
THIRD 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 SEPTEMBER 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

	3rd Qtr 2014 Rp '000	3rd Qtr 2013 Rp '000	Change %	YTD Sept 2014 Rp '000	YTD Sept 2013 Rp '000	Change %
Revenue	101,886,789	73,219,165	39	292,980,499	224,133,323	31
Cost of sales	(67,717,358)	(45,788,630)	48	(185,387,457)	(168,214,860)	10
Gross profit	34,169,431	27,430,535	25	107,593,042	55,918,463	92
Operating expenses						
Distribution expenses	(1,536,906)	(305,634)	403	(2,771,970)	(1,237,928)	124
Administrative expenses	(7,068,873)	(6,645,069)	6	(22,120,076)	(20,770,368)	6
Finance costs	-	(20,944)	(100)	-	(458,474)	(100)
	<u>(8,605,779)</u>	<u>(6,971,647)</u>	23	<u>(24,892,046)</u>	<u>(22,466,770)</u>	11
Other items of income/(expenses)						
Interest income	2,231,770	1,239,238	80	6,726,066	3,869,872	74
Other income	3,777,574	489,946	671	5,634,374	1,469,210	283
Other expenses	(933,343)	(446,589)	109	(2,564,075)	(1,174,722)	118
Foreign exchange gain/(loss), net	2,078,857	(4,678,856)	n.m.	1,342,567	(2,498,220)	n.m.
	<u>7,154,858</u>	<u>(3,396,261)</u>	n.m.	<u>11,138,932</u>	<u>1,666,140</u>	569
Profit before income tax	32,718,510	17,062,627	92	93,839,928	35,117,833	167
Income tax expense	(7,991,265)	(5,829,731)	37	(23,468,423)	(8,814,439)	166
Profit for the financial period	24,727,245	11,232,896	120	70,371,505	26,303,394	168
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	(39,568)	39,667,729	n.m.	(2,285,322)	37,734,797	n.m.
Total comprehensive income for the financial period	24,687,677	50,900,625	(51)	68,086,183	64,038,191	6

n.m.: Not meaningful



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	3rd Qtr 2014	3rd Qtr 2013	Change	YTD Sept 2014	YTD Sept 2013	Change
	<u>Rp '000</u>	<u>Rp '000</u>	%	<u>Rp '000</u>	<u>Rp '000</u>	%
Profit attributable to:						
Owners of the parent	23,549,134	10,263,262	129	67,049,555	24,664,229	172
Non-controlling interests	1,178,111	969,634	22	3,321,950	1,639,165	103
	<u>24,727,245</u>	<u>11,232,896</u>	120	<u>70,371,505</u>	<u>26,303,394</u>	168
Total comprehensive income attributable to:						
Owners of the parent	23,509,566	49,930,991	(53)	64,764,233	62,399,026	4
Non-controlling interests	1,178,111	969,634	22	3,321,950	1,639,165	103
	<u>24,687,677</u>	<u>50,900,625</u>	(51)	<u>68,086,183</u>	<u>64,038,191</u>	6

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

	3rd Qtr 2014	3rd Qtr 2013	Change	YTD Sept 2014	YTD Sept 2013	Change
	<u>Rp '000</u>	<u>Rp '000</u>	%	<u>Rp '000</u>	<u>Rp '000</u>	%
Interest income	(2,231,770)	(1,239,238)	80	(6,726,066)	(3,869,872)	74
Finance costs	-	20,944	(100)	-	458,474	(100)
Depreciation expense	2,648,650	2,682,215	(1)	7,831,675	7,773,196	1
Amortisation of operating use rights	11,040	11,040	n.m.	33,120	33,120	n.m.
Foreign exchange (gain)/loss, net	(2,078,857)	4,678,856	n.m.	(1,342,567)	2,498,220	n.m.
Loss/(gain) on disposal of plant and equipment, net	-	8,355	(100)	(12,173)	(144,283)	(92)
Fair value loss/(gain) from financial assets at fair value through profit or loss	28,980	(46,620)	n.m.	90,090	73,710	22
Employment benefits expenses - salaries, wages and bonuses	4,477,976	4,219,961	6	14,552,527	13,172,050	10
Operating lease expenses - rental of premises	345,644	279,699	24	1,024,198	811,076	26
Representation and entertainment	78,526	160,488	(51)	300,953	479,714	(37)
Transportation, travelling and accommodation	220,262	252,713	(13)	732,149	578,689	27

