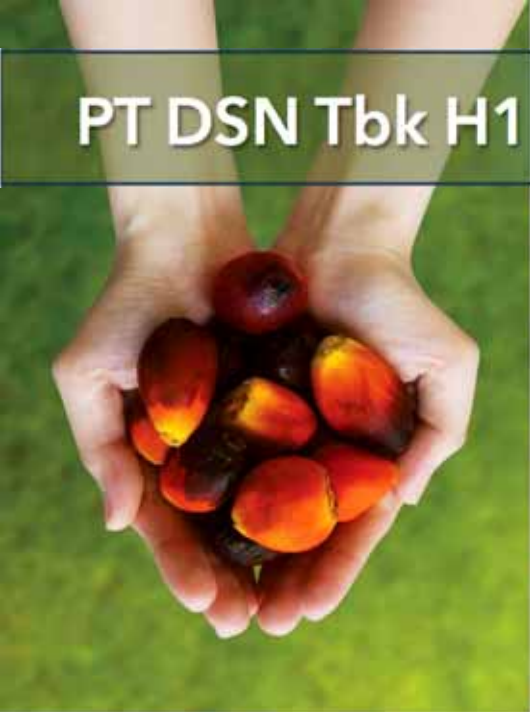


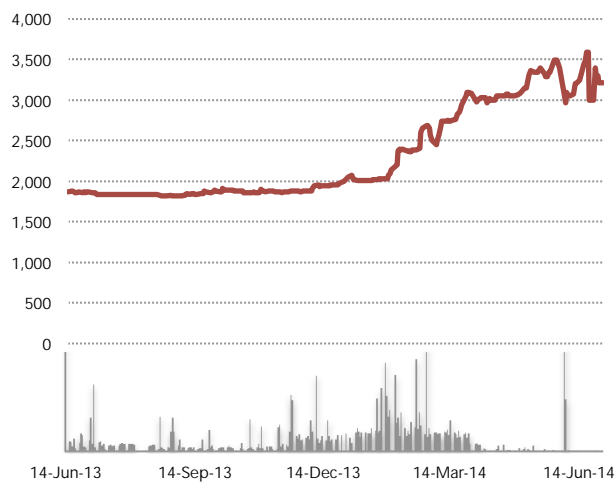
# PT DSN Tbk H1 '14 Results Update



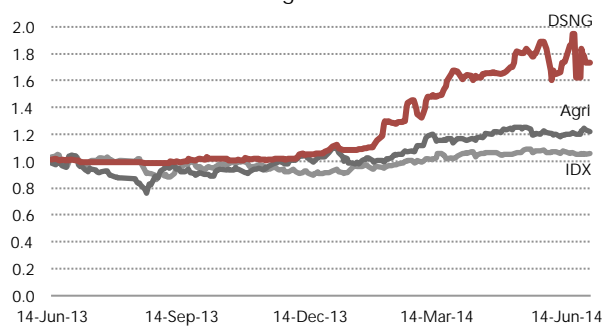
DSNGROUP



DSNG Daily Share Price (rp/share) & Trading Volume (shares)



DSNG Share Price vs. IDX & Agri Index



PT Dharma Satya Nusantara Tbk Board of Directors



From back left: Joseph Tedjasukmana, Deputy President Director; Ricky Budiarto, Director; FX Budi Setio Wibowo, Independent Director; Djojo Boentoro, President Director & CEO; Timotheus Arifin C., Director; Efendi Sulisetyo, Director; Andrianto Oetomo, Deputy President Director & CFO

Shareholders	(%)
Oetomo Family	29.7
Theodore Rachmat & Family	27.0
Liana Salim Lim & Family	10.3
Subianto & Family	7.5
Commissioners & Directors	9.8
Others & Public	15.6

as of 30 June 2014

# DSN's primary businesses grow and process domestic agricultural products for global consumption

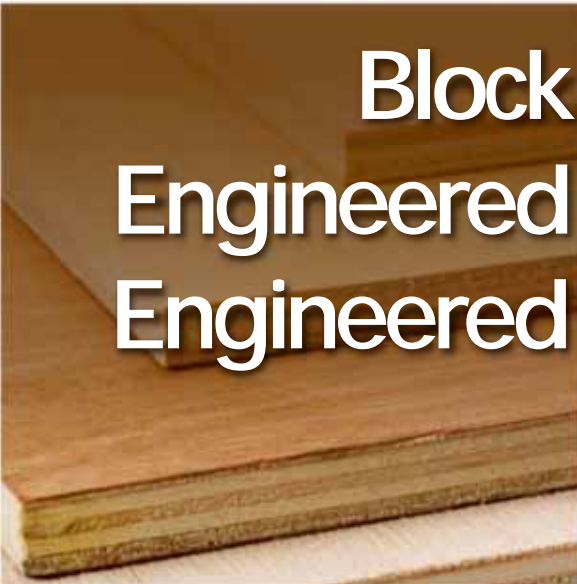
The DSN Group was originally established as a wood products manufacturer. We identified an opportunity to expand into the plantation sector in 1997, building upon our established relationships within the local communities. Both of these business segments are showing growth, but the palm oil business is growing, and will continue to grow, at a higher rate.

Palm oil accounted for 64% of total revenue in 2013, up from 59% in 2012, and 71% of H1 2014 revenue driven by recently higher CPO average selling prices.

Revenue	H1 '14	2013	2012	2011	2010
Palm Oil	71%	64%	59%	55%	55%
Wood Products	29%	36%	41%	45%	45%



## Crude Palm Oil Palm Kernel Palm Kernel Oil



## Block Board Engineered Doors Engineered Floors

Our history of expansion has accelerated in recent years, with the acquisition of eight new oil palm estates since 2010.

We also took a controlling interest in Tanjung Kreasi Parquet Industry, a manufacturer of globally branded engineered flooring in 2012.

These subsidiaries provide long-term opportunities for expansion in both of our core businesses.

Industry	Company	AKA	Ownership / Control (%)	Year Acquired	Line of Business
Palm Oil	PT Dharma Agrotama Nusantara	DAN	100.00%	1997	Oil palm plantation
	PT Dharma Intisawit Nugraha	DIN	100.00%	1997	Oil palm plantation
	PT Swakarsa Sinarsentosa	SWA	100.00%	2001	Oil palm plantation
	PT Pilar Wanapersada	PWP	99.70%	2004	Oil palm plantation
	PT Dewata Sawit Nusantara	DWT	99.90%	2007	Oil palm plantation
	PT Dharma Intisawit Lestari	DIL	99.90%	2009	Oil palm plantation
	PT Kencana Alam Permai	KAP	99.50%	2010	Oil palm plantation
	PT Karya Prima Agro Sejahtera	KPS	99.99%	2011	Oil palm plantation
	PT Prima Sawit Andalan	PSA	99.17%	2010	Oil palm plantation
	PT Dharma Persada Sejahtera	DPS	99.17%	2010	Land Bank
	PT Mandiri Agrotama Lestari	MAL	99.98%	2012	Land Bank
	PT Rimba Utara	RUT	99.90%	2012	Land Bank
	PT Putra Utama Lestari	PUL	99.80%	2012	Land Bank
	PT Dharma Buana Lestari	DBL	90.00%	2013	Land Bank
Wood Products	PT Tanjung Kreasi Parquet Industry	TKPI	65.00%	2012	Engineered flooring
	PT Nityasa Idola	NI	92.50%	1989	Timber plantation

## Our performance and long-term prospects consistently demonstrate several key investment themes

We saw growth across a broad range of metrics for 2013. FFB production was up 22% despite slow-downs across the sector. We expect this trend to continue, supported by growth in planted and mature hectares, output per hectare, milling capacity and CPO sales in the years to come.

**Growth:**  
**22%** ffb y-o-y

**Potential:**  
**112,500** unplanted ha

Our current unplanted landbank includes 112,500 hectares spread across the provinces of Kalimantan and Papua, which we expect will prove sufficient to support our planting schedule for the next seven to eight years.

The locations of our estates and mills, as well as our management practices, allow us to maintain a highly competitive cost position, with a 2013 cash cost per ton of Rp3.76 million.

**Efficient:**  
**Rp3.76m** cpo cash cost/t

We have received RSPO certification at three of our five mills, and are in advanced stages of certification for all remaining mills. Environmental certification is also critical to the global distribution of our wood products.

**Green:**  
**RSPO** certified

**Effective:**  
**6.4 tons** cpo/ha

Disciplined and consistent implementation of appropriate agronomic practices allows DSN to achieve industry-leading productivity in FFB and CPO, with 6.4 tons of CPO per hectare produced in 2013.

# We began in palm oil in 1997 with the acquisition of 19,766 ha in East Kalimantan & have been expanding ever since

We are a fully integrated CPO producer, with 14 estates spanning 172,533 hectares, located across Kalimantan and in Papua. Nine estates have already been planted to some degree, with 6 estates already producing FFB.

In total, we have 59,990 hectares of nucleus estates planted by the end of H1, 2014, with an additional 14,036 hectares of plasma. The areas not yet planted provide us with an additional 112,500 hectares for future expansion in both nucleus and plasma operations.

Given our recent acceleration in planting activity, we exhibit a very young age profile for our planted area. Of our total planted area, 44.8% is considered Young Mature and 19.9% remains Immature. While these proportions are likely to decline somewhat, we expect nearly 60% of our enlarged planted area to be either Immature or Young Mature by 2016.



