



# FIRST RESOURCES LIMITED

## Unaudited Financial Statements for the First Quarter Ended 31 March 2012

- 1(a) An income statement and statement of comprehensive income or a statement of comprehensive income for the group together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group		
	1Q 2012	1Q 2011	Change
	US\$'000	US\$'000	(%)
Sales	164,942	90,759	81.7%
Cost of sales	(70,666)	(27,414)	157.8%
<b>Gross profit</b>	<b>94,276</b>	<b>63,345</b>	<b>48.8%</b>
Selling and distribution costs	(13,619)	(6,929)	96.6%
General and administrative expenses	(6,050)	(3,993)	51.5%
Other operating expenses	(399)	(360)	10.8%
<b>Profit from operations</b>	<b>74,208</b>	<b>52,063</b>	<b>42.5%</b>
Gains/(losses) on foreign exchange	3,154	(943)	n.m.
Losses on derivative financial instruments	(6,290)	(1,823)	245.0%
Net financial expenses	(5,710)	(6,376)	(10.4%)
Other non-operating income	724	105	589.5%
<b>Profit before tax</b>	<b>66,086</b>	<b>43,026</b>	<b>53.6%</b>
Tax expense	(14,955)	(10,836)	38.0%
<b>Profit for the period</b>	<b>51,131</b>	<b>32,190</b>	<b>58.8%</b>
<b>Profit attributable to:</b>			
Owners of the Company	48,954	30,558	60.2%
Non-controlling interests	2,177	1,632	33.4%
	<b>51,131</b>	<b>32,190</b>	<b>58.8%</b>

n.m. – not meaningful

## 1(a) An income statement and statement of comprehensive income (continued)

	Group		
	1Q 2012	1Q 2011	Change
	US\$'000	US\$'000	(%)
<b>Profit for the period</b>	51,131	32,190	58.8%
<b>Other comprehensive income</b>			
Fair value (losses)/gains on cash flow hedges	(10,176)	4,762	n.m.
Fair value gains on cash flow hedges transferred to the income statement	(486)	(162)	200.0%
Tax on fair value gains and losses	2,153	(492)	n.m.
Foreign currency translation adjustments	(11,799)	25,315	n.m.
<b>Total comprehensive income for the period</b>	<b>30,823</b>	<b>61,613</b>	<b>(50.0%)</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	29,459	59,981	(50.9%)
Non-controlling interests	1,364	1,632	(16.4%)
	<b>30,823</b>	<b>61,613</b>	<b>(50.0%)</b>

n.m. – not meaningful

## Additional Information

	Group		
	1Q 2012	1Q 2011	Change
	US\$'000	US\$'000	(%)
<b>EBITDA</b>			
Profit from operations	74,208	52,063	42.5%
Depreciation and amortisation	6,064	6,662	(9.0%)
<b>EBITDA</b>	<b>80,272</b>	<b>58,725</b>	<b>36.7%</b>
EBITDA margin	48.7%	64.7%	

**1(b)(i) A statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year**

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Biological assets	762,601	755,931	-	-
Plasma plantation receivables	32,921	39,589	-	-
Property, plant and equipment	282,222	275,002	12,009	12,317
Land use rights	39,371	40,230	-	-
Investment in subsidiaries	-	-	297,617	297,508
Goodwill	21,217	21,391	-	-
Other intangible assets	43,299	43,868	286	287
Tax recoverable	268	271	-	-
Deferred tax assets	3,041	2,565	-	-
Loan to subsidiary	-	-	5,100	5,250
Derivative financial assets	1,984	3,044	-	-
Other non-current assets	2,468	1,054	-	-
<b>Total non-current assets</b>	<b>1,189,392</b>	<b>1,182,945</b>	<b>315,012</b>	<b>315,362</b>
<b>Current assets</b>				
Inventories	40,182	39,406	-	-
Loan to subsidiary	-	-	600	750
Trade receivables	26,257	29,880	3,335	11,683
Other receivables	3,232	3,833	75	1,285
Derivative financial assets	9,190	14,039	-	-
Advances for purchase of plant, property and equipment	13,131	10,355	-	-
Other advances and prepayments	8,561	6,641	43	91
Prepaid taxes	3,923	2,569	-	-
Advances subscription for shares in subsidiary	-	-	70,851	57,701
Cash and bank balances	258,877	210,406	74,242	88,269
<b>Total current assets</b>	<b>363,353</b>	<b>317,129</b>	<b>149,146</b>	<b>159,779</b>
<b>Total assets</b>	<b>1,552,745</b>	<b>1,500,074</b>	<b>464,158</b>	<b>475,141</b>

