



# FIRST RESOURCES LIMITED

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## NEWS RELEASE

### **NEWLY-LISTED FIRST RESOURCES REPORTS A 76.9% SURGE IN FY2007 NET PROFIT TO Rp 431.3 BILLION (S\$66.4 MILLION\*)**

- Revenue grew 97.8% to a record Rp 1,691.4 billion (S\$260.2 million\*)
- EBITDA grew 118.2% to a record Rp 855.7 billion (S\$131.7 million\*)
- Strong growth in EBITDA margin from 45.8% in FY2006 to 50.6% in FY2007
- Expects strong growth momentum to sustain, riding on the bullish outlook for the palm oil sector

*"We are pleased to deliver a strong performance for our maiden full year results post-listing. As a leading oil palm plantation company with a strong focus on the plantation segment of the value-chain, we are able to capitalize on favorable pricing trends of palm oil. This is reflected in the robust growth in both our top and bottom lines".*

*"Moving ahead, we believe that we are well-positioned to ride on the strong momentum of the global palm oil sector. We will continue to focus on executing our growth strategies and extracting maximum value from our plantation pure-play business model." said Mr Ciliandra Fangiono, Director and Chief Executive Officer of First Resources.*

\*Based on exchange rate of IDR 6,499 / SGD

*Singapore, February 26, 2008* – First Resources Limited (“First Resources” or, together with its consolidated subsidiaries, the “Group”), one of the leading oil palm plantation companies and producers of crude palm oil (“CPO”) in Indonesia, today announced a strong set of results for the full year ended December 31, 2007 (“FY2007”). Net profit registered an increase of 76.9% to Rp 431.3 billion (S\$66.4 million\*), on the back of a 97.3% surge in revenue to Rp 1,691.4 billion (S\$260.2 million\*). This was mainly driven by increased production volumes and strong selling prices. The Group achieved a record fresh fruit bunches production of 1.267 million tons and CPO production of 278,340 tons in FY2007. In addition, CPO prices surged 65% in 2007 and another 26% so far in 2008, against the backdrop of strong worldwide demand.

The Group’s Earnings Before Interest, Tax, Depreciation and Amortisation (“EBITDA”) also rose in tandem, achieving a growth of 118.2% to Rp 855.7 billion (S\$131.7 million\*), compared to Rp 392.2 billion for the last corresponding period. EBITDA margin for FY2007 was 50.6%, up from the 45.8% recorded for the previous corresponding period.

In line with the Group’s strong revenue growth, the Group registered an increase of 57.2% in the cost of sales for FY2007, arising from an increase in the cost of producing and purchasing fresh fruit bunches, freight charges and third-party processing costs.

As at December 31, 2007, the Group maintained a strong balance sheet and working capital position, with approximately Rp 1,558.1 billion (S\$239.7 million\*) of cash and cash equivalents on hand.

\*Based on exchange rate of IDR 6,499 / SGD

## **Strategies and Future Plans**

The Group plans to capitalise on the expected growth of the Indonesian and export markets for its crude palm oil and palm kernel products, by expanding its oil palm plantations in Indonesia to steadily increase CPO output. The Group planted 7,872 hectares of oil palm in FY2007, and intends to plant another approximately 18,000 hectares in 2008. *“Since 2004, we have accelerated our new plantings and these new palms should begin to contribute to growth in our production volumes in the near future,”* added Mr Fangiono.

Besides expanding its plantation footprint through additional planting of its sizeable landbank, the group’s strong balance sheet will also enable it to engage in acquisition opportunities that are earnings-accretive.

The Group is in the process of expanding the annual processing capacity of its crude palm oil processing mills, through the installation of its eighth mill, which is expected to be commissioned by the first quarter of 2009. Upon commencement of production by the new mill, the Group’s crude palm oil processing capacity will increase from the current 2.34 million tons to approximately 2.61 million tons of fresh fruit bunches per year.

## **Prospects**

In February this year, global palm oil prices in Rotterdam hit a new high of US\$1,250 per ton, marking a 26% surge over last year’s ending price. In view of the growing demand for edible oils arising from increasing consumption from emerging markets such as China and India, high crude oil prices, as well as tight supply of vegetable oils globally including palm oil, the Group believes that palm oil prices will remain robust.

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Concluded Mr Fangiono, *“Being a plantation pure-play focused on the upstream and most profitable segment of the palm oil value-chain, we believe that our Group will be able to capture maximum upside from the current favorable price trends.”*

## **About First Resources**

First Resources is a one of the leading oil palm plantation companies and producers of crude palm oil in Indonesia. Established in 1992, the Group is primarily involved in the cultivation of oil palms, harvesting of fresh fruit bunches from the trees and processing those fruits into crude palm oil and palm kernel. The Group, as at December 31, 2007, owns and operates 13 palm oil plantations and seven palm oil mills, all of which are strategically located in the Riau province, Sumatra, Indonesia.

The Group’s oil palm plantations have grown significantly since it began its operations in 1992. Today, the Group has a total landbank of 184,280 hectares. As at December 31, 2007, the Group had approximately 86,354 hectares of land under cultivation of which 67.3% comprises of mature oil palm trees. The average age of the Group’s oil palm trees was 7.2 years and approximately 60.0% of the Group’s oil palm trees had reached peak-production age as at December 31, 2007.

The Group built its first palm oil mill in 1998, and the next six mills between 2001 and 2007, bringing its total annual processing capacity to 2.34 million tons of fresh fruit bunches. The Group’s crude palm oil production increased from 83,888 tons in 2001 to 278,340 tons in 2007. In the full year ended December 31, 2007, the Group’s average crude palm oil extraction rate was 22.2% and its average palm kernel extraction rate was 5.07%.

First Resources was listed on the Main Board of the SGX-ST on December 10, 2007.

\*Based on exchange rate of IDR 6,499 / SGD

Citigroup Global Markets Singapore Pte. Ltd. was the Sole Global Coordinator, Bookrunner, Issue Manager and Underwriter for First Resources' IPO, and assumes no responsibility for the contents of this announcement.

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