**172,500**  
hectares

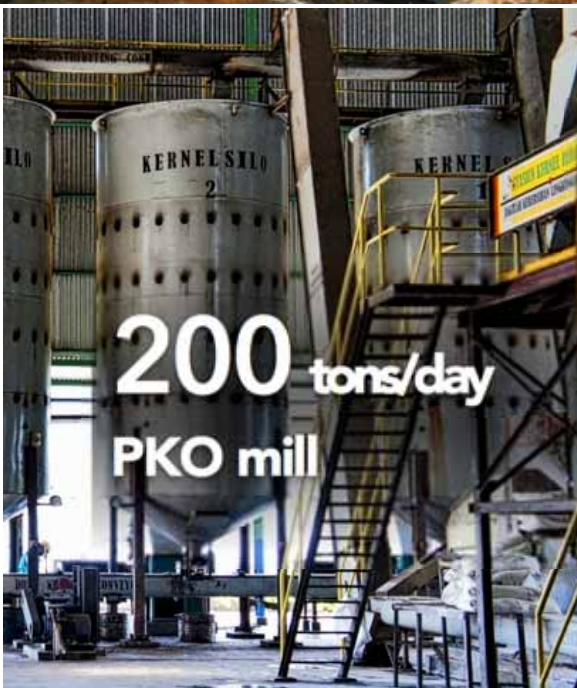


**14**  
estates



**5 CPO mills**

These estates are supported by 5 CPO mills with an aggregate capacity of 2 million tons per year, along with a newly completed Palm Kernel Oil mill. As we look to keep pace with the increasing productivity of our young estates, additional CPO mills are currently under development.

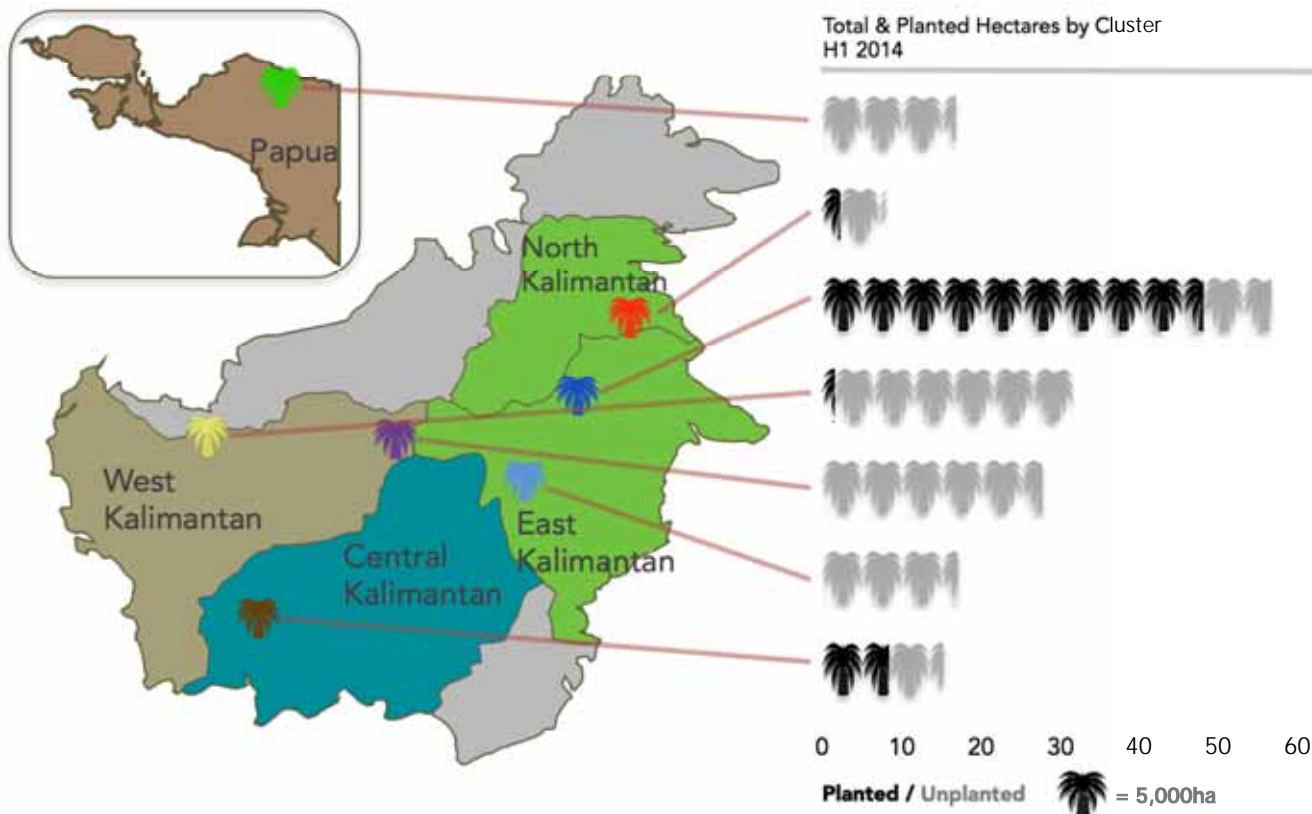


**200** tons/day  
PKO mill



**2,000,000**  
tons/annum

# Our estates are clustered across East, West and Central Kalimantan, with planting to date concentrated in the East



Conversion of land rights status progresses in line with our intended planting program. Mature estates are HGU:

Estate	Land Area ('000 Ha)			Land Rights Status		
	Total	Planted	Available	HGU	Panitia B	Ijin Lokasi
DBL	16.7	-	16.7			✓
DIL	8.0	2.2	5.8		✓	
SWA	16.9	15.3	1.6	✓		
DAN	10.0	9.0	1.0	✓		
DIN	9.8	8.7	1.0	✓		
DWT	13.6	10.0	3.6	✓		
KPS	6.2	4.9	1.3		✓	
MAL	15.0	-	15.0			✓
RUT	12.7	-	12.7			✓
KAP	14.9	1.0	13.9			✓
PSA	10.6	0.4	10.2			✓
DPS	6.1	0.1	6.0			✓
PUL	17.0	-	17.0			✓
PWP	15.2	8.4	6.8	✓		
	172.5	60.0	112.5	38%	8%	54%

In total, our nucleus estates incorporate 59,990 planted hectares, of which 48,038 are already mature. Our most developed cluster, with 5 estates, is near the center of East Kalimantan, while our next largest producing estate lies in Central Kalimantan.

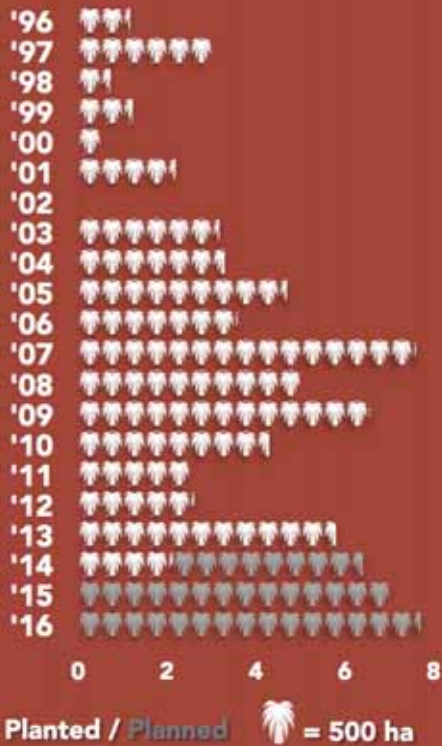
Our three largest estates, SWA, DAN and DIN are fully comprised of mature trees, with limited additional area available for new planting.

Subsequent expansion will increasingly focus on Central and West Kalimantan, with Papua an option still several years out.



# Our planting history has established a young age profile that will continue to deliver productivity growth in coming years

DSN Planting History ('000 ha)



## Mid-Year vs. Year-End Standard

In 2011, the Company switched from the common Year-End Standard (YES) to a Mid-Year Standard (MYS) approach to establishing the age of our plantations for accounting purposes.

In the YES approach, all trees planted during a given calendar year will be considered 1-year old at the close of that year. On average, however, these trees will have been in the ground for roughly 6 months.

With the MYS approach, trees planted in H2 of the previous year and H1 of the current year will be considered 1-year old at the close of the year – a more accurate reflection of the average amount of time these trees have been in the ground.

We have presented our planting history with an H1/H2 breakdown, should you care to re-apply the YES approach.

All of the data presented within our financial reports and this presentation make use of the MYS from 2011 to the present.

We added 5,800 hectares of nucleus in 2013, out of a total of 9,170 hectares planted during the year. In H1 2014, we have planted an additional 2,128 hectares of nucleus and 1,370 hectares of plasma.

We intend to maintain the current pace of nucleus expansion through 2016, with additional areas of 6,400, 7,000 and 7,700 hectares respectively from 2014.

In total, our 59,990 hectares of planted nucleus were an average age of 7.5 years at the end of H1 2014. This will drop to 7.0 years by year-end based upon our proposed our planting schedule.

Through 2016, our average age is expected to increase slowly to 7.5 years.