**1(b)(i) A statement of financial position (continued)**

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	US\$'000	US\$'000	US\$'000	US\$'000
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	25,830	16,633	725	10,788
Other payables and accruals	31,551	29,225	4,966	6,819
Advances from customers	385	7,396	-	-
Loans and borrowings from financial institutions	41,189	40,171	16	15
Rupiah bonds payable	47,819	48,369	-	-
Derivative financial liabilities	19,058	7,262	1,354	657
Provision for tax	26,431	27,276	4,668	4,668
<b>Total current liabilities</b>	<b>192,263</b>	<b>176,332</b>	<b>11,729</b>	<b>22,947</b>
<b>Non-current liabilities</b>				
Loans and borrowings from financial institutions	180,942	171,072	20	23
Liability component of convertible bonds	81,162	90,017	81,162	90,017
Derivative financial liabilities	3,486	5,620	-	-
Provision for post-employment benefits	9,193	8,717	-	-
Deferred tax liabilities	116,575	119,963	273	348
<b>Total non-current liabilities</b>	<b>391,358</b>	<b>395,389</b>	<b>81,455</b>	<b>90,388</b>
<b>Total liabilities</b>	<b>583,621</b>	<b>571,721</b>	<b>93,184</b>	<b>113,335</b>
<b>Net assets</b>	<b>969,124</b>	<b>928,353</b>	<b>370,974</b>	<b>361,806</b>
<b>EQUITY</b>				
Share capital	301,652	290,312	301,652	290,312
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	-	-
Other reserves	(7,242)	12,253	10,715	10,715
Equity component of convertible bonds	12,267	13,762	12,267	13,762
Retained earnings	582,304	533,350	46,340	47,017
<b>Equity attributable to owners of the Company</b>	<b>923,997</b>	<b>884,693</b>	<b>370,974</b>	<b>361,806</b>
Non-controlling interests	45,127	43,660	-	-
<b>Total equity</b>	<b>969,124</b>	<b>928,353</b>	<b>370,974</b>	<b>361,806</b>

**1(b)(ii) Aggregate amount of group's borrowings and debt securities**

- amount repayable in one year or less, or on demand
- amount repayable after one year

	Group					
	As at 31 Mar 2012			As at 31 Dec 2011		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less, or on demand	86,686	2,322	89,008	86,018	2,522	88,540
Amount repayable after one year	179,602	82,502	262,104	169,669	91,420	261,089
<b>Total</b>	<b>266,288</b>	<b>84,824</b>	<b>351,112</b>	<b>255,687</b>	<b>93,942</b>	<b>349,629</b>

**Details of any collateral**

The secured borrowings are collateralised by certain of the Group's biological assets, land use rights and property, plant and equipment.

**1(c) A statement of cash flows (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year**

	<b>Group</b>	
	<b>1Q 2012</b>	<b>1Q 2011</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	66,086	43,026
<u>Adjustments for:</u>		
Depreciation of property, plant and equipment	5,627	6,239
Amortisation of land use rights and intangible assets	437	423
Interest expenses	6,105	6,705
Interest income	(395)	(414)
Losses on redemption of Rupiah bonds payable	-	85
Losses on derivative financial instruments	6,290	1,823
Unrealised foreign exchange (gains)/losses	(4,547)	4,475
<b>Operating cash flows before changes in working capital</b>	<b>79,603</b>	<b>62,362</b>
<u>Changes in working capital</u>		
(Increase)/decrease:		
Inventories	(776)	(14,725)
Trade receivables	3,623	8,057
Other receivables	601	796
Advances and prepayments	(1,920)	(1,576)
Prepaid taxes	(1,322)	(763)
Other non-current assets	(1,414)	(1,541)
Increase/(decrease):		
Trade payables	9,197	11,917
Other payables and accruals	(1,701)	381
Advances from customers	(7,011)	(3,934)
Provision for post-employment benefits	476	505
<b>Cash flows generated from operations</b>	<b>79,356</b>	<b>61,479</b>
Interest paid	(8,018)	(8,033)
Interest received	394	413
Tax paid	(9,814)	(11,205)
<b>Net cash generated from operating activities</b>	<b>61,918</b>	<b>42,654</b>

