immediately preceding financial year

	2nd Qtr 2014 Rp '000	2nd Qtr 2013 Rp '000	YTD June 2014 Rp '000	YTD June 2013 Rp '000
Cash flows from operating activities				
Profit before income tax	25,084,199	7,814,003	61,121,418	18,055,206
Adjustments for:				
Amortisation of operating use rights	11,040	11,040	22,080	22,080
Gain on disposal of plant and equipment, net	(13,875)	(560)	(12,173)	(152,638)
Depreciation expense	2,603,788	2,604,129	5,183,025	5,090,980
Fair value loss from financial assets at fair value through profit or loss	22,050	95,130	61,110	120,330
Finance costs	-	220,981	-	437,530
Interest income	(2,506,553)	(1,254,815)	(4,494,296)	(2,630,634)
Currency translation	16,744,931	1,344,108	(1,984,515)	(736,599)
Operating cash flows before working capital changes	41,945,580	10,834,016	59,896,649	20,206,255
Working capital changes:				
Inventories	(17,110,303)	16,261,024	(18,529,794)	19,399,551
Trade and other receivables	(2,220,262)	(1,766,735)	(2,826,356)	(5,663,472)
Prepayments	(243,591)	(93,045)	22,091	343,420
Trade and other payables	2,680,434	3,845,782	(1,389,138)	(20,081,094)
Utilisation of post-employment benefits	(260,627)	(66)	(635,136)	(51,396)
Cash generated from operations	24,791,231	29,080,976	36,538,316	14,153,264
Interest paid	-	(219,625)	-	(434,140)
Interest received	2,502,904	1,254,693	4,493,272	2,625,399
Income tax paid	(3,689,569)	(2,568,616)	(5,935,238)	(4,145,674)
Net cash from operating activities	23,604,566	27,547,428	35,096,350	12,198,849



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	2nd Qtr 2014	2nd Qtr 2013	YTD June 2014	YTD June 2013
	Rp '000	Rp '000	Rp '000	Rp '000
Cash flows from investing activities				
Acquisition of biological assets	(1,796,706)	(2,020,205)	(5,647,252)	(4,360,953)
Purchase of plant and equipment	(3,401,717)	(4,439,913)	(5,844,341)	(8,731,973)
Proceeds from disposal of plant and equipment	58,002	12,153	82,444	200,790
Payments for deferred expenditure	(464,654)	-	(464,654)	-
Net cash used in investing activities	(5,605,075)	(6,447,965)	(11,873,803)	(12,892,136)
Cash flows from financing activities				
Dividends paid to equity holders of the Company	(15,154,789)	(13,053,456)	(15,154,789)	(13,053,456)
Share buyback held in treasury	(1,296,460)	-	(1,296,460)	-
Finance lease interest paid	-	(1,356)	-	(3,390)
Repayments of obligations under finance leases	-	(8,606)	-	(21,515)
Net cash used in financing activities	(16,451,249)	(13,063,418)	(16,451,249)	(13,078,361)
Net change in cash and cash equivalents	1,548,242	8,036,045	6,771,298	(13,771,648)
Cash and cash equivalents at beginning of financial period	356,973,821	270,044,189	354,479,648	292,415,847
Effects of currency translation on cash and cash equivalents	2,481,057	161,405	(247,826)	(402,560)
Cash and cash equivalents at end of financial period	361,003,120	278,241,639	361,003,120	278,241,639



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1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalization issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year.

Group	Attributable to owners of the parent				Non-controlling interests Rp '000	Total equity Rp '000
	Share capital Rp '000	Foreign currency translation reserve Rp '000	Accumulated profits Rp '000	Equity attributable to owners of the Rp '000		
Balance as at 1 January 2014	681,817,047	94,835,557	160,274,806	936,927,410	31,570,529	968,497,939
Profit for the financial year	-	-	43,500,421	43,500,421	2,143,839	45,644,260
Other comprehensive income for the financial year:						
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	(2,245,754)	-	(2,245,754)	-	(2,245,754)
Total comprehensive income for the financial year	-	(2,245,754)	43,500,421	41,254,667	2,143,839	43,398,506
Transactions with owners recorded directly in equity:						
Share buy back held in treasury	(1,296,460)	-	-	(1,296,460)	-	(1,296,460)
Total transactions with owners	(1,296,460)	-	-	(1,296,460)	-	(1,296,460)
Dividend paid	-	-	(15,154,789)	(15,154,789)	-	(15,154,789)
Balance as at 30 June 2014	680,520,587	92,589,803	188,620,438	961,730,828	33,714,368	995,445,196
Balance as at 1 January 2013	681,817,047	42,343,518	167,156,382	891,316,947	33,255,294	924,572,241
Profit for the financial year	-	-	14,400,966	14,400,966	669,532	15,070,498
Other comprehensive income for the financial year:						
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	(1,932,932)	-	(1,932,932)	-	(1,932,932)
Total comprehensive income for the financial year	-	(1,932,932)	14,400,966	12,468,034	669,532	13,137,566
Dividend paid	-	-	(13,053,456)	(13,053,456)	-	(13,053,456)
Balance as at 30 June 2013	681,817,047	40,410,586	168,503,892	890,731,525	33,924,826	924,656,351