Additional information:

EBITDA (Excluding changes in fair value less estimated point-of-sales costs of biological assets)	33,146,430	18,537,588	79	94,978,657	39,512,751	140
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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	
	30/9/2014	31/12/2013	30/9/2014	31/12/2013
	Rp '000	Rp '000	Rp '000	Rp '000
Non-current assets				
Biological assets	658,542,993	653,185,280	-	-
Property, plant and equipment	119,624,451	119,232,226	345,219	561,437
Investments in subsidiaries	-	-	552,906,947	555,375,799
Operating use rights	705,442	738,563	-	-
Club memberships	1,217,319	1,222,755	1,217,319	1,222,755
Deferred charges	5,343,154	3,628,500	-	-
	785,433,359	778,007,324	554,469,485	557,159,991
Current assets				
Inventories	61,078,742	30,587,623	-	-
Trade and other receivables	24,800,241	18,753,675	363,938,804	382,626,970
Dividend receivable	-	-	18,732,750	22,000,000
Prepayments	2,129,715	1,420,466	585,973	382,790
Financial assets at fair value through profit or loss	168,210	258,300	-	-
Cash and cash equivalents	360,341,884	354,479,648	45,897,345	45,242,076
	448,518,792	405,499,712	429,154,872	450,251,836
Less:				
Current liabilities				
Trade and other payables	50,952,737	55,576,351	852,603	1,048,300
Dividend payable	-	4,186,250	-	-
Current income tax payable	12,207,566	2,227,728	228,008	346,608
	63,160,303	61,990,329	1,080,611	1,394,908
Net current asset	385,358,489	343,509,383	428,074,261	448,856,928
Less:				
Non-current liabilities				
Provision for post-employment benefits	24,321,122	25,007,853	-	-
Deferred tax liabilities	132,298,518	128,010,915	-	-
	156,619,640	153,018,768	-	-
Net assets	1,014,172,208	968,497,939	982,543,746	1,006,016,919
Capital and reserves				
Share capital	674,562,922	681,817,047	674,562,922	681,817,047
Foreign currency translation reserve	92,550,235	94,835,557	305,904,636	311,098,031
Accumulated profits	212,169,572	160,274,806	2,076,188	13,101,841
Equity attributable to owners of the parent	979,282,729	936,927,410	982,543,746	1,006,016,919
Non-controlling interests	34,892,479	31,570,529	-	-
Total equity	1,014,175,208	968,497,939	982,543,746	1,006,016,919

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

	As at	
	30/9/2014 Rp '000	31/12/2013 Rp '000
Amount repayable in one year or less, or on demand		
Secured	-	-
Unsecured	-	-
Total	<u>-</u>	<u>-</u>
Amount repayable after one year		
Secured	-	-
Unsecured	-	-
Total	<u>-</u>	<u>-</u>

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

	3rd Qtr 2014 Rp '000	3rd Qtr 2013 Rp '000	YTD Sept 2014 Rp '000	YTD Sept 2013 Rp '000
Cash flows from operating activities				
Profit before income tax	32,718,510	17,062,627	93,839,928	35,117,833
Adjustments for:				
Amortisation of operating use rights	11,040	11,040	33,120	33,120
Loss/(Gain) on disposal of plant and equipment, net	-	8,355	(12,173)	(144,283)
Gain on disposal of biological assets, net	(2,809,223)	-	(2,809,223)	-
Depreciation expense	2,648,650	2,682,215	7,831,675	7,773,196
Fair value loss/(gain) from financial assets at fair value through profit or loss	28,980	(46,620)	90,090	73,710
Finance costs	-	20,944	-	458,474
Interest income	(2,231,770)	(1,239,238)	(6,726,066)	(3,869,872)
Currency translation	(114,926)	37,339,922	(2,099,441)	36,603,322
Operating cash flows before working capital changes	<u>30,251,261</u>	<u>55,839,245</u>	<u>90,147,910</u>	<u>76,045,500</u>
Working capital changes:				
Inventories	(11,961,325)	(5,095,196)	(30,491,119)	14,304,355
Trade and other receivables	(3,217,990)	1,259,357	(6,044,346)	(4,404,115)
Prepayments	(731,340)	(247,229)	(709,249)	96,191
Trade and other payables	(3,557,936)	5,216,890	(4,947,074)	(14,864,204)
Utilisation of post-employment benefits	(51,594)	-	(686,730)	(51,396)
Cash generated from operations	<u>10,731,076</u>	<u>56,973,067</u>	<u>47,269,392</u>	<u>71,126,331</u>
Interest paid	-	(19,588)	-	(453,728)
Interest received	2,230,574	1,234,733	6,723,846	3,860,132
Income tax paid	(3,268,744)	(6,362,925)	(9,203,982)	(10,508,599)
Net cash from operating activities	<u>9,692,906</u>	<u>51,825,287</u>	<u>44,789,256</u>	<u>64,024,136</u>



