FIRST RESOURCES

FOCUS

First Resources Limited
Annual Report 2014

CONTENTS

CORPORATE PROFILE

ESTABLISHED IN 1992 AND LISTED ON THE SINGAPORE EXCHANGE SINCE 2007, FIRST RESOURCES IS ONE OF THE LEADING PALM OIL PRODUCERS IN THE REGION.

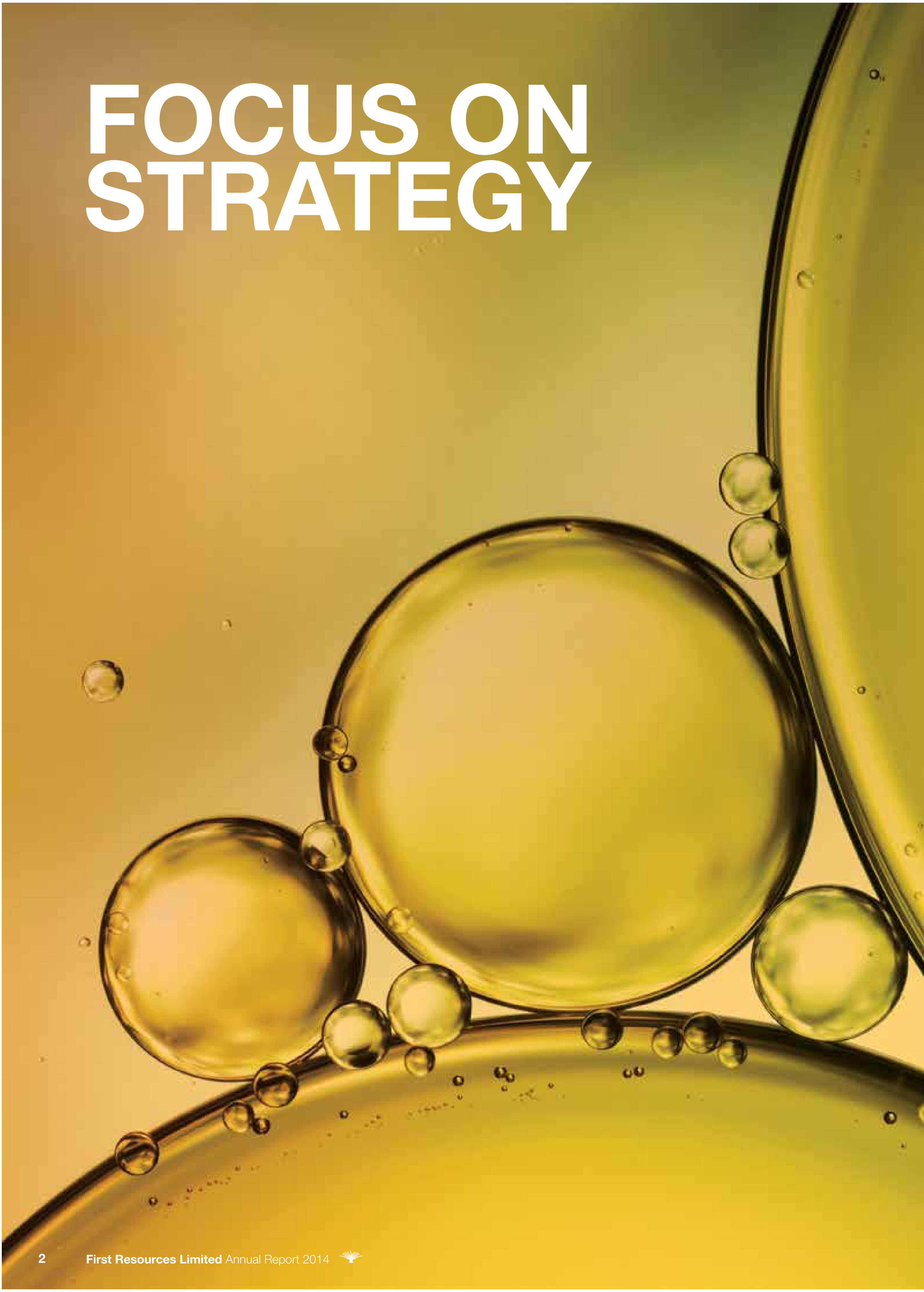
The Group is primarily involved in cultivating oil palms, harvesting the fresh fruit bunches and milling them into crude palm oil ("CPO") and palm kernel. We manage more than 190,000 hectares of oil palm plantations, including plasma plantations, and operate 12 palm oil mills across the Riau, East Kalimantan and West Kalimantan provinces of Indonesia.

We have our own integrated processing facilities to process our CPO and palm kernel into higher value palm-based products such as biodiesel, refined, bleached and deodorised ("RBD") olein, RBD stearin, palm kernel oil and palm kernel expeller. This enables the Group to extract maximum value out of our upstream plantation assets. Our products are sold to both local and international markets.

The Group has a young plantation age profile, with more than fifty percent of our plantations either in their young or immature ages. This favourable age profile positions the Group well for strong production growth over the next few years as these plantations mature into prime-yielding ages.

First Resources is committed to the production of sustainable palm oil. Our sustainability strategy is centred upon maximising output while minimising adverse environmental and social impact from our operations. We will constantly strengthen our sustainability framework through regular benchmarking against industry standards and best practices.

FOCUS ON STRATEGY



To capitalise on our key strength in plantation management, First Resources will focus on growing and maintaining high-quality plantation assets. The Group is confident of the favourable long term fundamentals in the palm oil industry and will continue to build our business in this high-margin segment of the value chain.

OUR PRESENCE

OIL PALM PLANTATIONS

Total Planted Area
194,567
HECTARES

Nucleus Area
165,936
HECTARES

Plasma Area
28,631
HECTARES

PALM OIL MILLS

Number of Mills
12

Capacity
675
TONNES/HOUR

Capacity
4.05 million
TONNES/ANNUM

PROCESSING PLANTS

Refining & Biodiesel Combined Capacity
850,000
TONNES/ANNUM

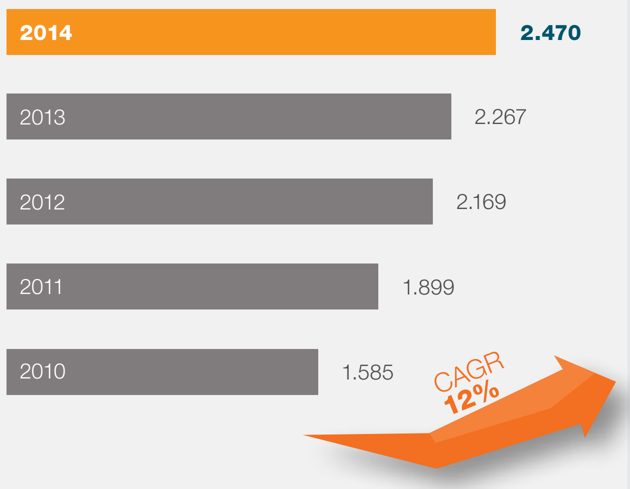
Kernel Crushing Capacity
105,000
TONNES/ANNUM

BUSINESS FLOW CHART

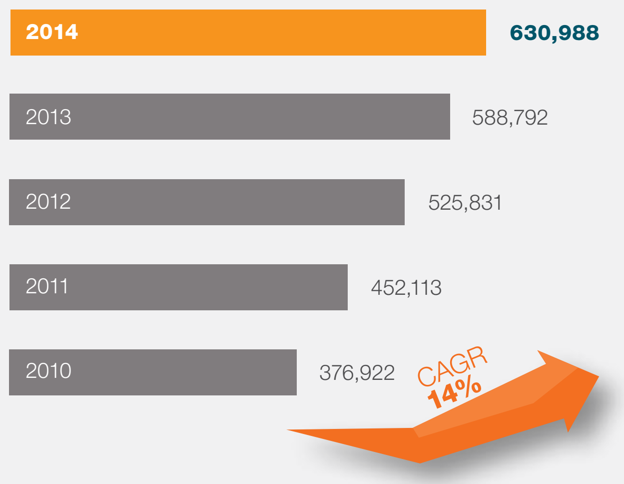
OPERATIONAL HIGHLIGHTS

FINANCIAL YEAR	2010	2011	2012	2013	2014
OIL PALM PLANTATION AREA (HECTARES)					
Total Planted Area	**120,830**	**132,251**	**146,403**	**170,596**	**194,567**
Mature	78,627	85,699	98,181	120,978	132,220
Immature	42,203	46,552	48,222	49,618	62,347
Nucleus Planted Area	**107,664**	**113,143**	**125,805**	**148,727**	**165,936**
Mature	69,404	74,704	85,888	104,493	114,377
Immature	38,260	38,439	39,917	44,234	51,559
Plasma Planted Area	**13,166**	**19,108**	**20,598**	**21,869**	**28,631**
Mature	9,223	10,995	12,293	16,485	17,843
Immature	3,943	8,113	8,305	5,384	10,788
PRODUCTION VOLUME (TONNES)					
Fresh Fruit Bunches ("FFB")	**1,584,910**	**1,898,565**	**2,168,983**	**2,266,866**	**2,469,884**
Nucleus	1,447,595	1,725,374	1,924,743	2,049,095	2,212,006
Plasma	137,315	173,191	244,240	217,771	257,878
Crude Palm Oil ("CPO")	**376,922**	**452,113**	**525,831**	**588,792**	**630,988**
Palm Kernel ("PK")	**85,650**	**103,993**	**123,129**	**135,462**	**145,811**
PRODUCTIVITY					
FFB Yield Per Mature Hectare (tonnes)	**20.2**	**22.2**	**23.0**	**18.7**	**18.7**
CPO Yield Per Mature Hectare (tonnes)	**4.7**	**5.2**	**5.4**	**4.3**	**4.3**
CPO Extraction Rate (%)	**23.6**	**23.6**	**23.3**	**23.1**	**22.8**
PK Extraction Rate (%)	**5.4**	**5.4**	**5.5**	**5.3**	**5.3**

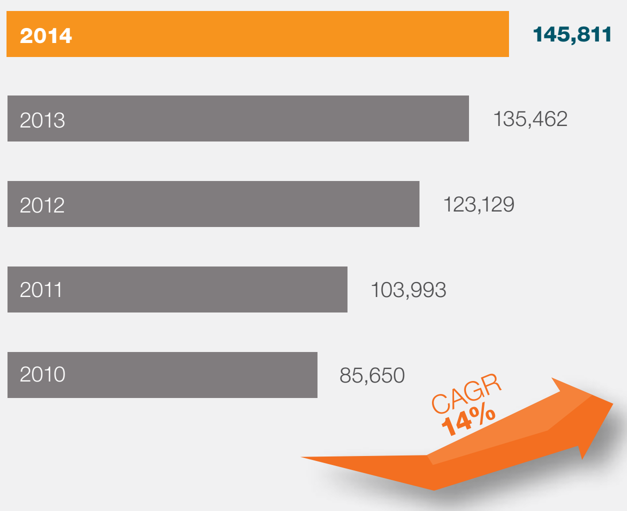
Fresh Fruit Bunches Production
(million tonnes)