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Company	Share capital Rp '000	Foreign currency translation reserve Rp '000	Accumulated profits Rp '000	Total Rp '000
Balance as at 1 January 2014	681,817,047	311,098,031	13,101,841	1,006,016,919
Profit for the financial year	-	-	2,966,877	2,966,877
Other comprehensive income for the financial year: Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	(5,336,600)	-	(5,336,600)
Total comprehensive income for the financial year	-	(5,336,600)	2,966,877	(2,369,723)
Transactions with owners recorded directly in equity: Share buyback held in treasury	(1,296,460)	-	-	(1,296,460)
Total transactions with owners	(1,296,460)	-	-	(1,296,460)
Dividend paid	-	-	(15,154,789)	(15,154,789)
Balance as at 30 June 2014	680,520,587	305,761,431	913,929	987,195,947
Balance as at 1 January 2013	681,817,047	131,774,843	15,793,430	829,385,320
Profit for the financial year	-	-	1,681,631	1,681,631
Other comprehensive income for the financial year: Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	(6,806,523)	-	(6,806,523)
Total comprehensive income for the financial year	-	(6,806,523)	1,681,631	(5,124,892)
Dividend paid	-	-	(13,053,456)	(13,053,456)
Balance as at 30 June 2013	681,817,047	124,968,320	4,421,605	811,206,972

1 (d) (ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

During the period April to June 2014, the Company purchased 664,000 shares from the open market (April to June 2013: Nil).

The total number of treasury shares held by the Company as at 30 June 2014 was 664,000 (30 June 2013: Nil).

Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of treasury shares	Treasury shares Rp '000
Balance as at 1 April 2014	-	-
Purchase of treasury shares	664,000	1,296,460
Balance as at 30 June 2014	664,000	1,296,460

Total number of treasury shares against issued shares (excluding treasury shares):

Number of shares	As at 30 June 2014	As at 30 June 2013
Treasury shares	664,000	-
Issued shares (excluding treasury shares)	412,304,000	412,968,000
Total shares in issue	412,968,000	412,968,000

As at 30 June 2014, the number of ordinary shares in issue was 412,968,000 of which 664,000 were held by the Company as treasury shares (30 June 2013: 412,968,000 ordinary shares of which none were held as treasury shares).

1 (d) (iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year.

Total number of issued shares (excluding treasury shares):

As at 30 June 2014	As at 31 December 2013
412,304,000	412,968,000

As at 30 June 2014, the number of ordinary shares in issue was 412,968,000 of which 664,000 were held by the Company as treasury shares (31 December 2013: 412,968,000 ordinary shares of which none were held as treasury shares.)

1 (d) (iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on.

During the period April to June 2014, the Company purchased 664,000 treasury shares (April to June 2013: Nil).

The total number of treasury shares held by the Company as at 30 June 2014 was 664,000 (30 June 2013: Nil).

Treasury shares are presented as a component within equity attributable to owners of the parent.

Group and Company	Number of shares	Treasury shares Rp '000
Balance as at 1 April 2014	-	-
Purchase of treasury shares	664,000	1,296,460
Balance as at 30 June 2014	664,000	1,296,460

2. Whether the figures have been audited or reviewed, and in accordance with which auditing standard or practice has been followed.

These figures have not been audited, or reviewed by the auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of a matter.

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied.

The Group has applied the same accounting policies and methods of computation in the financial statements for the current reporting period compared with the audited consolidated financial statements for the financial year ended 31 December 2013 except for the valuation of biological assets and the actuarial valuation of the post-employment benefits which will be undertaken at the end of the financial year. In addition, the Group also adopted various revisions to the FRS, which became effective during that period. The said adoption has no significant impact to the financial statements of the Group.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change.

Not applicable.

6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends; (a) Based on the weighted average number of ordinary shares on issue; and (b) On a fully diluted basis (detailing any adjustments made to the earnings).