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	3rd Qtr 2014 Rp '000	3rd Qtr 2013 Rp '000	YTD Sept 2014 Rp '000	YTD Sept 2013 Rp '000
Cash flows from investing activities				
Acquisition of biological assets	(2,035,125)	(2,200,328)	(7,682,377)	(6,561,281)
Proceeds from sale of biological assets	5,457,347	-	5,457,347	-
Purchase of plant and equipment	(2,418,410)	(5,132,705)	(8,262,751)	(13,864,677)
Proceeds from disposal of plant and equipment	(33,548)	131,718	48,896	332,507
Payments for deferred expenditure	(1,250,000)	-	(1,714,654)	-
Net cash used in investing activities	(279,736)	(7,201,315)	(12,153,539)	(20,093,451)
Cash flows from financing activities				
Dividends paid to equity holders of the Company	-	-	(15,154,789)	(13,053,456)
Dividends paid to non-controlling interest	(2,889,790)	-	(4,186,250)	-
Share buyback held in treasury	(7,254,125)	-	(7,254,125)	-
Finance lease interest paid	-	(1,356)	-	(4,746)
Repayments of bank borrowings	-	(34,839,000)	-	(34,839,000)
Repayments of obligations under finance leases	-	(8,606)	-	(30,121)
Net cash used in financing activities	(10,143,915)	(34,848,962)	(26,595,164)	(47,927,323)
Net change in cash and cash equivalents	(730,745)	9,775,010	6,040,553	(3,996,638)
Cash and cash equivalents at beginning of financial period	361,003,120	278,241,639	354,479,648	292,415,847
Effects of currency translation on cash and cash equivalents	69,509	7,102,270	(178,317)	6,699,710
Cash and cash equivalents at end of financial period	360,341,884	295,118,919	360,341,884	295,118,919



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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	-	-	67,049,555	67,049,555	3,321,950	70,371,505
Other comprehensive income for the financial year:						
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	(2,285,322)	-	(2,285,322)	-	(2,285,322)
Total comprehensive income for the financial year	-	(2,285,322)	67,049,555	64,764,233	3,321,950	68,086,183
Transactions with owners recorded directly in equity:						
Share buy back held in treasury	(7,254,125)	-	-	(7,254,125)	-	(7,254,125)
Total transactions with owners	(7,254,125)	-	-	(7,254,125)	-	(7,254,125)
Dividend paid	-	-	(15,154,789)	(15,154,789)	-	(15,154,789)
Balance as at 30 September 2014	674,562,922	92,550,235	212,169,572	979,282,729	34,892,479	1,014,175,208
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	-	-	24,664,229	24,664,229	1,639,165	26,303,394
Other comprehensive income for the financial year:						
Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	37,734,797	-	37,734,797	-	37,734,797
Total comprehensive income for the financial year	-	37,734,797	24,664,229	62,399,026	1,639,165	64,038,191
Dividend paid	-	-	(13,053,456)	(13,053,456)	-	(13,053,456)
Balance as at 30 September 2013	681,817,047	80,078,315	178,767,155	940,662,517	34,894,459	975,556,976