1(c) A statement of cash flows (continued)

	Group	
	1Q 2012	1Q 2011
	US\$'000	US\$'000
<b>Cash flows from investing activities</b>		
Capital expenditure on biological assets	(16,013)	(23,478)
Capital expenditure on property, plant and equipment	(16,127)	(1,406)
Increase in advances for purchase of property, plant and equipment	(2,776)	(4,576)
Decrease/(increase) in plasma plantation receivables	8,442	(1,233)
Acquisition of land use rights	(27)	-
<b>Net cash used in investing activities</b>	<b>(26,501)</b>	<b>(30,693)</b>
<b>Cash flows from financing activities</b>		
(Settlement of)/proceeds from derivative financial instruments, net	(1,281)	619
Redemption of Rupiah bonds payable	-	(3,882)
Proceeds from bank loans, net	14,082	22,653
Placement of restricted bank balances	(8,940)	(6,648)
Payment of obligations under finance lease	(727)	(383)
Proceeds from sale of treasury shares	-	17,138
Share application monies received from non-controlling interests of subsidiary	103	-
<b>Net cash generated from financing activities</b>	<b>3,237</b>	<b>29,497</b>
Net increase in cash and cash equivalents	38,654	41,458
Effect of exchange rate changes on cash and cash equivalents	877	1,073
Cash and cash equivalents, at the beginning of the financial period	194,483	204,931
<b>Cash and cash equivalents, at the end of the financial period (Note A)</b>	<b>234,014</b>	<b>247,462</b>
<u>Note A</u>		
Reconciliation of cash and cash equivalents :		
Cash at banks and on hand	219,417	174,250
Time deposits	14,597	73,212
<b>Cash and cash equivalents</b>	<b>234,014</b>	<b>247,462</b>
Cash held by financial institutions, restricted	24,863	10,748
<b>Cash and bank balances</b>	<b>258,877</b>	<b>258,210</b>

**1(d) (i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Group	----- Attributable to owners of the Company -----								Non-controlling interests	Total equity
	Share capital	Treasury shares	Differences arising from restructuring transactions involving entities under common control	Other reserves	Equity component of convertible bonds	Retained earnings	Equity attributable to owners of the Company			
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
At 1 Jan 2012	290,312	-	35,016	12,253	13,762	533,350	884,693	43,660	928,353	
Total comprehensive income for the period	-	-	-	(19,495)	-	48,954	29,459	1,364	30,823	
Issue of shares upon conversion of convertible bonds	11,340	-	-	-	(1,495)	-	9,845	-	9,845	
Share application monies	-	-	-	-	-	-	-	103	103	
<b>At 31 Mar 2012</b>	<b>301,652</b>	<b>-</b>	<b>35,016</b>	<b>(7,242)</b>	<b>12,267</b>	<b>582,304</b>	<b>923,997</b>	<b>45,127</b>	<b>969,124</b>	
At 1 Jan 2011	288,735	(6,816)	35,016	8,093	13,971	371,454	710,453	34,464	744,917	
Total comprehensive income for the period	-	-	-	29,423	-	30,558	59,981	1,632	61,613	
Sale of treasury shares	-	6,816	-	10,322	-	-	17,138	-	17,138	
<b>At 31 Mar 2011</b>	<b>288,735</b>	<b>-</b>	<b>35,016</b>	<b>47,838</b>	<b>13,971</b>	<b>402,012</b>	<b>787,572</b>	<b>36,096</b>	<b>823,668</b>	



