



# FIRST RESOURCES LIMITED

## Unaudited Financial Statements for the Third Quarter (“3Q”) and Nine Months (“9M”) Ended 30 September 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					
	9M 2012	9M 2011	Change	3Q 2012	3Q 2011	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	469,305	336,382	39.5%	151,779	145,281	4.5%
Cost of sales	(179,267)	(102,387)	75.1%	(43,547)	(47,817)	(8.9%)
<b>Gross profit</b>	<b>290,038</b>	<b>233,995</b>	<b>24.0%</b>	<b>108,232</b>	<b>97,464</b>	<b>11.0%</b>
Selling and distribution costs	(39,919)	(37,653)	6.0%	(12,149)	(13,932)	(12.8%)
General and administrative expenses	(21,269)	(12,487)	70.3%	(7,375)	(5,138)	43.5%
Other operating expenses	(1,170)	(1,213)	(3.5%)	(382)	(466)	(18.0%)
<b>Profit from operations</b>	<b>227,680</b>	<b>182,642</b>	<b>24.7%</b>	<b>88,326</b>	<b>77,928</b>	<b>13.3%</b>
Gains/(losses) on foreign exchange	6,799	(3,068)	n.m.	2,558	(1,797)	n.m.
Gains on derivative financial instruments	834	14,030	(94.1%)	1,358	9,227	(85.3%)
Net financial expenses	(14,400)	(20,474)	(29.7%)	(4,529)	(7,297)	(37.9%)
Other non-operating income/(expenses)	865	(535)	n.m.	(163)	(374)	(56.4%)
<b>Profit before tax</b>	<b>221,778</b>	<b>172,595</b>	<b>28.5%</b>	<b>87,550</b>	<b>77,687</b>	<b>12.7%</b>
Tax expense	(50,190)	(47,926)	4.7%	(20,116)	(23,572)	(14.7%)
<b>Profit for the period</b>	<b>171,588</b>	<b>124,669</b>	<b>37.6%</b>	<b>67,434</b>	<b>54,115</b>	<b>24.6%</b>
<b>Profit attributable to :</b>						
Owners of the Company	163,994	118,599	38.3%	64,303	51,327	25.3%
Non-controlling interests	7,594	6,070	25.1%	3,131	2,788	12.3%
	<b>171,588</b>	<b>124,669</b>	<b>37.6%</b>	<b>67,434</b>	<b>54,115</b>	<b>24.6%</b>

n.m. – not meaningful

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

	Group					
	9M 2012	9M 2011	Change	3Q 2012	3Q 2011	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
<b>Profit for the period</b>	171,588	124,669	37.6%	67,434	54,115	24.6%
<b>Other comprehensive income</b>						
Fair value gains on cash flow hedges	9,018	20,519	(56.1%)	3,350	5,543	(39.6%)
Fair value gains on cash flow hedges transferred to the income statement	(3,849)	(1,316)	192.5%	(1,871)	(760)	146.2%
Tax on fair value gains and losses	(2,246)	(4,276)	(47.5%)	(1,662)	(1,309)	27.0%
Foreign currency translation adjustments	(55,179)	13,373	n.m.	(11,673)	(22,515)	(48.2%)
<b>Total comprehensive income for the period</b>	<b>119,332</b>	<b>152,969</b>	<b>(22.0%)</b>	<b>55,578</b>	<b>35,074</b>	<b>58.5%</b>
<b>Total comprehensive income attributable to :</b>						
Owners of the Company	114,020	146,238	(22.0%)	52,747	32,128	64.2%
Non-controlling interests	5,312	6,731	(21.1%)	2,831	2,946	(3.9%)
	<b>119,332</b>	<b>152,969</b>	<b>(22.0%)</b>	<b>55,578</b>	<b>35,074</b>	<b>58.5%</b>

n.m. – not meaningful

**Additional Information**

	Group					
	9M 2012	9M 2011	Change	3Q 2012	3Q 2011	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
<b>EBITDA</b>						
Profit from operations	227,680	182,642	24.7%	88,326	77,928	13.3%
Depreciation and amortisation	18,603	16,997	9.4%	6,503	6,072	7.1%
<b>EBITDA</b>	<b>246,283</b>	<b>199,639</b>	<b>23.4%</b>	<b>94,829</b>	<b>84,000</b>	<b>12.9%</b>
EBITDA margin	52.5%	59.3%		62.5%	57.8%	