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Company	Share capital Rp '000	Foreign currency translation reserve Rp '000	Accumulated profits Rp '000	Total equity 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	-	-	4,129,136	4,129,136
Other comprehensive income for the financial year: Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	(5,193,395)	-	(5,193,395)
Total comprehensive income for the financial year	-	(5,193,395)	4,129,136	(1,064,259)
Transactions with owners recorded directly in equity: Share buyback held in treasury	(7,254,125)	-	-	(7,254,125)
Total transactions with owners	(7,254,125)	-	-	(7,254,125)
Dividend paid	-	-	(15,154,789)	(15,154,789)
Balance as at 30 September 2014	674,562,922	305,904,636	2,076,188	982,543,746
Balance as at 1 January 2013	681,817,047	131,774,843	15,793,430	829,385,320
Profit for the financial year	-	-	(6,413,964)	(6,413,964)
Other comprehensive income for the financial year: Foreign currency translation differences on translation of non-Indonesian rupiah financial statements	-	135,973,469	-	135,973,469
Total comprehensive income for the financial year	-	135,973,469	(6,413,964)	129,559,505
Dividend paid	-	-	(13,053,456)	(13,053,456)
Balance as at 30 September 2013	681,817,047	267,748,312	(3,673,990)	945,891,369

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 July to September 2014, the Company purchased 2,846,000 shares from the open market (July to September 2013: Nil).

The total number of treasury shares held by the Company as at 30 September 2014 was 3,510,000 (30 September 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 July 2014	664,000	1,296,460
Purchase of treasury shares	2,846,000	5,957,665
Balance as at 30 September 2014	3,510,000	7,254,125

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

Number of shares	As at 30 September 2014	As at 30 September 2013
Treasury shares	3,510,000	-
Issued shares (excluding treasury shares)	409,458,000	412,968,000
Total shares in issue	412,968,000	412,968,000

As at 30 September 2014, the number of ordinary shares in issue was 412,968,000 of which 3,510,000 were held by the Company as treasury shares (30 September 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 September 2014	As at 31 December 2013
409,458,000	412,968,000

As at 30 September 2014, the number of ordinary shares in issue was 412,968,000 of which 3,510,000 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 July to September 2014, the Company purchased 2,846,000 treasury shares (July to September 2013: Nil).

The total number of treasury shares held by the Company as at 30 September 2014 was 3,510,000 (30 September 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 July 2014	664,000	1,296,460
Purchase of treasury shares	2,846,000	5,957,665
Balance as at 30 September 2014	3,510,000	7,254,125

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>3rd Qtr 2014</u> Rp	<u>3rd Qtr 2013</u> Rp	<u>YTD Sept 2014</u> Rp	<u>YTD Sept 2013</u> Rp
Earnings per share for the period (Rp)				
(a) based on weighted average number of shares	57	25	163	60
(b) based on a fully diluted basis	57	25	163	60
Number of shares outstanding				
- Weighted average number of shares	409,802,772	412,968,000	411,891,099	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>As at</u>	
	<u>30/9/2014</u>	<u>31/12/2013</u>	<u>30/9/2014</u>	<u>31/12/2013</u>
Net asset value per ordinary share (Rp)	2,477	2,345	2,400	2,436
Number of issued shares excluding treasury shares	409,458,000	412,968,000	409,458,000	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

3Q2014 versus 3Q2013

Revenue

Our revenue for 3Q2014 increased by Rp28.7 billion or 39%, from Rp73.2 billion in 3Q2013 to Rp101.9 billion in 3Q2014, mainly contributed by higher crude palm oil ("CPO") sales revenue of Rp24.0 billion and higher palm kernel ("PK") sales revenue of Rp4.7 billion.

CPO sales revenue increased by Rp24.0 billion, from Rp70.6 billion in 3Q2013 to Rp94.6 billion in 3Q2014, mainly due to higher sales volume and CPO average selling price. Sales volume of CPO increased by 2,002 tons from 10,005 tons in 3Q2013 to 12,007 tons in 3Q2014. Average selling price of CPO increased by Rp822 per kilogram, from Rp7,057 per kilogram in 3Q2013 to Rp7,879 per kilogram in 3Q2014.