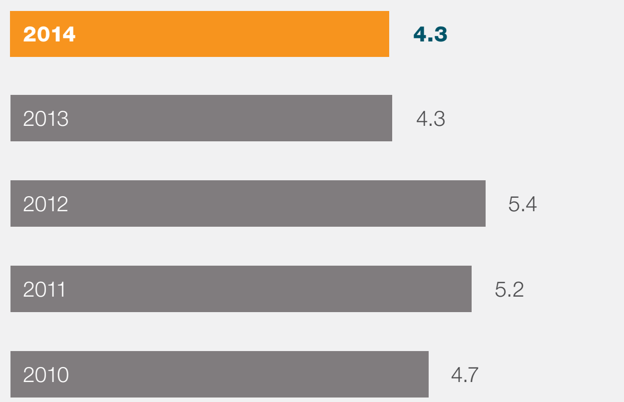
Crude Palm Oil Production
(tonnes)



Palm Kernel Production
(tonnes)



CPO Yield
(tonnes/mature hectare)



Note:
CAGR = Compounded Annual Growth Rate

FINANCIAL HIGHLIGHTS

FINANCIAL YEAR	2010	2011	2012	2013	2014
INCOME STATEMENT (US$'000)					
Sales	329,877	494,619	603,429	626,498	**615,524**
Gross profit	212,239	345,874	382,240	381,743	**323,399**
Gains arising from changes in fair value of biological assets	49,531	39,217	35,795	29,564	**1,940**
Profit from operations	236,988	310,398	333,528	340,834	**270,993**
EBITDA (1)	203,720	294,717	322,750	338,916	**299,748**
Profit before tax	212,508	281,687	326,327	313,564	**251,945**
Net profit attributable to owners of the Company	143,084	196,416	237,060	238,242	**173,409**
Underlying net profit (2)	108,895	168,371	211,301	216,958	**171,640**
BALANCE SHEET (US$'000)					
Total assets	1,235,088	1,500,074	1,930,900	1,780,274	**1,997,855**
Total liabilities	490,171	571,721	773,328	740,149	**882,105**
Total equity	744,917	928,353	1,157,572	1,040,125	**1,115,750**
Equity attributable to owners of the Company	710,453	884,693	1,106,392	993,479	**1,063,189**
FINANCIAL STATISTICS					
EBITDA margin (%)	61.8	59.6	53.5	54.1	**48.7**
Basic earnings per share (US Cents) (3)	9.84	13.38	15.29	15.04	**10.95**
Net debt to equity (times) (4)	0.13	0.15	0.12	0.21	**0.21**
EBITDA to interest coverage (times) (5)	6.9	9.9	12.5	16.5	**15.5**
Net asset value per share (US$) (6)	0.49	0.60	0.70	0.63	**0.67**
Return on assets (%) (7)	13.4	15.1	14.5	13.3	**9.6**
Return on equity (%) (8)	22.5	24.6	23.8	22.7	**16.9**

Notes:

(1) EBITDA = Profit from operations before depreciation, amortisation and gains arising from changes in fair value of biological assets

(2) Underlying net profit = Net profit attributable to owners of the Company adjusted to exclude net gains arising from changes in fair value of biological assets

(3) Basic earnings per share = Net profit attributable to owners of the Company / Weighted average number of ordinary shares (excluding treasury shares) in issue during the financial year

(4) Net debt to equity = Borrowings and debt securities less cash and bank balances / Total equity

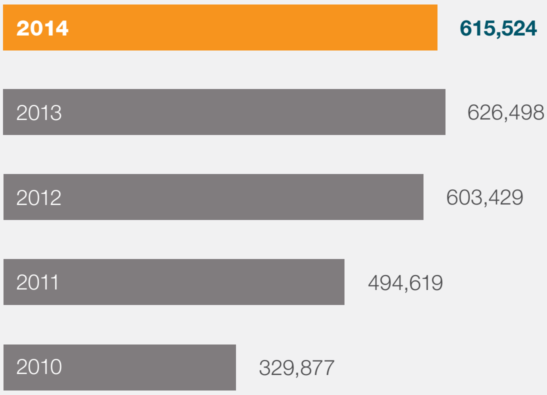
(5) EBITDA to interest coverage = EBITDA / Total interest and profit distribution paid or payable on borrowings and debt securities

(6) Net asset value per share = Equity attributable to owners of the Company / Number of ordinary shares (excluding treasury shares) in issue at end of the financial year

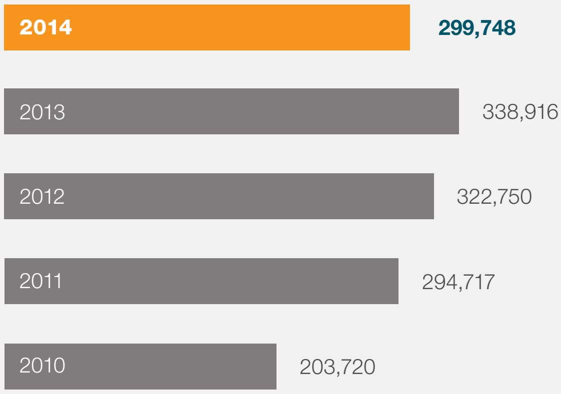
(7) Return on assets = Net profit for the year / Average total assets

(8) Return on equity = Net profit attributable to owners of the Company / Average equity attributable to owners of the Company

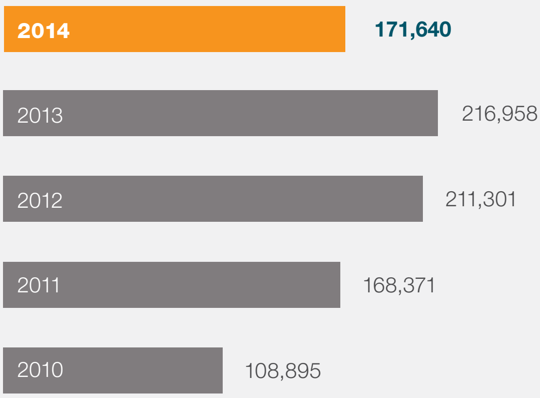
Sales
(US$'000)



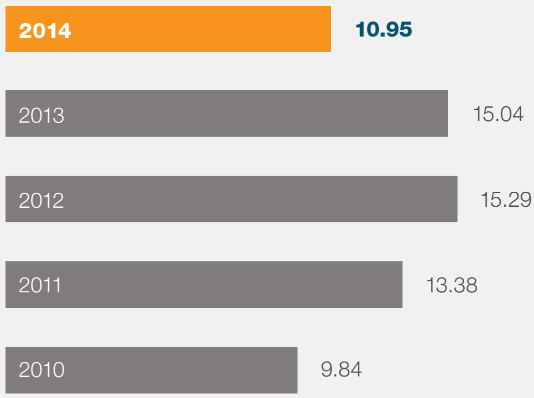
EBITDA
(US$'000)



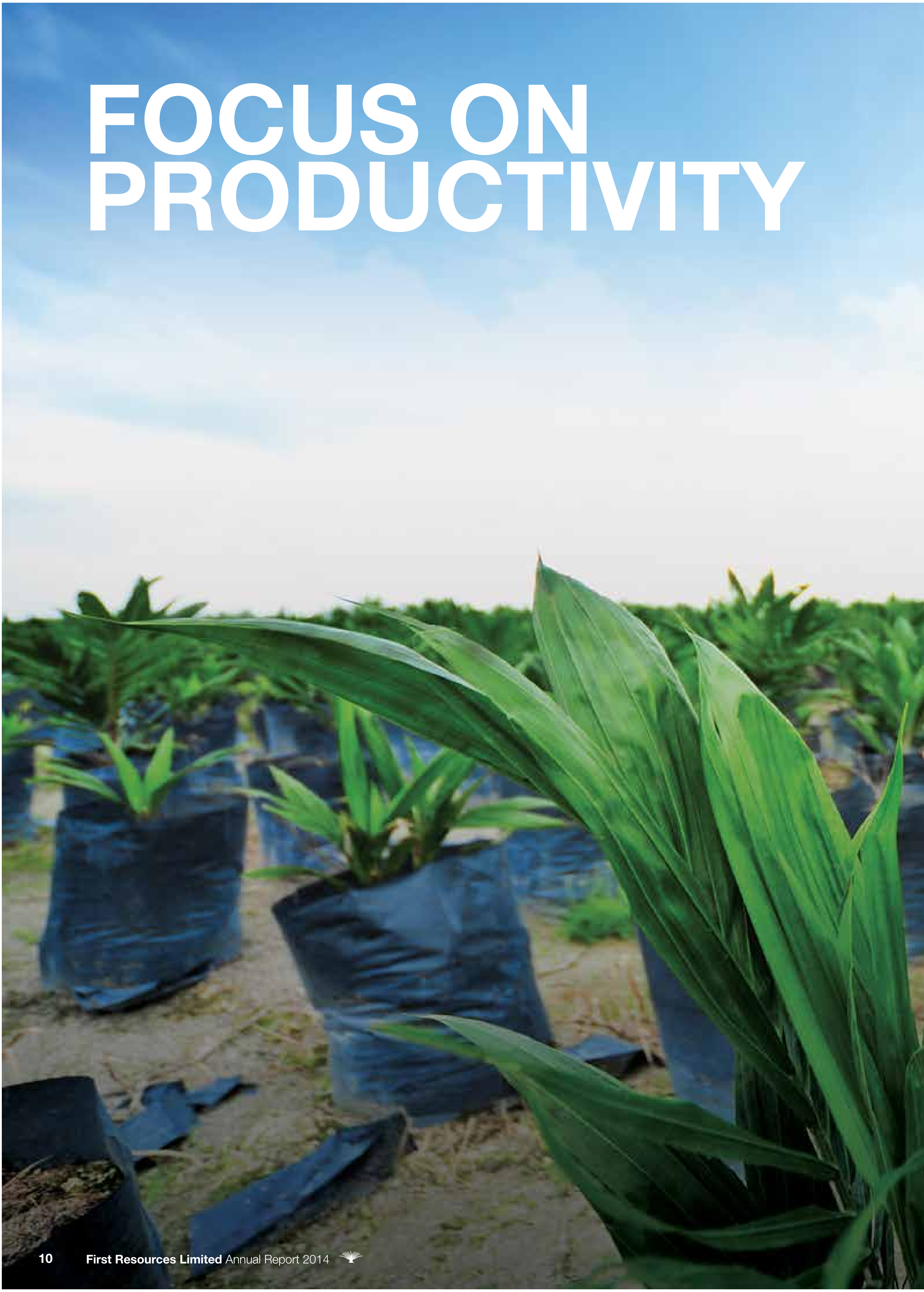
Underlying Net Profit
(US$'000)



Basic Earnings Per Share
(US Cents)



FOCUS ON PRODUCTIVITY



To maximise productivity and achieve superior margins, First Resources will focus on improving operational efficiencies and increasing plantation yields. As an integrated player, the Group is also constantly looking at ways to enhance synergies between our upstream and downstream operations.

MESSAGE TO SHAREHOLDERS

“2014 was another challenging year for the industry given the volatility of palm oil prices.”