**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 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Biological assets	753,137	755,931	-	-
Plasma plantation receivables	40,593	39,589	-	-
Property, plant and equipment	301,993	275,002	11,393	12,317
Land use rights	63,765	40,230	-	-
Investment in subsidiaries	-	-	297,617	297,508
Goodwill	20,615	21,391	-	-
Other intangible assets	41,601	43,868	288	287
Tax recoverable	712	271	-	-
Deferred tax assets	3,004	2,565	808	-
Loans to subsidiaries	-	-	193,479	5,250
Derivative financial assets	206	3,044	-	-
Other non-current assets	2,396	1,054	-	-
<b>Total non-current assets</b>	<b>1,228,022</b>	<b>1,182,945</b>	<b>503,585</b>	<b>315,362</b>
<b>Current assets</b>				
Inventories	53,754	39,406	-	-
Loan to subsidiary	-	-	600	750
Trade receivables	39,792	29,880	2,429	11,683
Other receivables	7,800	3,833	1,296	1,285
Derivative financial assets	27,364	14,039	-	-
Advances for purchase of property, plant and equipment	17,549	10,355	-	-
Other advances and prepayments	9,399	6,641	414	91
Prepaid taxes	10,798	2,569	-	-
Advance subscription for shares in subsidiary	-	-	82,778	57,701
Cash and bank balances	374,150	210,406	15,136	88,269
<b>Total current assets</b>	<b>540,606</b>	<b>317,129</b>	<b>102,653</b>	<b>159,779</b>
<b>Total assets</b>	<b>1,768,628</b>	<b>1,500,074</b>	<b>606,238</b>	<b>475,141</b>

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

	Group		Company	
	30 Sep 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
	US\$'000	US\$'000	US\$'000	US\$'000
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	28,531	16,633	161	10,788
Other payables and accruals	34,045	29,225	7,700	6,819
Advances from customers	6,915	7,396	-	-
Loans and borrowings from financial institutions	37,889	40,171	17	15
Rupiah bonds payable	45,864	48,369	-	-
Derivative financial liabilities	5,628	7,262	17	657
Provision for tax	17,177	27,276	596	4,668
<b>Total current liabilities</b>	<b>176,049</b>	<b>176,332</b>	<b>8,491</b>	<b>22,947</b>
<b>Non-current liabilities</b>				
Loans and borrowings from financial institutions	179,728	171,072	12	23
Liability component of convertible bonds	-	90,017	-	90,017
Derivative financial liabilities	670	5,620	-	-
Provision for post-employment benefits	9,904	8,717	-	-
Islamic medium term notes	193,284	-	193,284	-
Deferred tax liabilities	117,828	119,963	272	348
<b>Total non-current liabilities</b>	<b>501,414</b>	<b>395,389</b>	<b>193,568</b>	<b>90,388</b>
<b>Total liabilities</b>	<b>677,463</b>	<b>571,721</b>	<b>202,059</b>	<b>113,335</b>
<b>Net assets</b>	<b>1,091,165</b>	<b>928,353</b>	<b>404,179</b>	<b>361,806</b>
<b>EQUITY</b>				
Share capital	394,913	290,312	394,913	290,312
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	-	-
Other reserves	(37,721)	12,253	3,139	10,715
Equity component of convertible bonds	-	13,762	-	13,762
Retained earnings	650,482	533,350	6,127	47,017
<b>Equity attributable to owners of the Company</b>	<b>1,042,690</b>	<b>884,693</b>	<b>404,179</b>	<b>361,806</b>
Non-controlling interests	48,475	43,660	-	-
<b>Total equity</b>	<b>1,091,165</b>	<b>928,353</b>	<b>404,179</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 30 Sep 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	81,669	2,084	83,753	86,018	2,522	88,540
Amount repayable after one year	177,497	195,515	373,012	169,669	91,420	261,089
<b>Total</b>	<b>259,166</b>	<b>197,599</b>	<b>456,765</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**

