



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Third Quarter (“3Q”) and Nine Months (“9M”) Ended 30 September 2011

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					
	9M 2011	9M 2010	Change	3Q 2011	3Q 2010	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	336,382	212,205	58.5%	145,281	88,153	64.8%
Cost of sales	(102,387)	(76,470)	33.9%	(47,817)	(25,752)	85.7%
Gross profit	233,995	135,735	72.4%	97,464	62,401	56.2%
Selling and distribution costs	(37,653)	(2,466)	1,426.9%	(13,932)	(1,352)	930.5%
General and administrative expenses	(12,487)	(8,657)	44.2%	(5,138)	(3,209)	60.1%
Other operating expenses	(1,213)	(782)	55.1%	(466)	(270)	72.6%
Profit from operations	182,642	123,830	47.5%	77,928	57,570	35.4%
(Losses)/gains on foreign exchange	(3,068)	(1,082)	183.5%	(1,797)	744	n.m.
Gains on derivative financial instruments	14,030	5,805	141.7%	9,227	2,212	317.1%
Net financial expenses	(20,474)	(24,107)	(15.1%)	(7,297)	(6,449)	13.1%
Other non-operating (expenses)/income	(535)	540	n.m.	(374)	(59)	533.9%
Profit before taxation	172,595	104,986	64.4%	77,687	54,018	43.8%
Tax expense	(47,926)	(28,377)	68.9%	(23,572)	(15,055)	56.6%
Profit for the period	124,669	76,609	62.7%	54,115	38,963	38.9%
Profit attributable to :						
Owners of the Company	118,599	72,617	63.3%	51,327	36,907	39.1%
Non-controlling interests	6,070	3,992	52.1%	2,788	2,056	35.6%
	124,669	76,609	62.7%	54,115	38,963	38.9%

n.m. – not meaningful

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

	Group					
	9M 2011	9M 2010	Change	3Q 2011	3Q 2010	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	124,669	76,609	62.7%	54,115	38,963	38.9%
Other comprehensive income						
Fair value losses on available-for-sale financial assets transferred to the income statement	-	88	(100.0%)	-	-	n.m.
Fair value gains on cash flow hedges	20,519	-	n.m.	5,543	-	n.m.
Fair value gains on cash flow hedges transferred to the income statement	(1,316)	-	n.m.	(760)	-	n.m.
Tax on fair value gains and losses	(4,276)	-	n.m.	(1,309)	-	n.m.
Foreign currency translation adjustments	13,373	34,157	(60.8%)	(22,515)	11,963	n.m.
Total comprehensive income for the period	152,969	110,854	38.0%	35,074	50,926	(31.1%)
Total comprehensive income attributable to :						
Owners of the Company	146,238	106,862	36.8%	32,128	48,870	(34.3%)
Non-controlling interests	6,731	3,992	68.6%	2,946	2,056	43.3%
	152,969	110,854	38.0%	35,074	50,926	(31.1%)

n.m. – not meaningful

Additional Information

	Group					
	9M 2011	9M 2010	Change	3Q 2011	3Q 2010	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	182,642	123,830	47.5%	77,928	57,570	35.4%
Depreciation of property, plant and equipment	15,587	10,469	48.9%	5,536	4,495	23.2%
Amortisation of land use rights and intangible assets	1,410	813	73.4%	536	281	90.7%
EBITDA	199,639	135,112	47.8%	84,000	62,346	34.7%
EBITDA margin	59.3%	63.7%		57.8%	70.7%	

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 Sep 2011	31 Dec 2010	30 Sep 2011	31 Dec 2010
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Biological assets	744,820	668,885	-	-
Plasma plantation receivables	15,988	15,925	-	-
Property, plant and equipment	262,964	214,857	12,631	322
Land use rights	37,802	33,585	-	-
Investment in subsidiaries	-	-	286,984	276,984
Goodwill	21,789	7,073	-	-
Other intangible assets	46,982	19,457	-	-
Tax recoverable	278	3,212	-	-
Deferred tax assets	139	1,667	-	91
Derivative financial assets	12,925	11,765	12,764	9,732
Other non-current assets	1,126	1,057	-	525
Total non-current assets	1,144,813	977,483	312,379	287,654
Current assets				
Inventories	42,220	18,394	-	-
Trade receivables	22,484	10,501	19,736	847
Other receivables	4,120	3,152	8,482	1,013
Derivative financial assets	34,244	1,036	27,576	1,804
Advances for purchase of plant, property and equipment	11,203	10,709	-	-
Other advances and prepayments	8,280	3,862	294	12
Prepaid taxes	2,725	920	-	-
Advance subscription for shares in subsidiary	-	-	56,025	51,525
Cash and bank balances	164,301	209,031	66,963	83,587
Total current assets	289,577	257,605	179,076	138,788
Total assets	1,434,390	1,235,088	491,455	426,442