PK sales revenue increased by Rp4.7 billion, from Rp2.6 billion in 3Q2013 to Rp7.3 billion in 3Q2014, mainly due to higher PK sales volume and average selling price. Average selling price of PK increased by Rp2,186 per kilogram from Rp2,661 per kilogram in 3Q2013 to Rp4,847 per kilogram in 3Q2014. Sales volume of PK increased by 521 tons, from 982 tons in 3Q2013 to 1,503 tons in 3Q2014.

Costs of sales

Cost of sales increased by Rp21.9 billion or 48%, from Rp45.8 billion in 3Q2013 to Rp67.7 billion in 3Q2014. This was mainly due to higher CPO and PK sales volume.

Gross profit

As a result of the foregoing, gross profit increased by Rp6.8 billion or 25%, from Rp27.4 billion in 3Q2013 to Rp34.2 billion in 3Q2014. Gross profit margin decreased from 37.5% in 2Q2013 to 33.5% in 3Q2014.

Distribution expenses

Distribution expenses increased by Rp1.2 billion or 403% from Rp0.3 billion in 3Q2013 to Rp1.5 billion in 3Q2014. This was mainly due to increase in freight and stevedoring costs, which was in line with the higher sales of PK.

Administrative expenses

Administrative expenses increased by Rp0.4 billion or 6% from Rp6.7 billion in 3Q2013 to Rp7.1 billion in 3Q2014. 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 3Q2014.

Interest income

Interest income increased by Rp1.0 billion or 80%, from 1.2 billion in 3Q2013 to Rp2.2 billion in 3Q2014 due to higher interest earned from bank deposits.

Other income

Other income increased by Rp3.3 billion or 671%, from Rp0.5 billion in 3Q2013 to Rp3.8 billion 3Q2014, which were mainly due to net gain recognized for the transfer of land to Plasma farmers under the government policy, in 3Q2014.

Other expenses

Other expenses increased by Rp0.5 billion or 108%, from Rp0.4 billion in 3Q2013 to Rp0.9 billion in 3Q2014, mainly due to more expenditure incurred for the survey of new potential areas for plantations.

Foreign exchange gain, net

Net foreign exchange gain of Rp2.1 billion in 3Q2014 was mainly attributable to translation gain on SGD denominated receivables recorded by the holding company as a result of appreciation of SGD against IDR.

Profit before income tax

As a result of the foregoing, profit before income tax increased by Rp15.6 billion or 92%, from Rp17.1 billion in 3Q2013 to Rp32.7 billion in 3Q2014.

Income tax expense

Income tax expense increased by Rp2.2 billion or 37%, from Rp5.8 billion in 3Q2013 to Rp8.0 billion in 3Q2014. 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 Rp13.5 billion or 120%, from Rp11.2 billion in 3Q2013 to Rp24.7 billion in 3Q2014.

9M2014 versus 9M2013

Revenue

Our revenue for 9M2014 increased by Rp68.9 billion or 31%, from Rp224.1 billion in 9M2013 to Rp293.0 billion in 9M2014, mainly contributed by higher crude palm oil (“CPO”) sales revenue of Rp51.7 billion and higher palm kernel (“PK”) sales revenue of Rp17.2 billion.

Revenue from CPO sales increased by Rp51.7 billion, from Rp212.3 billion in 9M2013 to Rp264.0 billion in 9M2014, mainly due to increase in the average selling price of CPO, offsetted by lower sales volume. Average selling price of CPO increased by Rp1,835 per kilogram, from Rp6,422 per kilogram in 9M2013 to Rp8,257 per kilogram in 9M2014. Sales volume of CPO decreased by 1,091 tons from 33,066 tons in 9M2013 to 31,975 tons in 9M2014.

Revenue from PK increased by Rp17.2 billion, from Rp11.8 billion in 9M2013 to Rp29.0 billion in 9M2014. This was due to increase in average selling price of PK, coupled by higher sales volume. Average selling price of PK increased by Rp2,550 per kilogram from Rp2,481 per kilogram in 9M2013 to Rp5,031 per kilogram in 9M2014. Sales volume increased by 1,010 tons, from 4,748 tons in 9M2013 to 5,758 tons in 9M2014.