	Group			
	9M 2012	9M 2011	3Q 2012	3Q 2011
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from operating activities</b>				
Profit before tax	221,778	172,595	87,550	77,687
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	17,271	15,587	6,041	5,536
Amortisation of land use rights and intangible assets	1,332	1,410	462	536
Financial expenses	15,753	21,442	5,094	7,633
Interest income	(1,353)	(968)	(565)	(336)
Gains on derivative financial instruments	(834)	(14,030)	(1,358)	(9,227)
Unrealised foreign exchange (gains)/losses	(11,215)	3,563	(2,584)	(3,682)
<b>Operating cash flows before changes in working capital</b>	<b>242,732</b>	<b>199,599</b>	<b>94,640</b>	<b>78,147</b>
<u>Changes in working capital</u>				
(Increase)/decrease:				
Inventories	(14,348)	(23,700)	(5,551)	3,610
Trade receivables	(9,912)	(11,983)	(9,455)	(87)
Other receivables	(3,901)	(1,971)	(1,560)	(2,012)
Advances and prepayments	(2,758)	(3,979)	(196)	808
Prepaid taxes	(8,440)	(1,995)	(2,151)	345
Other non-current assets	(1,342)	(69)	22	(21)
Increase/(decrease):				
Trade payables	11,898	7,166	(3,645)	2,775
Other payables and accruals	(20)	(7,728)	4,588	(673)
Advances from customers	(481)	5,829	675	15,431
Provision for post-employment benefits	1,187	1,135	441	146
<b>Cash flows generated from operations</b>	<b>214,615</b>	<b>162,304</b>	<b>77,808</b>	<b>98,469</b>
Financial expenses paid	(19,383)	(24,130)	(5,476)	(9,520)
Interest income received	1,287	983	499	355
Tax paid	(51,842)	(35,301)	(15,518)	(10,185)
<b>Net cash generated from operating activities</b>	<b>144,677</b>	<b>103,856</b>	<b>57,313</b>	<b>79,119</b>

