



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Second Quarter ("2Q") and Six Months ("6M") Ended 30 June 2013

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					
	6M 2013	6M 2012	Change	2Q 2013	2Q 2012	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	294,320	317,526	(7.3%)	119,678	152,584	(21.6%)
Cost of sales	(117,670)	(135,720)	(13.3%)	(48,145)	(65,054)	(26.0%)
Gross profit	176,650	181,806	(2.8%)	71,533	87,530	(18.3%)
Selling and distribution costs	(18,116)	(27,770)	(34.8%)	(7,984)	(14,151)	(43.6%)
General and administrative expenses	(14,557)	(13,894)	4.8%	(6,936)	(7,844)	(11.6%)
Other operating expenses	(854)	(788)	8.4%	(444)	(389)	14.1%
Profit from operations	143,123	139,354	2.7%	56,169	65,146	(13.8%)
Gains/(losses) on foreign exchange	696	4,241	(83.6%)	(613)	1,087	n.m.
(Losses)/gains on derivative financial instruments	(4,326)	(524)	725.6%	(2,688)	5,766	n.m.
Net financial expenses	(11,138)	(9,871)	12.8%	(5,570)	(4,161)	33.9%
Other non-operating (expenses)/income	(589)	1,028	n.m.	(225)	304	n.m.
Profit before tax	127,766	134,228	(4.8%)	47,073	68,142	(30.9%)
Tax expense	(23,920)	(30,074)	(20.5%)	(8,618)	(15,119)	(43.0%)
Profit for the period	103,846	104,154	(0.3%)	38,455	53,023	(27.5%)
Profit attributable to :						
Owners of the Company	101,267	99,691	1.6%	37,699	50,737	(25.7%)
Non-controlling interests	2,579	4,463	(42.2%)	756	2,286	(66.9%)
	103,846	104,154	(0.3%)	38,455	53,023	(27.5%)

n.m. – not meaningful

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

	Group					
	6M 2013	6M 2012	Change	2Q 2013	2Q 2012	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	103,846	104,154	(0.3%)	38,455	53,023	(27.5%)
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Fair value (losses)/gains on cash flow hedges	(1,381)	5,668	n.m.	(1,228)	15,844	n.m.
Fair value losses/(gains) on cash flow hedges transferred to the income statement	4,593	(1,978)	n.m.	8,396	(1,492)	n.m.
Tax on fair value gains and losses	1,306	(584)	n.m.	680	(2,737)	n.m.
Foreign currency translation adjustments	(32,423)	(43,506)	(25.5%)	(27,320)	(31,707)	(13.8%)
Other comprehensive income for the period, net of tax	(27,905)	(40,400)	(30.9%)	(19,472)	(20,092)	(3.1%)
Total comprehensive income for the period	75,941	63,754	19.1%	18,983	32,931	(42.4%)
Total comprehensive income attributable to:						
Owners of the Company	74,823	61,273	22.1%	19,896	31,814	(37.5%)
Non-controlling interests	1,118	2,481	(54.9%)	(913)	1,117	n.m.
	75,941	63,754	19.1%	18,983	32,931	(42.4%)

n.m. – not meaningful

Additional Information

	Group					
	6M 2013	6M 2012	Change	2Q 2013	2Q 2012	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	143,123	139,354	2.7%	56,169	65,146	(13.8%)
Depreciation and amortisation	13,667	12,100	13.0%	6,897	6,036	14.3%
EBITDA	156,790	151,454	3.5%	63,066	71,182	(11.4%)
EBITDA margin	53.3%	47.7%		52.7%	46.7%	

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	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Biological assets	916,320	844,023	-	-
Plasma plantation receivables	48,947	44,264	-	-
Property, plant and equipment	356,639	321,217	10,609	11,071
Land use rights	46,962	40,775	-	-
Investment in subsidiaries	-	-	370,013	297,617
Goodwill	77,584	32,530	-	-
Other intangible assets	74,409	74,304	375	287
Tax recoverable	2,418	6,727	-	-
Deferred tax assets	3,714	2,577	-	-
Loans to subsidiaries	-	-	435,029	193,330
Derivative financial assets	-	1,136	-	657
Other non-current assets	2,811	2,627	-	-
Total non-current assets	1,529,804	1,370,180	816,026	502,962
Current assets				
Inventories	67,326	57,929	-	-
Loan to subsidiary	-	-	600	750
Trade receivables	13,880	24,903	1,646	5,037
Other receivables	18,213	10,127	612	3,127
Derivative financial assets	10,313	25,812	-	14
Advances for purchase of plant, property and equipment	8,622	8,480	638	319
Other advances and prepayments	8,811	18,604	39	10,459
Prepaid taxes	26,390	10,127	-	-
Advance subscription for shares in subsidiary	-	-	82,778	82,778
Cash and bank balances	277,343	404,738	58,203	130,084
Total current assets	430,898	560,720	144,516	232,568
Total assets	1,960,702	1,930,900	960,542	735,530