Dear Shareholders,

2014 was another challenging year for the industry given the volatility of palm oil prices. The palm price outlook started the year rather optimistically due to the positive developments in Indonesia’s biodiesel mandate and heightened worries over weather-driven disruption on the supply side.

As the year progressed, the positive price impact of both factors began to recede and the market’s focus shifted to the impending bountiful soybean harvest in North and Latin America. With the anticipation of greater supply of soybean oil entering into the market, naturally soybean oil prices reacted negatively and dragged palm oil prices down together.

In the second half of the year, we saw Chinese financial institutions restricting working capital for commodity importers. Consequently, Chinese import volumes took a worrying dive. Demand from Chinese ‘financial players’ have not looked the same since. But yet, the near collapse of crude oil prices in the fourth quarter of the year took the market most off-guard. For most of 2014, vegetable oil prices were trading uncharacteristically lower than energy prices. Biofuel demand was brisk as a result, and the hope was that this source of demand would help in absorbing burdensome supply from the market. However, the sharp plunge in energy prices reversed that price relationship between crude oil and vegetable oils. Biofuel became commercially unviable in the absence of mandates, subsidies and other forms of support.

Given all these developments where market sentiments went from ragingly bullish to abjectly bearish, it is hardly surprising that in 2014, palm oil prices gyrated from a peak of US$886 per tonne in March 2014 to a bottom of US$605 per tonne in December 2014.

As an upstream operator in the palm oil value chain, we are clearly price takers and there is only so much price risk mitigation we can deploy. Despite our cashflow and profitability being adversely affected by price volatility, we need to keep our sights on the long-term game plan. We remain confident that the fundamentals for the oil palm industry are positive, and would like to continue building our business sustainably so that we can be a big beneficiary of higher prices when the cycle turns.

Performance Review

At the operational level, the Group kept up efforts to increase production volumes of fresh fruit bunches (“FFB”) harvested and crude palm oil (“CPO”), which rose 9.0% to 2.5 million tonnes and 7.2% to 630,988 tonnes respectively. The continued growth in FFB production was due to an increase in mature hectarage mainly from our West Kalimantan plantations and yield improvements from acquired plantations.

On the productivity front, FFB yield remained unchanged year-on-year (“yoy”) at 18.7 tonnes per hectare. The Group’s productivity continued to be impacted by the lower-yielding mature plantations in Riau and the dilutive effect from a higher percentage of newly mature plantations. Our prime yielding mature plantations in Riau, which were affected by biological tree stress in FY2013, have yet to fully recover. Meanwhile, CPO extraction rate fell marginally from 23.1% in FY2013 to 22.8% in FY2014 partially due to higher FFB purchases from third parties. CPO yield was maintained at 4.3 tonnes per hectare. The Group will continue to work diligently to improve yields and increase operational synergies between our plantations and palm oil mills in order to maximise returns.

Our financial report card was satisfactory in the light of the above mentioned production challenges and weakening palm oil prices through the year. Net profit attributable to shareholders fell 27.2% to US$173.4 million while underlying net profit, which excludes the net gains arising from changes in fair value of our biological assets, declined 20.9% to US$171.6 million in FY2014.

In line with lower average selling prices, the Group's EBITDA fell 11.6% to US$299.7 million. EBITDA margin declined from 54.1% in FY2013 to 48.7% in FY2014.

As at 31 December 2014, the Group maintained a strong financial position with net gearing ratio remaining low at 0.21 times and cash and bank balances of US$350.9 million as compared to US$272.2 million as at 31 December 2013.

Our favoured performance metric is EBITDA per hectare of mature nucleus because it represents the cash earnings generated by each productive nucleus hectare that we worked on. Based on this measure, our Plantations and Palm Oil Mills segment, which remains our main earnings driver, contributed US$2,330 of EBITDA per hectare in FY2014 as compared to US$3,007 of EBITDA per hectare achieved in FY2013. Given our upstream exposure, it is inevitable that EBITDA per hectare is most sensitive to palm oil prices. And although palm oil prices fell significantly in FY2014, our EBITDA per hectare remains at a respectable level. This is a reflection of our operational efficiencies, cost management and prudent approach to managing price risk. It also demonstrates the attractiveness of a well-managed oil palm plantation business, especially when compared against current planting cost of US$5,000 to US$6,000 for each hectare of new plantation.

The Group's cash cost of production per tonne of nucleus CPO, on an ex-mill basis, decreased from US$255 in FY2013 to US$228 in FY2014. Cash cost remained low as the Group benefitted from the weakness of Indonesian Rupiah ("IDR") against United States Dollar ("USD") because a substantial portion of our cost is denominated in IDR. Furthermore, the Group managed to secure lower fertiliser prices in FY2014. With yearly increases in Indonesia's minimum wage levels, it is a challenge to maintain our cost of production. We need to be unceasing in our focus to improve yields and control costs, so as to negate such inflationary pressures.

With the completion of the Group's additional processing plants towards the end of FY2013, we have managed to ramp up processing activities. The Group continued to generate positive returns from the Refinery and Processing segment, which contributed 10.9% to the Group's total EBITDA in FY2014.

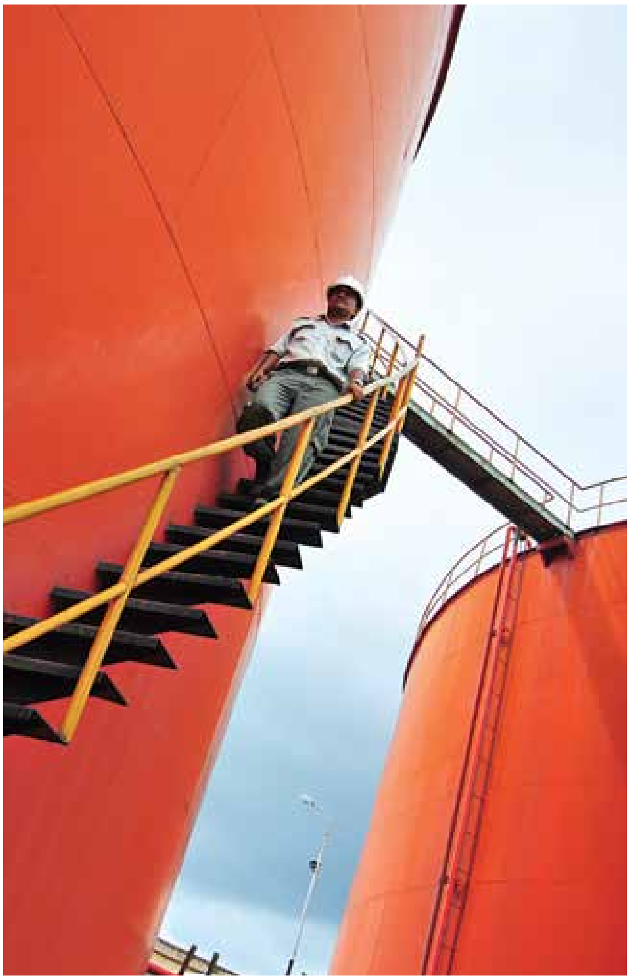
MESSAGE TO SHAREHOLDERS

Investment updates in 2014 and beyond

In 2014, we continued to execute organic growth in the form of new plantings. We expanded our total planted area for oil palms to 194,567 hectares. Meanwhile, we also grew our rubber assets via organic plantings to 4,322 hectares.

In 2015, we expect to invest about US$130 million to grow and maintain our high-quality plantation assets as well as to increase our milling capacity. In addition, the Group continually explores growth opportunities through strategic acquisitions of upstream assets to complement volume growth arising from our own plantings.

We are expecting the construction of our 13th mill to be completed by early 2015. It will support the anticipated production growth from two of our young estates in the Riau province of Indonesia.



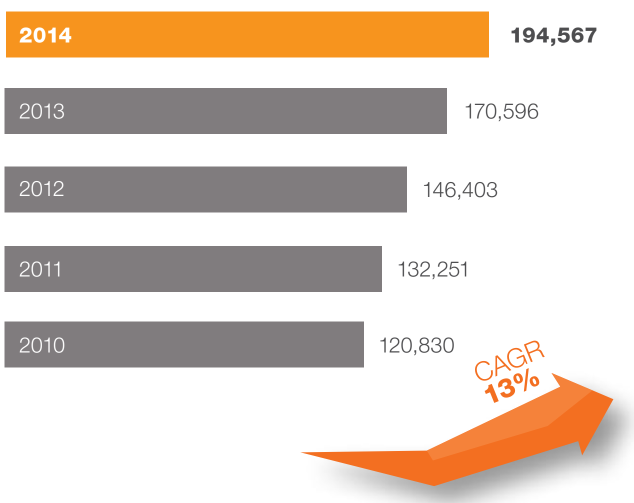
Outlook and Growth Strategy

Looking ahead, palm oil prices are likely to remain moderated, influenced by its relative pricing against crude oil and other competing edible oils such as soybean oil. Barring any weather shocks, the Group expects to achieve stronger production volumes in 2015 in view of the anticipated yield recovery and contribution from newly mature plantations.

The FY2014 results showed that our persistent pursuit in sustaining production growth and maintaining cost efficiencies has cushioned earnings and enabled the Group to stand resilient through the unfavourable business environment. Moving forward, the Group intends to remain upstream-focused and continue to extract optimum value from our upstream plantation asset base.

On the sustainability front, we are pleased to have obtained additional sustainability certifications for our plantations. We have also released our second sustainability report in 2014 to share in greater detail our management approach towards sustainability, which includes our strategies, policies, initiatives and progress made. This signifies the Group's commitment towards transparency and accountability of our business conduct.

Oil Palm Planted Area
(hectares)



Appreciation

In keeping with the Group's performance, the Board is pleased to recommend a final dividend of 2.30 Singapore cents per share, which combined with the interim dividend of 1.25 Singapore cents per share, will bring the total dividend for FY2014 to 3.55 Singapore cents per share.

We are pleased to welcome two new directors to our Board in November 2014. Mr Fang Zhixiang, who has been the Group's Deputy Chief Executive Officer since 2007, joined the Board as an Executive Director, while Mr Tan Seow Kheng was appointed as a Non-Executive Non-Independent Director.

"Moving forward, the Group intends to remain upstream-focused and continue to extract optimum value from our upstream plantation asset base."

Their appointments have added to the existing wealth of experience on the Board and we look forward to their contributions in the years to come.

We want to thank everyone, including our Board of Directors and employees, who has made it possible for First Resources to enjoy a relatively good year. We also wish to convey our gratitude to our business partners and customers, as well as our shareholders for your ongoing support over the years.