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

	Group			
	9M 2012	9M 2011	3Q 2012	3Q 2011
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from investing activities</b>				
Capital expenditure on biological assets	(44,496)	(58,976)	(24,131)	(17,944)
Capital expenditure on property, plant and equipment	(58,274)	(57,693)	(20,682)	(27,407)
(Increase)/decrease in advances for purchase of property, plant and equipment	(7,194)	(494)	(3,223)	12,466
Decrease/(increase) in plasma plantation receivables	9,711	(63)	140	1,342
Acquisition of land use rights	(27,676)	(1,797)	(4,092)	-
Acquisition of other intangible assets	(256)	(262)	(256)	(389)
Net cash outflow on acquisition of subsidiaries	-	(38,245)	-	-
<b>Net cash used in investing activities</b>	<b>(128,185)</b>	<b>(157,530)</b>	<b>(52,244)</b>	<b>(31,932)</b>
<b>Cash flows from financing activities</b>				
(Settlement of)/proceeds from derivative financial instruments, net	(4,089)	1,830	(600)	577
Redemption of Rupiah bonds payable	-	(5,117)	-	-
Redemption of convertible bonds	(409)	-	-	-
Proceeds from/(repayment of) bank loans, net	14,747	32,045	(13,342)	1,070
Proceeds from issuance of Islamic medium term notes, net	186,132	-	186,132	-
Decrease/(increase) in restricted cash balances	5,664	(5,413)	(328)	16
Payment of obligations under finance leases	(2,232)	(2,223)	(762)	(777)
Dividends paid	(47,518)	(35,226)	(16,779)	(12,801)
Proceeds from sale of treasury shares	-	17,138	-	-
Share application monies received from non-controlling interests of subsidiary	103	-	-	-
<b>Net cash generated from/(used in) financing activities</b>	<b>152,398</b>	<b>3,034</b>	<b>154,321</b>	<b>(11,915)</b>
Net increase/(decrease) in cash and cash equivalents	168,890	(50,640)	159,390	35,272
Effect of exchange rate changes on cash and cash equivalents	518	497	268	724
Cash and cash equivalents, at the beginning of the financial period	194,483	204,931	204,233	118,792
<b>Cash and cash equivalents, at the end of the financial period (Note A)</b>	<b>363,891</b>	<b>154,788</b>	<b>363,891</b>	<b>154,788</b>
<u>Note A</u>				
Reconciliation of cash and cash equivalents :				
Cash at banks and on hand	362,641	133,434	362,641	133,434
Time deposits	1,250	21,354	1,250	21,354
<b>Cash and cash equivalents</b>	<b>363,891</b>	<b>154,788</b>	<b>363,891</b>	<b>154,788</b>
Cash held by financial institutions, restricted	10,259	9,513	10,259	9,513
<b>Cash and bank balances</b>	<b>374,150</b>	<b>164,301</b>	<b>374,150</b>	<b>164,301</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		
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	-	-	-	(49,974)	-	163,994	114,020	5,312	119,332
Dividends paid	-	-	-	-	-	(46,918)	(46,918)	(600)	(47,518)
Issue of shares upon conversion of convertible bonds	104,601	-	-	-	(13,706)	-	90,895	-	90,895
Gain on redemption of convertible bonds	-	-	-	-	(56)	56	-	-	-
Share application monies	-	-	-	-	-	-	-	103	103
<b>At 30 Sep 2012</b>	<b>394,913</b>	<b>-</b>	<b>35,016</b>	<b>(37,721)</b>	<b>-</b>	<b>650,482</b>	<b>1,042,690</b>	<b>48,475</b>	<b>1,091,165</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	-	-	-	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
<b>At 30 Sep 2011</b>	<b>288,735</b>	<b>-</b>	<b>35,016</b>	<b>46,054</b>	<b>13,971</b>	<b>455,533</b>	<b>839,309</b>	<b>41,588</b>	<b>880,897</b>
At 1 Jul 2012	394,913	-	35,016	(26,165)	-	602,358	1,006,122	46,244	1,052,366
Total comprehensive income for the period	-	-	-	(11,556)	-	64,303	52,747	2,831	55,578
Dividends paid	-	-	-	-	-	(16,179)	(16,179)	(600)	(16,779)
<b>At 30 Sep 2012</b>	<b>394,913</b>	<b>-</b>	<b>35,016</b>	<b>(37,721)</b>	<b>-</b>	<b>650,482</b>	<b>1,042,690</b>	<b>48,475</b>	<b>1,091,165</b>
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)
<b>At 30 Sep 2011</b>	<b>288,735</b>	<b>-</b>	<b>35,016</b>	<b>46,054</b>	<b>13,971</b>	<b>455,533</b>	<b>839,309</b>	<b>41,588</b>	<b>880,897</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	-	-	(7,576)	-	5,972	(1,604)
Dividends paid	-	-	-	-	(46,918)	(46,918)
Issue of shares upon conversion of convertible bonds	104,601	-	-	(13,706)	-	90,895
Gain on redemption of convertible bonds	-	-	-	(56)	56	-
<b>At 30 Sep 2012</b>	<b>394,913</b>	<b>-</b>	<b>3,139</b>	<b>-</b>	<b>6,127</b>	<b>404,179</b>
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
<b>At 30 Sep 2011</b>	<b>288,735</b>	<b>-</b>	<b>10,715</b>	<b>13,971</b>	<b>8,194</b>	<b>321,615</b>
At 1 Jul 2012	394,913	-	10,715	-	11,588	417,216
Total comprehensive income for the period	-	-	(7,576)	-	10,718	3,142
Dividends paid	-	-	-	-	(16,179)	(16,179)
<b>At 30 Sep 2012</b>	<b>394,913</b>	<b>-</b>	<b>3,139</b>	<b>-</b>	<b>6,127</b>	<b>404,179</b>
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)
<b>At 30 Sep 2011</b>	<b>288,735</b>	<b>-</b>	<b>10,715</b>	<b>13,971</b>	<b>8,194</b>	<b>321,615</b>

**Other Reserves**

	Group			Company		
	As at			As at		
	30 Sep 2012	31 Dec 2011	30 Sep 2011	30 Sep 2012	31 Dec 2011	30 Sep 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	5,362	2,635	11,957	(7,576)	-	-
Foreign translation reserve	(24,588)	28,113	52,592	393	393	393
<b>Total other reserves</b>	<b>(37,721)</b>	<b>12,253</b>	<b>46,054</b>	<b>3,139</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**

There were no changes to the Company's issued and paid up share capital in the three months ended 30 September 2012.