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

	Group		Company	
	30 Sep 2011	31 Dec 2010	30 Sep 2011	31 Dec 2010
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade payables	22,278	15,023	29,852	3,403
Other payables and accruals	17,555	21,020	2,334	2,743
Advances from customers	15,730	9,901	-	-
Loans and borrowings from financial institutions	35,181	13,933	15	14
Derivative financial liabilities	12,756	2,429	29,099	1,939
Provision for taxation	18,121	18,996	5,359	146
Total current liabilities	121,621	81,302	66,659	8,245
Non-current liabilities				
Loans and borrowings from financial institutions	164,837	150,791	27	38
Rupiah bonds payable	49,671	53,494	-	-
Liability component of convertible bonds	90,383	87,462	90,383	87,462
Derivative financial liabilities	3,692	10,696	12,764	9,732
Provision for post employment benefits	7,298	6,163	-	-
Deferred tax liabilities	115,991	99,763	7	-
Other non-current liabilities	-	500	-	500
Total non-current liabilities	431,872	408,869	103,181	97,732
Total liabilities	553,493	490,171	169,840	105,977
Net assets	880,897	744,917	321,615	320,465
EQUITY				
Share capital	288,735	288,735	288,735	288,735
Treasury shares	-	(6,816)	-	(6,816)
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	-	-
Other reserves	46,054	8,093	10,715	393
Equity component of convertible bonds	13,971	13,971	13,971	13,971
Retained earnings	455,533	371,454	8,194	24,182
Equity attributable to owners of the Company	839,309	710,453	321,615	320,465
Non-controlling interests	41,588	34,464	-	-
Total equity	880,897	744,917	321,615	320,465

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 Sep 2011			As at 31 Dec 2010		
	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	32,819	2,362	35,181	11,428	2,505	13,933
Amount repayable after one year	212,294	92,597	304,891	202,267	89,480	291,747
Total	245,113	94,959	340,072	213,695	91,985	305,680

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			
	9M 2011	9M 2010	3Q 2011	3Q 2010
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before taxation	172,595	104,986	77,687	54,018
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	15,587	10,469	5,536	4,495
Amortisation of land use rights and intangible assets	1,410	813	536	281
Interest expenses	21,325	22,635	7,633	6,655
Interest income	(968)	(657)	(336)	(206)
Loss on redemption of notes and Rupiah bonds payable	117	2,129	-	-
Gains on derivative financial instruments	(14,030)	(5,805)	(9,227)	(2,212)
Unrealised foreign exchange losses/(gains)	3,563	1,639	(3,682)	(1,058)
Operating cash flows before changes in working capital	199,599	136,209	78,147	61,973
<u>Changes in working capital</u>				
(Increase)/decrease:				
Inventories	(23,700)	(7,426)	3,610	(6,437)
Trade receivables	(11,983)	(5,692)	(87)	(4,581)
Other receivables	(1,971)	(320)	(2,012)	135
Advances and prepayments	(3,979)	(4,231)	808	259
Prepaid taxes	(1,995)	703	345	2,383
Other non-current assets	(69)	86	(21)	266
(Decrease)/increase:				
Trade payables	7,166	8,086	2,775	(2,958)
Other payables and accruals	(7,728)	(7,050)	(673)	(563)
Advances from customers	5,829	5,384	15,431	7,740
Provision for post-employment benefits	1,135	842	146	342
Cash flows generated from operations	162,304	126,591	98,469	58,559
Interest paid	(24,130)	(23,266)	(9,520)	(8,903)
Interest received	983	681	355	196
Tax paid	(35,301)	(28,497)	(10,185)	(8,754)
Net cash generated from operating activities	103,856	75,509	79,119	41,098

