



First Resources Limited

Half Year and Second Quarter 2013 Results Presentation
13 August 2013 | Singapore

Delivering Growth and Returns





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Executive Summary – 6M2013

■ Satisfactory Financial Performance in a Weak Price Environment

- EBITDA increased by 3.5% to US\$156.8 million
- Net profit increased by 1.6% to US\$101.3 million
- Overall performance supported by realisation of forward sales and lower export taxes during the period

■ Modest Production

- Nucleus fresh fruit bunches (FFB) production increased marginally by 0.6%
- Crude palm oil (CPO) production grew by 7.2% due to increase in third party purchases of FFB
- Lower FFB yields due to dilutive effect from newly mature and newly acquired plantations

■ Dividend

- Declared interim dividend of 1.25 Singapore cents per share
- Equivalent to 15% of interim net profit



Financial Performance



Income Statement Highlights

US\$' million	6M2013	6M2012	Change	2Q2013	2Q2012	Change
Sales	294.3	317.5	(7.3%)	119.7	152.6	(21.6%)
Cost of sales	(117.7)	(135.7)	(13.3%)	(48.1)	(65.1)	(26.0%)
Gross profit	176.7	181.8	(2.8%)	71.5	87.5	(18.3%)
EBITDA ⁽¹⁾	156.8	151.5	3.5%	63.1	71.2	(11.4%)
Net profit attributable to owners of the Company	101.3	99.7	1.6%	37.7	50.7	(25.7%)
Gross profit margin	60.0%	57.3%	↑	59.8%	57.4%	↑
EBITDA margin	53.3%	47.7%	↑	52.7%	46.7%	↑

- Decline in sales mainly due to lower sales volumes and average selling prices from the Refinery and Processing segment
- Margins improvement mainly due to decrease in purchases of palm oil products from third parties

(1) Profit from operations adjusted for depreciation and amortisation

Segmental Results

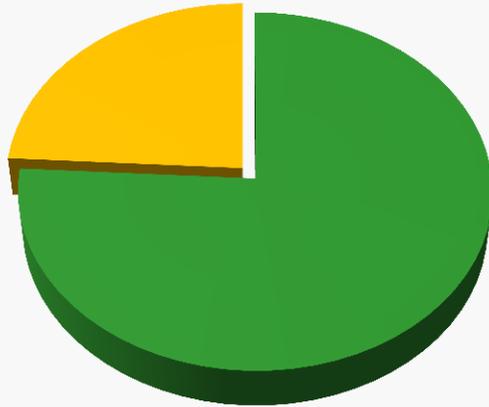
US\$' million	6M2013	6M2012	Change	2Q2013	2Q2012	Change
Sales						
Plantations and Palm Oil Mills	265.7	250.3	6.1%	122.1	124.8	(2.2%)
• Crude Palm Oil	247.8	222.8	11.2%	113.1	113.5	(0.3%)
• Palm Kernel	17.9	27.5	(35.0%)	8.9	11.3	(20.9%)
Refinery and Processing	84.4	137.9	(38.8%)	33.1	68.0	(51.3%)
Inter-segment elimination	(55.8)	(70.7)	(21.1%)	(35.5)	(40.2)	(11.6%)
	294.3	317.5	(7.3%)	119.7	152.6	(21.6%)
EBITDA						
Plantations and Palm Oil Mills	138.9	142.5	(2.5%)	62.8	70.4	(10.7%)
Refinery and Processing	11.2	10.3	8.5%	2.1	4.5	(53.1%)
Inter-segment elimination ⁽¹⁾	6.7	(1.3)	<i>n.m.</i>	(1.9)	(3.7)	(49.3%)
	156.8	151.5	3.5%	63.1	71.2	(11.4%)

(1) Inter-segment elimination of EBITDA relates to the elimination of unrealised profit on inter-segment sales

