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IndoAgri posts FY12 Revenue of Rp13.8 trillion (S$1.8 billion)[1] with attributable profit of Rp1.0 trillion (S$139 million)

HIGHLIGHTS:

- **Despite a challenging year with lower commodity prices, the Group's revenue grew 9.8% yoy to Rp13.8 trillion (S$1.8 billion) in FY12, particularly driven by contributions from sugar operation and edible oils business**
- **Gross profit declined 9.5% yoy mainly attributable to lower average selling prices (ASP) for plantation crops and higher cost of production**
- **Attributable profit down 30% yoy to Rp1.0 trillion (S$139 million) in FY12**
- **Liquidity stayed strong with cash levels of Rp5.1 trillion (S$643 million) and a low net gearing ratio of 0.07x**
- **Announced the Proposed Acquisition of a 50% equity interest in CMAA in Brazil**

SINGAPORE – 27 February 2013 – SGX Main board-listed IndoAgri (the "Group"), a diversified and integrated agribusiness group and manufacturer of leading brands of edible oils and fats products in Indonesia, achieved a 9.8% sales growth in FY12. Despite facing a challenging year with lower ASP for plantation crops, the Group reported improved sales performance on the back of higher CPO sales volume and edible oil products to external parties as well as positive sales contribution from its sugar operation. For 4Q12, revenue grew a modest 4.3% over 4Q11 principally on contribution from sugar operation and higher sales of edible oil products, but this was offset by lower sales volume of palm products and lower ASP of plantation crops.

In Rp' billion	FY12	FY11	Change %	4Q12	4Q11	Change %
Revenue	13,845	12,605	9.8%	3,324	3,187	4.3%
Gross Profit	4,164	4,601	(9.5%)	909	1,133	(19.8%)
Gross Margin (%)	*30.1%*	*36.5%*		*27.4%*	*35.6%*	
EBITDA [2]	3,223	3,794	(15.0%)	622	929	(33.0%)
EBITDA Margin (%)	*23.3%*	*30.1%*		*18.7%*	*29.1%*	
Biological asset gains	56	425	(86.9%)	56	425	(86.9%)
Profit from Operations before biological asset gains	2,653	3,353	(20.9%)	480	800	(40.0%)
Attributable Net Profit	1,049	1,490	(29.6%)	161	455	(64.7%)
EPS (fully diluted) - Rp	730	1,031	(29.2%)	112	315	(64.4%)

[1] Income Statement and Balance Sheet items are converted at exchange rates of Rp7,537/S$1 and Rp7,907/S$1, respectively.

[2] Earnings before interests and tax expense, depreciation and amortisation, and gain/loss from changes in fair value of biological assets and foreign exchange gains.

Gross profit declined 10% from Rp4.6 trillion in FY11 to Rp4.2 trillion in FY12. This was primarily attributable to lower average selling prices for plantation crops and higher cost of production. The decline was partly negated by higher profit contribution from Edible Oils & Fats Division and sugar operations. With the combined effects of lower sales volume of palm products, lower ASP of plantation crops and higher production cost, gross profit in 4Q12 came in lower by 19.8% over the same quarter last year.

The Group reported a 30% decline in attributable profit to Rp1.0 trillion in FY12 attributable to lower gross profit, higher operating expenses, lower foreign exchange gains and biological asset gains, as well as share of loss in an associated company, This gap was partly narrowed by certain one-off expenses incurred in 2011, including a Rp63 billion founder tax relating to the listing of SIMP, Rp19 billion in share transfer fees relating to a corporate restructuring and an impairment loss of Rp18 billion relating to a joint venture investment. Excluding the effect of the biological assets gains, the adjusted FY12 attributable profit would have been down 22% against last year. The adjusted 4Q12 attributable profit was likewise lower, declining 49% over 4Q11 on lower gross profit, higher operating expenses and lower financial income.