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

	Group		Company	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade payables	35,804	20,879	9	129
Other payables and accruals	36,711	38,430	14,655	6,974
Advances from customers	200	6,302	-	-
Loans and borrowings from financial institutions	16,836	40,202	16	17
Derivative financial liabilities	1,086	2,804	107	42
Provision for tax	10,656	22,080	-	1
Total current liabilities	101,293	130,697	14,787	7,163
Non-current liabilities				
Loans and borrowings from financial institutions	2,923	174,127	-	7
Islamic medium term notes	500,104	323,839	500,104	323,839
Derivative financial liabilities	9,283	1,366	9,283	1,366
Provision for post-employment benefits	13,975	13,041	-	-
Deferred tax liabilities	135,079	130,258	1,618	844
Total non-current liabilities	661,364	642,631	511,005	326,056
Total liabilities	762,657	773,328	525,792	333,219
Net assets	1,198,045	1,157,572	434,750	402,311
EQUITY				
Share capital	394,913	394,913	394,913	394,913
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	-	-
Other reserves	(73,529)	(47,085)	14,815	2,150
Retained earnings	789,347	723,548	25,022	5,248
Equity attributable to owners of the Company	1,145,747	1,106,392	434,750	402,311
Non-controlling interests	52,298	51,180	-	-
Total equity	1,198,045	1,157,572	434,750	402,311

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 30 Jun 2013			As at 31 Dec 2012		
	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	16,836	-	16,836	40,202	-	40,202
Amount repayable after one year	2,923	500,104	503,027	174,127	323,839	497,966
Total	19,759	500,104	519,863	214,329	323,839	538,168

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

	Group			
	6M 2013	6M 2012	2Q 2013	2Q 2012
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	127,766	134,228	47,073	68,142
Adjustments for:				
Depreciation of property, plant and equipment	12,703	11,230	6,393	5,603
Amortisation of land use rights and intangible assets	964	870	504	433
Financial expenses	12,888	10,659	6,572	4,554
Interest income	(1,750)	(788)	(1,002)	(393)
Losses/(gains) on derivative financial instruments	4,326	524	2,688	(5,766)
Operating cash flows before changes in working capital	156,897	156,723	62,228	72,573
Changes in working capital:				
Inventories	(7,663)	(8,797)	(15,595)	(8,021)
Trade receivables	11,033	(457)	12,835	(4,080)
Other receivables	(8,086)	(2,341)	(6,099)	(2,942)
Advances and prepayments	10,025	(2,562)	(1,106)	(642)
Prepaid taxes	(310)	(6,289)	4,523	(4,967)
Other non-current assets	(184)	(1,364)	(100)	50
Trade payables	14,367	15,543	2,683	6,346
Other payables and accruals	(11,810)	(4,608)	(13,837)	(2,907)
Advances from customers	(7,200)	(1,156)	(1,811)	5,855
Provision for post-employment benefits	934	746	441	270
Unrealised translation differences	(1,450)	(8,631)	(327)	(4,084)
Cash flows generated from operations	156,553	136,807	43,835	57,451
Financial expenses paid	(12,689)	(13,907)	(5,790)	(5,889)
Interest income received	1,762	788	1,025	394
Tax paid	(39,894)	(36,324)	(29,583)	(26,510)
Net cash generated from operating activities	105,732	87,364	9,487	25,446

1(c) Statement of cash flows (continued)