	Company	
	30 Sep 2012	30 Sep 2011
Number of issued shares excluding treasury shares	1,584,072,969	1,468,445,221
Number of shares that may be issued on conversion of outstanding convertible bonds	-	116,078,085

The Company did not hold any treasury shares as at 30 September 2012 and 30 September 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 30 September 2012 and 31 December 2011 is 1,584,072,969 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 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 2011 except for the new and revised standards that are effective for the financial years beginning on or after 1 January 2012. 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			
	9M 2012	9M 2011	3Q 2012	3Q 2011
Weighted average number of shares applicable to basic EPS computation	1,539,252,434	1,467,470,210	1,584,072,969	1,468,459,221
EPS - basic (US cents)	10.65	8.08	4.06	3.50
EPS - diluted (US cents)	10.65	8.08	4.06	3.50

**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 2012	31 Dec 2011	30 Sep 2012	31 Dec 2011
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.66	0.60	0.26	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**

	9M 2012	9M 2011	Change	3Q 2012	3Q 2011	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	373,151	293,135	27.3%	128,717	115,239	11.7%
- Palm kernel	91,305	69,188	32.0%	32,237	27,993	15.2%
Refinery and Processing	186,406	88,562	110.5%	59,950	45,865	30.7%

*Note: Sales volume include inter-segment sales*

### **SALES**

	9M 2012	9M 2011	Change	3Q 2012	3Q 2011	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	334,768	269,752	24.1%	111,947	111,167	0.7%
- Palm kernel	39,778	42,337	(6.0%)	12,254	12,399	(1.2%)
	374,546	312,089	20.0%	124,201	123,566	0.5%
Refinery and Processing	206,394	109,129	89.1%	68,467	57,425	19.2%
Inter-segment elimination	(111,635)	(84,836)	31.6%	(40,889)	(35,710)	14.5%
<b>Total Sales</b>	<b>469,305</b>	<b>336,382</b>	<b>39.5%</b>	<b>151,779</b>	<b>145,281</b>	<b>4.5%</b>

### **EBITDA**

	9M 2012	9M 2011	Change	3Q 2012	3Q 2011	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	219,764	184,592	19.1%	78,606	72,888	7.8%
Refinery and Processing	26,519	15,047	76.2%	16,223	11,112	46.0%
<b>Total EBITDA</b>	<b>246,283</b>	<b>199,639</b>	<b>23.4%</b>	<b>94,829</b>	<b>84,000</b>	<b>12.9%</b>

## 8. Review of Group Performance (continued)

### **REVIEW OF INCOME STATEMENT**

#### **Overview**

The Group posted a net profit of US\$64.3 million in 3Q2012, up 25.3% against 3Q2011 and a 13.3% increase in profit from operations to US\$88.3 million. For 9M2012, net profit increased by 38.3% to US\$164.0 million while profit from operations went up by 24.7% to US\$227.7 million. The strong performance was mainly driven by higher sales volumes of palm based products.

#### **Sales**

Sales grew by 4.5% to US\$151.8 million in 3Q2012 and 39.5% to US\$469.3 million in 9M2012. This was primarily on increased sales volumes from the Plantations and Palm Oil Mills segment as well as the Refinery and Processing segment, which contributed 35.5% to the Group's sales in 3Q2012 and 9M2012 (3Q2011: 31.7% and 9M2011: 25.9%).

#### **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 8.9% to US\$43.5 million in 3Q2012, partly due to a higher proportion of the Group's plantation maintenance work being carried out in 3Q2011 as compared to 3Q2012. In addition, the lower cost of sales in 3Q2012 as compared to the corresponding period last year was also due to a shift in product mix of refined products sold from biodiesel to RBD ("Refined Bleached Deodorised") palm olein, which typically attracts a lower cost of production than biodiesel. In 9M2012, cost of sales increased by 75.1% to US\$179.3 million, mainly from higher production and sales volumes, higher fertiliser costs and higher wages (due to the larger scale of operations and wage inflation), as well as an increase in purchases of FFB and other palm oil products from third parties (including plasma farmers).