MYS Conversion of Planting Schedule to Age Profile

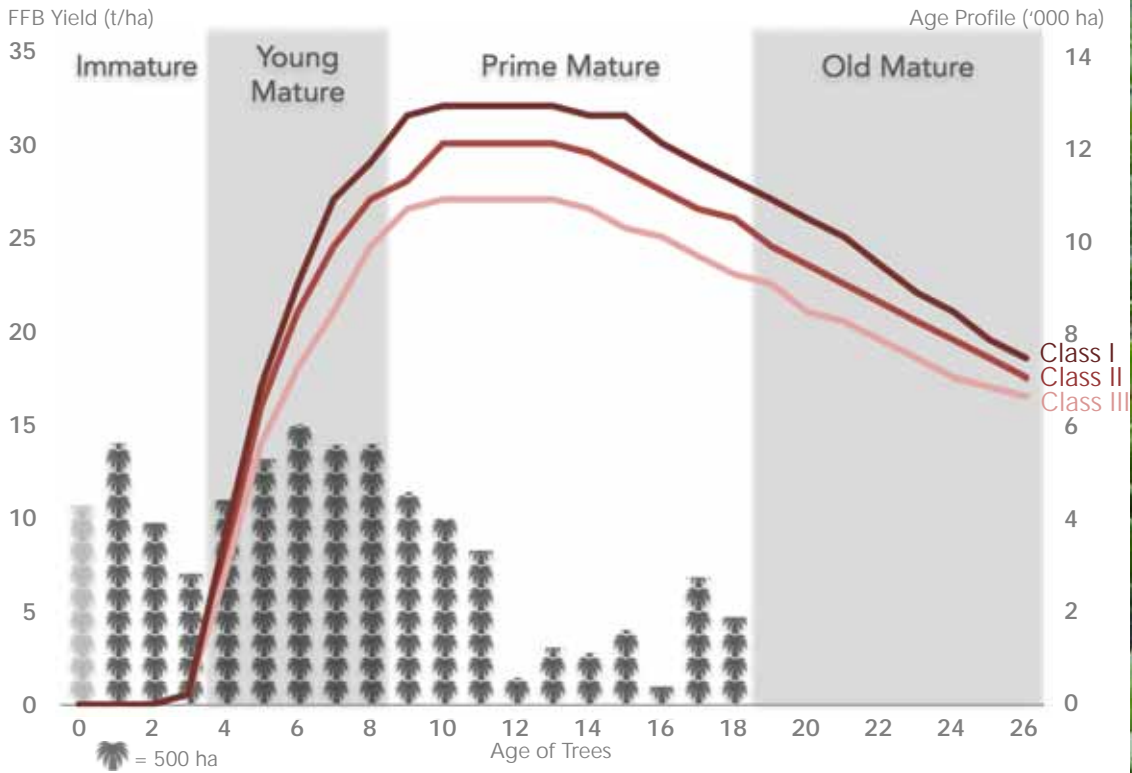
Year	Planting Schedule			Age Profile	
	FY	H1	H2	Total Ha	Age*
1996	1,151	-	1,131	1,855	18
1997	2,987	704	2,283	2,724	17
1998	725	441	284	355	16
1999	1,218	71	1,147	1,575	15
2000	508	428	80	1,072	14
2001	2,181	992	1,189	1,189	13
2002	-	-	-	535	12
2003	3,171	535	2,636	3,300	11
2004	3,278	664	2,614	3,979	10
2005	4,694	1,365	3,329	4,560	9
2006	3,589	1,231	2,358	5,605	8
2007	7,596	3,247	4,349	5,592	7
2008	4,971	1,243	3,728	6,020	6
2009	6,580	2,292	4,288	5,283	5
2010	4,289	995	3,294	4,394	4
2011	2,519	1,100	1,419	2,797	3
2012	2,607	1,378	1,228	3,886	2
2013	5,799	2,658	3,141	5,269	1
2014^	6,400	2,128	4,272	-	-

^ Planned

\* As of year-end 2014



# 42% of our planted area is classified as *Young Mature*, with expected annual FFB yield growth of between 8% -100%



We typically evaluate our performance and productivity against a set of external standards, based upon controlled growing conditions over the lifecycle of an oil palm tree.

Summary Maturity Profile (Mid-Year Standard), in %  
Mature

Year-End	Immature	Young	Prime	Old	Total
2010	43.0	38.3	18.7	-	57.0
2011	34.6	46.6	18.8	-	65.4
2012	26.3	49.5	24.2	-	73.7
2013	24.6	46.8	28.7	-	75.4
2014	25.2	41.9	32.9	-	74.8
2015	28.7	33.8	34.9	2.6	71.3
2016	30.7	28.3	35.2	5.8	69.3
2017	23.5	27.9	42.3	6.2	76.5
2018	15.1	29.7	47.0	8.2	84.9
2019	5.9	33.3	51.2	9.6	94.1
2020	-	35.6	53.3	11.1	100.0

Assuming no planting after 2016

DSN Maturity Classifications are not universally shared, but best reflect our experience to date:

Maturity Class	Age (Yr)	Growth (Avg)	Characteristics
Immature	0-3	-	No Fruit
Young Mature	4-8	40%	Rapid growth in FFB/OER
Prime Mature	9-18	-1%	Stable productivity
Old Mature	19+	-5%	Steady decline

Standard FFB Yield by tree age and soil class

Tree Age (Yr)	FFB Yield by Soil Type (tons/ha)		
	Class I	Class II	Class III
1	-	-	-
2	-	-	-
3	0.6	0.6	0.6
4	9.0	8.0	7.0
5	17.0	16.0	14.0
6	22.5	21.0	18.0
7	27.0	24.5	21.0
8	29.0	27.0	24.5
9	31.5	28.0	26.5
10	32.0	30.0	27.0
11	32.0	30.0	27.0
12	32.0	30.0	27.0
13	32.0	30.0	27.0
14	31.5	29.5	26.5
15	31.5	28.5	25.5
16	30.0	27.5	25.0
17	29.0	26.5	24.0
18	28.0	26.0	23.0
19	27.0	24.5	22.5
20	26.0	23.5	21.0
21	25.0	22.5	20.5
22	23.5	21.5	19.5
23	22.0	20.5	18.5
24	21.0	19.5	17.5
25	19.5	18.5	17.0
26	18.5	17.5	16.5

Source: Indonesian Palm Oil Research Institute



Our target is to achieve lab standard FFB yields on a commercial scale within each of our estates

# 26.4

**tons/ha**  
in 2013

For the full year 2013, DSN produced 1,153 thousand tons FFB from our nucleus plantations, with an additional 88 thousand tons coming from plasma operations. In aggregate, FFB output increased by 22% during the year.

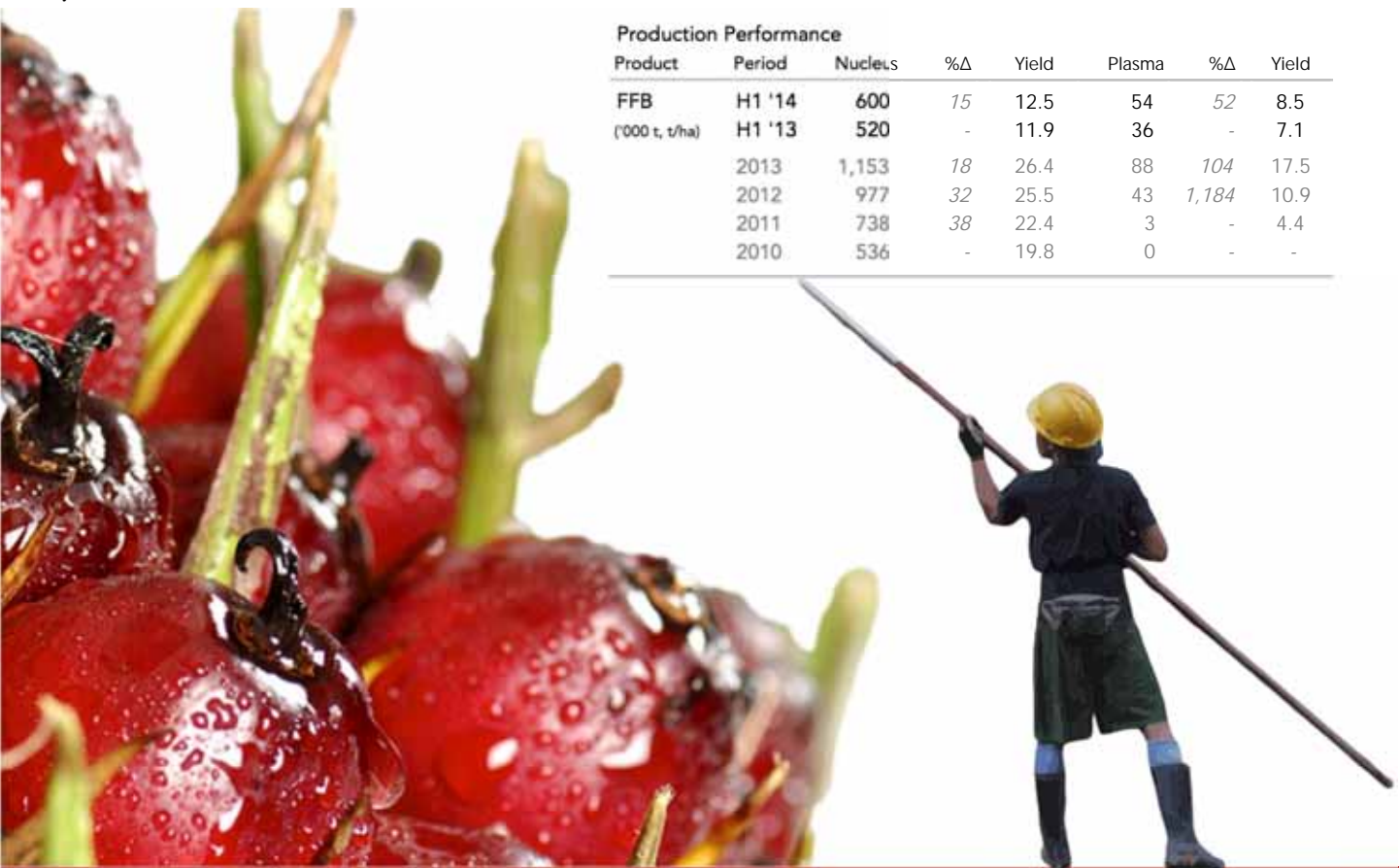
We achieved an aggregate output of 26.4 tons per hectare (based on the Mid-Year Standard) versus 25.5 tons in the preceding year.

