



# FIRST RESOURCES LIMITED

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## NEWS RELEASE

### FIRST RESOURCES ACHIEVES NET PROFIT OF Rp1,091.8 BILLION (S\$159.2 MILLION<sup>(1)</sup>) IN FY2008

- Revenue up 64.5% to an all-time high of Rp2,782.9 billion (S\$405.9 million<sup>(1)</sup>)
- EBITDA increased 99.6% to Rp1,790.8 billion (S\$261.2 million<sup>(1)</sup>)
- Underlying net profits (profits adjusted for biological assets valuation gains) up 142.2% to Rp832.3 billion (S\$121.4 million<sup>(1)</sup>)

**Singapore, 27 February 2009** – First Resources Limited (“First Resources” or, together with its consolidated subsidiaries, the “Group”), one of the leading oil palm plantation companies in Indonesia, today announced a strong set of results for the full year ended 31 December 2008 (“FY2008”).

#### FY2008 Financial Highlights

Rp billion	FY2008	FY2007	Change
Revenue	2,782.9	1,691.4	64.5%
Gross Profit	1,860.5	925.1	101.1%
EBITDA <sup>(2)</sup>	1,790.8	897.3	99.6%
Net Profit Attributable to Shareholders	1,091.8	431.3	153.2%
<ul style="list-style-type: none"> <li>• Comprising gains/(losses) from changes in fair value of biological assets<sup>(3)</sup> (adjusted for tax and minority interest expense)</li> </ul>	259.5	87.7	196.1%
<ul style="list-style-type: none"> <li>• Underlying net profit</li> </ul>	832.3	343.6	142.2%

#### 4Q2008 Financial Highlights

Rp billion	4Q2008	4Q2007	Change
Revenue	692.6	509.3	36.0%
Gross Profit	420.6	325.6	29.2%
EBITDA <sup>(2)</sup>	508.3	325.9	56.0%
Net Profit Attributable to Shareholders	177.3	120.2	47.5%
<ul style="list-style-type: none"> <li>• Comprising gains/(losses) from changes in fair value of biological assets<sup>(3)</sup> (adjusted for tax and minority interest expense)</li> </ul>	55.7	(41.4)	n.m
<ul style="list-style-type: none"> <li>• Underlying net profit</li> </ul>	121.6	161.6	(24.7%)

(1) Using FY2008 average exchange rate of Rp6,857/S\$

(2) Profit from Operations before depreciation, amortisation, and gains/(losses) from changes in fair value of biological assets

(3) In accordance with Singapore Financial Reporting Standards No. 41, biological assets (plantations) are stated at fair value less estimated costs to sell. The fair value of plantations is determined based on the present value of their expected future net cash inflows. Any resultant gains or losses arising from changes in fair value are recognised in the income statement.

## **Financial Performance**

For FY2008, the Group posted a 153.2% increase in net profit attributable to shareholders to a record high of Rp1,091.8 billion (S\$159.2 million<sup>(1)</sup>). Adjusting for gains arising from changes in fair value of its plantations, underlying net profit increased by 142.2% to Rp832.3 billion (S\$121.4 million<sup>(1)</sup>). Revenue reached a record high of Rp2,782.9 billion (S\$405.9 million<sup>(1)</sup>) while EBITDA increased by 99.6% to Rp1,790.8 billion (S\$261.2 million<sup>(1)</sup>). Higher average selling prices of the Group's main products, crude palm oil ("CPO") and palm kernel, as well as strong growth in production volumes were the main drivers behind the better performance.