	Group			
	6M 2013	6M 2012	2Q 2013	2Q 2012
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on biological assets	(42,302)	(20,365)	(19,799)	(4,352)
Capital expenditure on property, plant and equipment	(43,173)	(37,592)	(24,873)	(21,465)
Increase in advances for purchase of property, plant and equipment	(142)	(3,971)	(271)	(1,195)
(Increase)/decrease in plasma plantation receivables	(4,791)	9,571	(964)	1,129
Acquisition of land use rights	(1,598)	(23,584)	(175)	(23,557)
Acquisition of other intangible assets	(164)	-	(137)	-
Net cash outflow on acquisition of subsidiaries	(64,913)	-	(5,552)	-
Net cash used in investing activities	(157,083)	(75,941)	(51,771)	(49,440)
Cash flows from financing activities				
Settlement of derivative financial instruments, net	-	(3,489)	-	(2,208)
Redemption of convertible bonds	-	(409)	-	(409)
(Repayment of)/proceeds from bank loans, net	(235,296)	28,089	(170,101)	14,007
Proceeds from issuance of Islamic medium term notes, net	197,237	-	197,237	-
Payment of obligations under finance leases	(1,566)	(1,470)	(801)	(743)
Decrease in restricted cash balances	2,293	5,992	337	14,932
Dividends paid	(35,468)	(30,739)	(35,468)	(30,739)
Proceeds from equity contribution by non-controlling interests	-	103	-	-
Net cash used in financing activities	(72,800)	(1,923)	(8,796)	(5,160)
Net (decrease)/increase in cash and cash equivalents	(124,151)	9,500	(51,080)	(29,154)
Effect of exchange rate changes on cash and cash equivalents	(951)	250	(762)	(627)
Cash and cash equivalents, at the beginning of the financial period	391,794	194,483	318,534	234,014
Cash and cash equivalents, at the end of the financial period (Note A)	266,692	204,233	266,692	204,233
<u>Note A</u>				
Reconciliation of cash and cash equivalents :				
Cash at banks and on hand	146,243	186,565	146,243	186,565
Time deposits	120,449	17,668	120,449	17,668
Cash and cash equivalents	266,692	204,233	266,692	204,233
Cash held by financial institutions, restricted	10,651	9,931	10,651	9,931
Cash and bank balances	277,343	214,164	277,343	214,164

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 -----							Total equity
	Share capital	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	Non-controlling interests	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
At 1 Jan 2013	394,913	35,016	(47,085)	-	723,548	1,106,392	51,180	1,157,572
Total comprehensive income for the period	-	-	(26,444)	-	101,267	74,823	1,118	75,941
Dividends paid	-	-	-	-	(35,468)	(35,468)	-	(35,468)
At 30 Jun 2013	394,913	35,016	(73,529)	-	789,347	1,145,747	52,298	1,198,045
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	-	-	(38,418)	-	99,691	61,273	2,481	63,754
Dividends paid	-	-	-	-	(30,739)	(30,739)	-	(30,739)
Issue of shares upon conversion of convertible bonds	104,601	-	-	(13,706)	-	90,895	-	90,895
Gain on redemption of convertible bonds	-	-	-	(56)	56	-	-	-
Equity contribution by non-controlling interests	-	-	-	-	-	-	103	103
At 30 Jun 2012	394,913	35,016	(26,165)	-	602,358	1,006,122	46,244	1,052,366
At 1 Apr 2013	394,913	35,016	(55,726)	-	787,116	1,161,319	53,211	1,214,530
Total comprehensive income for the period	-	-	(17,803)	-	37,699	19,896	(913)	18,983
Dividends paid	-	-	-	-	(35,468)	(35,468)	-	(35,468)
At 30 Jun 2013	394,913	35,016	(73,529)	-	789,347	1,145,747	52,298	1,198,045
At 1 Apr 2012	301,652	35,016	(7,242)	12,267	582,304	923,997	45,127	969,124
Total comprehensive income for the period	-	-	(18,923)	-	50,737	31,814	1,117	32,931
Dividends paid	-	-	-	-	(30,739)	(30,739)	-	(30,739)
Issue of shares upon conversion of convertible bonds	93,261	-	-	(12,211)	-	81,050	-	81,050
Gain on redemption of convertible bonds	-	-	-	(56)	56	-	-	-
At 30 Jun 2012	394,913	35,016	(26,165)	-	602,358	1,006,122	46,244	1,052,366

1(d)(i) Statement of changes in equity (continued)