	<u>2nd Qtr 2014</u> Rp	<u>2nd Qtr 2013</u> Rp	<u>YTD June 2014</u> Rp	<u>YTD June 2013</u> Rp
Earnings per share for the period (Rp)				
(a) based on weighted average number of shares	37	15	105	35
(b) based on a fully diluted basis	37	15	105	35
Number of shares outstanding				
- Weighted average number of shares	412,937,308	412,968,000	412,952,569	412,968,000

7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the; (a) current financial period reported on; and (b) immediately preceding financial year.

	<u>Group</u>		<u>Company</u>	
	<u>As at</u> <u>30/6/2014</u>	<u>As at</u> <u>31/12/2013</u>	<u>As at</u> <u>30/6/2014</u>	<u>As at</u> <u>31/12/2013</u>
Net asset value per ordinary share (Rp)	2,414	2,345	2,394	2,436
Number of issued shares excluding treasury shares	412,304,000	412,968,000	412,304,000	412,968,000

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following; (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on.

Review of Group performance

2Q2014 versus 2Q2013

Revenue

Our revenue for 2Q2014 increased by Rp12.9 billion or 15%, from Rp84.1 billion in 2Q2013 to Rp97.0 billion in 2Q2014, mainly contributed by higher crude palm oil ("CPO") sales revenue of Rp7.3 billion and higher palm kernel ("PK") sales revenue of Rp5.6 billion.

CPO sales revenue increased by Rp7.3 billion, from Rp77.1 billion in 2Q2013 to Rp84.4 billion in 2Q2014, mainly due to higher CPO average selling price, offset by lower sales volume. Average selling price of CPO increased by Rp2,021 per kilogram, from Rp6,451 per kilogram in 2Q2013 to Rp8,472 per kilogram in 2Q2014. Sales volume of CPO decreased by 1,992 tons from 11,956 tons in 2Q2013 to 9,964 tons in 2Q2014.

PK sales revenue increased by Rp5.6 billion, from Rp7.0 billion in 2Q2013 to Rp12.6 billion in 2Q2014, mainly due to higher PK average selling price, offset by lower sales volume. Average selling price of PK increased by Rp3,015 per kilogram from Rp2,494 per kilogram in 2Q2013 to Rp5,509 per kilogram in 2Q2014. Sales volume of PK decreased by 517 tons, from 2,802 tons in 2Q2013 to 2,285 tons in 2Q2014.

Costs of sales

Cost of sales decreased by Rp10.6 billion or 15%, from Rp68.9 billion in 2Q2013 to Rp58.3 billion in 2Q2014. This was mainly due to lower CPO and PK sales volume.

Gross profit

As a result of the foregoing, gross profit increased by Rp23.5 billion or 154%, from Rp15.2 billion in 2Q2013 to Rp38.7 billion in 2Q2014. Gross profit margin increased from 18.1% in 2Q2013 to 39.8% in 2Q2014.

Distribution expenses

Distribution expenses remained constant in 2Q2014 at Rp0.7 billion as compared to Rp0.6 billion in 2Q2013.

Administrative expenses

Administrative expenses increased by Rp0.7 billion or 10% from Rp6.4 billion in 2Q2013 to Rp7.1 billion in 2Q2014. This was mainly due to higher salaries and wages to employees of the Group.

Finance costs

As the bank borrowings had been fully paid off as at 31 December 2013, there was no finance cost incurred in 2Q2014 as compared to Rp0.2 billion in 2Q2013.

Interest income

Interest income increased by Rp1.2 billion, from 1.3 billion in 2Q2013 to Rp2.5 billion in 2Q2014 due to higher interest earned from bank deposits.

Other income

Other income increased marginally by Rp0.3 billion to Rp0.2 billion in 2Q2014, which were mainly due to higher sales of scraps, sludge oil and kernel shells.

Other expenses

Other expenses increased by Rp0.7 billion or 171%, from Rp0.4 billion in 2Q2013 to Rp1.1 billion in 2Q2014, mainly due to more expenditure incurred for the survey of new potential areas for plantations.

Foreign exchange loss, net

Net foreign exchange loss of Rp7.4 billion in 2Q2014 was due to the depreciation of IDR against SGD.

Profit before income tax

As a result of the foregoing, profit before income tax increased by Rp17.3 billion, from Rp7.8 billion in 2Q2013 to Rp25.1 billion in 2Q2014.