#### **Gross Profit**

Gross profit grew by 11.0% to US\$108.2 million in 3Q2012 and gross profit margin came in at 71.3% as compared to 67.1% in 3Q2011. Higher gross profit margin in 3Q2012 was contributed by increased sales volumes of refined products generated by the Refinery and Processing segment. For 9M2012, gross profit increased by 24.0% to US\$290.0 million, and gross profit margin came in at 61.8% as compared to 69.6% in the corresponding period last year. The lower gross profit margin was due to increased purchases 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 export taxes, freight charges and warehousing charges, totaled US\$12.1 million in 3Q2012, a decrease of 12.8% from 3Q2011 due to the lower export tax rates applicable during 2012. In 9M2012, selling and distribution costs increased by 6.0% to US\$39.9 million, mainly due to the freight charges incurred on the higher volume of export sales.

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

General and administrative expenses, comprising professional fees, remuneration of office staff, licences and software fees, increased by 43.5% to US\$7.4 million in 3Q2012 and 70.3% to US\$21.3 million in 9M2012. 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 12.9% to US\$94.8 million in 3Q2012 and 23.4% to US\$246.3 million in 9M2012. The Plantations and Palm Oil Mills segment remains the main earnings driver, accounting for 82.9% and 89.2% of the Group's EBITDA in 3Q2012 and 9M2012 respectively. During 2012, the Refinery and Processing segment also contributed to the growth in the Group's earnings, generating an improvement in segmental EBITDA of US\$5.1 million in 3Q2012 and US\$11.5 million in 9M2012.

## 8. Review of Group Performance (continued)

### Gains/(losses) on Foreign Exchange

We recorded gains on foreign exchange of US\$2.6 million in 3Q2012 (3Q2011: losses of US\$1.8 million) and US\$6.8 million in 9M2012 (9M2011: losses of US\$3.1 million). The gains/(losses) on foreign exchange arose mainly from 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\$1.4 million in 3Q2012 (3Q2011: US\$9.2 million) and US\$0.8 million in 9M2012 (9M2011: US\$14.0 million). 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\$4.5 million in 3Q2012, a decrease of 37.9% from 3Q2011. In 9M2012, net financial expenses amounted to US\$14.4 million, a 29.7% reduction as compared to 9M2011. This was mainly due to the lower interest paid as a result of the conversion and redemption of convertible bonds during the period.

The following table reflects the computation of net financial expenses:

	9M 2012	9M 2011	3Q 2012	3Q 2011
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on:				
- Rupiah bonds payable	4,202	4,671	1,372	1,510
- convertible bonds payable	2,163	7,124	-	2,437
- loans and borrowings from financial institutions	12,335	13,628	4,124	4,775
Profit distribution and amortisation on Islamic medium term notes	1,290	-	1,290	-
	<b>19,990</b>	<b>25,423</b>	<b>6,786</b>	<b>8,722</b>
Loss on redemption of Rupiah bonds payable	-	117	-	-
Loss on redemption of convertible bonds	35	-	-	-
Less:				
Capitalised to biological assets	(4,272)	(4,060)	(1,692)	(1,082)
Capitalised to property, plant and equipment	-	(38)	-	(7)
<b>Financial expenses recognised in profit or loss</b>	<b>15,753</b>	<b>21,442</b>	<b>5,094</b>	<b>7,633</b>
Interest income	(1,353)	(968)	(565)	(336)
<b>Net financial expenses</b>	<b>14,400</b>	<b>20,474</b>	<b>4,529</b>	<b>7,297</b>

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

### **Tax Expense**

Tax expense came in at US\$20.1 million for 3Q2012 (3Q2011: US\$23.6 million) and US\$50.2 million for 9M2012 (9M2011: US\$47.9 million), generally in line with the reduction in effective tax rate of the Group.

### **Profit attributable to owners of the Company**

As a result of the foregoing, profit attributable to owners of the Company increased by 25.3% to US\$64.3 million in 3Q2012 and 38.3% to US\$164.0 million for 9M2012.

