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IndoAgri posts 2Q16 attributable profit of Rp30 billion (S$3.0 million)

HIGHLIGHTS:

- **Revenue down 14% yoy in 2Q16 on lower sales achieved by the Plantation Division due to weaker production arising from the impact of El-Nino in 2015**
- **Group achieved improved profit on stronger contribution from the Edible Oils & Fats (EOF) Division and foreign currency gain**
- **Attributable profit improved from a loss in 2Q15 to Rp30 billion (S$3.0 million) in 2Q16**

SINGAPORE – 12 August 2016 – SGX Mainboard-listed IndoAgri (the "**Group**"), a diversified and integrated agribusiness group and manufacturer of leading brands of edible oils and fats products in Indonesia, posted a 14% and 1% yoy decline in revenue in 2Q16 and 1H16 on lower sales from the Plantation Division. This was however partly offset by stronger sales reported by the EOF Division.

Our Plantation Division reported a 18% decline in revenue over 2Q15 on lower sales volume of palm products, this was mainly attributable to lower palm production arising from the El-Nino impact in the second half of 2015. The weaker output was partly offset by the higher average selling prices of palm products. 1H16 revenue declined 11% yoy, reflecting mainly the effects of lower sales volume and average selling prices of CPO and rubber. The sales decline was partly offset by higher sugar sales achieved during the quarter.

EOF Division continued to perform well with revenue grew 5% in 2Q16 and 8% in 1H16 mainly attributable to higher sales volume of edible oil products, but partly offset by lower selling prices.

	Rp' billion						S$' million [1]			
	2Q16	**2Q15** (Restated)	**▲%**	**1H16**	**1H15** (Restated)	**▲%**	**2Q16**	**2Q15** (Restated)	**1H16**	**1H15** (Restated)
Revenue	3,568	4,133	(13.7)	6,715	6,792	(1.1)	365	423	688	696
Gross profit	720	776	(7.2)	1,253	1,391	(9.9)	74	79	128	142
Gross margin (%)	*20.2%*	*18.8%*		*18.7%*	*20.5%*		*20.2%*	*18.8%*	*18.7%*	*20.5%*
EBITDA [2]	577	668	(13.7)	983	1,221	(19.4)	59	68	101	125
EBITDA margin (%)	*16.2%*	*16.2 %*		*14.6%*	*18.0%*		*16.2%*	*16.2%*	*14.6%*	*18.0%*
Profit from operations	230	202	14.2	539	375	43.7	24	21	55	38
Profit before taxation	84	45	88.1	251	91	174.3	9	5	26	9
Net profit after tax	23	(9)	n/m	118	(0)	n/m	2	(1)	12	(0)
Attributable profit	30	(33)	n/m	125	(29)	n/m	3	(3)	13	(3)
EPS (fully diluted) - Rp/S$ cents	21	(24)	n/m	89	(21)	n/m	0.2	(0.2)	0.9	(0.2)

n.m. denotes "Not Meaningful"

* The restated figures were related to the amendments FRS 16 and FRS 41 Agriculture – Bearer Plants

[1] Income Statement and Balance Sheet items are converted at exchange rates of Rp9,765/S$1 and Rp9,771/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 gain.

In 2Q16 and 1H16, the Group recorded lower EBITDA (excluding the effect of forex) of 14% and 19% yoy. The decline was mainly due to lower gross profit arising lower sales volume of palm products and higher operating expenses.

The Group reported attributable profit of Rp30 billion (S$3.0 million) in 2Q16 and Rp125 billion (S$13.0 million) in 1H16, reversing from a net loss position in 2015. The improved profit was mainly driven by stronger contribution from the EOF Division, biological assets gain and foreign currency gain.

"The effects of the prolonged drought in the second half last year have impacted our 1H16 FFB nucleus and CPO production, declining 16% and 21% yoy to 1,270,000 tonnes and 353,000 tonnes respectively. In line with the lower production, the Group reported lower Plantation revenue and profitability in 1H16, but this was offset by a strong contribution from the EOF Division, biological assets gain and foreign currency gain.

In 2016, we will prioritise our capex on immature plantings of around 51,000 hectares and the expansion of milling facilities for organic growth.", *commented Mr Mark Wakeford, CEO and Executive Director.*

INDUSTRY OUTLOOK AND FUTURE PLANS

The market conditions remain challenging for the agricultural and commodity sector. Agricultural commodity prices remain soft and slower growth in some key markets like China have led to a prolonged period of volatility and uncertainty. Global developments remain uncertain and unpredictable. These circumstances have aggravated the complex mix peculiar to any agribusiness such as the weather, export restrictions, the higher co-relationship between the prices of crude oil and various commodities, and the performance of competing crops such as soybean oil.

As a diversified and vertically integrated agribusiness with a dominant presence in Indonesia, our operations continue to be supported by positive market drivers that include good demographics, strong economic fundamentals, and a fast-growing middle class with rising discretionary incomes.

Our outlook for the agribusiness remains optimistic but we are cautiously managing our activities during this challenging period to mitigate risks and exposures. We will place a stronger emphasis on extracting the optimal from our value chain, and proactively improve operations, increase yields, raise productivity and control costs.

--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 June 2016, IndoAgri has 299,497 hectares planted with oil palm, rubber, sugar cane, cocoa and tea.

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

INDOFOOD AGRI RESOURCES Ltd.

8 Eu Tong Sen Street
#16-96/97 The Central
Singapore 059818
Company Registration No. 200106551G

Tel. +65 6557 2389
Fax. +65 6557 2387
www.indofoodagri.com