**1(d)(i) A statement of changes in equity (continued)**

Company	Share capital	Treasury shares	Other reserves	Equity component of convertible bonds	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2012	290,312	-	10,715	13,762	47,017	361,806
Total comprehensive income for the period	-	-	-	-	(677)	(677)
Issue of shares upon conversion of convertible bonds	11,340	-	-	(1,495)	-	9,845
<b>At 31 Mar 2012</b>	<b>301,652</b>	<b>-</b>	<b>10,715</b>	<b>12,267</b>	<b>46,340</b>	<b>370,974</b>
At 1 Jan 2011	288,735	(6,816)	393	13,971	24,182	320,465
Total comprehensive income for the period	-	-	-	-	1,676	1,676
Sale of treasury shares	-	6,816	10,322	-	-	17,138
<b>At 31 Mar 2011</b>	<b>288,735</b>	<b>-</b>	<b>10,715</b>	<b>13,971</b>	<b>25,858</b>	<b>339,279</b>

**Other Reserves**

	Group			Company		
	As at			As at		
	31 Mar 2012	31 Dec 2011	31 Mar 2011	31 Mar 2012	31 Dec 2011	31 Mar 2011
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Capital reserve	(29,096)	(29,096)	(29,096)	-	-	-
Revaluation reserve	279	279	279	-	-	-
Gain on sale of treasury shares	10,322	10,322	10,322	10,322	10,322	10,322
Hedging reserve	(5,614)	2,635	1,799	-	-	-
Foreign translation reserve	16,867	28,113	64,534	393	393	393
<b>Total other reserves</b>	<b>(7,242)</b>	<b>12,253</b>	<b>47,838</b>	<b>10,715</b>	<b>10,715</b>	<b>10,715</b>

**1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year**

	Company	
	31 Mar 2012	31 Mar 2011
Number of issued shares excluding treasury shares		
At 1 January	1,470,200,391	1,453,459,221
Sale of treasury shares	-	15,000,000
Issue of shares upon conversion of convertible bonds	12,420,350	-
At 31 March	1,482,620,741	1,468,459,221
Number of shares that may be issued on conversion of outstanding convertible bonds	101,916,559	116,078,085

The Company did not hold any treasury shares as at 31 March 2012 and 31 March 2011.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

The Company's total number of issued shares excluding treasury shares as at 31 March 2012 and 31 December 2011 is 1,482,620,741 and 1,470,200,391 respectively.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The financial statements presented above have not been audited or reviewed by the Company's auditors.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements as at 31 December 2011 except for the adoption of the Financial Reporting Standards (FRS) and Interpretation of FRS (INT FRS) that are mandatory for the financial years beginning on or after 1 January 2012. The adoption of these FRS and INT FRS has no significant impact to the Group.

**5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change**

Please refer to item 4 above.

**6. Earnings per ordinary share of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends**

	Group	
	1Q 2012	1Q 2011
Weighted average number of shares applicable to basic EPS computation	1,475,585,901	1,465,459,221
Weighted average number of shares based on fully diluted basis	1,577,502,460	1,581,537,306
EPS - basic (US cents)	3.32	2.09
EPS - diluted (US cents)	3.23	2.07

**7. Net asset value (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:-**

- (a) current financial period reported on; and
- (b) immediately preceding financial year

	Group		Company	
	31 Mar 2012	31 Dec 2011	31 Mar 2012	31 Dec 2011
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.62	0.60	0.25	0.25

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

## **REVIEW OF GROUP FINANCIAL PERFORMANCE BY BUSINESS SEGMENT**

### **SALES VOLUME**

	1Q 2012	1Q 2011	Change
	Tonne	Tonne	%
Plantations and Palm Oil Mills			
- Crude palm oil	121,061	90,160	34.3%
- Palm kernel	33,639	19,974	68.4%
Refinery and Processing	64,911	1,339	4,747.7%

*Note: Sales volume include inter-segment sales*

### **SALES**

	1Q 2012	1Q 2011	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills			
- Crude palm oil	109,357	80,759	35.4%
- Palm kernel	16,227	15,651	3.7%
	125,584	96,410	30.3%
Refinery and Processing	69,933	3,637	1,822.8%
Inter-segment elimination	(30,575)	(9,288)	229.2%
<b>Total Sales</b>	<b>164,942</b>	<b>90,759</b>	<b>81.7%</b>

### **EBITDA**

	1Q 2012	1Q 2011	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	74,476	55,628	33.9%
Refinery and Processing	5,796	3,097	87.2%
<b>Total EBITDA</b>	<b>80,272</b>	<b>58,725</b>	<b>36.7%</b>

## **8. Review of Group Performance (continued)**

### **REVIEW OF INCOME STATEMENT**

#### **Overview**

The Group recorded a net profit of US\$49.0 million in 1Q2012, up 60.2% against 1Q2011 and a 42.5% increase in profit from operations to US\$74.2 million. The strong performance was mainly driven by higher sales volume of palm based products.

