



AGRITRADE RESOURCES LIMITED
鴻寶資源有限公司

FOR IMMEDIATE RELEASE

Agritrade Resources Reports Robust FY2012 Results

- Revenue up 143.7% year-on-year to HK\$527.9 million, boosted by sharpened focus on growing coal mining business
- EBITDA up 95.6% year-on-year to HK\$177.3 million
- Three-pronged strategy to focus on capacity expansion, market expansion, and creating higher value coal to fuel future growth

FY2012 Results Financial Highlights:

HK\$'000	FY2012	FY2011 (Restated)	Variance
Revenue	527,926	216,639	143.7%
Gross Profit	103,699	16,526	527.5%
Gross Profit Margin	19.6%	7.6%	12.0 pts
EBITDA	177,318	90,650	95.6%
EBITDA Margin	33.6%	41.8%	(8.2pts)
Profit for the year	2,163	42,134	(94.9%)

Hong Kong, 2 July 2012, Monday – Agritrade Resources Limited (“Agritrade” or the “Company”, stock code 1131.HK), owner of a 2,000-hectare coal mine in Central Kalimantan, Indonesia and one of the few Indonesian coal mining companies listed in Hong Kong, today announced its results for the financial year ended 31 March 2012 (“FY2012”).

Strong revenue growth

Agritrade recorded revenue of HK\$527.9 million in FY2012, a 143.7% jump from HK\$216.6 million in the previous corresponding period (“FY2011”). On the back of higher revenue, gross profit registered a year-on-year increase from HK\$16.5 million to HK\$103.7 million in FY2012. Gross profit margin rose 12 percentage points year-on-year to 19.6% in FY2012, enabled by economies of scale from an increase in coal production. Earnings before interest, tax, depreciation and amortisation (“EBITDA”) recorded HK\$177.3 million in FY2012.

Expanding coal mining business

As a business segment, Agritrade’s coal mining business generated a 487.8% increase in revenue from HK\$72.7 million in FY2011 to HK\$427.2 million in FY2012. Coal production at the Company’s PT Senamas Energindo Mineral (“SEM”) mine has increased exponentially since operations commenced

in February of 2010, with production capacity increasing five-fold from 300,400 tonnes in FY2011 to 1.58 million tonnes in FY2012.

Impact of non-cash items

For the Company as a whole, EBITDA increased 95.6% year-on-year, from HK\$90.6 million to HK\$177.3 million in FY2012. Significant costs in the year impacting profit metrics were mainly non-cash items including amortisation of the mining asset, finance costs, and tax provisions amounting to approximately HK\$150 million, as a result of the Company's increased coal production. This impacted profit for the year, which stood at HK\$2.1 million in FY2012, compared to HK\$42.1 million in FY2011.

Mr Rashid Maidin, Chief Executive Officer of Agritrade Resources Limited said, "We are pleased to deliver a good set of results for FY2012. In particular, our coal mining business performed strongly to achieve 487.8% year-on-year revenue growth. This is the result of a five-fold increase in coal production during the year to reach an all-time high of 1.58 million tonnes in FY2012.

"We are witnessing the beginning of our efforts to sharpen our business focus as a coal mining company, as we embark on our three-pronged strategy of capacity expansion, market expansion, and continuous R&D to add value to our coal and operations. We are fully committed to driving an even better performance and enhancing long term returns to our shareholders."

Three-pronged strategy to fuel future growth

Agritrade has put in place a three-pronged strategy to realise its long term growth aspirations. Firstly, the Company is on track to increase its production and reserves capacity by further exploring the remaining 1,400-hectares of its mine concession. The Company also remains on the lookout for opportunities to acquire other commercially viable coal assets in Indonesia.

Mr Ng Xinwei, Chief Operating Officer of Agritrade Resources Limited, commented, "To maximise production efficiency, Agritrade aims to continue investing in upgrading our existing logistics and infrastructure facilities to reduce our coal transportation time and to increase the volume of coal hauled between locations, thereby lowering costs and boosting our profitability."

Secondly, Agritrade is focused on building on its strong domestic capabilities and clientele base within the Indonesian market. The Company will also continue to strengthen its base of international customers with a view on further extending its reach to fast-growing markets, such as China and India, to tap on growing global coal demand.

Thirdly, Agritrade seeks to remain competitive by continuously creating greater value through conducting R&D to improve the quality of its SEM coal. The Company has started building its own coal upgrading facility and is currently applying the use of GEO-COAL™ technology, which will process and upgrade SEM coal to a higher rank coal with increased calorific value, lower moisture levels and enhanced profit margin. This coal upgrading facility will have a processing capacity of 500,000 tonnes of upgraded SEM coal per annum, and is expected to be completed and commissioned commercially by 2013.

Outlook

Demand for sub-bituminous coal has risen significantly in recent years due to its status as a more affordable energy source for developing nations, as well as demand from power stations worldwide to control costs in view of rising energy prices. Global demand for thermal coal, especially in emerging markets of Asia, is expected to remain robust.

Mr Ng concluded, "The increasing global demand for sub-bituminous coal bodes well for the sector at large, particularly for Agritrade as an emerging player in coal-abundant Indonesia. Looking ahead, we

will focus on the domestic Indonesian market as well as China and India, the first and second largest importers of Indonesian coal since 2009, as the key growth markets for our coal.

“As we continue to drive sustainable growth, expand our market reach and raise the quality of our SEM coal product, Agritrade is well poised to benefit from the long term growth of the Asian coal trade.”

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About Agritrade Resources Limited

Agritrade Resources Limited (“Agritrade” or the “Company”) is listed on the Main Board of the Hong Kong Exchange. In 2010, the Company successfully acquired and has since been operating PT Senamas Energindo Mineral (“SEM”), a 2,000-hectare coal mine in Central Kalimantan, Indonesia. The Company produces its own brand of SEM coal, a sub-bituminous, low-sulphur, low-pollutant thermal coal with calorific value (as received basis) of 3,700 kcal/kg in its raw form. Currently, 600 Ha of the 2,000 Ha mining concession has been explored under the Australasian JORC (Joint Ore Reserves Committee) review by Minarco-MineConsult. The Company prudently estimates at least 100 million tonnes of reserves for the entire 2,000 Ha mining concession.

Together with its subsidiaries, Agritrade provides integrated supply chain solutions including coal origination, processing and logistics services. The Company currently applies the use of coal upgrading technology, GEO-COAL™, to process and produce higher quality, more efficient and cleaner burning coal.

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