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

	Group			
	9M 2011	9M 2010	3Q 2011	3Q 2010
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on property, plant and equipment	(57,693)	(28,802)	(27,407)	(10,127)
(Increase)/decrease in advances for purchase of property, plant and equipment	(494)	(6,615)	12,466	(839)
Capital expenditure on biological assets	(58,976)	(38,746)	(17,944)	(10,458)
(Increase)/decrease in plasma plantation receivables	(63)	1,924	1,342	(39)
Acquisition of intangible assets	(2,059)	(218)	(389)	(117)
Acquisition of land use rights	-	(2,018)	-	(2,018)
Net cash outflow on acquisition of subsidiaries	(38,245)	-	-	-
Proceeds from disposal of available-for-sale financial assets	-	7,959	-	-
Net cash used in investing activities	(157,530)	(66,516)	(31,932)	(23,598)
Cash flows from financing activities				
Proceeds from cross currency swap, net	1,830	1,726	577	590
Redemption of notes payable and Rupiah bonds payable	(5,117)	(141,239)	-	-
Proceeds from/(repayment of) bank loans, net	32,045	132,609	1,070	(1,693)
(Increase)/decrease in restricted cash balances	(5,413)	-	16	-
Payment of obligations under capital leases	(1,865)	(1,130)	(725)	(413)
Payment of consumer financing loans	(358)	(436)	(52)	(164)
Dividends paid	(35,226)	(24,107)	(12,801)	(11,658)
Proceeds from sale of treasury shares	17,138	-	-	-
Share application monies	-	25	-	22
Net cash generated from/(used in) financing activities	3,034	(32,552)	(11,915)	(13,316)
Net (decrease)/increase in cash and cash equivalents	(50,640)	(23,559)	35,272	4,184
Effect of exchange rate changes on cash and cash equivalents	497	1,133	724	918
Cash and cash equivalents, at the beginning of the financial period	204,931	168,999	118,792	141,471
Cash and cash equivalents, at the end of the financial period (Note A)	154,788	146,573	154,788	146,573
<u>Note A</u>				
Reconciliation of cash and cash equivalents :				
Cash at banks and on hand	133,434	49,249	133,434	49,249
Time deposits	21,354	97,324	21,354	97,324
Cash and cash equivalents	154,788	146,573	154,788	146,573
Cash at banks, restricted	-	11,165	-	11,165
Cash held by financial institutions, restricted	9,513	-	9,513	-
Cash and bank balances	164,301	157,738	164,301	157,738

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		
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	-	-	-	27,639	-	118,599	146,238	6,731	152,969
Dividends paid	-	-	-	-	-	(34,520)	(34,520)	(706)	(35,226)
Acquisition of subsidiaries	-	-	-	-	-	-	-	1,099	1,099
Sale of treasury shares	-	6,816	-	10,322	-	-	17,138	-	17,138
At 30 Sep 2011	288,735	-	35,016	46,054	13,971	455,533	839,309	41,588	880,897
At 1 Jan 2010	288,735	(6,816)	35,066	(18,851)	13,971	251,573	563,678	29,113	592,791
Total comprehensive income for the period	-	-	-	34,245	-	72,617	106,862	3,992	110,854
Dividends paid	-	-	-	-	-	(23,253)	(23,253)	(854)	(24,107)
Share application monies	-	-	-	-	-	-	-	25	25
At 30 Sep 2010	288,735	(6,816)	35,066	15,394	13,971	300,937	647,287	32,276	679,563
At 1 Jul 2011	288,735	-	35,016	65,253	13,971	416,301	819,276	39,348	858,624
Total comprehensive income for the period	-	-	-	(19,199)	-	51,327	32,128	2,946	35,074
Dividends paid	-	-	-	-	-	(12,095)	(12,095)	(706)	(12,801)
At 30 Sep 2011	288,735	-	35,016	46,054	13,971	455,533	839,309	41,588	880,897
At 1 Jul 2010	288,735	(6,816)	35,066	3,431	13,971	274,894	609,281	30,992	640,273
Total comprehensive income for the period	-	-	-	11,963	-	36,907	48,870	2,056	50,926
Dividends paid	-	-	-	-	-	(10,864)	(10,864)	(794)	(11,658)
Share application monies	-	-	-	-	-	-	-	22	22
At 30 Sep 2010	288,735	(6,816)	35,066	15,394	13,971	300,937	647,287	32,276	679,563