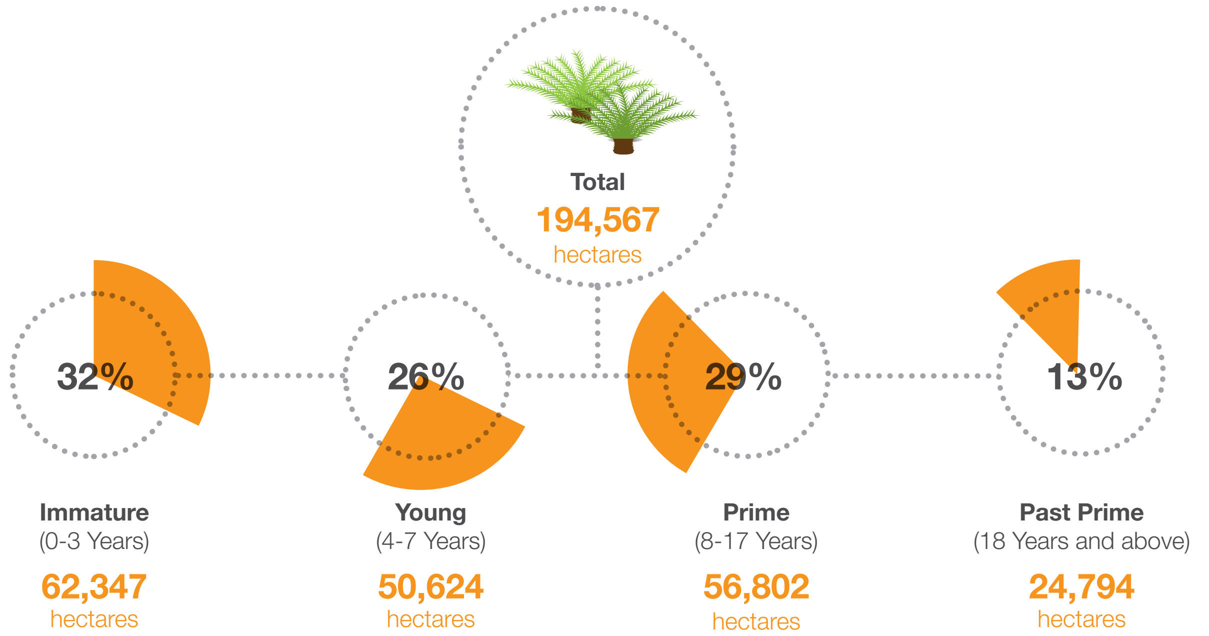
Together with the Board and the management, we will continue to work hard to strive for stronger growth and better returns.

Lim Ming Seong
Chairman and Independent Director

Ciliandra Fangiono
Executive Director and Chief Executive Officer

Delivering Production Growth

OIL PALM PLANTATION AGE PROFILE (% OF TOTAL)



Plantations and Palm Oil Mills

In line with expectations, the Group achieved continued production volume growth in 2014. The Group's mature plantations produced 2,469,884 tonnes of FFB, a 9.0% yoy increase. Of this, the nucleus estates produced 2,212,006 tonnes, an increase of 8.0% over FY2013, while the plasma estates produced 257,878 tonnes, an increase of 18.4%.

The overall growth in production volumes was largely attributed to the contribution from our newly mature plantations in the West Kalimantan province and yield improvements from acquired plantations. During the year, the Group's West Kalimantan mature estates contributed 12.1%, or 298,568 tonnes, to the Group's total FFB production. In the same period last year, West Kalimantan mature estates contributed only 6.8% to the Group's total FFB production. On the progress of our acquired plantations, we are pleased to see positive results in a short span of two years, after executing our rehabilitation programme. Yields have improved significantly in FY2014 and we are confident of extracting greater yields and value from these acquired assets in the near future.

On the productivity front, our FFB blended yield per mature hectare remained at the same levels as FY2013 at 18.7 tonnes. Analysed independently, our mature nucleus plantations yielded 19.3 tonnes of FFB per hectare in FY2014, a marginal decline from 19.6 tonnes in FY2013, while our mature plasma plantations yielded 14.5 tonnes per hectare as compared to 13.2 tonnes. Overall nucleus yields continued to be impacted by lower-yielding mature plantations in Riau and the dilutive effect from a higher percentage of newly mature plantations. Our prime-yielding mature plantations in Riau, which were affected by biological tree stress in FY2013, have yet to fully recover. With higher FFB production and increased FFB purchases from third parties, CPO production volume grew 7.2% to 630,988 tonnes (FY2013: 588,792 tonnes). CPO extraction rate declined from 23.1% in FY2013 to 22.8% in FY2014 partially due to the higher FFB purchases from third parties. CPO yield stood at 4.3 tonnes per hectare, same as the previous year.

In tandem with the increase in FFB processed, our palm kernel production volume registered a 7.6% increase to 145,811 tonnes, with a palm kernel extraction rate of 5.3%.

The Group continued to face inflationary pressure from the annual minimum wage increase in Indonesia. The impact was however mitigated by the depreciation of IDR relative to the USD during the year. We also benefitted from lower fertiliser costs in FY2014 as compared to FY2013. As a result, the Group managed to reduce our cash cost of CPO nucleus production to US$228 per tonne on an ex-mill basis from US$255 per tonne in FY2013.

Refinery and Processing

With the completion of our second refinery in Riau towards the end of FY2013, the Group's combined annual refining capacity has expanded to 850,000 tonnes. The expanded capacity has bolstered the total volume of refined oil products sold in FY2014 to 564,435 tonnes, a 123.9% surge over FY2013. The Group secured more orders from both domestic and international markets for our processed products, which included biodiesel, refined, bleached and deodorised ("RBD") olein, RBD stearin, palm kernel oil and palm kernel expeller. This has led to the Refinery and Processing segment contributing 44.1% to the Group's sales in FY2014 as compared to 25.8% in FY2013.

Upstream Assets

First Resources continue to execute organic new plantings in 2014 for oil palm as well as rubber. During the year, we have grown our total planted area under management for oil palm and rubber to 194,567 hectares and 4,322 hectares respectively.

In anticipation of FFB growth, the Group targets to complete our 13th mill in Riau by early 2015 and will commence construction of our 14th mill in West Kalimantan this year.

Moving forward, the Group will focus on growing and maintaining our high-quality plantation assets. The Group will continually explore growth opportunities through strategic acquisition of upstream assets to complement volume growth arising from our own plantings.

Our consistent planting programme has kept our plantation profile young, with a weighted average age of eight years old. More than fifty percent of our plantations are either in their immature or young ages. This favourable age profile positions the Group well for strong production growth over the next few years as these plantations mature into prime-yielding ages. The Group does not intend to carry out any replanting programme for the next few years as our old palms are still delivering good yields.

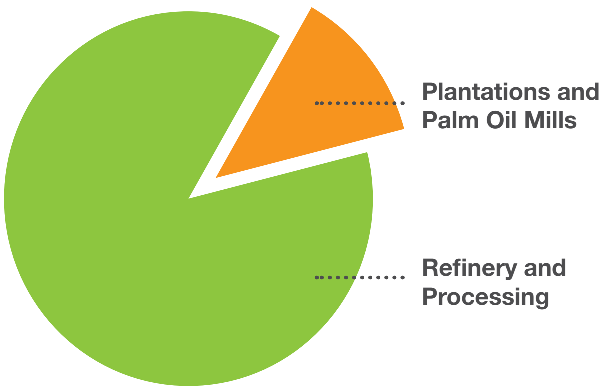
As part of our long term crop and land-use diversification strategy, the Group will continue to develop rubber plantations in East Kalimantan. Areas identified to be less suited for the development of oil palm plantations have been earmarked for rubber plantations.

Resilient Financial Performance

SEGMENTAL EBITDA (% OF TOTAL)

Plantations and Palm Oil Mills
89.1%

Refinery and Processing
10.9%



Despite the challenging operating environment and weakness in palm oil prices in FY2014, First Resources achieved a satisfactory set of results, posting a net profit of US$173.4 million for the 12 months ended 31 December 2014. Underlying net profit, excluding net gains arising from changes in fair value of the Group's biological assets, stood at US$171.6 million.

Sales, Cost of Sales and Gross Profit

Sales volumes of CPO and palm kernel from the Plantations and Palm Oil Mills segment grew 5.4% and 4.1% to 658,803 tonnes and 142,594 tonnes respectively. Sales volumes from the Refinery and Processing segment grew by a significant 123.9% to 564,435 tonnes. The increase in sales volumes was driven by higher production volumes as well as the Group's expanded processing capacity. In spite of the increase in sales volumes during the year, the Group's sales decreased marginally by 1.8% yoy due to the lower average selling prices of CPO and its refined products, which were impacted by weakness in market prices during the year.

Based on weighted average domestic and export sales made in FY2014, the Group achieved average selling prices of US$684 per tonne for CPO and US$418 per tonne for palm kernel, compared to US$861 and US$329 respectively in FY2013. Out of the total sales volumes of CPO and refined products sold by the Group in FY2014, 78% was exported compared to 73% in FY2013.

In FY2014, the Group registered a 19.4% increase in cost of sales to US$292.1 million, driven by higher production and sales volumes as well as an increase in purchases of palm oil products from third parties. Our cost of sales comprises mainly harvesting costs, plantation maintenance costs, plantation general expenses and processing costs, as well as purchases of FFB and other palm oil products from third parties, including plasma farmers.

Impacted by the lower average selling prices, gross profit declined 15.3% to US$323.4 million in FY2014, while gross profit margin stood at 52.5% as compared to 60.9% in FY2013. The Group's lower margin in FY2014 was also partly due to the increase in purchases of palm oil products.

Changes in Fair Value of Biological Assets

In accordance with the Singapore Financial Reporting Standards ("FRS") 41 *Agriculture*, our biological assets, which comprise primarily oil palm plantations, have to be stated at fair value less estimated costs to sell. The fair value of plantations is determined by an independent professional valuer, based on the present value of the plantations' expected future net cash inflows. The expected future cash flows are determined using forecast market prices of the products. Any resultant gains or losses arising from changes in fair value are recognised in the income statement.

The Group recognised gains arising from changes in fair value of biological assets amounting to US$1.9 million in FY2014 compared to US$29.6 million in FY2013. The lower fair value gains recorded in FY2014 was largely resulting from the effect of the higher discount rate used in the valuation compared to the preceding year.

Operating Expenses

Total operating expenses decreased by 22.9% to US$54.3 million in FY2014, mainly due to the lower export taxes in view of the lower prevailing market prices of palm oil products in 2014.

Net Financial Expenses

Net financial expenses totaled US$15.0 million in FY2014, a decrease of 18.1% from FY2013, primarily due to the Group's lower effective cost of borrowings following the issuances of Islamic medium term notes.

EBITDA

EBITDA decreased by 11.6% to US$299.7 million in FY2014 on the back of lower average selling prices of CPO and refined products, partially offset by the higher sales volumes generated by Refinery and Processing segment. However, the Plantations and Palm Oil Mills segment remained the main earnings driver, contributing 89.1% to the Group's EBITDA in FY2014.

Balance Sheet

Total assets of the Group rose from US$1,780.3 million as at 31 December 2013 to US$1,997.9 million as at 31 December 2014. This was contributed by an increase in non-current assets of US$152.9 million, driven by the Group's capital expenditure on biological assets and property, plant and equipment, as well as an increase in current assets by US$64.7 million to US$474.9 million. The increase in current assets in FY2014 was mainly contributed by the higher cash and bank balances, partially offset by the drawdown in inventories of palm based products.