Income tax expense

Income tax expense increased by Rp7.1 billion from Rp1.4 billion in 2Q2013 to Rp8.5 billion in 2Q2014. The increase is in line with the higher profit achieved.

Profit after income tax

As a result of the above, profit after income tax increased by Rp10.1 billion or 159%, from Rp6.4 billion in 2Q2013 to Rp16.5 billion in 2Q2013.

1H2014 versus 1H2013

Revenue

Our revenue for 1H2014 increased by Rp40.2 billion or 27%, from Rp150.9 billion in 1H2013 to Rp191.1 billion in 1H2014, mainly contributed by higher crude palm oil (“CPO”) sales revenue of Rp27.7 billion and higher palm kernel (“PK”) sales revenue of Rp12.5 billion.

Revenue from CPO sales increased by Rp27.7 billion, from Rp141.8 billion in 1H2013 to Rp169.5 billion in 1H2014, mainly due to increase in the average selling price of CPO, coupled by lower sales volume. Average selling price of CPO increased by Rp2,337 per kilogram, from Rp6,147 per kilogram in 1H2013 to Rp8,484 per kilogram in 1H2014. Sales volume of CPO decreased by 3,093 tons from 23,061 tons in 1H2013 to 19,968 tons in 1H2014.

Revenue from PK increased by Rp12.5 billion, from Rp9.2 billion in 1H2013 to Rp21.7 billion in 1H2014. This was due to increase in average selling price of PK, coupled by higher sales volume. Average selling price of PK increased by Rp2,661 per kilogram from Rp2,435 per kilogram in 1H2013 to Rp5,096 per kilogram in 1H2014. Sales volume increased by 490 tons, from 3,765 tons in 1H2013 to 4,255 tons in 1H2014.

Costs of sales

Cost of sales decreased by Rp4.7 billion or 4%, from Rp122.4 billion in 1H2013 to Rp117.7 billion in 1H2014. This was mainly due to lower sales volume of CPO.

Gross profit

As a result of the foregoing, gross profit increased by Rp44.9 billion or 158%, from Rp28.5 billion in 1H2013 to Rp73.4 billion in 1H2014. Gross profit margin increased from 18.9% in 1H2013 to 38.4% in 1H2014.

Distribution expenses

Distribution expenses increased by Rp0.3 billion or 32% from Rp0.9 billion in 1H2013 to Rp1.2 billion in 1H2014. This was mainly due to higher freight and stevedoring costs.

Administrative expenses

Administrative expenses increased by Rp0.9 billion or 7% from Rp14.1 billion in 1H2013 to Rp15.0 billion in 1H2014. This was mainly due to higher salaries and wages to employees of the Group.

Finance costs

As the bank borrowings had been fully paid off as at 31 December 2013, there was no finance cost incurred in 1H2014 as compared to Rp0.4 billion in 1H2013.

Interest income

Interest income increased by Rp1.9 billion or 71%, from Rp2.6 billion in 1H2013 to Rp4.5 billion in 1H2014 due to higher interest earned from bank deposits.

Other income

Other income increased by Rp0.9 billion or 90%, from Rp1.0 billion in 1H2013 to Rp1.9 billion in 1H2014 mainly due to higher sales of scraps, sludge oil and kernel shells.

Other expenses

Other expenses increased by Rp0.9 billion or 124%, from Rp0.7 billion in 1H2013 to Rp1.6 billion in 1H2014, mainly due to more expenditure incurred for the survey of new potential areas for plantations.

Foreign exchange loss, net

Net foreign exchange loss of Rp7.4 billion in 2Q2014 was due to the depreciation of IDR against SGD.

Profit before income tax

As a result of the foregoing, profit before income tax increased by Rp43.1 billion, from Rp18.0 billion in 1H2013 to Rp61.1 billion in 1H2014.

Income tax expense

Income tax expense increased by Rp12.5 billion. The increase is in line with the higher profit achieved.

Profit after income tax

As a result of the above, profit after income tax increased by Rp30.5 billion, from Rp15.1 billion in 1H2013 to Rp45.6 billion in 1H2014.

Review of Financial Position as at 30 June 2014

Non-current assets

Non-current assets for the Group increased by Rp6.7 billion or 1%, from Rp778.0 billion as at 31 December 2013 to Rp784.7 billion as at 30 June 2014. This was mainly due to increase in biological assets for the new plantings in 1H2014.

Current assets

Current assets for the Group increased by Rp27.8 billion or 7%, from Rp405.5 billion as at 31 December 2013 to Rp433.3 billion as at 30 June 2014. This was mainly due to increase in inventories in 1H2014 and higher cash generated from operations of Rp6.5 billion in 1H2014.