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

Company	Share capital	Treasury shares	Other reserves	Equity component of convertible bonds	Retained earnings/ (Accumulated losses)	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2011	288,735	(6,816)	393	13,971	24,182	320,465
Total comprehensive income for the period	-	-	-	-	18,532	18,532
Dividends paid	-	-	-	-	(34,520)	(34,520)
Sale of treasury shares	-	6,816	10,322	-	-	17,138
At 30 Sep 2011	288,735	-	10,715	13,971	8,194	321,615
At 1 Jan 2010	288,735	(6,816)	305	13,971	13,273	309,468
Total comprehensive income for the period	-	-	88	-	8,559	8,647
Dividends paid	-	-	-	-	(23,253)	(23,253)
At 30 Sep 2010	288,735	(6,816)	393	13,971	(1,421)	294,862
At 1 Jul 2011	288,735	-	10,715	13,971	3,928	317,349
Total comprehensive income for the period	-	-	-	-	16,361	16,361
Dividends paid	-	-	-	-	(12,095)	(12,095)
At 30 Sep 2011	288,735	-	10,715	13,971	8,194	321,615
At 1 Jul 2010	288,735	(6,816)	393	13,971	(1,721)	294,562
Total comprehensive income for the period	-	-	-	-	11,164	11,164
Dividends paid	-	-	-	-	(10,864)	(10,864)
At 30 Sep 2010	288,735	(6,816)	393	13,971	(1,421)	294,862

Other Reserves

	Group			Company		
	As at			As at		
	30 Sep 2011	31 Dec 2010	30 Sep 2010	30 Sep 2011	31 Dec 2010	30 Sep 2010
	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	-	-	-
Hedging reserve	11,957	(2,309)	-	-	-	-
Gain on sale of treasury shares	10,322	-	-	10,322	-	-
Foreign translation reserve	52,592	39,219	44,211	393	393	393
Total other reserves	46,054	8,093	15,394	10,715	393	393

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

There were no changes to the Company's issued and paid up share capital in the three months ended 30 September 2011.

	Company	
	As at	
	30 Sep 2011	30 Sep 2010
Number of shares held as treasury shares	-	15,000,000
Number of issued shares excluding treasury shares	1,468,459,221	1,453,459,221
Total number of issued shares	1,468,459,221	1,468,459,221
Number of shares that may be issued on conversion of outstanding convertible bonds	116,078,086	116,078,086

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 September 2011 and 31 December 2010 is 1,468,459,221 and 1,453,459,221 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

	Company	
	No. of shares	US\$'000
Balance as at 1 January 2011	15,000,000	6,816
Sale of treasury shares	(15,000,000)	(6,816)
Balance as at 30 September 2011	-	-

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 a 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 2010 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 2011. 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

The Group has no dilutive potential ordinary shares as at 30 September 2011 and 2010.

	Group			
	9M 2011	9M 2010	3Q 2011	3Q 2010
Weighted average number of shares applicable to basic EPS computation	1,467,470,210	1,453,459,221	1,468,459,221	1,453,459,221
EPS - basic (US cents)	8.08	5.00	3.50	2.54
EPS - diluted (US cents)	8.08	5.00	3.50	2.54

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 Sep 2011	31 Dec 2010	30 Sep 2011	31 Dec 2010
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.57	0.49	0.22	0.22

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

	9M 2011	9M 2010	Change	3Q 2011	3Q 2010	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	293,135	263,881	11.1%	115,239	108,046	6.7%
- Palm kernel	69,188	58,126	19.0%	27,993	24,928	12.3%
Refinery and Processing	88,562	11,000	705.1%	45,865	5,000	817.3%

Note: Sales volume include inter-segment sales

SALES

	9M 2011	9M 2010	Change	3Q 2011	3Q 2010	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	269,752	192,056	40.5%	111,167	79,802	39.3%
- Palm kernel	42,337	25,170	68.2%	12,399	12,048	2.9%
	312,089	217,226	43.7%	123,566	91,850	34.5%
Refinery and Processing	109,129	8,954	1,118.8%	57,425	4,384	1,209.9%
Inter-segment elimination	(84,836)	(13,975)	507.1%	(35,710)	(8,081)	341.9%
Total Sales	336,382	212,205	58.5%	145,281	88,153	64.8%