Total liabilities of the Group increased 19.2% to US$882.1 million as at 31 December 2014, mainly due to the higher gross borrowings from the fourth issuance of Islamic medium term notes in 2014.

Taking into consideration the increase in cash and bank balances during the year, net borrowings increased from US$217.6 million as at 31 December 2013 to US$232.2 million as at 31 December 2014. The Group continued to maintain our low gearing, with net debt to total equity ratio remaining stable at 0.21 times as at 31 December 2014.

Cash Flows

In FY2014, the Group continued to generate healthy net cash from operating activities of US$222.9 million, as compared to US$200.0 million in the preceding year.

Net cash used in investing activities amounted to US$214.5 million in FY2014, primarily relating to the Group's continued capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment. Comparing to FY2013, wherein net cash used in investing activities was US$235.5 million, the higher cash used in FY2013 also included the acquisition of Lynhurst Investment Pte. Ltd. and its subsidiary.

The Group generated net cash of US$43.0 million from financing activities in FY2014, which included US$122.3 million of net proceeds received from the fourth issuance of Islamic medium term notes during the year. Comparing to the preceding financial year, the Group used US$109.4 million in financing activities in FY2013, which included net repayment of bank loans amounting to US$232.8 million, partially offset by US$197.2 million of net proceeds received from the third issuance of Islamic term notes in 2013.

Overall, the Group registered an increase in cash and cash equivalents of US$51.4 million during the year, bringing total cash and bank balances to US$350.9 million as at 31 December 2014.

BOARD OF DIRECTORS

LIM MING SEONG

Chairman and Independent Director

Mr Lim Ming Seong was appointed to the Board in October 2007 and was last re-elected as a Director in April 2014. Mr Lim is also the Chairman of CSE Global Ltd and sits on the board of StarHub Ltd. Mr Lim was with the Singapore Technologies group from 1986 through 2002, where he held various senior management positions and was Group Director when he left. Prior to joining Singapore Technologies, Mr Lim was with the Singapore Ministry of Defence.

Mr Lim holds a Bachelor of Applied Science (Honours) in Mechanical Engineering from the University of Toronto and a Diploma in Business Administration from the former University of Singapore. Mr Lim also participated in the Advance Management Programs conducted by INSEAD and Harvard Business School.

Present Directorship / Chairmanship in Listed Companies
CSE Global Ltd, StarHub Ltd

Principal Commitments
Nil

Past Directorships / Chairmanship in Other Listed Companies Held Over the Preceding 3 Years
Servelec Group Limited

CILIANDRA FANGIONO

Executive Director and Chief Executive Officer

Mr Ciliandra Fangiono was appointed to the Board in April 2007 and was last re-elected as a Director in April 2012. He has been with the Group for more than a decade, playing a key role in charting the Group's strategic directions. Under his leadership, the Group has expanded its plantation assets rapidly and has grown into an integrated player with its own processing capabilities. Prior to joining the Group, Mr Fangiono was at the Investment Banking Division of Merrill Lynch, Singapore, where he worked on mergers, acquisitions and fund-raising exercises by corporates in the region.

Mr Fangiono holds a Bachelor and a Masters of Arts (Economics) from Cambridge University, United Kingdom. At Cambridge, he was a Senior Scholar in Economics and was awarded the PriceWaterhouse Book Prize.

Present Directorship / Chairmanship in Listed Companies
Nil

Principal Commitments
First Resources Limited

Past Directorships / Chairmanship in Other Listed Companies Held Over the Preceding 3 Years
Nil

FANG ZHIXIANG

Executive Director and Deputy Chief Executive Officer

Mr Fang Zhixiang (Sigih Fangiono) was appointed to the Board in November 2014. He has joined the Group since 2002 and has held the position as Deputy Chief Executive Officer since 2007. As Deputy Chief Executive Officer, he is jointly responsible for the day-to-day management of the Group. In particular, he focuses on the expansion of plantations and palm oil mills, and manages the Group's corporate affairs. He began his career at PT Surya Dumai Industri Tbk as an Assistant Production Director.

Mr Fang graduated from Bronte College, Toronto, Canada.

Present Directorship / Chairmanship in Listed Companies

Nil

Principal Commitments

First Resources Limited

Past Directorships / Chairmanship in Other Listed Companies Held Over the Preceding 3 Years

Nil

NG SHIN EIN

Independent Director

Ms Ng Shin Ein was appointed to the Board in October 2007 and was last re-elected as a Director in April 2014. She is the Managing Director of Blue Ocean Associates Pte Ltd, a private investment and investment advisory firm. Prior to this, Ms Ng was with the Singapore Exchange, where she was responsible for developing Singapore's capital market by bringing foreign companies to list in Singapore. Additionally, she was part of the Singapore Exchange's IPO Approval Committee. Ms Ng practiced as a corporate lawyer in Messrs Lee & Lee for a number of years. While in legal practice, she advised on joint ventures, mergers and acquisitions and fund-raising exercises. Ms Ng also sits on the board of NTUC Fairprice Cooperative, Eu Yan Sang International Ltd and Yanlord Land Group Limited.

Ms Ng holds a degree in LLB (Honours) from Queen Mary and Westfield College, University of London, and was admitted as an advocate and solicitor of the Singapore Supreme Court.

Present Directorship / Chairmanship in Listed Companies

Yanlord Land Group Limited, Eu Yan Sang International Ltd, Sabana Shari'ah Compliant Industrial Real Estate Investment Trust, UPP Holdings Limited

Principal Commitments

Blue Ocean Associates Pte Ltd

Past Directorships / Chairmanship in Other Listed Companies Held Over the Preceding 3 Years

Nil

BOARD OF DIRECTORS

TENG CHEONG KWEE

Independent Director

Mr Teng Cheong Kwee was appointed to the Board in October 2007 and was last re-elected as a Director in April 2013. He also serves as independent director of several other listed companies. Mr Teng was previously with the Singapore Exchange for more than 10 years, where he was Executive Vice President and Head of its Risk Management and Regulatory Division when he left. From 1985 to 1989, he served as assistant director and later a deputy director in the Monetary Authority of Singapore. During that period, he was also concurrently Secretary to the Securities Industry Council.

Mr Teng holds a Bachelor of Engineering (Industrial) with first class honours and a Bachelor of Commerce from the University of Newcastle, Australia.

Present Directorship / Chairmanship in Listed Companies
STATS ChipPAC Ltd., AEI Corporation Ltd., Techcomp (Holdings) Limited, Memtech International Ltd., AVIC International Maritime Holdings Limited, Junma Tyre Cord Company Limited

Principal Commitments
Nil

Past Directorships / Chairmanship in Other Listed Companies Held Over the Preceding 3 Years
Nil

HEE THENG FONG

Independent Director

Mr Hee Theng Fong was appointed to the Board in October 2007 and was last re-elected as a Director in April 2013. He is a consultant in a law firm, with more than 30 years of experience in legal practice. He is on the panel of arbitrators of the Singapore International Arbitration Centre (SIAC), China International Economic and Trade Arbitration Commission (CIETAC), Shanghai International Arbitration Centre (SHIAC), Kuala Lumpur Regional Centre for Arbitration (KLRCA) and Hong Kong International Arbitration Centre (HKIAC).

Mr Hee is an independent director of several public listed companies. He is frequently invited to speak on Directors' Duties and Corporate Governance in seminars organised by the Singapore Institute of Directors and the Singapore Exchange.

Present Directorship / Chairmanship in Listed Companies
Datapulse Technology Limited, YHI International Limited, Delong Holdings Limited, Tye Soon Limited, F&H Media & Internet Fund Ltd

Principal Commitments
Nil

Past Directorships / Chairmanship in Other Listed Companies Held Over the Preceding 3 Years
Nil

ONG BENG KEE

Independent Director

Mr Ong Beng Kee was appointed to the Board in May 2010 and was last re-elected as a Director in April 2014. He is a retired career-planter with over 40 years of hands-on experience in large-scale plantation development, specifically oil palm, rubber, cocoa and the related processing facilities. Mr Ong served a large part of his career at Kuala Lumpur Kepong Bhd (KLK), a company listed on Bursa Malaysia. As Executive Director and Managing Director (Plantations), he spearheaded KLK's expansion drive into Sabah and Indonesia, overseeing large-scale oil palm cultivation. Upon his retirement, he has taken on an advisory role in KLK as Portfolio Investment Adviser.

Mr Ong was an active council member in various Malaysian plantation associations, particularly as chairman of the plantation wage council. He is an Associate Diploma holder of the Incorporated Society of Planters and has completed the Advanced Management Course at Templeton College, Oxford.

Present Directorship / Chairmanship in Listed Companies

Nil

Principal Commitments

Quarry Lane Sdn Bhd

Past Directorships / Chairmanship in Other Listed Companies Held Over the Preceding 3 Years

Nil

TAN SEOW KHENG

Non-Executive Non-Independent Director

Mr Tan Seow Kheng was appointed to the Board in November 2014. He also sits on the board of Sincap Group Limited, a company listed on the Singapore Stock Exchange. His other appointments includes serving as the General Manager of EWIS Development Pte Ltd, a company focused in property development in Singapore and Indonesia, as well as an Assistant Vice President of Marketing at Uniseraya Group, an Indonesian-based Group principally involved in the timber and oil palm industry.

Mr Tan holds a Bachelor of Business Administration from the University of Wisconsin–Madison and has completed an Executive Diploma in Directorship awarded by Singapore Management University.