In H1 2014, our nucleus estates produced 600 thousand tons FFB, up from 520 thousand tons in the previous year. This aggregate increase of 15% comes from higher yields (up 5%) and a larger mature area (up 10.1%).

Plasma yields rose by 20.1% from the same period in 2013, with mature areas growing by 26.2% and total output up by 51.6%.

Production Performance

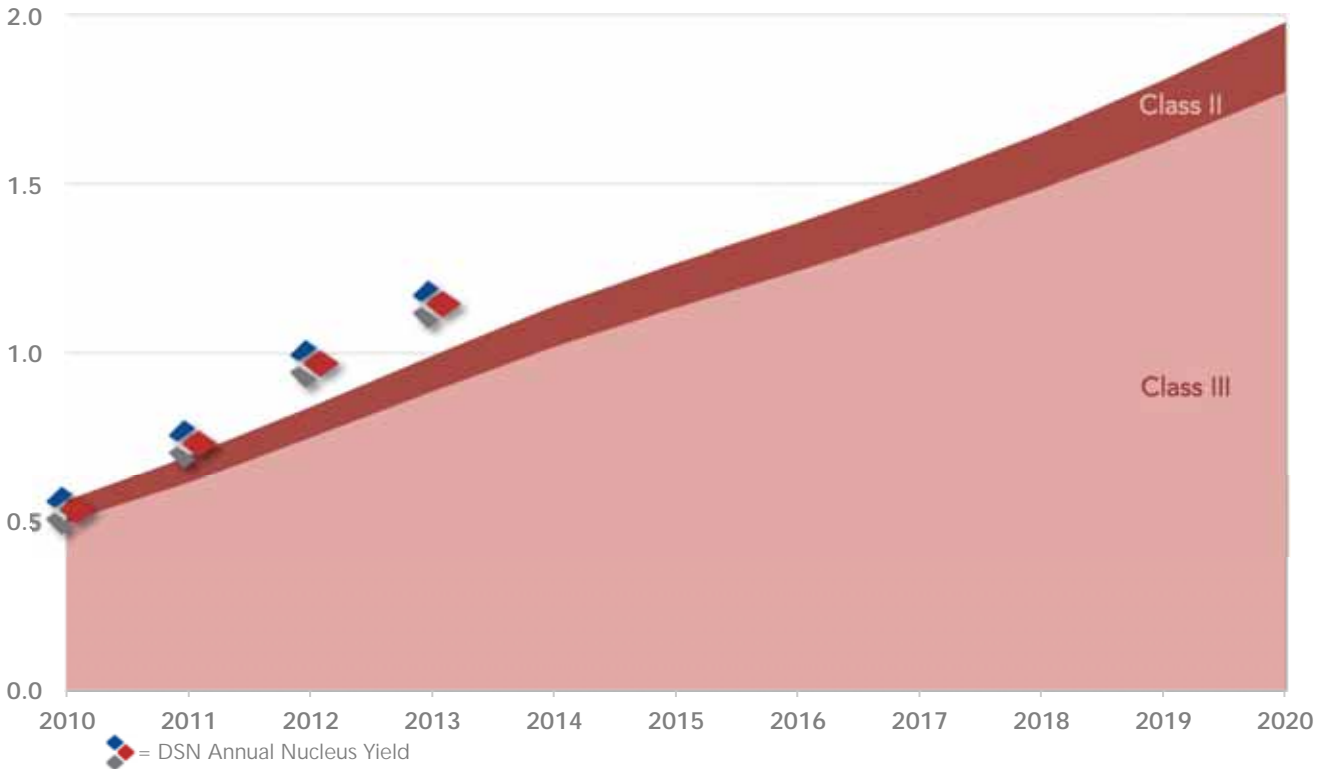
Product	Period	Nucleus	%Δ	Yield	Plasma	%Δ	Yield
FFB ('000 t, t/ha)	H1 '14	600	15	12.5	54	52	8.5
	H1 '13	520	-	11.9	36	-	7.1
	2013	1,153	18	26.4	88	104	17.5
	2012	977	32	25.5	43	1,184	10.9
	2011	738	38	22.4	3	-	4.4
	2010	536	-	19.8	0	-	-





# Our planting schedule through 2016 implies an average 10% annual growth in FFB to 2 million tons in 2020

FFB Volume (mn t)



Our five largest estates (DAN, DIN, SWA, PWP and DWT) have been comfortably higher than the standard expected yields over the past four years. DSN's estates are generally a combination of Class II and Class III type soils. We have neither Class I soil (largely found in volcanic areas such as Sumatera) nor Class IV soil. As a matter of policy, we do not plant in peat soil.

Our performance is driven by a disciplined approach to standard agronomic practices, meticulously implemented across our planted areas. These range from selecting the best seeds, to formulating multiple unique fertilizer blends, to the use of cover crops to retain soil and natural predators to control mice and caterpillars, thereby allowing us to minimize the use of harmful pesticides.

## Standard yield curve with planting through 2016

Year	Mature Area			FFB/ha by Soil Type		
	'000 ha	% Δ	Avg Age	Class II	Class III	% Δ
2010	26.7		7.5	20.9	18.5	
2011	32.3	21%	7.7	21.5	19.0	3%
2012	38.4	19%	8.0	21.9	19.5	2%
2013	43.6	14%	8.4	22.8	20.3	4%
2014	48.0	10%	8.9	23.7	21.2	4%
2015	50.8	6%	9.6	24.9	22.3	5%
2016	54.7	8%	10.1	25.3	22.7	2%
2017	60.4	10%	10.4	25.0	22.5	-1%
2018	67.1	11%	10.7	24.6	22.2	-1%
2019	74.3	11%	10.9	24.3	21.8	-1%
2020	82.2	11%	11.2	24.1	21.6	-1%

## Our young estates consistently out-perform standard yields

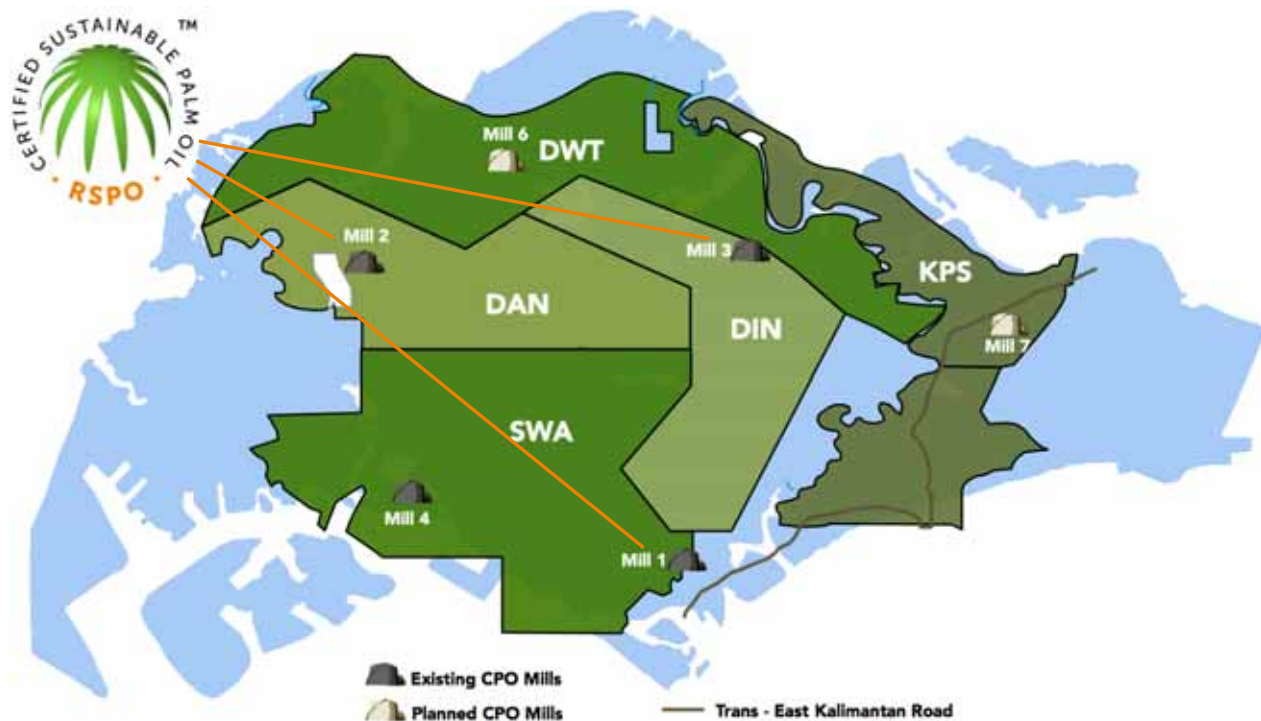
FFB Yield (t/ha, 2010-2013)



A standard yield curve derived from our plantation age profile, rather than simply our average age, can establish more realistic medium-term yield expectations.