Segmental Sales and EBITDA – 6M2013

Sales

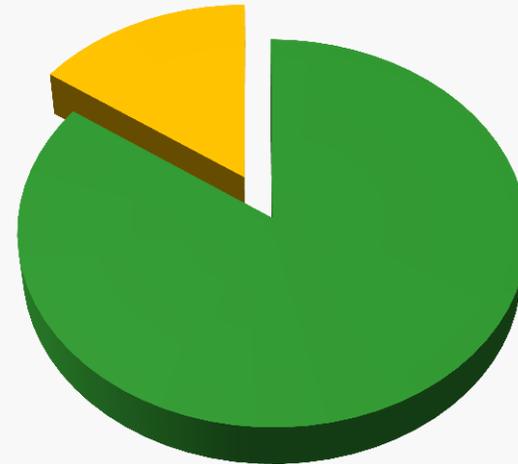
Refinery and Processing – 24.1%



Plantations and Palm Oil Mills – 75.9%

EBITDA

Refinery and Processing – 7.4%



Plantations and Palm Oil Mills – 92.6%

- The Group's Plantations and Palm Oil Mills segment remains the main contributor to EBITDA

Note : Sales and EBITDA by business segment is stated before inter-segment elimination

Segmental Sales Volume

	6M2013	6M2012	Change	2Q2013	2Q2012	Change
Sales Volume (tonnes)						
Plantations and Palm Oil Mills ⁽¹⁾						
• Crude Palm Oil	269,133	244,434	10.1%	124,109	123,373	0.6%
• Palm Kernel	57,040	59,068	(3.4%)	27,471	25,429	8.0%
Refinery and Processing	93,015	126,456	(26.4%)	38,183	61,545	(38.0%)

- For 6M2013, the higher production and drawdown of inventory by approximately 15,000 tonnes contributed to an increase in sales volumes. However, this was offset by decrease in third party purchases of palm oil products.
- For 2Q2013, the decrease in sales volumes was mainly due to the higher buildup in inventory as compared to the corresponding period last year.

(1) Sales volume include inter-segment sales

Balance Sheet Highlights

US\$' million	30 June 2013	31 Dec 2012
Total Assets	1,960.7	1,930.9
Cash and bank balances	277.3	404.7
Total Liabilities	762.7	773.3
Borrowings and debt securities ⁽¹⁾	519.9	538.2
Total Equity	1,198.0	1,157.6
Net Debt	242.5	133.4
Net Debt ⁽²⁾ /Total Equity	0.20x	0.12x
Net Debt ⁽²⁾ /EBITDA ⁽³⁾	0.77x	0.41x
EBITDA/Interest Expense ⁽⁴⁾	13.3x	12.5x

(1) Sum of Islamic MTNs and borrowings from financial institutions

(2) Borrowings and debt securities less cash and bank balances

(3) Annualised

(4) Total interest/profit distribution paid/payable on borrowings and debt securities