Present Directorship / Chairmanship in Listed Companies

Sincap Group Limited

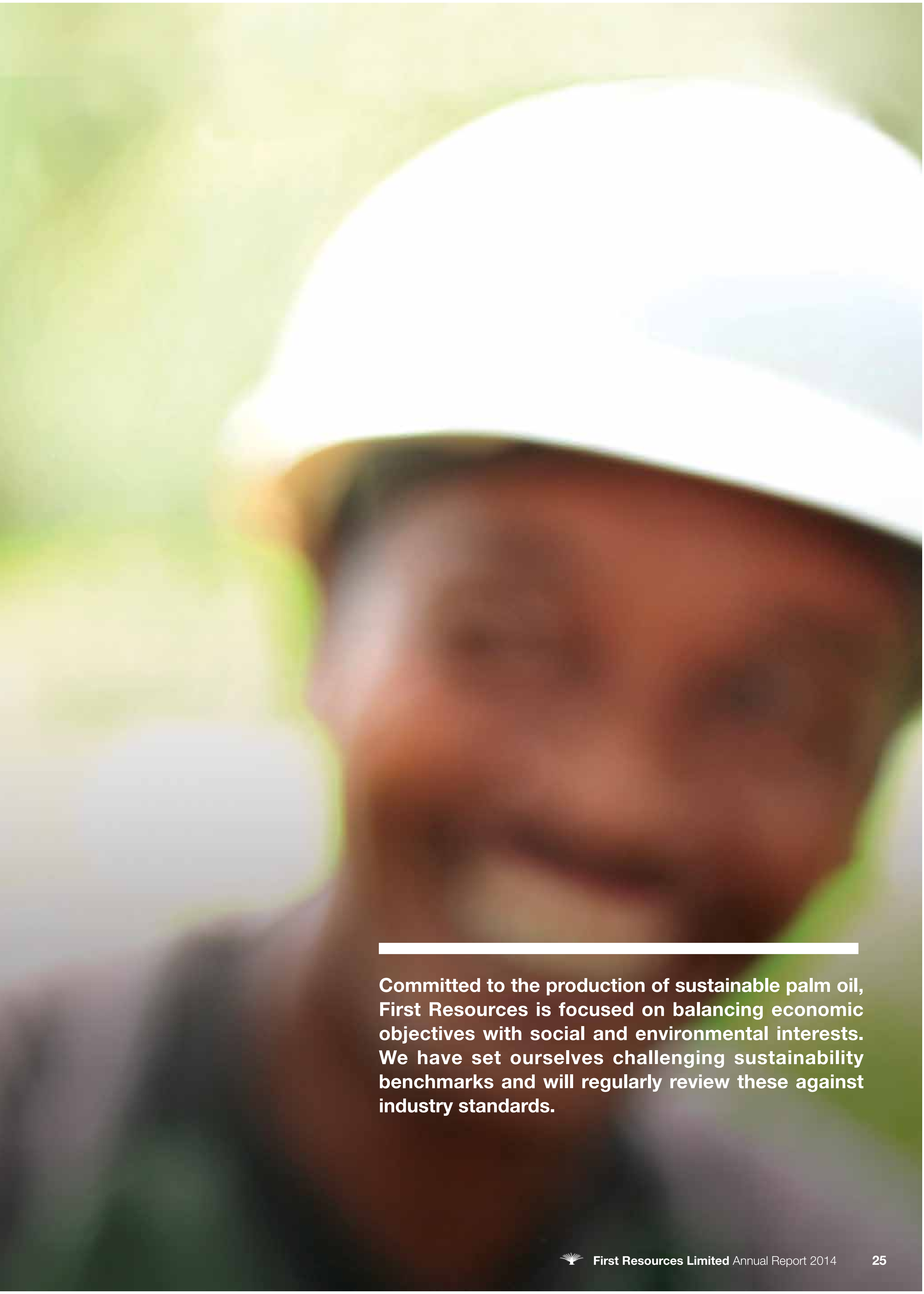
Principal Commitments

Nil

Past Directorships / Chairmanship in Other Listed Companies Held Over the Preceding 3 Years

Nil

FOCUS ON SUSTAINABILITY



Committed to the production of sustainable palm oil, First Resources is focused on balancing economic objectives with social and environmental interests. We have set ourselves challenging sustainability benchmarks and will regularly review these against industry standards.

Dedicated in Our Pursuit of Sustainability Excellence

Sustainability Commitment

At First Resources, we firmly believe that business success and sustainable growth can only be achieved when economic objectives are balanced with social and environmental interests. We are therefore committed to conduct our operations in a responsible and sustainable manner.

We believe in taking a holistic approach towards sustainability, which encompasses active stakeholder engagement, implementation of best practices across our operations and regular industry benchmarking of our sustainability framework. The Group's sustainability framework is multi-faceted and the main objectives include minimising adverse impact to the environment, engaging and empowering the communities around us, and being a responsible employer.

A key principle in our sustainability strategy is resource efficiency, which is to maximise outputs from our plantations and palm oil mills while minimising the inputs required, such as land, water and fertiliser. We believe that optimum utilisation of scarce land and available resources is one of the best ways plantation companies can help to mitigate their environmental footprint while addressing global food shortage. For this purpose, the Group allocates substantial attention and resources into the development of an effective plantation management programme and relies heavily on research and development aimed at yield improvement and environmental impact minimisation.

Our key sustainability programmes and policies are featured in this section. We have also published separate sustainability reports aimed at communicating First Resources' performance along social, environmental and economic parameters. For a more in-depth understanding of our sustainability programmes and progress, please refer to our Sustainability Report 2013, which is available on our corporate website at www.first-resources.com.

Sustainability Standards and Benchmarks

Our sustainability framework is benchmarked against standards set by national and international industry bodies. Many of our sustainability practices are guided by the Roundtable on Sustainable Palm Oil ("RSPO"), International Sustainability and Carbon Certification ("ISCC"), Quality, Environmental, Health and Safety management system and the Indonesian Sustainable Palm Oil ("ISPO") system.

First Resources is a member of the RSPO, a non-governmental organisation formed by palm oil producers, end-users and other non-governmental organisations to promote the production of sustainable palm oil. We are committed to the Principles and Criteria of the RSPO and are working towards RSPO certifications for our operations.

In 2014, we have made good progress in ISPO certifications, a national system regulated by Indonesia's Ministry of Agriculture. An additional three plantations were certified, bringing our total plantation area certified under ISPO to 41,766 hectares as at 31 December 2014. We expect to have another two to three plantations certified in 2015.

As at 31 December 2014, 48,344 hectares of our nucleus plantations and 5,019 hectares of our plasma plantations were certified under the ISCC scheme. ISCC was developed for the certification of biomass and bioenergy with the objective of reducing greenhouse gas emissions. In addition, six out of the Group's twelve palm oil mills and both our processing and our bulking facilities are ISCC certified. As a result, we are able to provide customers with a fully traceable product under the ISCC scheme.

Environmental Management

To minimise adverse environmental impact from our operations, we incorporate environmental best practices throughout our operations. Key parameters that we monitor as part of our environmental management programme include waste management, soil fertility management, pest control management, water and energy consumption, and greenhouse gas emissions. Some of our practices and initiatives include:

- Adhering to a strict zero-burning policy where only mechanical methods are used for land clearing.
- Adopting a zero-waste management policy. All organic plantation wastes are recovered and recycled in our plantations.
- Using the Integrated Pest Management approach to avoid the use of synthetic pesticides.
- Conducting High Conservation Value ("HCV") assessments for new development areas. Identified HCV areas are demarcated, preserved and monitored to prevent deterioration.
- Adopting a policy against hunting, injuring, possessing or killing of endangered wildlife.

High Carbon Stock Assessments

In our efforts to reduce the negative effects of deforestation, we will be proactively embarking on high carbon stock assessments for our unplanted land bank. Similar to HCV assessments, the objective of these assessments is to support First Resources in our land use planning, and in particular, to identify high carbon stock natural forest areas that should be removed from plantation development plans. We will share more about our progress in this new initiative, in our next sustainability report.

Fire Monitoring and Management

First Resources has dedicated substantial resources to fire prevention given the vulnerability of our plantations to forest fires. Our measures include:

- Satellite monitoring of hotspots.
- Creating fire danger indices for fire risk assessment.
- Mapping of fire-prone areas with clear warning signs installed for awareness.
- Conducting daily security patrols, focusing on identified fire-prone areas.
- Establishing watch towers to improve fire detection.
- Maintaining competent fire-fighting teams.

In the event of fire, our fire fighters will be mobilised to extinguish the flames and when necessary, additional help will be sought from the local fire department. Employees and villages nearby will be alerted and evacuation protocol will be executed. All fire occurrences will be documented and reported to the local authorities for further investigations.

SUSTAINABILITY REVIEW

Community Engagement and Development

Community engagement involves getting the acceptance and support of local communities and indigenous people where we establish plantations. We respect the customary rights of the local and indigenous communities and commit to obtain free, prior and informed consent from them before commencing operations on their land. In face of land disputes, we engage relevant stakeholders to ensure responsible and amicable resolution of these disputes.

First Resources works with local smallholders through plasma schemes partnerships in which we assist plasma farmers in developing and managing their plots up to a predetermined stage, and eventually buy their produce at government-determined prices. Throughout these partnerships, technical knowledge and best plantation practices are shared, and sustainable incomes are created for thousands of smallholders, lifting their standard of living and local economic growth.

Apart from creating jobs, we invest in healthcare, education and infrastructure development as part of our commitment towards community growth and empowerment. Some of our initiatives include:

- Offering free medical treatments through health clinics established at our estates.
- Providing education for children through the schools located at our estates.
- Developing and improving infrastructure like roads, bridges, places of worship and clean water facilities.

"We respect the customary rights of the local and indigenous communities and commit to obtain free, prior and informed consent from them before commencing operations on their land."

Employee Relations

Being an employer of close to 18,000 employees, we are committed to being a responsible employer through:

- Adhering to Indonesia's minimum wage levels.
- Providing a safe and healthy working environment.
- Safeguarding the rights of our employees and not employing underage workers.
- Being an equal opportunities employer, regardless of ethnicity, race, religion and gender.
- Providing appropriate skills training and mentorship to our employees.
- Covering all full-time employees with health and accident insurance.

2014 HIGHLIGHTS

333
scholarships awarded

28,631 ha
plasma plantations supported

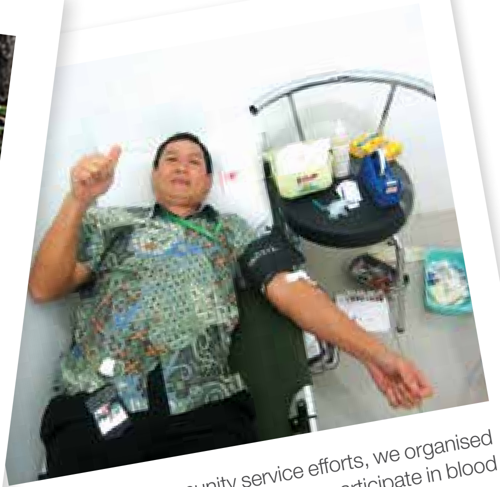
41,766 ha
ISPO certified plantations as at FY2014

100%
of organic plantation wastes were reused, recovered and recycled

171
local teachers' income were supplemented

2nd
sustainability report published

We continue to work with local conservation agencies to jointly conduct HCV surveys in demarcated HCV areas. This is part of our ongoing HCV management and monitoring efforts.



As part of our community service efforts, we organised and encouraged our employees to participate in blood donation drives.

CORPORATE INFORMATION

Board of Directors

Lim Ming Seong
Chairman and Independent Director

Ciliandra Fangiono
Executive Director and Chief Executive Officer

Fang Zhixiang (Sigih Fangiono)
Executive Director and Deputy Chief Executive Officer

Teng Cheong Kwee
Independent Director

Ong Beng Kee
Independent Director

Hee Theng Fong
Independent Director

Ng Shin Ein
Independent Director

Tan Seow Kheng
Non-Executive Non-Independent Director

Audit Committee

Teng Cheong Kwee (Chairman)
Ong Beng Kee
Hee Theng Fong
Tan Seow Kheng

Remuneration Committee

Ng Shin Ein (Chairman)
Teng Cheong Kwee
Hee Theng Fong

Nominating Committee

Lim Ming Seong (Chairman)
Ciliandra Fangiono
Ng Shin Ein

Company Secretaries

Cheng Soon Keong
Lynn Wan Tiew Leng

Registered Office

8 Temasek Boulevard
#36-02, Suntec Tower Three
Singapore 038988
Tel : +65 6602 0200
Fax : +65 6333 6711

Place & Date of Incorporation

Singapore, 9 December 2004

Company Registration Number

200415931M

Share Registrar

Boardroom Corporate & Advisory Services Pte. Ltd.
50 Raffles Place
#32-01, Singapore Land Tower
Singapore 048623
Tel : +65 6536 5355
Fax : +65 6536 1360

Auditor

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-In-Charge: **Low Bek Teng**
(Appointed since financial year ended
31 December 2012)

Stock Exchange Listing

Singapore Exchange Securities Trading Limited

CORPORATE GOVERNANCE

First Resources Limited (the "Company") is committed to maintaining high standards of corporate governance through transparency and effective disclosures. The Board and Management have used their best endeavours to align the Company's governance framework with the recommendations of the Code of Corporate Governance 2012 (the "2012 CG Code").