## **REVIEW OF BALANCE SHEET**

Total assets of the Group increased from US\$1,500.1 million as at 31 December 2011 to US\$1,768.6 million as at 30 September 2012. Non-current assets increased by US\$45.1 million mainly due to the additions to biological assets and land use rights from the Group's planting programme as well as capital expenditure from the construction of palm oil mills, processing facilities and other plant and equipment. The Group's current assets increased by US\$223.5 million to US\$540.6 million mainly as a result of higher cash and bank balances, inventories, derivative financial assets and trade receivables.

Total liabilities of the Group increased from US\$571.7 million as at 31 December 2011 to US\$677.5 million as at 30 September 2012, mainly due to the issuance of the Islamic medium term notes, partially offset by the conversion and redemption of convertible bonds during the period.

These raised gross borrowings from US\$349.6 million as at 31 December 2011 to US\$456.8 million as at 30 September 2012. Taking into consideration the increase in cash and bank balances during the period, net borrowings reduced from US\$139.2 million as at 31 December 2011 to US\$82.6 million as at 30 September 2012. Net debt to total equity ratio was consequently reduced to 0.08x (31 December 2011: 0.15x).

## **REVIEW OF CASH FLOW STATEMENT**

The Group generated net cash of US\$57.3 million from its operating activities in 3Q2012 compared to US\$79.1 million in 3Q2011. For 9M2012, net cash generated from operating activities amounted to US\$144.7 million, as compared to US\$103.9 million in the corresponding period last year. The higher cash flows from operations were in line with the improved performance of the Group, mainly driven by higher sales volumes of palm based products.

Net cash used in investing activities during 3Q2012 was US\$52.2 million, an increase of US\$20.3 million from the corresponding period last year. For 9M2012, net cash used in investing activities was US\$128.2 million, as compared to US\$157.5 million in 9M2011. The cash was used primarily for the Group's continued capital expenditure on property, plant and equipment, oil palm plantations and land use rights, in line with the Group's expansion plans. In 9M2011, the cash used in investing activities also included US\$38.2 million for the acquisition of PT Kalimantan Green Persada.

Net cash generated from financing activities in 3Q2012 was US\$154.3 million as compared to net cash used of US\$11.9 million in 3Q2011. For 9M2012, the Group generated US\$152.4 million from financing activities as compared to US\$3.0 million in 9M2011. These included US\$186.1 million of net proceeds received from the issuance of Islamic medium term notes during 3Q2012.

Overall, the Group registered an increase in cash and cash equivalents of US\$168.9 million in 9M2012, bringing the Group's cash and bank balances to US\$374.2 million as at 30 September 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**

The Group's performance so far has been aided by robust growth in production volumes from its plantations. Production growth is expected to continue in the fourth quarter, albeit at a slower pace as production has peaked seasonally in the third quarter.

Despite recent volatility in crude palm oil prices, the Group remains positive on the long term fundamentals of the palm oil industry.

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 2012 to be false or misleading in any material aspect.

#### **15. Events after the balance sheet date**

On 22 October 2012, the Company announced that:-

- (a) Its indirect subsidiary, PT Pancasurya Agrindo, has acquired 100% of the share capital of PT Gerbang Sawit Indah ("PT GSI") for a total consideration of approximately US\$31.2 million. PT GSI is incorporated in Indonesia and principally engaged in the plantation business. Following the acquisition, PT GSI is now an indirect subsidiary of the Company.
- (b) It has entered into a conditional sale and purchase agreement on 19 October 2012 to acquire 100% of the share capital of Lynhurst Investment Pte. Ltd. ("Lynhurst Investment") for a total consideration of approximately US\$69.4 million before adjustments (the "Proposed Acquisition"). Lynhurst Investment is an investment holding company incorporated in Singapore. At the time of completion of the Proposed Acquisition, Lynhurst Investment will own a 95% interest in a private Indonesian company that owns oil palm plantations and a crude palm oil mill located at the West Kalimantan province, Indonesia. Upon completion, Lynhurst Investment and the Indonesian company will become subsidiaries of the Company.

The rationale for the above acquisitions is to increase the Company's plantation assets and land bank for the development of new oil palm plantations.

#### **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  
12 November 2012