These standards suggest average yields could continue to increase through 2016, barring external environmental factors. At the same time, our mature plantation area will increase from 48,038 hectares in 2014 to 54,721 hectares in 2016 (25.4%), with subsequent annual growth rates of 10% or better through 2020, with over 82,000 mature hectares at that time.

# Our most developed cluster - with 5 estates, 4 CPO Mills and 56,000 ha - is nearly the size of Singapore



80% of our planted area, in five estates, is located in a single contiguous area in East Kalimantan. These 47,965 planted hectares encompass an area nearly the size of Singapore.

Four out of our five existing palm oil mills are located within these estates, and we expect to complete the construction of two additional palm oil mills in 2015.

Our mill capacity is designed to accommodate annual peak output from the associated estates. As a result, mills servicing rapidly developing estates (such as Mill 5 in PWP) will appear to be underutilized, and may rely on significant external FFB purchases.

The proximity of the palm oil mills to the fruit allows us to establish an 8-hour standard for harvest-to-mill, resulting in minimal spoilage of FFB and lower FFA. Our redundant capacity also minimizes disruption due to maintenance.

The cluster approach allows us to achieve efficiencies in a number of areas:

- lower transportation costs
- centralization of logistics, such as housing, schools, clinics and security
- maximum use of infrastructure (mills, roads, jetties and ports)

## CPO mill capacity is designed for peak production months

Year	Location	Estate	Capacity (Tons/Hour)	Max Monthly Utilization*	RSPO	
						RSPO
Mill 1	2002	E. Kal.	SWA	90	67%	Certified
Mill 2	2009	E. Kal.	DAN	60	101%	Certified
Mill 3	2010	E. Kal.	DIN	60	112%	Certified
Mill 4	2011	E. Kal.	SWA	60	110%	Audited
Mill 5	2011	C. Kal.	PWP	60	96%	Audited
Mill 6	2015	E. Kal.	DWT	60		
Mill 7	2015	E. Kal.	KPS	60		
In Progress	Total Capacity		450			

\*2013

## East Kalimantan cluster encompasses 88% of our mature area

Estate	Land Area (Ha)		Average Age (Yrs)		Yield 2013 (t/ha)
	Planted (H1 '14)	Mature (2014)	Total Area	Mature Area*	
DIL	2,166	-	1.4	-	-
SWA	15,282	15,282	13.7	13.7	30.4
DAN	9,000	8,919	7.9	7.9	25.9
DIN	8,749	8,749	7.9	7.9	28.2
DWT	10,031	7,254	4.3	5.2	22.4
KPS	4,903	2,105	3.1	5.4	12.7
KAP	1,012	-	1.4	-	-
PSA	385	-	1.0	-	-
DPS	72	-	1.0	-	-
PWP	8,390	5,729	4.4	5.2	19.7
	59,990	48,038	7.6	8.9	26.4

\* As of year-end 2014

# Our 5 mills achieved an aggregate OER of 24.3% last year, resulting in a CPO yield of 6.4 tons per mature hectare

We processed a total of 1,381 thousand tons of FFB in 2013, 90% of which was sourced from our own nucleus or plasma estates.

External purchases increased by nearly 120% in order to better utilize capacity at our newest Mill 5, servicing the PWP estate.

For H1 2014, we processed 796 thousand tons of FFB, up 32.6% from H1 2013. Of that total, 82% was sourced from our nucleus and plasma operations.



## Production Performance - Estates

Year	Fresh Fruit Bunches (FFB) ('000 tons)			
	Produced	Plasma	Purchased	Processed
H1 '14	600	54	142	796
H1 '13	520	36	45	600
2013	1,153	88	143	1,381
2012	977	43	65	1,052
2011	738	3	40	767
2010	536	0	26	542

In total, FFB processed and CPO produced each increased by 31% in 2013, yielding a stable Oil Extraction Rate (OER) of 24.3%.

Palm Kernel production rose 21% to 43,000 tons in 2013. Sales declined, however, to 12,000 tons as our newly commissioned Palm Kernel Oil mill began to utilize this output directly.

In our first year of operation, our PKO mill produced 13,500 tons, and generated sales of 9,400 tons of PKO.

For H1 2014, we achieved an OER of 23.8%, slightly below the previous year's H1 performance. Palm kernel production rose 28% to 24 thousand tons, while PKO output reached 8.2 thousand tons, up from 4.3 thousand tons in H1 2013.

Over 75% of our CPO production has FFA levels below 3%. This "Super CPO" can receive a premium of 1-4% vs standard CPO.



Year	FFA (%)
H1 '14	2.76%
H1 '13	2.56%
2013	2.65%
2012	2.67%
2011	2.55%
2010	2.62%

## Production Performance - Mills

Product	Period	Volume	%Δ	Yield
CPO ( <sup>000t</sup> , OER)	H1 '14	189	30	23.8%
	H1 '13	145	-	24.2%
	2013	336	37	24.3%
	2012	257	36	24.4%
	2011	189	47	24.6%
	2010	134	-	24.7%
PK ( <sup>000 t</sup> , KER)	H1 '14	24	28	3.0%
	H1 '13	19	-	3.2%
	2013	43	27	3.1%
	2012	36	50	3.4%
	2011	24	50	3.1%
	2010	16	-	2.9%
PKO ( <sup>000 t</sup> , PKOER)	H1 '14	8.2	93	41.9%
	H1 '13	4.3	-	-
	2013	13.5	-	42.4%

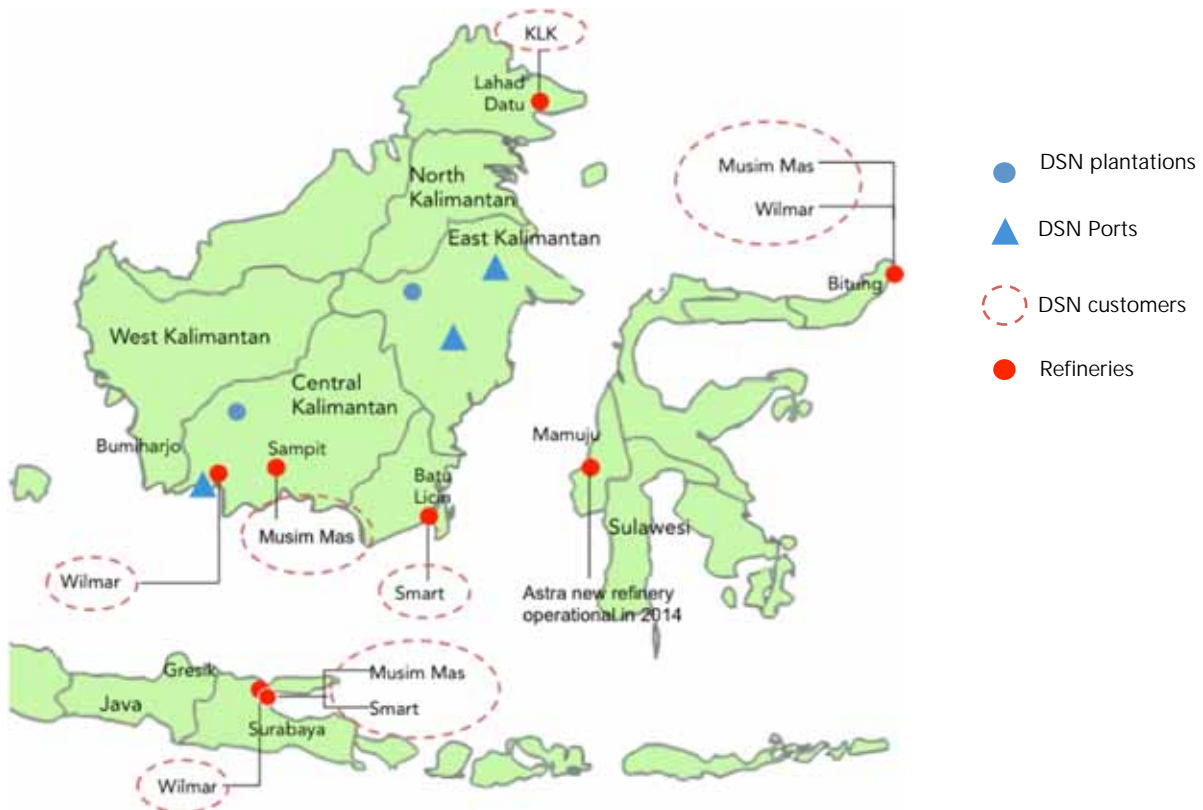
\*Nucleus Only

Our CPO production quality remained exceptional over the course of 2013, with aggregate Free Fatty Acid (FFA) levels of just 2.65%.

Through H1 2014, over 75% of our production could be classified as Super CPO, with FFA levels below 3%. This output services refiners' higher-quality products, and as such we receive a minimum of a 1.0% premium over spot prices for these sales.