#### **Sales**

Sales grew by 81.7% to US\$164.9 million for 1Q2012. This improvement was mainly due to increased sales volumes from the Plantations and Palm Oil Mills segment as well as the Refinery and Processing segment. With increased production from the Group's biodiesel, refinery and fractionation plants, the Refinery and Processing segment contributed 35.8% to the Group's sales in 1Q2012 (1Q2011: 3.6%).

#### **Cost of Sales**

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, plantation general expenses and processing costs, as well as FFB and other palm oil products purchased from plasma farmers or third parties. For 1Q2012, cost of sales increased by US\$43.3 million to US\$70.7 million, mainly due to the higher production and sales volumes, higher fertiliser costs and higher wages (due to the larger scale of operations and wage inflation). There was also an increase in purchase of FFB and other palm oil products from third parties (including plasma farmers).

#### **Gross Profit**

Gross profit increased by 48.8% to US\$94.3 million in 1Q2012 and gross profit margin came in at 57.2% as compared to 69.8% in 1Q2011. The lower gross profit margin was mainly due to the increase in purchase of palm oil products from third parties which typically results in a lower profit margin contribution.

#### **Selling and Distribution costs**

Selling and distribution expenses, comprising mainly freight charges, warehousing charges and export taxes, increased to US\$13.6 million in 1Q2012 from US\$6.9 million in 1Q2011. Of this increase, US\$4.8 million was attributed to the increase in export taxes resulting from the higher volume of export sales done by the Group during the period.

#### **General and Administrative expenses**

General and administrative expenses, comprising professional fees, remuneration of office staff, licences and software fees, increased by US\$2.1 million to US\$6.1 million in 1Q2012. The increase was largely due to higher remuneration costs and other administrative expenses as the Group scaled up its operations.

#### **EBITDA**

The Group's EBITDA grew by 36.7% to US\$80.3 million in 1Q2012. The growth came mainly from the Plantations and Palm Oil Mills segment, which contributed 92.8% to the Group's EBITDA in 1Q2012.

#### **Gains/(losses) on Foreign Exchange**

The Group recorded gains on foreign exchange of US\$3.2 million in 1Q2012, as compared to losses of US\$0.9 million in 1Q2011. The gains/(losses) on foreign exchange mainly arose from the impact of foreign currency movements on the Group's monetary assets.

## 8. Review of Group Performance (continued)

### REVIEW OF INCOME STATEMENT (continued)

#### Losses on Derivative Financial Instruments

Losses on derivative financial instruments relate primarily to financial instruments entered into by the Group to hedge its exposure to foreign exchange and commodity price movements during the course of its business. These amounted to losses of US\$6.3 million and US\$1.8 million for 1Q2012 and 1Q2011 respectively.

#### Net Financial Expenses

Net financial expenses comprise interest expenses after deducting interest income and other financial gains/losses. Part of the interest expenses are capitalised to immature plantations and property, plant and equipment.

Net financial expenses totaled US\$5.7 million in 1Q2012, a 10.4% decrease from 1Q2011. This is mainly due to the lower interest paid on the smaller outstanding amounts of Rupiah bonds and convertible bonds payable during the period.

The following table reflects the computation of net financial expenses:

	1Q 2012	1Q 2011	Change
	US\$'000	US\$'000	%
Interest expenses and amortisation on:			
- Rupiah bonds payable	1,430	1,634	(12.5%)
- Convertible bonds payable	2,060	2,333	(11.7%)
- Loans and borrowings from financial institutions	3,918	4,182	(6.3%)
	<b>7,408</b>	<b>8,149</b>	<b>(9.1%)</b>
Less:			
Capitalised to biological assets	(1,303)	(1,426)	(8.6%)
Capitalised to property, plant and equipment	-	(18)	(100.0%)
<b>Interest expense recognised in profit or loss</b>	<b>6,105</b>	<b>6,705</b>	<b>(8.9%)</b>
Losses on redemption of Rupiah bonds payable	-	85	(100.0%)
Interest and other financial income	(395)	(414)	(4.6%)
<b>Net financial expenses</b>	<b>5,710</b>	<b>6,376</b>	<b>(10.4%)</b>

n.m. – not meaningful

#### Tax Expense and Net profit

Tax expense increased by 38.0% to US\$15.0 million in 1Q2012, in line with higher taxable income. As a result of the foregoing, profit attributable to owners of the Company increased by 60.2% to US\$49.0 million for 1Q2012.