For the fourth quarter ended 31 December 2008 ("4Q2008"), net profit attributable to shareholders was at Rp177.3 billion (S\$24.0 million<sup>(2)</sup>), a 47.5% increase from 4Q2007. Adjusting for gains arising from changes in fair valuation of its plantations, underlying net profit declined by 24.7% to Rp121.6 billion (S\$16.5 million<sup>(2)</sup>). This decline was mainly due to a non-cash loss arising from fair valuation of a cross currency swap that the Group uses to swap its Rupiah-denominated bonds into U.S. Dollar liabilities. However, the Group's operations continue to generate healthy earnings and cash flows, as evidenced in the increase in 56.0% increase in EBITDA over 4Q2007 to Rp508.3 billion (S\$68.8 million<sup>(2)</sup>)

Commenting on the Group's full year results, Mr Ciliandra Fangiono, CEO of First Resources said, "We are pleased with our performance for the year. Our strategy of being a cost-efficient producer has positioned us well in the second half of the year where we faced lower CPO prices and tighter margins amidst a tumultuous period for the commodities markets. Our commitment to consistently improve on productivity also paid off, as our CPO production reached a record high."

## **Financial Position**

As at 31 December 2008, the Group's total assets stood at Rp7,812.3 billion (S\$1,026.9 million<sup>(3)</sup>) with cash and cash equivalents amounting to Rp1,092.1 billion (S\$143.6 million<sup>(3)</sup>). The Group faces minimal refinancing risk in the short term as most of its debt matures in 2011 and 2012, its leverage (net debt over equity<sup>(4)</sup>) ratio remains comfortable at 0.22x, and the business continues to generate healthy operating cashflows.

- (1) Using FY2008 average exchange rate of Rp6,857/S\$
- (2) Using 4Q2008 average exchange rate of Rp7,383/S\$
- (3) Using end FY2008 exchange rate of Rp7,607 /S\$
- (4) Equity attributable to shareholders

### **Operational Performance**

The Group continued to deliver impressive operational results in FY2008. Production of fresh fruit bunches increased organically by 10.8% to 1.4 million tons, bringing the fresh fruit bunch yield to 22.4 tons per hectare. CPO production was 322,678 tons, up 15.9% from FY2007. CPO extraction rate, a measure of CPO extracted per unit of fresh fruit bunch, rose to 22.8%, bringing the average CPO yield to 5.1 tons per hectare, higher than the 4.9 tons achieved in FY2007.

### **Developments and Outlook**

The Group has added 8,887 hectares of new oil palms in FY2008, resulting in a total planted area of 95,241 hectares as at 31 December 2008. As a result of the new plantings, the Group continues to have a young plantation profile, with an average weighted age of 7.5 years. Only 55.7% its trees are in their peak production ages, with the rest of the trees being either immature or in their early production ages. This indicates high potential for future production growth as more trees enter into production or into their peak production ages.

Commenting on the Group's outlook, Mr Fangiono said: "The current global financial crisis, credit crunch, and economic slowdown have impacted the commodity markets resulting in decline in prices of many commodities, including that of CPO. However, in the early part of 2009, CPO prices have recovered to some extent as consumption-based demand remained relatively firm, international trade conditions improved, and CPO production volume growth slowed in Malaysia and Indonesia. Although prices are still lower than the average level experienced in FY2008, such prices remain above the Group's cash cost of production. As such, barring any unforeseen circumstances, the Group expects to remain profitable in FY2009. The Group will continue with its strong focus of increasing productivity and keeping costs low. "

- Ends -

**About First Resources**

*First Resources Limited is one of the leading and fast growing plantation groups, with oil palm plantations strategically located in the Sumatra and Kalimantan islands of Indonesia. Established in 1992, the Group now manages more than 95,000 hectares of planted oil palm plantations. Its primary business activities are cultivating oil palm trees and processing the harvested fresh fruits bunches into crude palm oil and palm kernel.*

*The Group's established track record of being a low cost and efficient producer demonstrates its strong expertise in plantation cultivation and management. The Group produced approximately 1.4 million tons of fresh fruits bunches and 323,000 tons of crude palm oil in FY2008. With one of the youngest plantation profiles in the industry, the Group is well positioned for strong production growth over the next few years.*

*First Resources was listed on the Main Board of the SGX-ST on 10 December 2007. More information on the Group can be found at [www.first-resources.com](http://www.first-resources.com).*

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