In aggregate, we achieved FFA levels of 2.76% for the half, with the maximum monthly FFA level from mills primarily processing our own production of just 3.21%.

# Expanding domestic refining capacity, coupled with our high-quality product, ensures robust demand for our CPO



Our customers are primarily Indonesian CPO refineries located in Kalimantan and Java, close to DSN's operations.

Regular customers include Smart, Wilmar, Kuala Lumpur Kepong, Musim Mas and Dermaga Kencana Indonesia. We expect Astra's new refinery on Sulawesi Island to become a customer in 2014 as well.

Our contracts are open tender, with SMART and Wilmar typically offering better pricing - due to refinery location - and terms than other buyers.

For H1 2014, we sold 193 thousand tons of CPO, 31% higher than the same period in 2013. Our average selling price of Rp8.8 million per ton was 36% above that in H1 2013, and 24.5% higher than the average for the full year.

## Indonesian CPO trading at a premium to Malaysia since mid-2013



Sales Performance		CPO		PK		PKO
	Period	Sales	%Δ	Sales	%Δ	
Volume (k tons)	H1 '14	193	31	5	-60	10
	H1 '13	148	-	13	-	3
	2013	336	33	16	-55	9
	2012	253	33	35	61	-
	2011	190	40	21	24	-
	2010	135	-	17	-	-
Revenue (rp bn)	H1 '14	1,692	77	28	-7	107
	H1 '13	956	-	30	-	20
	2013	2,369	29	42	-63	66
	2012	1,840	30	115	24	-
	2011	1,411	57	93	63	-
	2010	901	-	57	-	-
ASP (rp mn/t)	H1 '14	8.78	36	5.61	132	11.04
	H1 '13	6.47	-	2.42	-	6.24
	2013	7.05	-3	2.70	-19	7.07
	2012	7.29	-2	3.33	-23	-
	2011	7.44	12	4.32	31	-
	2010	6.66	-	3.29	-	-

## Our cash cost of sales for CPO declined 11% in 2013, partially offsetting the broadly lower ASPs

Our cash cost in 2013 declined to Rp3.76 million per ton of CPO sold, a drop of 11.3% from 2012.

Absolute fertilizer costs fell by nearly 12%, despite an increase in planted and mature hectares, and account for roughly 23% of total cash costs.

We purchase compound fertilizer – comprised of potash, nitrogen, and phosphate – under annual contracts with four-monthly delivery. Our unit costs per ton ranged from \$525 to \$570 in 2013. New contracts covering our entire 2014 supply have already been concluded at prices between \$320 and \$425 per ton.

Purchases of external FFB – both plasma and unrelated estates – were up 64%. This was due to the rapid increase in plasma productivity with increasing maturity of the estates, as well as higher external purchases in support of Mill 5 operations.

Labor costs were up 22.5% for the year on the back of an expanded workforce as well as modest adjustments in wages.

Labor accounts for nearly 27% of the total cash cost of sales.

Cost of Sales	2013	2012	2011	2010
CPO Sales ('000 t)	336.2	252.5	189.7	135.3
Cash Cost of Sales (IDR bn)				
Fertilizer	288.7	326.7	193.7	161.1
Labor	336.0	274.3	166.1	107.2
Others	244.7	224.3	227.4	210.8
FFB Purchased	294.1	179.1	69.0	30.1
Milling	99.5	65.1	33.6	39.4
Total cash cost	1,263.0	1,069.5	689.7	548.6
Cash Cost/Ton	3.76	4.23	3.64	4.05
% of total				
Fertilizer	22.9%	30.5%	28.1%	29.4%
Labor	26.6%	25.6%	24.1%	19.5%
Others	19.4%	21.0%	33.0%	38.4%
FFB Purchased	23.3%	16.7%	10.0%	5.5%
Milling	7.9%	6.1%	4.9%	7.2%

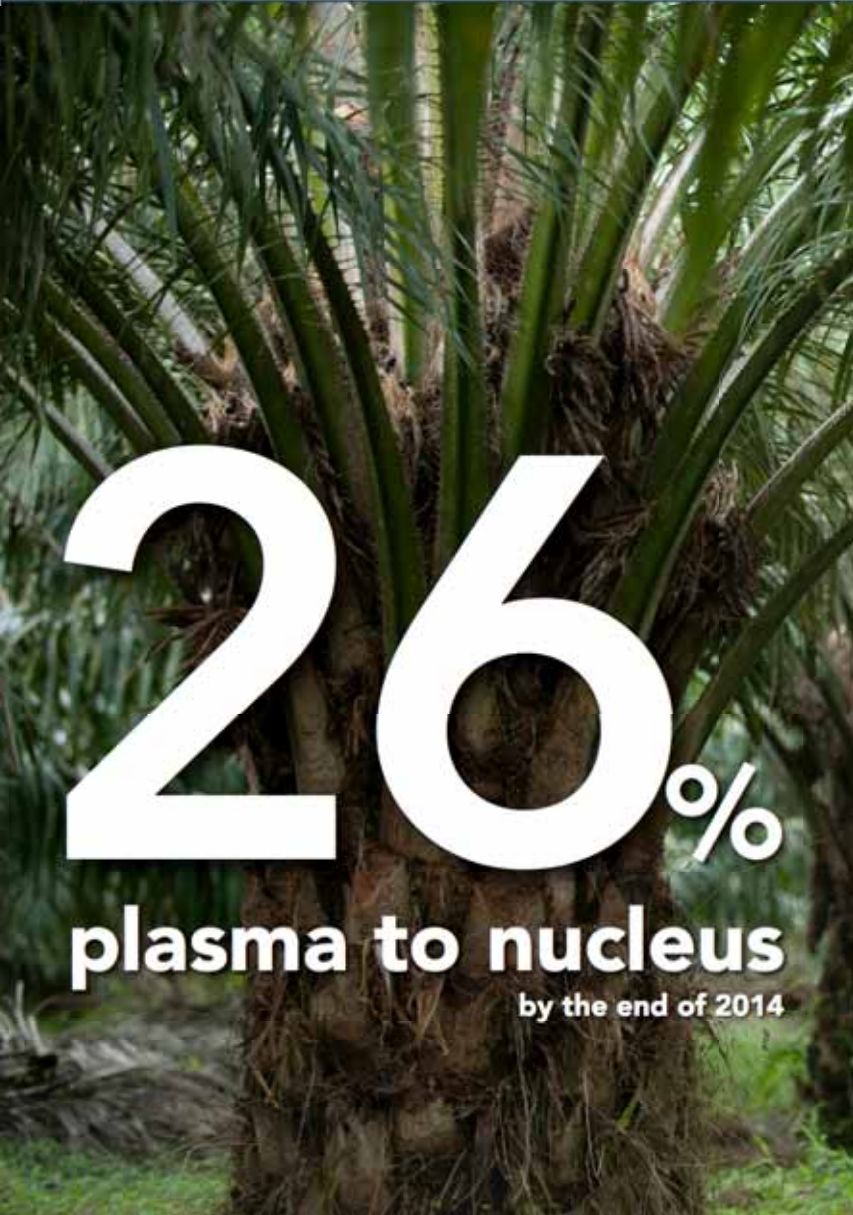
# 3.8

## million rp/t

in 2013



We offer a Build-Operate-Transfer model for our plasma program & currently manage over 75% of plasma hectareage



Our strong relationships with our plasma holders is one critical element in the success of DSN's palm oil activities, generally fostering easier acquisition of land, facilitating title conversion, and minimizing the prospect of local disturbances or social unrest.

Our BoT model has resulted in higher FFB yields for plasma estates, and thereby higher revenues for our plasma cooperatives. DSN still benefits from the ~50% milling margin and gains assurance that the loans to plasma holders can be repaid.

5% of total FFB revenues are retained by DSN as a management fee. Of the remainder, 30% is paid to the plasma holder, while 70% services bank loans and funds extended by DSN for upkeep and maintenance of the estate prior to breaking even.

DSN typically funds the development of plasma estates through bank loans with repayment schedules comprising a 4-year grace period and 6-year repayment.

We had planted 14,036 hectares of plasma by the end of H1 2014. In total, 6,371 hectares had reached maturity and produced 53,972 tons of FFB in H1 2014.

An ambitious planting schedule will result in plasma areas totaling 26% of our nucleus hectareage by the end of 2014

Year	Plasma % of Nucleus	Planting Schedule ('000 ha)			Planted Area ('000 ha)		
		Plasma	Nucleus	Total	Plasma	Nucleus	Total
2008	6%	2.0	3.7	5.7	2.0	35.5	37.6
2009	6%	0.7	6.5	7.2	2.7	42.1	44.8
2010	8%	0.9	4.1	5.0	3.6	46.2	49.8
2011	9%	1.0	2.6	3.6	4.6	50.9	55.5
2012	17%	2.2	2.6	4.8	8.8	52.1	60.8
2013	22%	3.4	5.8	9.2	12.7	57.9	70.5
2014E	26%	4.2	6.4	10.6	16.9	64.2	81.1
2015E	29%	3.7	7.0	10.7	20.6	71.2	91.8
2016E	29%	2.3	7.7	10.0	22.9	78.9	101.8



# Our commitment to social and environmental responsibility is integral to the sustainability of our operations



## Corporate Social Responsibility

DSN is committed to a wide range of CSR programs, and we continuously engage and support the communities within which we operate.

