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# First Resources Limited

Half Year and Second Quarter 2010 Results Briefing  
13 August 2010 | Singapore

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*Delivering Growth and Returns*





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# Executive Summary – 1H2010

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- **EBITDA increased by 59.5% to US\$72.8 million**
  - Lower than expected industry supply has helped keep selling prices buoyant
  - Higher selling prices more than compensated for decline in sales volume
  - EBITDA margin increased to 58.7%
  
- **Net profit grew by 6.5% to US\$35.7 million**
  - Profit from operations partially eroded by one-off charges arising from redemption of USD Notes in 2Q2010
  
- **Interim dividend of SGD 1 cent declared**
  - 30% of underlying net profit
  
- **CPO production volumes declined 6.5%, but average selling price increased by 55.7%**
  - Low crop volume due to tree stress phenomenon
  - Expect stronger production in 2H due to seasonality



# Financial Highlights

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# Income Statement Highlights

US\$ million	6M2010	6M2009	Change	2Q2010	2Q2009	Change
Sales	124.1	90.1	37.7%	60.0	52.9	13.4%
Cost of sales	(50.8)	(42.2)	20.4%	(24.8)	(23.3)	6.5%
Gross profit	73.3	47.9	53.0%	35.2	29.6	18.7%
Operating expenses	(7.0)	(6.5)	8.6%	(3.6)	(3.3)	6.9%
Profit from operations	66.3	41.4	60.0%	31.6	26.3	20.2%
Non-operating income/expenses	(15.3)	5.7	<i>n.m</i>	(14.9)	11.3	<i>n.m</i>
<b>Profit before tax</b>	<b>51.0</b>	<b>47.1</b>	<b>8.2%</b>	<b>16.7</b>	<b>37.6</b>	<b>(55.5%)</b>
<b>Net profit<sup>(1)</sup></b>	<b>35.7</b>	<b>33.5</b>	<b>6.5%</b>	<b>10.3</b>	<b>28.3</b>	<b>(63.7%)</b>
<b>EBITDA<sup>(2)</sup></b>	<b>72.8</b>	<b>45.6</b>	<b>59.5%</b>	<b>34.9</b>	<b>28.6</b>	<b>22.0%</b>
Gross Margin	59.1%	53.2%	↑	58.7%	56.1%	↑
EBITDA Margin	58.7%	50.6%	↑	58.1%	54.0%	↑

(1) Profit after tax attributable to owners of the parent

(2) Profit from operations adjusted for depreciation and amortisation



# Review of Performance

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## ■ Higher Sales

- Higher average selling prices more than compensated for decline in sales volume (see page 8)

## ■ Higher Cost of Sales

- Higher maintenance costs as mature nucleus area increased by 16.4% compared to end of 1H2009
- Higher harvesting costs, and plantation & mill general expenses due to wage inflation
- IDR appreciation

## ■ Higher Non-Operating Expenses

- Additional interest expenses on convertible bonds (US\$4.5 mn for 6M2010)
- One-off charges arising from redemption of USD Notes in 2Q2010 (~US\$2.1 mn from remaining unamortised issuance costs, ~US\$0.6mn from overlapping interest periods, ~US\$2.5 mn from foreign exchange losses)



# Sales Breakdown

	6M2010	6M2009	Change	2Q2010	2Q2009	Change
<b>Sales Volume (tonne)</b>						
Palm Oil	153,648	172,055	(10.7%)	71,782	93,538	(23.3%)
Palm Kernel	33,198	39,045	(15.0%)	16,047	18,692	(14.2%)
<b>Average Selling Prices (US\$/tonne)</b>						
Palm Oil	722.0	463.6	55.7%	740.1	503.3%	47.0%
Palm Kernel	395.3	263.8	49.9%	427.0	312.0	36.9%
<b>Destination (tonne)</b>						
Export	3,000	89,998	(96.7%)	-	52,499	(100.0%)
Local	150,648	82,057	83.6%	71,782	41,039	74.9%