EBITDA

	9M 2011	9M 2010	Change	3Q 2011	3Q 2010	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	184,592	134,842	36.9%	72,888	61,182	19.1%
Refinery and Processing	15,047	270	5,473.0%	11,112	1,164	854.6%
Total EBITDA	199,639	135,112	47.8%	84,000	62,346	34.7%

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group posted a net profit of US\$51.3 million in 3Q2011, up 39.1% against 3Q2010 and a 35.4% increase in profit from operations to US\$77.9 million. For 9M2011, net profit increased by 63.3% to US\$118.6 million while profit from operations went up by 47.5% to US\$182.6 million. The strong performance was mainly driven by a combination of higher palm oil prices and sales volumes.

Sales

Sales grew by 64.8% to US\$145.3 million in 3Q2011 and 58.5% to US\$336.4 million in 9M2011 primarily on increased sales volumes and higher prices of crude palm oil and palm kernel for the Plantations and Palm Oil Mills segment. With increased production from the Group's biodiesel, refinery and fractionation plants, the Refinery and Processing segment contributed 31.7% and 25.9% to the Group's sales in 3Q2011 and 9M2011 respectively.

Cost of Sales

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, FFB purchases from plasma farmers, plantation general expenses and processing costs. The Group's cost of sales increased by 85.7% to US\$47.8 million in 3Q2011 and 33.9% to US\$102.4 million in 9M2011. These increases were mainly from higher infrastructure maintenance costs, wages (due to the larger scale of operations and wage inflation), and depreciation and processing cost of the biodiesel, refinery and fractionation plants. There was also an increase in value of purchase of FFB from plasma farmers, in line with the increase in sales volume.

Gross Profit

Gross profit grew by 56.2% to US\$97.5 million in 3Q2011 and 72.4% to US\$234.0 million in 9M2011, mainly driven by the higher selling prices achieved during the financial period.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly export taxes, freight charges and warehousing charges, increased to US\$13.9 million (3Q2010: US\$1.4 million) and US\$37.7 million (9M2010: US\$2.5 million) in 3Q2011 and 9M2011 respectively. Of these increases, US\$10.4 million in 3Q2011 and US\$31.6 million in 9M2011 was attributed to the increase in export taxes. The Group incurred higher export taxes due to the progressive CPO export tax rates applicable to the higher CPO prices, as well as 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 60.1% to US\$5.1 million in 3Q2011 and 44.2% to US\$12.5 million in 9M2011. The increase was largely due to higher remuneration costs as the Group scaled up its operations.

EBITDA

The Group's EBITDA grew by 34.7% to US\$84.0 million in 3Q2011 and 47.8% to US\$199.6 million in 9M2011. The growth came mainly from its Plantations and Palm Oil Mills segment, which contributed 86.8% and 92.5% to the Group's EBITDA in 3Q2011 and 9M2011 respectively.

8. Review of Group Performance (continued)

(Losses)/gains on Foreign Exchange

We recorded losses on foreign exchange of US\$1.8 million in 3Q2011 and US\$3.1 million in 9M2011, as compared to a gain of US\$0.7 million in 3Q2010 and a loss of US\$1.1 million in 9M2010. The losses on foreign exchange in 9M2011 were mainly due to the impact of foreign currency movements on the Group's monetary assets.

Gains on Derivative Financial Instruments

The Group recorded gains on derivative financial instruments of US\$9.2 million (3Q2011: US\$2.2 million) in 3Q2011 and US\$14.0 million (9M2010: US\$5.8 million) in 9M2011. These arose primarily 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 our immature plantations and property, plant and equipment.

Net financial expenses totaled US\$7.3 million in 3Q2011, an increase of 13.1% from 3Q2010 due to the draw-down of bank loans. In 9M2011, net financial expenses amounted to US\$20.5 million, a 15.1% reduction as compared to 9M2010. This was partly due to the Group's lower effective cost of borrowings post its liability management exercise in 2Q2010 when it refinanced its USD notes payable.

