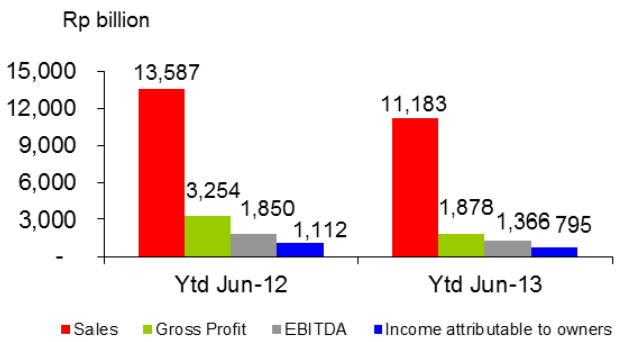
Smartnews

June 2013

Performance Summary



First half 2013 results were affected by lower CPO market prices year-on-year. Sales declined to Rp 11.18 trillion from Rp 13.59 trillion for the same period last year. Gross profit and EBITDA recorded at Rp 1.88 trillion and Rp 1.37 trillion, respectively. At the bottom line, income attributable to owners of the Company decreased by 28% to Rp 795 billion.

As of 30 June 2013, the Company's palm plantation hectarage stood at 138,612 hectares, comprising of 134,102 hectares mature and 4,510 hectares immature estates. Nucleus and plasma estates amounted to 107,973 and 30,639 hectares, respectively.

Production

Description	YTD June 2012	YTD June 2013	Growth
FFB produced - tonnes	1,399,340	1,402,314	0.2%
CPO produced - tonnes	349,901	345,887	-1.1%
PK produced - tonnes	80,951	80,190	-0.9%
Oil extraction rate - %	22.91	22.88	-0.03%
Kernel extraction rate - %	5.30	5.30	-

For the first six months of 2013, the Company produced 1,402,314 tonnes of FFB, slightly higher than that of the same period last year. However, CPO and PK production were down by approximately 1% to 345,887 tonnes and 80,190 tonnes, respectively mostly due to lower FFB purchased from third parties. Oil extraction rate experienced a slight decline to 22.88%, while kernel extraction rate maintained at 5.30%.

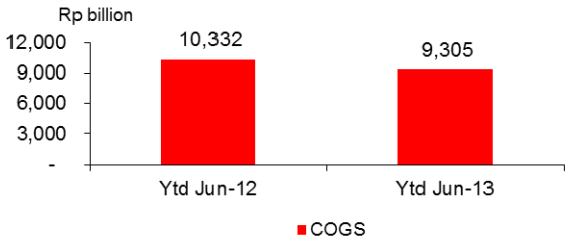
Net Sales

Products	YTD June 2012		YTD June 2013	
	Rp bn	%	Rp bn	%
Cooking Oil	1,027	7.6%	880	7.9%
Margarine	896	6.6%	598	5.4%
Total Branded	1,923	14.2%	1,478	13.3%
Refined Product	5,028	37.0%	6,139	54.9%
CPO and non-refined product	6,160	45.3%	3,181	28.4%
Total Unbranded	11,188	82.3%	9,320	83.3%
Others	476	3.5%	385	3.4%
Total Sales	13,587	100.0%	11,183	100.0%

Combined sales of branded and unbranded refined products grew by 10% to Rp 7.62 trillion supported by an increase in sales volume, while CPO and non-refined products decreased to Rp 3.18 trillion as a result of our strategy to produce and sell more value-added products.

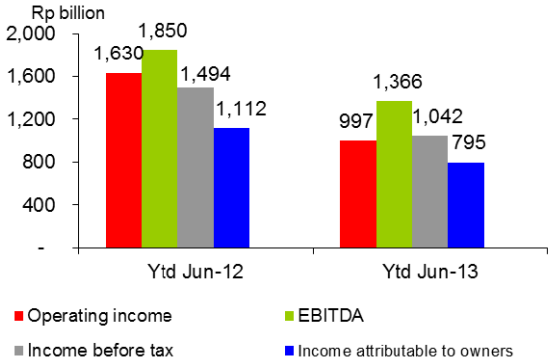
Cost of goods sold

Cost of goods sold for the six-month period ended 30 June 2013 decreased by 10% to Rp 9.31 trillion from Rp 10.33 trillion in 2012, in line with the decrease in sales.



Operating income

For the first half of 2013, operating income declined by 39% in line with the decline in gross profit, which was partly offset by lower export tax rates imposed in 2013. Export tax rates for CPO ranged from 7.5% to 10.5% versus 15% to 19.5% during 2012, while export tax rates for olein ranged from 2% to 4% versus 7% to 10% in the same period last year.



EBITDA

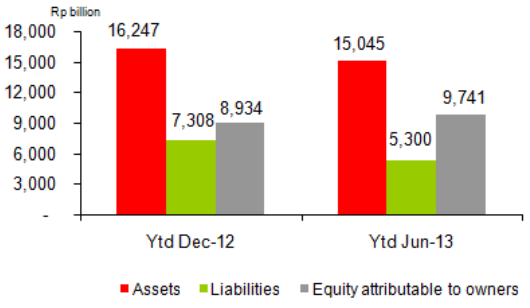
During January to June 2013, the Company's EBITDA decreased to Rp 1.37 trillion from Rp 1.85 trillion, mainly attributable to lower operating income.

Income attributable to owners

Corresponding to the weakening EBITDA, income attributable to owners of the Company decreased by 28% to Rp 795 billion in the first half of 2013. This resulted in earnings per share of Rp 277.

Assets

As of 30 June 2013, the Company's total assets slightly decreased to Rp 15.05 trillion from Rp 16.25 trillion at the end of December 2012. This was attributable to decrease in trade accounts receivable, inventories as well as cash and cash equivalents, which was partly offset by higher fixed assets resulting from our downstream expansion projects.



Liabilities

Total liabilities as at 30 June 2013 notably decreased to Rp 5.30 trillion from Rp 7.31 trillion as at 31 December 2012, mostly attributable to the decline in short-term bank loans and trade accounts payable in line with the decline in working capital, as well as settlement of due to related parties. Of this amount, total bank debt and bonds payable was Rp 2.54 trillion.

As of 30 June 2013, our net gearing strengthened to 0.23 compared to 0.38 as at the end of 2012.

Equity attributable to owners

Total equity attributable to owners of the Company as of 30 June 2013 increased to Rp 9.74 trillion from Rp 8.93 trillion as at 31 December 2012. The Company's retained earnings totaled Rp 7.27 trillion compared to Rp 6.47 trillion as at end of 2012, mostly resulting from the current period's comprehensive income.