We maintain active partnerships with more than 20 cooperatives of smallholders near our plantations to manage a total of 12,666 ha of planted area under our Plasma Program. This program helps increase the productivity of our plasma by leveraging on DSN's expertise in plantation operations.

We exclusively employ local contractors and cooperatives for all of our transportation, construction, and other non-core services. We have been instrumental in fostering the development of these small businesses and rely on them to the extent that we do not own any trucks for the transport of FFB to our mills.

We continue to promote literacy by making education accessible through the establishment of schools in our plantation areas as well as community learning centers in the surrounding villages with the help of the University of Sanata Dharma.

We have also provided free medical services to all our employees and our local communities since we started operations, with a network of clinics across our estates.

Our successful implementation of these and other CSR programs has resulted in no demonstrations or operational disturbances over the last 3 years by the local population or NGOs.

## Environmental Responsibility

We and our subsidiaries involved in the palm oil business are members of the Roundtable on Sustainable Palm Oil (RSPO), and strive to comply with global RSPO and the Indonesian Sustainable Palm Oil ("ISPO") principles.

We have received RSPO certification for our SWA, DAN and DIN palm oil plantations along with their respective mills, and have completed the RSPO and ISPO audit process in December 2013 for all our mills and their respective estates. We have also completed the ISCC audit, facilitating sales of our CPO for biofuels.

We are also committed to protecting our environment. We have set aside 6,600 hectares of land, or an area roughly equivalent to 10% of our total planted area, for conservation purposes.

We comply with various domestic and international environmental standards in our wood products manufacturing processes, and seek to ensure that all the logs and sawn timber purchased for our operations are produced from sustainable forest resources.

We were awarded the Certification of Legal Wood certifying our use of legally sourced logs and have also obtained the Forest Stewardship Council (FSC) Chain-of-Custody and Program for the Endorsement of Forest Certification (PEFC) certifications.

We meet the Conformité Européenne (CE) labeling standards for products exported to Europe and have received certifications from the California Air Resources Board (CARB) and the Japanese Agricultural Standard (JAS).



# DSN is also a leading wood products manufacturer with reputable brand names & long-standing client relationships

DSN is the fourth largest wood products manufacturer in Indonesia, producing panels, engineered floors and doors.

We have initiated a move into higher value, higher margin products through the recent acquisition of TKPI, which specializes in engineered flooring.

We continue to leverage on our long standing relationships with customers to across the world to leverage this new business initiative.

Our diverse exposure to customers in different segments and geographies has protected us to from adverse economic impacts as we maintain and grow our wood products business.

Sales Volume	H1 '14	H1 '13	Y-o-Y % Δ	FY2013
Panel ('000 m3)	114	134	-15.1%	245
Engineered Products				
Doors ('000 Pcs)	26	29	-10.9%	52
Flooring ('000 m2)	600	556	7.9%	1,073
Average Selling Price (Rp mn)				
Panels (per m3)	4.30	3.64	17.9%	3.97
Engineered Products				
Doors (per pc)	1.19	0.98	22.2%	1.06
Flooring (per m2)	0.36	0.29	24.2%	0.31

## Top 10 Industrial and Commercial Customers

Customer Name	Type	Products	Relationship	Geography
S.A. Shahab & Company Pte Ltd	Trader	Panels	11 years	Middle East
Sumitomo Forestry Company Ltd.	Trader	Panels	8 years	Japan
Vintage Hardwood Flooring	Distributor	Engineered Flooring	9 years	Canada
Jiangsu Skyrun Arser Co., Ltd	Trader	Panels	3 years	China
Asia Trading, Inc	Trader	Panels	7 years	Japan
Associated Lumber & Trading, Ltd	Trader	Panels	5 Years	Japan
PKF Global	Trader	Engineered Doors	15 years	UK
Plyquet Holzimport	Distributor	Engineered Flooring	17 years	Europe
Teka Korea Co., Ltd	Distributor	Engineered Flooring	12 years	South Korea
Beijing TeKa Holy Eagle Corporation	Distributor	Engineered Flooring	11 years	China

# 450,000

**m<sup>3</sup>/annum** panel capacity

# 4,000,000

**m<sup>2</sup>/annum**  
flooring capacity



# Our capital expenditures in 2013 totaled Rp663 billion, primarily for new planting & the construction of mills



## Palm Oil

As our plantations mature, we expect to implement a planting schedule sufficient to maintain a favorable long-term maturity profile. In general, our cost to maturity for new planting is roughly \$5,000 to \$5,500 per hectare.

We also plan to match the increased FFB production over time with appropriate increases in CPO processing capacity. A new mill is required for every 10,000 additional mature hectares.

We expect to complete construction of two new palm oil mills with total capacity of 720,000 tons / annum in 2015.

The cost of each 60 ton/hour mill, which is comprised of two lines of 30 ton/hour capacity is approximately US\$18 million.

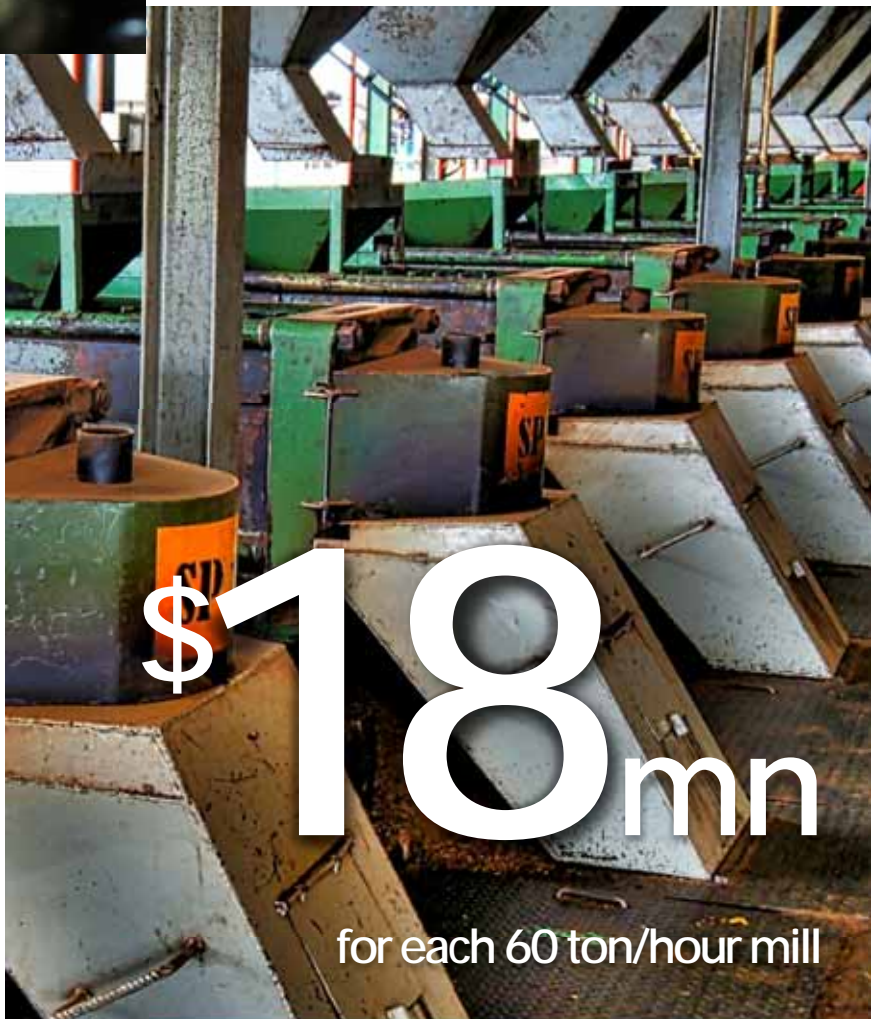
Capital Expenditures	2013	2012	2011	2010
Immature Plantations	335	294	353	224
Construction in Progress	182	482	282	128
Others	146	131	308	133
<b>Total</b>	<b>663</b>	<b>907</b>	<b>942</b>	<b>485</b>

(Does not include capitalized interest or loans/advances to plasma)

## Wood Products

For wood products, we have sufficient capacity to meet our current growth plans. We intend to more than double production volume in engineered flooring from 1.1 million m<sup>2</sup> in 2012 to 2.6 million m<sup>2</sup> by 2015, while our plant currently has capacity to produce up to 4 million m<sup>2</sup>.