The following table reflects the computation of net financial expenses:

	9M 2011	9M 2010	3Q 2011	3Q 2010
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on:				
- notes payable	-	8,957	-	-
- Rupiah bonds payable	4,671	4,675	1,510	1,583
- convertible bonds payable	7,124	6,832	2,437	2,292
- loans and borrowings from financial institutions	13,628	5,555	4,775	3,592
	25,423	26,019	8,722	7,467
Less:				
Capitalised to biological assets	(4,060)	(2,484)	(1,082)	(759)
Capitalised to property, plant and equipment	(38)	(900)	(7)	(53)
Interest expenses recognised in profit or loss	21,325	22,635	7,633	6,655
Loss on redemption of notes and Rupiah bonds payable	117	2,129	-	-
Interest and other financial income	(968)	(657)	(336)	(206)
Net financial expenses	20,474	24,107	7,297	6,449

8. Review of Group Performance (continued)

Tax Expense and Net profit

Tax expense increased by 56.6% to US\$23.6 million in 3Q2011 and 68.9% to US\$47.9 million in 9M2011, in line with the higher taxable income. As a result of the foregoing, profit attributable to owners of the Company increased by 39.1% to US\$51.3 million in 3Q2011 and 63.3% to US\$118.6 million for 9M2011.

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,235.1 million as at 31 December 2010 to US\$1,434.4 million as at 30 September 2011. Non-current assets increased by US\$167.3 million mainly due to the additions to biological assets from the Group's planting programme, capital expenditure in relation to construction of palm oil mills and other plant and equipment, as well as the additions to land permit and goodwill from the acquisition of PT Kalimantan Green Persada in 2Q2011. The Group's current assets increased by 12.4% to US\$289.6 million as a result of higher inventories (as part of the palm oil production volumes has not been delivered as of end September 2011), trade receivables (in line with the higher sales during the current financial period) and derivative financial assets, partially offset by the reduction in cash and bank balances.

Total liabilities of the Group increased from US\$490.2 million as at 31 December 2010 to US\$553.5 million as at 30 September 2011, mainly due to higher deferred tax liabilities and draw-down of bank loans during the period.

The reduction in cash and bank balances and the increase in bank loans brought net borrowings from US\$96.6 million as at 31 December 2010 to US\$175.8 million as at 30 September 2011. However, net gearing remains at a healthy level of 0.20x (31 December 2010: 0.13x).

REVIEW OF CASH FLOW STATEMENT

The Group generated cash of US\$79.2 million from its operating activities in 3Q2011 compared to US\$41.1 million in 3Q2010. For 9M2011, net cash generated from operating activities amounted to US\$103.9 million, as compared to US\$75.5 million in 9M2010. The higher cash flows from operations was in line with the improved performance of the Group.

Net cash used in investing activities during 3Q2011 was US\$31.9 million, as compared to US\$23.6 million in 3Q2010. For 9M2011, net cash used in investing activities was US\$157.5 million, an increase of US\$91.0 million from the corresponding period last year. The cash was used primarily for the Group's continued capital expenditure on property, plant and equipment and oil palm plantations, in line with the Group's expansion plans. In addition, the higher cash used in investing activities in 9M2011 was also due to the acquisition of PT Kalimantan Green Persada during 2Q2011.

Net cash used in financing activities in 3Q2011 was US\$12.0 million (3Q2010: US\$13.3 million), mainly arising from the interim dividends paid during the quarter. In 9M2011, the Group generated net cash from financing activities of US\$3.0 million as compared to net cash used of US\$32.6 million in 9M2010. This was mainly contributed by the proceeds from sale of treasury shares and draw-down of bank loans during 9M2011, partially offset by the dividends paid during the period.

Overall, the net cash used in investing activities, partially offset by the cash flows generated from operating and financing activities, resulted in a net decrease in cash and cash equivalents of US\$50.6 million in 9M2011, bringing the Group's cash and bank balances to US\$164.3 million as at 30 September 2011.

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**

The Group's performance so far has been aided by firm palm oil prices and robust growth in production volumes from the Group's plantations. The Group expects palm oil prices to remain resilient for the rest of the year. On the production front, the Group expects volume growth to continue in the fourth quarter of this year, albeit at a slower pace as production has peaked seasonally in the third quarter. The overall volume growth and current price environment should enable the Group to record strong underlying performance in FY2011.

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 third quarter ended 30 September 2011 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

14 November 2011