Company	Share capital	Other reserves	Equity component of convertible bonds	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2013	394,913	2,150	-	5,248	402,311
Total comprehensive income for the period	-	12,665	-	55,242	67,907
Dividends paid	-	-	-	(35,468)	(35,468)
At 30 Jun 2013	394,913	14,815	-	25,022	434,750
At 1 Jan 2012	290,312	10,715	13,762	47,017	361,806
Total comprehensive income for the period	-	-	-	(4,746)	(4,746)
Dividends paid	-	-	-	(30,739)	(30,739)
Issue of shares upon conversion of convertible bonds	104,601	-	(13,706)	-	90,895
Gain on redemption of convertible bonds	-	-	(56)	56	-
At 30 Jun 2012	394,913	10,715	-	11,588	417,216
At 1 Apr 2013	394,913	1,853	-	3,028	399,794
Total comprehensive income for the period	-	12,962	-	57,462	70,424
Dividends paid	-	-	-	(35,468)	(35,468)
At 30 Jun 2013	394,913	14,815	-	25,022	434,750
At 1 Apr 2012	301,652	10,715	12,267	46,340	370,974
Total comprehensive income for the period	-	-	-	(4,069)	(4,069)
Dividends paid	-	-	-	(30,739)	(30,739)
Issue of shares upon conversion of convertible bonds	93,261	-	(12,211)	-	81,050
Gain on redemption of convertible bonds	-	-	(56)	56	-
At 30 Jun 2012	394,913	10,715	-	11,588	417,216

Other Reserves

	Group			Company		
	As at			As at		
	30 Jun 2013	31 Dec 2012	30 Jun 2012	30 Jun 2013	31 Dec 2012	30 Jun 2012
	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	10,920	6,312	5,714	4,100	(8,565)	-
Foreign translation reserve	(65,954)	(34,902)	(13,384)	393	393	393
Total other reserves	(73,529)	(47,085)	(26,165)	14,815	2,150	10,715

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	
	30 Jun 2013	30 Jun 2012
Number of issued shares excluding treasury shares		
At 1 April	1,584,072,969	1,482,620,741
Issue of shares upon conversion of convertible bonds	-	101,452,228
At 30 June	1,584,072,969	1,584,072,969

The Company did not hold any treasury shares and there were no shares that may be issued upon conversion of any outstanding convertibles as at 30 June 2013 and 30 June 2012.

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 30 June 2013 and 31 December 2012 were 1,584,072,969.

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 2012 except for the new and revised standards that are effective for annual periods beginning as of 1 January 2013. The adoption of these standards 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			
	6M 2013	6M 2012	2Q 2013	2Q 2012
Weighted average number of shares applicable to basic EPS computation	1,584,072,969	1,516,595,899	1,584,072,969	1,577,605,897
Weighted average number of shares based on fully diluted basis	1,584,072,969	1,516,595,899	1,584,072,969	1,577,605,897
EPS - basic (US cents)	6.39	6.57	2.38	3.26
EPS - diluted (US cents)	6.39	6.57	2.38	3.26

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	
	30 Jun 2013	31 Dec 2012	30 Jun 2013	31 Dec 2012
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.72	0.70	0.27	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

	6M 2013	6M 2012	Change	2Q 2013	2Q 2012	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- 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%)

Note: Sales volume include inter-segment sales

SALES

	6M 2013	6M 2012	Change	2Q 2013	2Q 2012	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	247,787	222,821	11.2%	113,126	113,464	(0.3%)
- Palm kernel	17,887	27,524	(35.0%)	8,940	11,297	(20.9%)
	265,674	250,345	6.1%	122,066	124,761	(2.2%)
Refinery and Processing	84,449	137,927	(38.8%)	33,107	67,994	(51.3%)
Inter-segment elimination	(55,803)	(70,746)	(21.1%)	(35,495)	(40,171)	(11.6%)
Total Sales	294,320	317,526	(7.3%)	119,678	152,584	(21.6%)

EBITDA

	6M 2013	6M 2012	Change	2Q 2013	2Q 2012	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	138,925	142,493	(2.5%)	62,831	70,379	(10.7%)
Refinery and Processing	11,175	10,296	8.5%	2,111	4,500	(53.1%)
Inter-segment elimination	6,690	(1,335)	n.m.	(1,876)	(3,697)	(49.3%)
Total EBITDA	156,790	151,454	3.5%	63,066	71,182	(11.4%)

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$101.3 million in 6M2013, up 1.6% against 6M2012 and a 2.7% increase in profit from operations to US\$143.1 million. For 2Q2013, net profit decreased by 25.7% to US\$37.7 million while profit from operations decreased by 13.8% to US\$56.2 million.

Sales

Sales decreased by 7.3% to US\$294.3 million in 6M2013. For 2Q2013, sales decreased by 21.6% to US\$119.7 million, mainly due to the lower sales volumes and average selling prices from the Refinery and Processing segment.