# Balance Sheet Highlights

US\$ million	30 Jun 2010	31 Dec 2009
Total Assets	1,063.2	1,012.6
Cash and bank balances	152.4	179.6
Total Liabilities	422.9	419.8
Interest Bearing Debts <sup>(1)</sup>	303.0	299.3
Total Equity Attributable to Equity Holders	609.3	563.7
Net Debt <sup>(2)</sup> /Equity <sup>(3)</sup>	0.25 x	0.21 x
Net Debt <sup>(2)</sup> /EBITDA <sup>(4)</sup>	1.0 x	1.0 x
EBITDA/Interest Expense <sup>(5)</sup>	4.5 x	5.3 x

(1) Sum of notes payable, bonds payable, convertible bonds payable (based on principal amount), and loans and borrowings from financial institutions.

(2) Interest bearing debt less cash and bank balances

(3) Equity attributable to owners of the parent excluding equity component of convertible bond

(4) Annualised

(5) Total interest expense (including capitalized interest) on interest bearing debts, excluding amortisation of issuance costs



# Committed to Consistent Dividend Payout

Dividend Payout History since IPO	1H FY2010	FY2009	FY2008
<b>Cash Dividend Per Share (Singapore cents)</b>			
Interim	1.00	1.00	1.40
Final	n.a.	1.18	-
Total Dividend Per Share	n.m.	2.18	1.40
Total Dividend Paid (S\$ million)	14.5	31.7	20.5
<b>% of Underlying Net Profit</b>	<b>30%</b>	<b>30%</b>	<b>17%</b>

- Declared an interim dividend of SGD 1 cent for 1H2010
- The Company's dividend policy is to distribute up to 30% of underlying net profit

**The Company has been paying dividends consistently since its listing**

n.a. – not applicable; n.m. – not meaningful



# Operational Highlights

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# Production Highlights

		6M2010	6M2009	Change	2Q2010	2Q2009	Change
<b>Production</b>							
<b>FFB Total</b>	<b>(tonne)</b>	<b>623,781</b>	<b>690,244</b>	<b>(9.6%)</b>	<b>326,099</b>	<b>358,259</b>	<b>(9.0%)</b>
FFB Nucleus		569,557	621,267	(8.3%)	298,535	321,677	(7.2%)
FFB Plasma		54,224	68,977	(21.4%)	27,564	36,582	(24.7%)
<b>CPO</b>	<b>(tonne)</b>	<b>151,749</b>	<b>162,262</b>	<b>(6.5%)</b>	<b>79,674</b>	<b>84,977</b>	<b>(6.2%)</b>
<b>PK</b>	<b>(tonne)</b>	<b>34,106</b>	<b>37,691</b>	<b>(9.5%)</b>	<b>17,446</b>	<b>19,237</b>	<b>(9.3%)</b>
<b>Efficiency</b>							
FFB Yield	(tonne/ha)	8.0	10.2	↓	4.2	5.3	↓
CPO Extraction Rate	(%)	23.7	23.4	↑	23.7	23.6	↑
PK Extraction Rate	(%)	5.3	5.5	↓	5.2	5.4	↓
CPO Yield	(tonne/ha)	1.9	2.4	↓	1.0	1.3	↓

- FFB production continues to be impacted by biological tree stress; moderate recovery seen in early 2H2010
- Yields also impacted by dilutive effect of young trees (20% of young trees in 1H2010 as compared to 14% in 1H2009)