"Despite a challenging year for commodity prices of our plantation crops, the Group posted positive sales growth particularly contribution from the sugar operation following the commencement of our first full sugarcane crushing in 2012. This was further contributed by our edible oil business which achieved a 5% yoy sales volume increase, supported by the expanded refining capacity. On production front, we continued to report positive growth with FFB nucleus and CPO in FY12 growing 6% and 5% yoy to 2,973,000 tonnes and 880,000 tonnes, respectively. We also planted 13,383 hectares of oil palm, bringing our planted area to 230,919 hectares.", *commented Mr Mark Wakeford, CEO and Executive Director.*

"We are pleased that the Group has on 26 January 2013 announced a geographical expansion into the sugar and ethanol industry in Brazil with the proposed acquisition of a 50% equity stake in Companhia Mineira de Açúcar e Álcool Participações (CMAA) for a cash consideration of US$71.7 million. Established in Brazil since 2006, CMMA is principally engaged in the cultivation and processing of sugar cane for the production and marketing of ethanol and sugar, as well as co-generation of electric power from sugar cane bagasse. Currently CMAA operates one mill in Vale do Tijuco with a total crushing capacity of 3 million tonnes per year, which was completed in 2011 and can be expanded to 3.8 million tonnes, with minimal additional investment. This proposed acquisition is expected to be completed by the second quarter of 2013.", *added Mr Mark Wakeford, CEO and Executive Director.*

INDUSTRY OUTLOOK AND FUTURE PLANS

The slowdown in the global economy, particularly in Europe and China, has weighted down on commodity markets in 2012. Additionally Europe's biodiesel off-take was significantly lower than forecast. Coupled with higher seasonal production in the second half of the year and increasing palm oil stocks, this has put significant pressure on palm oil prices since August 2012, creating unusually wide discounts relative to soya oil and other vegetable oils and fats. On a full year basis, CPO prices (CIF Rotterdam) averaged US$1,006 per tonne in 2012 compared to US$1,128 in 2011. The outlook for the palm oil industry is expected to remain positive as global demand is likely to be supported by consumption growth from emerging Asian economies like India and China, coupled with incremental demand for bio-diesel driven by government mandates from Europe, Brazil and Argentina. Bolstered by its large population of 230 million people, Indonesia has now become one of the largest consumers of palm oil after China and India. We also expect Indonesia's thriving food and beverage industry and population growth to sustain domestic demand for palm oil products.

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Global demand growth for rubber slowed down in 2012 due to the adverse global economy. In particular, a slowdown in mainly replacement tyre sales affected demand. After falling by over 15% since the beginning of 2012, rubber prices (RSS3 SICOM) stabilised in the second half of the year. On a full year basis, 2012 prices remained significantly lower at US$3,384 per tonne compared to US$4,824 in 2011. The long-term outlook for rubber remains upbeat, supported by healthy demand from tyre-makers, automotive industries and rubber goods manufacturers in developing markets. China in particular, is expected to contribute strongly to this demand, given its large population and status as the world's largest natural rubber consumer, at approximately 35% of world natural rubber demand. In the medium term rubber demand growth will be driven by global GDP growth.

Indonesia remains a net importer of sugar with over 50% of its domestic sugar demand fulfilled by imported sugar. Sugar prices in Indonesia are relatively shielded from global fluctuations with government policies aimed at protecting the domestic industry and particularly the smallholder farmers. Currently the domestic sugar price in Indonesia is above the international market as the government operates a strict import quota system for sugar, restricting imports when domestic prices fall below the government-mandated floor price of Rp8,100 per kilogram. In the near term, Indonesia will continue to rely heavily on sugar imports, despite the government's intentions for Indonesia to be self-sufficient.

In 2012, international sugar prices sustained pressure from a sizeable global sugar production surplus in 2011/12 and the deteriorating outlook of the global economy. Sugar prices on the London International Financial Futures and Options Exchange (LIFFE) showed a downward trend in 2012 to an average of US$588 per tonne compared to US$706 per tonne in 2011. Moving forward, the direction for the global sugar prices will be strongly influenced by production levels in Brazil, together with the Brazilian government policies on ethanol.

--The End ---

ABOUT INDOAGRI

Indofood Agri Resources Ltd. ("IndoAgri") is a diversified and integrated agribusiness group with principal business operations that range from research and development, breeding and cultivation of oil palms, to the milling and refining of crude palm oil, and the marketing and distribution of cooking oil, margarine, shortening and other derivative products. The Group also engages in the cultivation of other crops such as rubber, sugar cane, cocoa and tea.

As of end December 2012, IndoAgri has 268,725 hectares planted with oil palm, rubber, sugar cane, cocoa and tea.

For more information please visit our website at: www.indofoodagri.com.