## **8. Review of Group Performance (continued)**

### **REVIEW OF BALANCE SHEET**

Total assets of the Group increased from US\$1,500.1 million as at 31 December 2011 to US\$1,552.7 million as at 31 March 2012. Current assets increased by US\$46.2 million mainly as a result of the higher cash and bank balances. The Group's non-current assets increased by US\$6.4 million mainly due to the additions to biological assets from the Group's planting programme and capital expenditure on construction works relating to palm oil mills and other plant and equipment.

Total liabilities of the Group increased marginally by 2.1% from US\$571.7 million as at 31 December 2011 to US\$583.6 million as at 31 March 2012.

Gross borrowings remained stable at US\$351.1 million as at 31 March 2012 (31 December 2011: US\$349.6 million). Taking into consideration the increase in cash and bank balances during the period, net borrowings decreased from US\$139.2 million as at 31 December 2011 to US\$92.2 million as at 31 March 2012. This further improved the Group's gearing, with Net Debt to Equity ratio coming in at 0.10x (31 December 2011: 0.15x).

### **REVIEW OF CASH FLOW STATEMENT**

The Group generated cash of US\$61.9 million from its operating activities in 1Q2012, compared to US\$42.7 million in 1Q2011. The higher cash flows from operations was in line with the improved performance of the Group, mainly driven by higher sales volume of palm based products in 1Q2012.

Net cash used in investing activities amounted to US\$26.5 million in 1Q2012 (1Q2011: US\$30.7 million), primarily relating to the Group's continued capital expenditure on oil palm plantations, palm oil mills and other plant and equipment.

Net cash generated from financing activities was US\$3.2 million in 1Q2012, as compared to US\$29.5 million in 1Q2011. The higher cash flows generated from financing activities in 1Q2011 was mainly contributed by the proceeds from sale of treasury shares and drawdown of bank loans during the period.

Overall, the Group registered an increase in cash and cash equivalents of US\$38.7 million in 1Q2012, bringing the Group's cash and bank balances to US\$258.9 million as at 31 March 2012.

## **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable

## **10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

Palm oil prices had remained firm in 1Q2012, backed by strong demand growth from emerging markets, seasonal slowdown in production and weaker soybean production from Latin America.

On the production front, the Group recorded strong growth in 1Q2012 versus 1Q2011. With its favourable plantation age profile, the Group expects year-on-year volume growth to continue for the rest of year, albeit at a more moderate rate.

**11. Dividends**

**(a) Current financial period reported on**

**Any dividend declared for the current financial period reported on?**

No

**(b) Corresponding period of the immediately preceding financial year**

**Any dividend declared for the corresponding period of the immediately preceding financial year?**

No

**(c) Date payable**

Not applicable

**(d) Books closure date**

Not applicable

**12. If no dividend has been declared/recommendeded, a statement to that effect**

No dividend has been declared or recommended for the current financial period.

**13. If the Group has obtained a general mandate from shareholders for IPTs, the aggregate value of such transactions as required under Rule 920(1)(a)(ii). If no IPT mandate has been obtained, a statement to that effect**

The Group has not obtained a general mandate from shareholders for Interested Person Transactions.

**14. Negative Confirmation by the Board Pursuant to Rule 705(5)**

We, Lim Ming Seong and Ciliandra Fangiono, being two directors of First Resources Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the first quarter ended 31 March 2012 to be false or misleading in any material aspect.

**On behalf of the Board of Directors**

**Lim Ming Seong**  
Chairman

**Ciliandra Fangiono**  
Director and Chief Executive Officer

**BY ORDER OF THE BOARD**

**Ciliandra Fangiono**  
Director and Chief Executive Officer  
15 May 2012