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. The Group's cost of sales decreased by 13.3% to US\$117.7 million in 6M2013 and 26.0% to US\$48.1 million in 2Q2013. This was mainly due to the decrease in purchases of palm oil products from third parties, partially offset by higher fertiliser costs and wages (due to the larger scale of operations and wage inflation) and the increase in purchases of FFB from third parties (including plasma farmers).

Gross Profit

Gross profit decreased by 2.8% to US\$176.7 million in 6M2013 and 18.3% to US\$71.5 million in 2Q2013, mainly due to the lower average selling prices from the Refinery and Processing segment. Gross profit margin came in at 60.0% in 6M2013 as compared to 57.3% in the corresponding period last year. For 2Q2013, gross profit margin came in at 59.8% as compared to 57.4% in 2Q2012. The higher gross profit margin was mainly due to the decrease in purchases of palm oil products from third parties.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly export taxes, freight charges and warehousing charges, totaled US\$18.1 million in 6M2013 (6M2012: US\$27.8 million) and US\$8.0 million in 2Q2013 (2Q2012: US\$14.2 million). The decrease in selling and distribution expenses was mainly due to the lower export tax rates applicable during 2013.

General and Administrative expenses

General and administrative expenses, comprising professional fees, remuneration of office staff, licences and software fees, increased by 4.8% to US\$14.6 million in 6M2013. This increase was largely due to higher remuneration costs and other administrative expenses as the Group scaled up its operations. For 2Q2013, general and administrative expenses decreased by 11.6% to US\$6.9 million as compared to 2Q2012.

EBITDA

The Group's EBITDA came in at US\$156.8 million in 6M2013, an increase of 3.5% as compared to the corresponding period last year. In 2Q2013, EBITDA fell by 11.4% to US\$63.1 million as compared to 2Q2012, mainly due to the lower average selling prices from the Refinery and Processing segment as well as the higher buildup in inventory.

8. Review of Group Performance (continued)

Depreciation and Amortisation

Depreciation and amortisation increased by 13.0% to US\$13.7 million in 6M2013 and 14.3% to US\$6.9 million in 2Q2013. The increase was largely due to the higher depreciation from the Group's new palm oil mills and other property, plant and equipment.

Gains/(Losses) on Foreign Exchange

The Group recorded gains on foreign exchange of US\$0.7 million in 6M2013 and losses of US\$0.6 million in 2Q2013, as compared to gains of US\$4.2 million in 6M2012 and US\$1.1 million in 2Q2012. The gains/(losses) on foreign exchange arose mainly from the impact of foreign currency movements on the Group's monetary assets.

(Losses)/Gains on Derivative Financial Instruments

The Group recorded losses on derivative financial instruments of US\$4.3 million in 6M2013 and US\$2.7 million in 2Q2013, as compared to losses of US\$0.5 million in 6M2012 and gains of US\$5.8 million in 2Q2012. These arose mainly from financial instruments entered into by the Group to hedge its exposure to foreign exchange and commodity price movements during the course of its business.

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.

Net financial expenses totaled US\$11.1 million in 6M2013, up 12.8% as compared to the corresponding period last year. In 2Q2013, net financial expenses amounted to US\$5.6 million, an increase of 33.9% from 2Q2012. The higher financial expenses was mainly due to the issuances of the Islamic medium term notes as well as the write-off of unamortised issuance costs as a result of the early repayment of bank loans during 2Q2013.

The following table reflects the computation of net financial expenses:

	6M 2013	6M 2012	2Q 2013	2Q 2012
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expense and amortisation on:				
- Rupiah bonds payable	-	2,830	-	1,400
- convertible bonds	-	2,163	-	103
- loans and borrowings from financial institutions	6,627	8,211	3,202	4,293
Profit distribution and amortisation on Islamic medium term notes	6,326	-	3,411	-
Loss on redemption of convertible bonds	-	35	-	35
	12,953	13,239	6,613	5,831
Less:				
Capitalised to biological assets	(65)	(2,580)	(41)	(1,277)
	12,888	10,659	6,572	4,554
Interest income	(1,750)	(788)	(1,002)	(393)
Net financial expenses	11,138	9,871	5,570	4,161

8. Review of Group Performance (continued)

Tax Expense and Net Profit

Tax expenses decreased by 20.5% to US\$23.9 million in 6M2013 and 43.0% to US\$8.6 million in 2Q2013, generally in line with the lower taxable income as well as the reduction in effective tax rate of the Group. As a result of the foregoing, profit attributable to owners of the Company increased marginally by 1.6% to US\$101.3 million in 6M2013 and decreased by 25.7% to US\$37.7 million in 2Q2013.