Costs of sales

Cost of sales increased by Rp17.2 billion or 10%, from Rp168.2 billion in 9M2013 to Rp185.4 billion in 9M2014. This was mainly due to higher PK sales volume.

Gross profit

As a result of the foregoing, gross profit increased by Rp51.7 billion or 92%, from Rp55.9 billion in 9M2013 to Rp107.6 billion in 9M2014. Gross profit margin increased from 24.9% in 9M2013 to 36.7% in 9M2014.

Distribution expenses

Distribution expenses increased by Rp1.6 billion or 124% from Rp1.2 billion in 9M2013 to Rp2.8 billion in 9M2014. This was mainly due to higher freight and stevedoring costs.

Administrative expenses

Administrative expenses increased by Rp1.3 billion or 6% from Rp20.8 billion in 9M2013 to Rp22.1 billion in 9M2014. 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 9M2014 as compared to Rp0.5 billion in 9M2013.

Interest income

Interest income increased by Rp2.8 billion or 74%, from Rp3.9 billion in 9M2013 to Rp6.7 billion in 9M2014 due to higher interest earned from bank deposits.

Other income

Other income increased by Rp4.2 billion or 283%, from Rp1.4 billion in 9M2013 to Rp5.6 billion 9M2014, which were mainly due to net gain recognized for the transfer of land to Plasma farmers under the government policy, in 9M2014.

Other expenses

Other expenses increased by Rp1.4 billion or 118%, from Rp1.2 billion in 9M2013 to Rp2.6 billion in 9M2014, mainly due to more expenditure incurred for the survey of new potential areas for plantations.

Foreign exchange gain, net

Net foreign exchange gain of Rp1.3 billion in 9M2014 was mainly attributable to translation gain on SGD denominated receivables recorded by the holding company as a result of appreciation of SGD against IDR.

Profit before income tax

As a result of the foregoing, profit before income tax increased by Rp58.7 billion, from Rp35.1 billion in 9M2013 to Rp93.8 billion in 9M2014.

Income tax expense

Income tax expense increased by Rp14.7 billion or 166%. 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 Rp44.1 billion or 168%, from Rp26.3 billion in 9M2013 to Rp70.4 billion in 9M2014.

Review of Financial Position as at 30 September 2014

Non-current assets

Non-current assets for the Group increased by Rp7.4 billion or 1%, from Rp778.0 billion as at 31 December 2013 to Rp785.4 billion as at 30 September 2014. This was mainly due to net increase in biological assets for the new plantings in 9M2014.

Current assets

Current assets for the Group increased by Rp43.0 billion or 11%, from Rp405.5 billion as at 31 December 2013 to Rp448.5 billion as at 30 September 2014. This was mainly due to increase in inventories in 9M2014 and higher cash generated from operations of Rp5.9 billion in 9M2014.

Current liabilities

Current liabilities for the Group increased by Rp1.2 billion or 2%, from Rp62.0 billion as at 31 December 2013 to Rp63.2 billion as at 30 September 2014. This was mainly due to increase in current income tax payables of Rp10.0 billion partially offsetted by decrease in trade and other payables of Rp4.6 billion and repayment of dividend payable of Rp4.2 billion.

Non-current liabilities

Non-current liabilities for the Group increased by Rp3.6 billion from Rp153.0 billion as at 31 December 2013 to Rp156.6 billion as at 30 September 2014, due to the higher provision for deferred tax liabilities.

Review of Consolidated Cash Flows

Net cash generated from operating activities decreased by Rp19.2 billion, from Rp64.0 billion in 9M2013 to Rp44.8 billion in 9M2014. Lower cash inflow recorded is mainly due to higher stock up of inventories.

Net cash used in investing activities of Rp12.2 billion comprised mainly additional plantings and purchase of planting equipment.

Net cash used in financing activities of Rp26.6 billion was mainly attributable to dividends paid to equity holders and non-controlling interest 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. However, 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.

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	3,568	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 September 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 September 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	11.61 ⁽¹⁾	4.00
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	31.55	19.05

Notes:

- (1) Out of the S\$11.61 million utilized for the development of existing uncultivated land banks into oil palm plantations, approximately S\$9.85 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 Cemaru, 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 Cemaru 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

10 November 2014