We will be optimizing our wood products efficiency by relocating and consolidating our operations in Surabaya and Gresik to a new panel products processing plant in Lumajang by 2015. This is closer to our satellite plants and will reduce our transportations costs



In total, DSN generated revenue of Rp3,842 billion in 2013, with EBITDA growing by 33% and EBITDA margins of 23%



Total (IDR bn)	H1 '14	H1 '13	2013	2012	2011	2010
Revenue	2,564	1,700	3,842	3,411	2,778	1,751
EBITDA	699	365	888	666	665	297
EBITDA Margin	27.3%	21.4%	23.1%	19.5%	24.0%	17.0%
Net Profit	367	115	216	252	374	162
Net Margin	14.3%	6.8%	5.6%	7.4%	13.5%	9.3%

Palm Oil	H1 '14	H1 '13	2013	2012	2011	2010
Revenue	1,827	1,021	2,478	1,997	1,524	971
EBITDA	672	334	885	614	652	307
EBITDA Margin	36.8%	32.7%	35.7%	30.8%	42.8%	31.7%
Profit Before Tax	519	203	517	416	547	260
PBT Margin	28.4%	19.9%	20.9%	20.9%	35.9%	26.8%

Wood Products	H1 '14	H1 '13	2013	2012	2011	2010
Revenue	737	680	1,364	1,414	1,254	780
EBITDA	75	62	73	123	63	26
EBITDA Margin	10.2%	9.1%	5.4%	8.7%	5.0%	3.3%
Profit Before Tax	32	15	(80)	33	12	(5)
PBT Margin	4.4%	2.2%	-5.9%	2.3%	0.9%	-0.6%

Loan Facilities	IDR bn	USD Mn
Revolving loan	299	28
Current portion of LT debt	265	11
Long term debt	1,979	25
Financial lease	2	1
<b>Total</b>	<b>2,546</b>	<b>65</b>

H1 2014 Debt Position	IDR Bn
Total Debt	3,321
Net Debt	2,409
Equity	2,004
EBITDA	699

Financial Ratios:	
Debt/Equity	1.7
Net Debt/Equity	1.2
Net Debt/EBITDA	2.0

The decline in Net Profit in 2013, despite significant increases in revenue and EBITDA, is largely due to the impact of year-end depreciation of the rupiah against the dollar. The mark-to-market of our \$70 million FX loans outstanding resulted in an unrealized FX loss of Rp172 billion.

Note: Annual Financial Statements are audited by Siddharta & Wijaya, Registered Public Accountants, and a Member Firm of KPMG International.

# H1 2014 Summary Financials

Total Consolidated (IDR bn)	H1-2014	H1-2013	YoY Δ%	Q2-2014	Q1-2014	QoQ Δ%	2013	2012	YoY Δ%
Revenue	2564	1700	50.8	1326	1238	7.1	3842	3411	12.6
Gross Profit	846	477	77.2	505	341	48.4	1190	961	23.8
% margin	33.0	28.1		38.1	27.5		31.0	28.2	
Operating Profit	568	260	118.9	363	205	76.9	657	494	32.9
% margin	22.2	15.3		27.4	16.6		17.1	14.5	
EBITDA	699	365	91.8	430	270	59.4	888	666	33.2
% margin	27.3	21.4		32.4	21.8		23.1	19.5	
Net Profit	367	115	219.6	216	151	43.3	216	252	(14.6)
% margin	14.3	6.8		16.3	12.2		5.6	7.4	
Adjusted Profit*	357	127	181.2	247	110	124.5	354	278	27.2
% margin	13.9	7.5		18.6	8.9		9.2	8.2	
Cash Flow									
From operations	486	78	527.6	299	188	59.0	595	149	298.4
From investments	(429)	(321)	33.8	(233)	(196)	19.1	(745)	(826)	(9.8)
From financing	507	270	na	522	(15)	na	96	487	na
Total Palm Oil (IDR bn)	H1-2014	H1-2013	YoY Δ%	Q2-2014	Q1-2014	QoQ Δ%	2013	2012	YoY Δ%
Revenue	1,827	1,021	79.1	958	869	10.3	2,478	1,997	24.1
Gross Profit	749	393	90.8	459	290	58.3	1,046	820	27.6
% margin	41.0	38.5		47.9	33.4		42.2	41.1	
Operating Profit	567	256	121.5	358	209	71.4	707	496	42.6
% margin	31.1	25.1		37.4	24.1		28.5	24.8	
EBITDA	672	334	101.1	413	259	59.1	885	614	44.0
% margin	36.8	32.7		43.1	29.8		35.7	30.8	
Profit Before Tax	519	203	156.3	312	208	50.2	517	416	24.1
% margin	28.4	19.9		32.5	23.9		20.9	20.9	
Total Wood Products (IDR bn)	H1-2014	H1-2013	YoY Δ%	Q2-2014	Q1-2014	QoQ Δ%	2013	2012	YoY Δ%
Revenue	737	680	8.4	368	369	(0.5)	1364	1414	(3.5)
Gross Profit	97	85	14.5	46	51	(8.4)	144	141	2.0
% margin	13.2	12.5		12.6	13.7		10.5	10.0	
Operating Profit	49	36	37.3	32	16	98.7	20	70	(71.1)
% margin	6.6	5.2		8.8	4.4		1.5	4.9	
EBITDA	75	63	20.4	45	30	47.1	73	123	(40.4)
% margin	10.2	9.2		12.2	8.2		5.4	8.7	
Profit Before Tax	32	16	107.8	4	28	(84.4)	-80	33	(345.9)
% margin	4.4	2.3		1.2	7.6		(5.9)	2.3	
Financial Position	H1-2014	H1-2013	YoY Δ%	Q2-2014	Q1-2014	QoQ Δ%	2013	2012	YoY Δ%
Total debt				3,321	2,899	14.6	2,961	2,733	8.4
Net debt				2,409	2,429	(0.8)	2,474	2,195	12.7
Total Asset				6,665	6,118	8.9	5,921	5,141	15.2
Total Equity				2,004	1,830	9.5	1,679	1,406	19.4
Total debt / equity				1.7x	1.6x		1.8x	1.9x	
Net debt / equity				1.2x	1.3x		1.5x	1.6x	
Net debt / EBITDA				2.0x	2.4x		2.8x	3.3x	

\* Consolidated adjusted profit excludes the impact of unrealized financing forex gains/losses

Note: Annual Financial Statements are audited by Siddharta & Wijaja, Registered Public Accountants, and a Member Firm of KPMG International.

# H1 2014 Operations Summary

Palm Oil Summary	H1-2014	H1-2013	YoYΔ%	Q2-2014	Q1-2014	QoQΔ%	2013	2012	YoYΔ%
<b>Palm Estates</b>									
<i>Mature Land (ha)</i>	54,409	48,691	11.7	54,409	54,409	na	48,691	42,333	15.0
Nucleus	48,038	43,644	10.1	48,038	48,038	na	43,644	38,361	13.8
Plasma	6,371	5,047	26.2	6,371	6,371	na	5,047	3,972	27.1
<i>FFB Production (t)</i>	654,365	555,569	17.8	351,134	303,231	15.8	1,240,818	1,019,923	21.7
Nucleus	600,393	519,972	15.5	321,674	278,719	15.4	1,152,611	976,711	18.0
Plasma	53,972	35,597	51.6	29,460	24,512	20.2	88,207	43,212	104.1
<i>FFB Yield (t/ha)</i>									
Nucleus	12.5	11.9	4.9	6.7	5.8	15.4	26.4	25.5	3.7
Plasma	8.5	7.1	20.1	4.6	3.8	20.2	17.5	10.9	60.6
<b>Mills</b>									
<i>Production (tons)</i>									
FFB Processed	795,789	600,353	32.6	421,976	373,813	12.9	1,380,528	1,052,490	31.2
Crude Palm Oil (CPO)	189,359	145,397	30.2	100,974	88,385	14.2	335,730	256,971	30.6
Palm Kernel (PK)	24,183	18,931	27.7	13,195	10,988	20.1	43,277	35,716	21.2
Palm Kernel Oil (PKO)	8,233	4,262	93.2	4,473	3,760	19.0	13,482	-	-
<i>Yields (%)</i>									
Oil Extraction Rate (OER)	23.8	24.2	-1.8	23.9	23.6	1.2	24.3	24.4	-0.4
Kernel Extraction Rate (KER)	3.0	3.2	-3.6	3.1	2.9	7.9	3.1	3.4	-7.6
Free Fatty Acid (FFA)	2.76	2.60	6.2	2.65	2.87	-7.7	2.65	2.67	-0.7
<b>Sales</b>									
<i>Volume (tons)</i>									
Crude Palm Oil (CPO)	192,821	147,693	30.6	103,267	89,554	15.3	336,240	252,536	33.1
Palm Kernel (PK)	5,009	12,512	-60.0	2,476	2,533	-2.3	15,622	34,589	-54.8
Palm Kernel Oil (PKO)	9,702	3,200	203.2	3,001	6,701	-55.2	9,400	-	-
<i>Average Selling Price (IDR mn/ton)</i>									
Crude Palm Oil (CPO)	8.78	6.47	35.6	8.78	8.78	0.0	7.05	7.29	-3.3
Palm Kernel (PK)	5.61	2.42	132.0	5.63	5.59	0.8	2.70	3.33	-18.7
Palm Kernel Oil (PKO)	11.04	6.24	76.9	12.67	10.31	23.0	7.07	-	-
Wood Products Summary	H1-2014	H1-2013	YoYΔ%	Q2-2014	Q1-2014	QoQΔ%	2013	2012	YoYΔ%
<b>Sales Volume</b>									
Panel (m3)	113,889	134,358	-15.2	55,870	58,019	-3.7	244,642	334,512	-26.9
Engineered doors (pcs)	25,897	29,066	-10.9	15,624	10,273	52.1	51,989	91,102	-42.9
Engineered floors (m2)	599,815	556,066	7.9	295,563	304,252	-2.9	1,073,412	1,166,657	-8.0
<b>Average Selling Price (IDR mn)</b>									
Panel (m3)	4.30	3.64	18.0	4.28	4.32	-0.9	3.97	3.10	28.1
Engineered doors (pcs)	1.19	0.98	22.0	1.13	1.28	-12.2	1.06	0.69	53.6
Engineered floors (m2)	0.36	0.29	23.7	0.37	0.35	7.6	0.31	0.27	14.8

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