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,930.9 million as at 31 December 2012 to US\$1,960.7 million as at 30 June 2013. The Group's non-current assets increased by US\$159.6 million mainly due to the additions to biological assets, land use rights, palm oil mill and provisional goodwill arising from the acquisition of Lynhurst Investment Pte. Ltd. and its subsidiary during the period, as well as the Group's consistent planting programme and capital expenditure in relation to the construction of palm oil mills, processing facilities and other property, plant and equipment. The Group's current assets decreased by 23.2% to US\$430.9 million mainly due to the reduction in cash and bank balances.

Total liabilities of the Group decreased marginally by 1.4% from US\$773.3 million as at 31 December 2012 to US\$762.7 million as at 30 June 2013.

Gross borrowings decreased by US\$18.3 million to US\$519.9 million as at 30 June 2013 (31 December 2012: US\$538.2 million) as a result of the early repayment of bank loans, partially offset by the additional issuance of Islamic medium term notes during 2Q2013. Taking into consideration the reduction in cash and bank balances during the period, net borrowings increased from US\$133.4 million as at 31 December 2012 to US\$242.5 million as at 30 June 2013. However, net gearing remains at a healthy level of 0.20x (31 December 2012: 0.12x).

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$105.7 million from its operating activities in 6M2013 as compared to US\$87.4 million in 6M2012. In 2Q2013, net cash generated from operating activities amounted to US\$9.5 million as compared to US\$25.4 million in 2Q2012, mainly due to the lower average selling prices from the Refinery and Processing segment as well as the higher buildup in inventory during the period.

Net cash used in investing activities in 6M2013 was US\$157.1 million as compared to US\$75.9 million in 6M2012. In 2Q2013, net cash used in investing activities was US\$51.8 million as compared to US\$49.4 million in 2Q2012. The cash was used primarily for the Group's continued capital expenditure on oil palm plantations, palm oil mills and other plant and equipment. In addition, the higher cash used in investing activities in 6M2013 also included US\$64.9 million for the acquisition of Lynhurst Investment Pte. Ltd. and its subsidiary.

Net cash used in financing activities in 6M2013 was US\$72.8 million as compared to US\$1.9 million in 6M2012. For 2Q2013, the net cash used in financing activities was US\$8.8 million as compared to US\$5.2 million in 2Q2012. This included net repayment of bank loans amounting to US\$170.1 million and dividends paid of US\$35.5 million in 2Q2013, partially offset by US\$197.2 million of net proceeds received from the additional issuance of Islamic medium term notes during 2Q2013.

Overall, the Group registered a decrease in cash and cash equivalents of US\$124.2 million in 6M2013, bringing the Group's cash and bank balances to US\$277.3 million as at 30 June 2013.

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

Average crude palm oil prices (CIF Rotterdam basis) for 1H2013 declined by 23% from US\$1,094 per tonne in 1H2012 to US\$846 per tonne in 1H2013. However, the Group's performance during 1H2013 was supported by realisation of some forward sales. Palm oil prices continue to be under pressure on overall slower demand growth in key markets in Asia and Europe as well as strong supply outlook from other edible oils.

On the production front, the Group expects production to improve in the third and fourth quarters of this year due to seasonality. The Group's production growth over the forthcoming years will also be enhanced by continual yields improvements in newly acquired assets as a result of our rehabilitation programme. Recent weakness in the Indonesian Rupiah relative to the US Dollar is expected to benefit the Group as our revenue is mainly denominated in US Dollar while a substantial portion of our cost is denominated in Indonesian Rupiah. Furthermore, developments in the fertiliser industry may bring about favourable purchase prices for fertiliser users in the future.

Despite lower palm oil prices, the Group remains positive on the longer term outlook of the palm oil industry and will continue to invest for the long-term.

11. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount per Share	1.25 Singapore cents
Tax Rate	1-tier tax-exempt

(b) Corresponding period of the immediately preceding financial year

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

Yes.

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount per Share	1.25 Singapore cents
Tax Rate	1-tier tax-exempt

(c) Date payable

18 September 2013.

11. Dividends (continued)

(d) Books closure date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 3 September 2013 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 2 September 2013 will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 2 September 2013 will be entitled to the interim dividend.

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

Not applicable.

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 second quarter ended 30 June 2013 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
13 August 2013