This report describes the Company's main corporate governance practices. The Board is pleased to inform that the Company is substantially in compliance with the 2012 CG Code and reasons for any deviation are explained below.

THE BOARD'S CONDUCT OF AFFAIRS

The primary function of the Board is to manage the Group in the best interest of shareholders and other stakeholders, and to pursue the continual enhancement of shareholder value.

Apart from its statutory responsibilities, the Board is primarily responsible for:

- reviewing and approving the Group's business strategies, key operational initiatives, annual budget, major investments, divestments and funding proposals;
- ensuring that decisions and investments are consistent with medium and long-term strategic goals;
- providing oversight by identifying the principal risks that may affect the Group's businesses and ensuring that appropriate systems to manage these risks are in place; and
- assuming responsibility for corporate governance.

The Board discharges its responsibilities either directly or indirectly through various committees comprising members of the Board. The Board has established three committees: (i) Audit Committee; (ii) Nominating Committee; and (iii) Remuneration Committee. These committees function within clearly defined terms of reference. The Board and the various committees comprise the following members:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
Lim Ming Seong	Chairman and Independent Director	-	Chairman	-
Ciliandra Fangiono	Executive Director	-	Member	-
Fang Zhixiang	Executive Director	-	-	-
Teng Cheong Kwee	Independent Director	Chairman	-	Member
Ong Beng Kee	Independent Director	Member	-	-
Hee Theng Fong	Independent Director	Member	-	Member
Ng Shin Ein	Independent Director	-	Member	Chairman
Tan Seow Kheng	Non-Executive Non-Independent Director	Member	-	-

The Directors ensure that the decisions made by them are objectively in the interest of the Company.

CORPORATE GOVERNANCE

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened as and when warranted by matters requiring the Board's attention. If necessary, Board meetings may be conducted by way of telephone or video conferencing as permitted under the Company's Articles of Association. The Directors' attendance at Board and Board Committee meetings during the financial year ended 31 December 2014 is set out as follows:

	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
	Number of Meetings							
Name	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Lim Ming Seong	4	4	-	-	1	1	-	-
Ciliandra Fangiono	4	4	-	-	1	1	-	-
Fang Zhixiang	4	1#	-	-	-	-	-	-
Teng Cheong Kwee	4	4	4	4	-	-	2	2
Ong Beng Kee	4	4	4	4	-	-	-	-
Hee Theng Fong	4	4	4	4	-	-	2	1
Ng Shin Ein	4	4	-	-	1	1	2	2
Tan Seow Kheng	4	1^	4	1^	-	-	-	-

Notes:

 # Appointed as an Executive Director with effect from 1 November 2014.

^ Appointed as a Non-Executive Non-Independent Director with effect from 1 November 2014.

The Group has adopted a set of internal guidelines setting forth financial authorisation and approval limits for investments, acquisitions, disposals and capital expenditures. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board.

A formal letter of appointment, which sets out the director's duties and obligations, is provided to each Director upon appointment. Orientation programmes are also organised for newly appointed Directors (if and when appointed). Newly appointed Directors who do not have prior experience as a director of a Singapore listed company are either briefed by the Company's legal advisors on their duties and obligations or undergo relevant courses conducted by external parties.

The Company had arranged for Mr Tan Seow Kheng, the newly appointed Non-Executive Non-Independent Director, to visit the Group's operations in Indonesia, for Mr Tan to familiarise himself with the business activities as well as to get acquainted with Management. The Company had also arranged for Mr Fang Zhixiang, the newly appointed Executive Director, to attend relevant seminars conducted by Singapore Institute of Directors on the roles and responsibilities of a listed company Director.

On an on-going basis, the Directors are also briefed by the Company Secretary, external auditors and external professionals on updates to relevant regulations and governance requirements, accounting standards and industry regulations. In addition, the Chief Executive Officer ("CEO") regularly updates the Board on the business activities and strategies of the Group during Board meetings. The Directors may also attend other appropriate courses and seminars at the Company's expense.

CORPORATE GOVERNANCE

BOARD COMPOSITION AND GUIDANCE

The Board comprises eight Directors of which five are Independent Directors. During the year under review, Mr Fang Zhixiang and Mr Tan Seow Kheng were appointed to the Board of Directors.

In considering aforesaid appointments, the Board has taken into consideration that Mr Fang Zhixiang, who has served as the Deputy CEO since 2007, should be appointed as an Executive Director as part of the succession planning for the CEO position. Mr Fang Zhixiang is the brother of Mr Ciliandra Fangiono, the CEO and Executive Director.

Under the 2012 CG Code, an "independent" director is defined as one who has no relationship with the Company, its related corporations, its 10% shareholders or its officers that could interfere, or be reasonably perceived to interfere, with the exercise of the director's independent business judgement with a view to the best interests of the Company. Mr Tan Seow Kheng is a candidate recommended by Infinite Capital Fund Limited ("Infinite Capital"), a substantial shareholder of the Company. Notwithstanding that Infinite Capital is only a 5% shareholder of the Company, the Board also took into consideration (1) Mr Tan Seow Kheng's past and present employment with Infinite Capital's affiliates; and that (2) Infinite Capital's affiliates have palm oil business and operate in the same industry as the Group. Hence, the Board deemed Mr Tan Seow Kheng as a Non-Executive Non-Independent Director.

The independence of each Director is reviewed annually by the Nominating Committee. The Independent Directors (within the definition of the 2012 CG Code) are Mr Lim Ming Seong, Mr Teng Cheong Kwee, Mr Hee Theng Fong, Ms Ng Shin Ein and Mr Ong Beng Kee. The Independent Directors have no relationship with the Company, its related companies, its shareholder with shareholding of 10% or more or their officers that could interfere or reasonably be perceived to interfere, with the exercise of their independent judgment in the best interests of the Group. None of these Directors have served the Company for a period exceeding nine years.

Annually, a review of the size and composition of the Board is also undertaken by the Company to ensure alignment with the needs of the Group. The Nominating Committee is of the view that the current size and composition of the Board is appropriate for the scope and nature of the Group's operations and facilitates effective decision-making.

The Nominating Committee is satisfied that the Board comprises Directors who as a group provide core competencies such as industry knowledge, finance, accounting, business and management experience necessary to meet the Company's performance targets and to facilitate effective decision-making. During Board meetings, the Non-Executive Directors engage in open and constructive debate with and challenge Management on its assumptions and proposals. In addition to the scheduled meetings, the Non-Executive Directors would also meet without the presence of Management at the conclusion of each Board meeting.

Profiles and key information of individual Directors, including their directorships and chairmanships both present and those held over the preceding three years in other listed companies, and other principal commitments, are disclosed on pages 20 to 23 of this Annual Report.

CHAIRMAN AND CHIEF EXECUTIVE OFFICER

The Company has a separate Chairman and CEO to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not related to each other.

The Chairman of the Company is Mr Lim Ming Seong. Besides giving guidance on the corporate and business directions of the Company, the role of the Chairman includes chairing Board and shareholders' meetings, and ensuring the quality, clarity and timeliness of information supplied to the Board. The CEO, Mr Ciliandra Fangiono, sets the business strategies and directions of the Company and manages the business operations together with the other executive officers of the Company.

BOARD MEMBERSHIP

The Nominating Committee comprises Mr Lim Ming Seong as Chairman and Mr Ciliandra Fangiono and Ms Ng Shin Ein as members. The majority of the Nominating Committee, including the Chairman, is independent. The Nominating Committee is guided by its terms of reference which sets out its responsibilities. The terms of reference are in line with the 2012 CG Code. These include:

(a) Reviewing board succession plans for directors, in particular, the Chairman and for the CEO;

(b) Evaluating the performance of the Board, its Board Committees and proposing objective performance criteria for Board's approval;

(c) Establishing procedures for and making recommendations to the Board on all Board appointments and re-appointments (as well as alternate director, if applicable);

(d) Determining annually if a Director is independent;

(e) Evaluating if a Director has multiple board representations and if he is able to and has been adequately carrying out his duties as a Director; and

(f) Reviewing training and professional development programmes for the Board.

The Nominating Committee has assessed that although some Directors have other board representations, they have devoted sufficient time and attention to their role as Directors and to the affairs of the Group. The Nominating Committee believes that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors should be best assessed through qualitative factors such as their attendance and time commitment to the affairs of the Company. The Nominating Committee would continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately. The Board unanimously affirms and supports the view of the Nominating Committee.

In assessing the independence of the Directors, the Nominating Committee has examined the relationships identified by the 2012 CG Code that might impair the Directors' independence and objectivity. The Nominating Committee is satisfied that the five Directors, namely Mr Lim Ming Seong, Mr Teng Cheong Kwee, Mr Ong Beng Kee, Mr Hee Theng Fong and Ms Ng Shin Ein have no existing relationships as stated in the guidelines of the 2012 CG Code with the Group and are able to act with independent judgement.

The Nominating Committee has a process for the selection, appointment and re-appointment of Directors. The Nominating Committee will, on an annual basis, review the size and composition of the Board and will consider the results of the annual appraisal of the Board's performance. It will evaluate the range of skills, knowledge and experience on the Board, and assess whether new competencies are required to improve the Board's competitiveness. When a need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the Nominating Committee will source for new candidates with the desired competencies. External help may be engaged to source for potential candidates if considered necessary. Directors and Management may also make recommendations. The Nominating Committee will meet shortlisted candidates for an interview before making recommendation to the Board for consideration and approval.

All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years. In recommending a Director for re-election to the Board, the Nominating Committee will consider, amongst other things, the individual's competencies, commitment and contribution to the Board. The Nominating Committee has recommended the nomination of (i) Mr Ciliandra Fangiono and Mr Hee Theng Fong who are retiring by rotation pursuant to Article 93 of the Company's Articles of Association; and (ii) Mr Fang Zhixiang and Mr Tan Seow Kheng pursuant to Article 99 of the Company's

Articles of Association, for re-election at the forthcoming Annual General Meeting ("AGM"). Mr Ong Beng Kee, who has attained the age of 70, will also retire pursuant to Section 153(6) of the Companies Act, Cap. 50 and the Nominating Committee has also recommended Mr Ong Beng Kee for re-appointment at the forthcoming AGM. The Board has accepted these recommendations.