Current liabilities

Current liabilities for the Group increased by Rp5.2 billion or 8.5%, from Rp62.0 billion as at 31 December 2013 to Rp67.2 billion as at 30 June 2014. This was mainly due to increase in tax payables of Rp6.6 billion.

Non-current liabilities

Non-current liabilities for the Group increased by Rp2.3 billion from Rp153.0 billion as at 31 December 2013 to Rp155.3 billion as at 30 June 2014, due to the higher provision for deferred tax liabilities.

Review of Consolidated Cash Flows

Net cash generated from operating activities increased by Rp22.9 billion, from Rp12.2 billion in 1H2013 to Rp35.1 billion in 1H2014. Higher cash inflow recorded is mainly due to increase in sales receipts from customers.

Net cash used in investing activities of Rp11.9 billion comprised mainly additional plantings and purchase of planting equipment.

Net cash used in financing activities of Rp16.5 billion was mainly attributable to dividends paid to equity holders of the Company and the buyback of the Company's shares to be held as treasury shares.

9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results.

Not applicable.

10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months.

CPO prices are expected to remain volatile considering the uncertainty in the global economy, increasing supply of vegetable oils, and abnormal weather's affect on market dynamics. While the chance of an El Niño in 2014 has clearly eased, the establishment of El Niño before year's end cannot be ruled out. If an El Niño were to occur, climate models indicate that it is increasingly unlikely to be a strong event¹.

The demand for palm oil is expected to remain strong in view of rising food requirements from China, India, Indonesia and emerging markets, as well as demand from the biofuel, oleochemicals and compound feed industries.

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, yield and productivity to ensure that it achieves a cost-competitive model in the long run.

11. Dividend

(a) Current Financial Period Reported on

Any dividend declared for the current financial period reported on?

None.

(b) Corresponding Period of the Immediately Preceding Financial Year

None.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

¹ (2014, 29 July). El Niño indicators ease. Australia's Bureau of Meteorology.

12. If no dividend has been declared (recommended), a statement to that effect.

No dividend has been declared or recommended.

13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect.

Name of interested person	Aggregate value of all interested person transactions during the period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920) (Rp' million)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000) (Rp' million)
	FY2014	FY2014
PT Bumiraya Utama Lines	2,103	NIL*

*The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

14. Negative confirmation pursuant to Rule 705(5)

The Directors of the Company do hereby confirm that to the best of their knowledge, nothing has come to their attention which would render the unaudited financial statements for the financial period from 1 January 2014 to 30 June 2014 to be false or misleading in any material aspects.

15. Update of the utilization of the Initial Public Offering (“IPO”) proceeds of S\$50.6 million

As at 30 June 2014, the use of net proceeds from the IPO are as follows:

Use of net proceeds	Amount allocated (S\$' million)	Amount utilised (S\$' million)	Balance (S\$' million)
Development of existing uncultivated land banks into oil palm plantations	15.61	11.40 ⁽¹⁾	4.21
Acquisition of other oil palm plantations and land banks	15.00	0.46 ⁽²⁾	14.54 ⁽³⁾
Repayment of the loans to PT Bank CIMB Niaga Tbk (“Bank Niaga”)	5.00	5.00	-
Construction of the co-composting plant	2.00	1.49	0.51
Working capital	9.50	9.50 ⁽⁴⁾	-
Invitation expenses	3.49	3.49	-
Total	50.60	31.34	19.26

Notes:

- (1) Out of the S\$11.4 million utilized for the development of existing uncultivated land banks into oil palm plantations, approximately S\$9.6 million were used for land clearing and new planting purposes.
- (2) The S\$0.46 million utilized for the acquisition of other oil palm plantations and land banks are expenses incurred for the location permit for 7,170 hectares of land in Muara Lesan Village and Lesan Dayak Village, both located in Berau Regency, East Kalimantan.
- (3) The Company has the option to acquire PT Cemar, an Indonesian-incorporated company which holds *Hak Guna Usaha* to approximately 6,429 ha of oil palm plantation land in the Landak Regency in West Kalimantan. The acquisition is subject to the fulfillment of conditions such as the conduct of legal and financial due diligence on PT Cemar as well as approvals required by the Indonesian authorities.
- (4) S\$8.5 million and S\$1.0 million were used for general working capital of the Indonesia’s office and Singapore’s office respectively.

BY ORDER OF THE BOARD

Dr Tan Hong Kiat @ Suparno Adijanto
Executive Chairman & CEO

12 August 2014