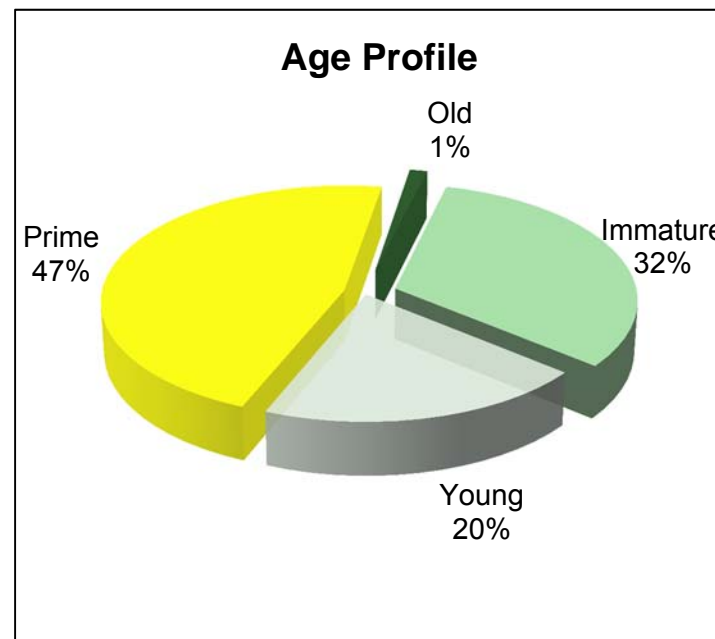
# Plantation Area

*Investing for growth - added 6,053 ha in 1H2010*

	As at 30 Jun 2010		As at 30 Jun 2009	As at 31 Dec 2009
	Area (ha)	% of Total	Area (ha)	Area (ha)
<b>Planted Nucleus</b>	<b>101,804</b>	<b>89%</b>	<b>88,810</b>	<b>96,858</b>
- Mature	69,404	61%	59,608	63,684
- Immature	32,400	28%	29,202	33,174
<b>Planted Plasma</b>	<b>13,166</b>	<b>11%</b>	<b>11,490</b>	<b>12,059</b>
- Mature	8,671	7%	8,132	8,243
- Immature	4,495	4%	3,358	3,816
<b>Total Planted</b>	<b>114,970</b>	<b>100%</b>	<b>100,300</b>	<b>108,917</b>
- Mature	78,075	68%	67,740	71,927
- Immature	36,895	32%	32,560	36,990

# Age Profile

Age	As at 30 June 2010	
	Area (Ha)	% of Total
0-3 years (Immature)	36,895	32%
4-7 years (Young)	23,202	20%
8-17 years (Prime)	53,375	47%
≥18 years (Old)	1,498	1%
<b>Total</b>	<b>114,970</b>	<b>100%</b>

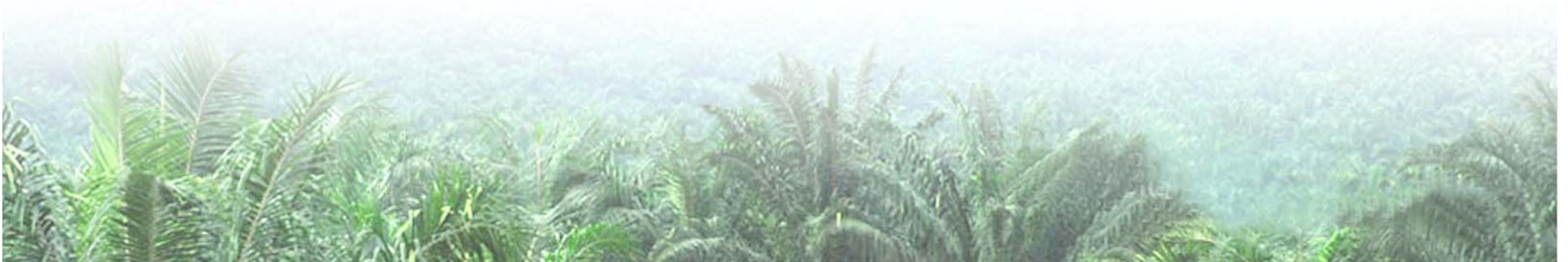


**Weighted average age of ~ 8 years**



# Group Updates

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# Group Updates

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## ■ Liability Management

- Completed refinancing of US\$140.8 million USD Notes with Rp1.25 trillion IDR bank loans
- Reduced Group's weighted average interest cost
- Debt maturity profile smoothed; no significant debt maturity until 2H2012

## ■ Downstream Facilities

- Fractionation plant to be ready by 4Q2010 - 1Q2011
- Extends Group's production capability to Olein and Stearin; another distribution channel for our CPO

## ■ Indonesia's Forest Conversion Moratorium

- Expect limited impact as landbank located in non-forestry zones

## ■ Outlook

- Palm oil prices expect to remain robust
- 2H2010 production expected to be higher due to seasonality





# Contact Information

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