Operational Performance



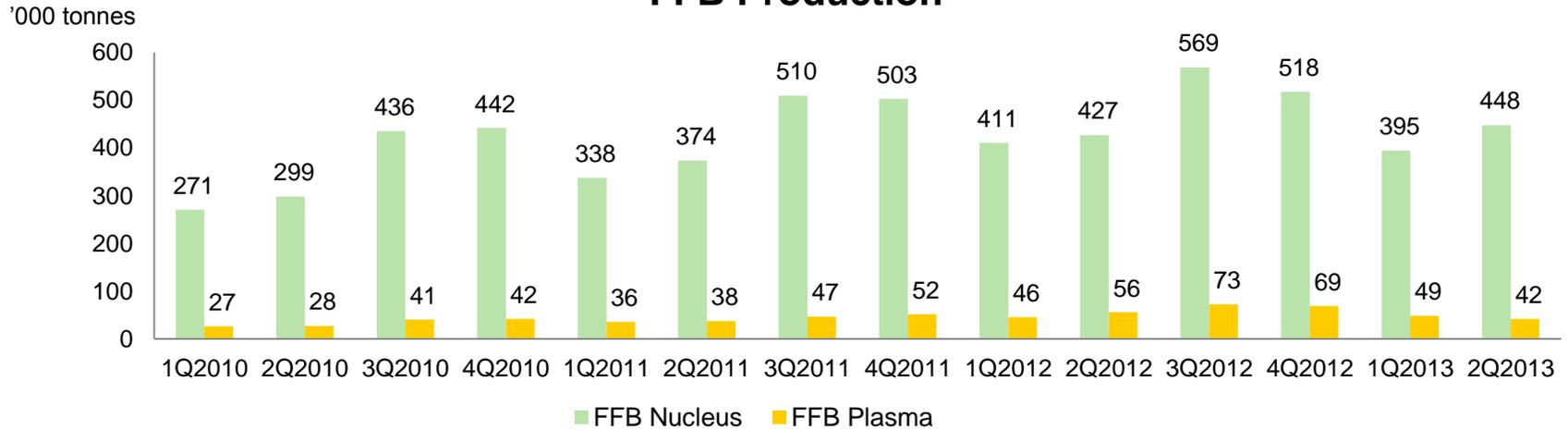
Production Highlights

		6M2013	6M2012	Change	2Q2013	2Q2012	Change
Production							
FFB harvested	(tonnes)	934,500	939,638	(0.5%)	490,657	482,220	1.7%
• Nucleus		842,989	838,069	0.6%	448,232	426,704	5.0%
• Plasma		91,511	101,569	(9.9%)	42,425	55,516	(23.6%)
FFB purchased	(tonnes)	111,756	16,104	594.0%	59,593	14,828	301.9%
CPO	(tonnes)	241,695	225,536	7.2%	126,797	115,368	9.9%
PK	(tonnes)	55,324	52,587	5.2%	28,707	26,818	7.0%
Efficiency							
FFB Yield	(tonnes/ha)	7.7	10.0	↓	4.1	5.1	↓
CPO Yield	(tonnes/ha)	1.8	2.4	↓	0.9	1.2	↓
CPO Extraction Rate	(%)	23.2	23.7	↓	23.1	23.5	↓
PK Extraction Rate	(%)	5.3	5.5	↓	5.2	5.4	↓

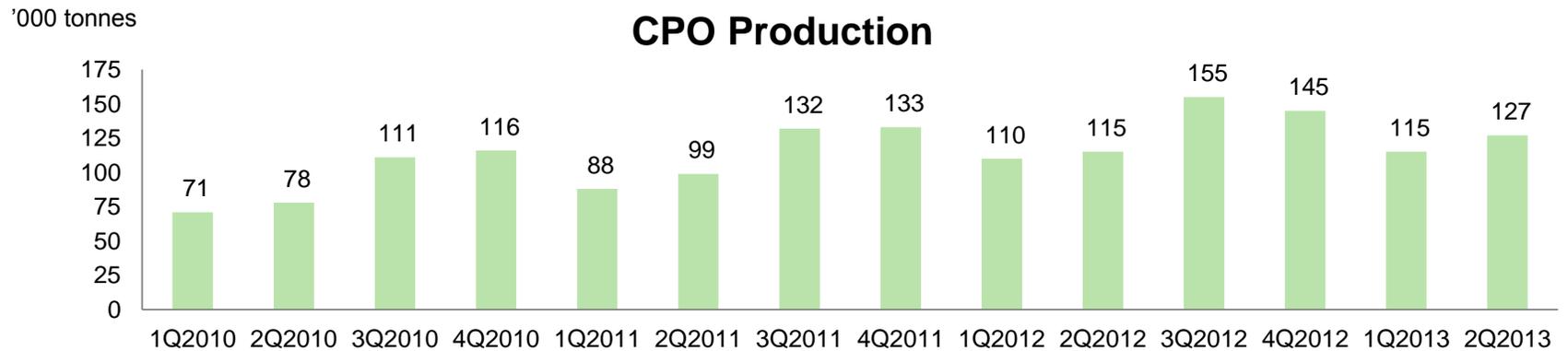
- FFB production continue to be impacted by seasonality and biological tree stress
- Lower FFB yields due to dilutive effect from higher percentage of young trees (vs. 1H2012) and the lower yielding plantations that were acquired
- Decline in CPO extraction rate due to higher percentage of third party FFB purchases

