**Press Release**

# Global Palm posts net profit of Rp10.9 billion on sales of Rp72.7 billion in 3Q2010

- *3Q2010 ASP of CPO rose 9.2% to Rp6,838/kg while palm kernels' ASP surged 45% to Rp3,432/kg*
- *Production yield expected to pick up in the coming quarters as palm trees recover from biological tree stress*

| (Rp' billion) | 3Q2010 | 3Q2009 | Chg (%) |
|---|---|---|---|
| Revenue | 72.7 | 82.6 | (12) |
| Gross profit | 24.4 | 29.4 | (17) |
| **EBITDA** | **18.8** | **34.1** | **(45)** |
| Profit before income tax | 16.6 | 29.2 | (43) |
| **Net profit attributable to equity holders** | **10.9** | **19.0** | **(43)** |

**Singapore, 10 November 2010** – 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 net profit attributable to equity holders of Rp10.9 billion (S$1.6 million) on the back of Rp72.7 billion (S$10.5 million) in revenue for the three months ended 30 September 2010 ("3Q2010").

Despite recording higher average selling prices ("ASP") for both Crude Palm Oil ("CPO") and Palm Kernels, the Group's revenue declined 12% year-on-year when compared to Rp82.6 billion in 3Q2009, due to a 25% drop in CPO sales volume to 9,654 tons. This was due to the continuation of biological stress on its palm oil trees which affected fresh palm fruit bunch ("FFB") harvest, declining 25% year-on-year to 24,957 tons in 3Q2010.

In the latest quarter, the ASP of CPO rose by Rp574 per kilogram to Rp6,838 per kilogram, while palm kernels' ASP surged 45% to Rp3,432 per kilogram.

Other income dropped by Rp7.3 billion to Rp0.2 billion in 3Q2010, mainly due to the foreign exchange gain recorded a year ago. The foreign exchange gain was recorded due to unrealised translation gain for the balance of the CIMB Niaga US$ Loan arising from the appreciation of the Rp against US$.

The Group's cost of sales decreased by 9% to Rp48.3 billion in 3Q2010 due to lesser FFB purchased from 3$^{rd}$ parties and lower indirect material expenses. Finance costs dipped 81% to Rp0.7 billion due to lower interest expense in relation to lower interest rate and also lower outstanding CIMB Niaga loan.

Owing to lower FFB production levels and absence of exchange gain, the Group reported a 43% decline in net profit to Rp10.9 billion in 3Q2010.

**Segmental Review**

| | 3Q2010 | 2Q2009 | Change (%) |
|---|---|---|---|
| **Revenue (Rp' billion)** | | | |
| CPO | 66.0 | 80.2 | (18) |
| Palm Kernels | 6.7 | 2.4 | +179 |
| **Sales Volume (tons)** | | | |
| CPO | 9,654 | 12,805 | (25) |
| Palm Kernels | 1,955 | 1,015 | +93 |
| **Average Selling Price* (Rp/kg)** | | | |
| CPO | 6,838 | 6,264 | +9 |
| Palm Kernels | 3,432 | 2,372 | +45 |

** 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.*

In 3Q2010, revenue from CPO experienced a year-on-year decline of 18% to Rp66.0 billion (S$9.6 million) despite a 9% increase in ASP. This was attributed to a 25% drop in volume sales to 9,654 tons. Palm Kernel sales improved by 179% year-on-year to Rp6.7 billion due to a 93% jump in volume sales to 1,955 tons and a 45% price hike.

**Operational Performance**

Global Palm added 348 ha of new plantings in the latest quarter, increasing its total planted area to 12,253 ha as at 30 September 2010, of which 83% comprise mature oil palm trees in their peak production years.

The Group recorded a FFB yield of 3.34 tons per ha in 3Q2010 as compared to 4.45 tons per ha in 3Q2009, and managed to keep its productivity levels relatively stable with a CPO extraction rate of 21.1% and palm kernel extraction rate of 3.9%, compared to 21.9% and 4.0 % in 3Q2009.

**Outlook and future plans**

The Group continues to expect robust demand for palm oil, well-supported by rising food requirements from China, India and emerging markets as well as buoyant demand from the biofuels, oleochemicals and compound feed industries.

Although CPO prices have increased in the latest quarter when compared to the previous quarter (2Q2010), price volatility is expected to remain given the uncertainties in the global financial market.

Commenting on the Group's performance going forward, Dr Suparno Adijanto (陳洪傑), Executive Chairman and CEO said, "Biological tree stress, a natural cyclical phenomenon that temporarily reduces the FFB yield of our plantation, has affected our production output over the last three quarters. However, production yield is expected to pick-up in the coming quarters as our palm trees recover from this cyclical phenomenon."

The Group is also actively pursuing potential oil palm plantations for acquisition in a bid to double its current cultivated oil palm plantation land by 2013 via both organic and inorganic growth.

Said Dr Suparno, "We will continue our focus in optimizing our operational efficiencies with the goal of achieving a cost competitive business model in the long-run. We are well on track in the construction of our co-composting plant to generate organic compost fertilisers and we expect to enjoy costs and environmental benefits once it is completed and operational by end 2010. Evaluating potential acquisition targets remain as one of our chief focus and we are working hard at pursuing potential oil palm plantations in a bid to double our current cultivated oil palm plantation land via both organic and inorganic growth."

"Barring unforeseen circumstances, we expect to remain profitable for the financial year 2010. While we currently do not have a formal dividend policy, we plan to propose a first and final dividend when we announce our full-year results to thank our shareholders for their support since our listing. Hopefully this will be the first of many dividends to come for our shareholders," he added.

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*The conversion rate used in this press release is Rp1 : S$0.000145*

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


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*The initial public offering of Global Palm Resources Holdings Limited was sponsored by AmFraser Securities Pte. Ltd. (a member of AmInvestment Bank Group) and Oversea-Chinese Banking Corporation Limited (collectively, the "Joint Issue Managers"). The Joint Issue Managers assume no responsibility for the contents of this announcement.*

***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.*