Production Trends

FFB Production



CPO Production



Oil Palm Plantation Area

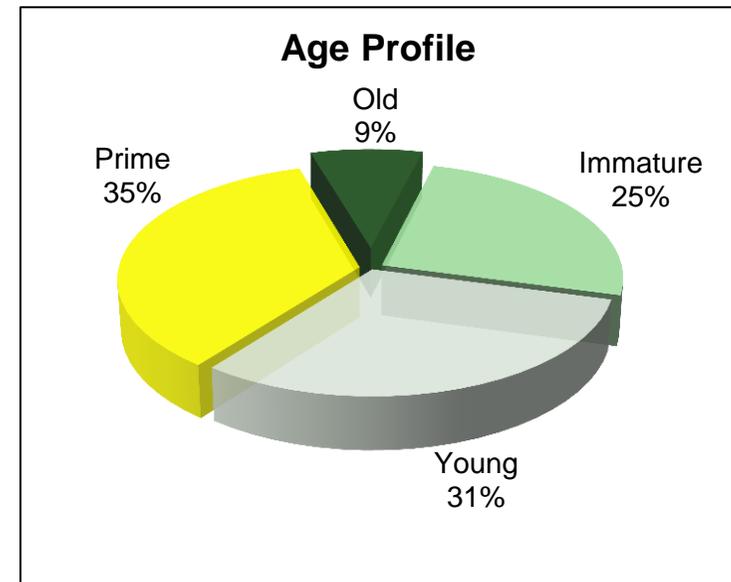
Investing for growth – added 15,389 ha in 6M2013

	As at 30 June 2013		As at 30 June 2012		As at 31 Dec 2012
	Area (ha)	% of Total	Area (ha)	% of Total	Area (ha)
Planted Nucleus	139,976	86.5%	116,365	85.3%	125,805
- Mature	104,415	64.5%	82,031	60.1%	85,888
- Immature	35,561	22.0%	34,334	25.2%	39,917
Planted Plasma	21,816	13.5%	20,069	14.7%	20,598
- Mature	16,485	10.2%	12,293	9.0%	12,293
- Immature	5,331	3.3%	7,776	5.7%	8,305
Total Planted	161,792	100.0%	136,434	100.0%	146,403
- Mature	120,900	74.7%	94,324	69.1%	98,181
- Immature	40,892	25.3%	42,110	30.9%	48,222

- Out of the 15,389 hectares added to the Group's planted area:-
 - 6,755 hectares are new plantings achieved in 6M2013
 - 8,634 hectares are from the completion of acquisition of Lynhurst in 1Q2013

Plantation Age Profile

Age	As at 30 June 2013	
	Area (ha)	% of Total
0-3 years (Immature)	40,892	25%
4-7 years (Young)	50,602	31%
8-17 years (Prime)	56,678	35%
≥18 years (Old)	13,620	9%
Total	161,792	100%



Weighted average age of ~ 8 years



Group Updates



Operational Updates

■ Integrated Processing Complex at Bangsal Aceh, Riau

- Commissioned the kernel crushing plant in June 2013
- Construction of new refinery on track, expected to be operational by 4Q2013

■ 2013 new plantings

- Achieved 6,755 hectares of oil palm and 898 hectares of rubber
- Majority of new plantings carried out in Kalimantan

■ Outlook

- Expect production to recover in 3rd and 4th quarters of 2013
- Palm oil prices to remain low for 2013

Sustainability Updates

■ Certification updates and plans

- Awaiting the issuance of ISPO⁽¹⁾ certificate for two estates; several other estates will undergo ISPO assessment this year
- 44,483 ha of our estates, one refinery and bulking facility were granted ISCC⁽²⁾ certifications
- Conducting High Conservation Value (“HCV”) assessments for land development involving external HCV assessors
- Concurrently pursuing RSPO⁽³⁾ certifications for our estates

■ Recent fire and haze issues

- A strict zero-burning policy for our land clearing process
- Third party contractors engaged for land clearing are also contractually bound by our policies to deploy mechanical methods in land clearing process
- Operations were not affected by the fires and haze

Committed to adhere to all local and international sustainability standards

(1) ISPO – Indonesian Sustainable Palm Oil

(2) ISCC – International Sustainability and Carbon Certification

(3) RSPO – Roundtable on Sustainable Palm Oil

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