Information regarding the Directors of the Company in respect of their dates of first appointment and last re-election/re-appointment is set out as follows:

Name	Date of initial appointment	Date of last re-election/ re-appointment
Lim Ming Seong	1 October 2007	23 April 2014
Ciliandra Fangiono	18 April 2007	27 April 2012
Fang Zhixiang	1 November 2014	-
Teng Cheong Kwee	1 October 2007	22 April 2013
Ong Beng Kee	1 May 2010	23 April 2014
Hee Theng Fong	1 October 2007	22 April 2013
Ng Shin Ein	1 October 2007	23 April 2014
Tan Seow Kheng	1 November 2014	-

BOARD PERFORMANCE

The Nominating Committee undertakes a process to assess the effectiveness of the Board as a whole. Directors are requested to complete a Board Evaluation Form to assess the overall effectiveness of the Board. The results of the evaluation exercise were considered by the Nominating Committee which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively.

The Nominating Committee had extracted salient recommendations from the 2012 CG Code and incorporated these recommendations into the Board evaluation form. The evaluation process focused on factors such as board composition, board information, board processes, internal controls & risk management, board accountability, communication with top management and standards of conduct.

While the 2012 CG Code recommends that the Directors be assessed individually, the Nominating Committee felt that it is more appropriate and effective to assess the Board as a whole, bearing in mind that each board member contributes in different ways to the success of the Company. Board decisions are also made on a collective basis.

ACCESS TO INFORMATION

Management has an on-going obligation to supply the Board with complete, adequate information in a timely manner. The Board is informed of all material events and transactions as and when they occur. The information that is provided by Management to the Board includes background or explanatory information relating to matters to be brought before the Board, budgets, forecasts and internal financial statements. In respect of budgets, any material variances between the projections and actual results are also disclosed and explained. In addition, the Board has separate and independent access to the Company's Management at all times. Request for information from the Board are dealt with promptly by Management.

The Directors also have separate and independent access to the Company Secretary. The Company Secretary attends all Board and Board Committee meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary assists the Chairman of the Board and the Chairman of each of the Board Committee and Management in the development of agendas for the various Board and Board Committee meetings. Should Directors, whether as a group or individually, need independent professional advice to fulfil their duties, such advice may be obtained from a professional firm, the cost of which will be borne by the Company.

PROCEDURES FOR DEVELOPING REMUNERATION POLICIES

The Remuneration Committee comprises Ms Ng Shin Ein as Chairman and Mr Teng Cheong Kwee and Mr Hee Theng Fong as members. All three are Independent Directors.

The Remuneration Committee is guided by its terms of reference that are in line with the 2012 CG Code.

The role of the Remuneration Committee is to review and recommend to the Board remuneration policies and packages for the Directors and key executives of the Group. The aim is to build and retain a capable and committed management team. To ensure that the remuneration package is sufficient and competitive to retain and motivate key executives, the Remuneration Committee also takes into consideration the existing compensation standards of the industry in which the Company operates in. The Remuneration Committee covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind.

LEVEL AND MIX OF REMUNERATION AND DISCLOSURE ON REMUNERATION

The following table shows a breakdown (in percentage) of our Directors' remuneration paid in the year ended 31 December 2014:

Name	Directors' Fee	Fixed Salary	Variable Bonus	Total Remuneration
Executive Directors:				
Ciliandra Fangiono	-	46%	54%	S$1,854,000
Fang Zhixiang [1]	-	49%	51%	S$1,354,000
Non-Executive Directors:				
Lim Ming Seong	100%	-	-	S$85,000
Teng Cheong Kwee	100%	-	-	S$75,000
Ong Beng Kee	100%	-	-	S$65,000
Hee Theng Fong	100%	-	-	S$70,000
Ng Shin Ein	100%	-	-	S$70,000
Ray Nugraha Yoshuara [2]	100%	-	-	S$20,000
Tan Seow Kheng [3]	-	-	-	-

Notes:

[1] Appointed as an Executive Director with effect from 1 November 2014.

[2] Retired as a Director at the Annual General Meeting held on 22 April 2013. The Director's fee was prorated to his date of resignation and paid in the year ended 31 December 2014.

[3] Appointed as a Non-Executive Non-Independent Director with effect from 1 November 2014. The Director's fee will be prorated from his date of appointment and paid in the year ending 31 December 2015.

Non-Executive Directors are paid a basic fee and additional fees for serving on any of the committees. In determining the quantum of such fees, factors such as frequency of meetings, effort and time spent, responsibilities of directors and the need to pay competitive fees to retain, attract and motivate the directors, are taken into account. Directors' fees recommended by the Board are subject to the approval of the shareholders at the forthcoming AGM. No Director is involved in deciding his or her own remuneration. The CEO and Deputy CEO, both Executive Directors, do not receive Director's fees and are on service contracts which are subject to annual review by the Remuneration Committee. The contracts do not contain any onerous removal clauses.

The remuneration policy for key executives takes into consideration the Company's performance and the responsibilities and performance of individual executives, as well as the pay and employment conditions within the industry.

The remuneration package for the CEO and other key executives consists of both fixed and variable components. The variable component is determined based on the performance of the individual employee and the Group's performance in the relevant financial year.

The following table shows the remuneration of our top five key executives (who are not Directors or the CEO of the Company) paid in the year ended 31 December 2014:

Name	Fixed Salary	Variable Bonus	Remuneration Band
Executive A	55%	45%	S$250,000 – S$500,000
Executive B	74%	26%	S$250,000 – S$500,000
Executive C	68%	32%	S$250,000 – S$500,000
Executive D	70%	30%	S$250,000 – S$500,000
Executive E	83%	17%	S$250,000 – S$500,000

The total remuneration of the top five key executives (who are not Directors or the CEO of the Company) paid in the year ended 31 December 2014 amounted to S$1,720,000.

The Company believes that it may not be in the best interest of the Company to disclose the remuneration of key executives as recommended by the 2012 CG Code, as such disclosure may affect its ability to retain and nurture talent. In view of the competitive environment and nature of industry that the Group operates in, the Company is of the opinion that such disclosure should be on a no-name basis.

There were no termination, retirement and post-employment benefits paid to Directors and the top five key executives in the year ended 31 December 2014.

The Company has in place a share option scheme and a share performance plan known as First Resources Share Option Scheme and First Resources Performance Share Plan respectively, details of which are disclosed in the Directors' Report. The two schemes are administered by members of the Remuneration and Nominating Committees. During the year, no share options or performance shares were granted to Directors and employees of the Company.

For transparency, the 2012 CG Code also recommends disclosure of the remuneration of employees who are immediate family members of a Director or the CEO, and whose remuneration exceeds S$50,000 during the year. Mr Ciliandra Fangiono and Mr Fang Zhixiang are brothers and their remuneration is set out in the Directors' remuneration table above. Ms Serene Lim is the wife of Mr Ciliandra Fangiono, and her remuneration is between the band of S$50,000 – S$100,000.

ACCOUNTABILITY

The Board provides shareholders with a comprehensive and balanced explanation of the Company's performance, position and prospects on a quarterly basis when it releases its results through the SGXNET and the Company's website. Operational statistics are also posted on the SGXNET on a monthly basis.

Management provides the Board with appropriately detailed management accounts of the Company's performance, position and prospects on a quarterly basis and when deemed appropriate by particular circumstances. To allow Directors to have sufficient time to prepare for the meetings, all Board and Board Committee papers are provided to the Directors in advance of the meetings.

For matters which require the Board's decision outside such meetings, Board papers will be circulated for the Board's consideration, with discussions and clarifications taking place between members of the Board and Management directly, before approval is granted.

CORPORATE GOVERNANCE

AUDIT COMMITTEE

The Audit Committee comprises Mr Teng Cheong Kwee as Chairman, Mr Ong Beng Kee, Mr Hee Theng Fong and Mr Tan Seow Kheng as members, the majority of whom, including the Chairman, are independent. The majority of the Audit Committee, including the Chairman, has accounting or related financial management expertise or experience.

The Audit Committee is guided by its terms of reference which sets out its responsibilities. The terms of reference are in line with the 2012 CG Code.

The Audit Committee performs the following principal duties:

- assists the Board of Directors in the discharge of its responsibilities on financial and accounting matters;
- reviews the audit plans, scope of work, results and quality of audits carried out by internal and external auditors;
- reviews the co-operation given by Management to the external and internal auditors;
- reviews significant financial reporting issues and judgements relating to financial statements for each financial year, quarterly and annual financial statements and the auditors' report before submission to the Board of Directors for approval;
- reviews the integrity of any financial information presented to our shareholders;
- reviews the adequacy and effectiveness of the Group's system of risk management and internal controls, including financial, operational, compliance and information technology controls via reviews carried out by the internal auditors, and taking into consideration the external auditors' findings arising from their annual audit;
- reviews the nature and extent of non-audit services provided by the external auditors yearly to determine their independence;
- recommends to the Board of Directors the appointment and re-appointment of external auditors, approves the compensation and terms of engagement of the external auditors;
- meets with the external and internal auditors without the presence of the Company's Management annually;
- reviews the effectiveness of the internal audit function;
- reviews interested person transactions, if any;
- reviews potential conflicts of interest, if any;
- reviews all hedging policies to be implemented, if any;
- investigates any matter within its terms of reference; and
- reviews the risk management structure and any oversight of risk management processes and activities to mitigate and manage risk at acceptable levels determined by the Board of Directors.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's results of operations and/or financial position. Each member of the Audit Committee shall abstain from voting on any resolution in respect of matters in which he is interested.

During the year, the Audit Committee was briefed on the new accounting standards that would impact the Group's consolidated financial statements by the external auditors at the Audit Committee meetings.

The Audit Committee has full access to and co-operation of Management. The Audit Committee also has full discretion to invite any Director or executive officer to attend its meetings and has been given adequate resources to discharge its functions. During the year, the Audit Committee met with the external and internal auditors without the presence of Management.

The Audit Committee has undertaken a review of the nature and extent of all non-audit services provided by the external auditors during the financial year and is satisfied that such services has not, in the Audit Committee's opinion, compromised the independence of the external auditors. The aggregate amount and breakdown of the audit and non-audit fees paid/payable to the external auditors is found in Note 7 "General and Administrative Expenses" in the Financial Statements of this Annual Report. The external auditors have also affirmed their independence in their report to the Audit Committee. Accordingly, the Audit Committee has recommended the re-appointment of the external auditors at the AGM of the Company.

The Company is in compliance with the requirements under SGX-ST Listing Manual Rules 712 and 715(1) on the appointment of a same auditing firm in Singapore to audit its accounts and the accounts of its subsidiaries and significant associated companies and Rule 715(2) on the appointment of a suitable auditing firm for its foreign incorporated subsidiaries and associated companies.

The Company has put in place a whistle blowing policy, endorsed by the Audit Committee, which provides for a mechanism by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matters. Details of this policy have been disseminated and made available to all employees. The Audit Committee ensures that independent investigations and any appropriate follow-up actions are carried out.

RISK MANAGEMENT

The Board, through the Audit Committee, reviews the adequacy of the Group's risk management process to ensure that robust risk management and internal control systems are in place. The Company has put in place a Group Risk Management Framework to enhance its risk management process. The Framework lays out the processes for the identification of key risks within the business and assessment of the operating effectiveness of the Company's internal controls. As part of the Framework, the Company maintains a risk register which identifies the key risks of the Group and the corresponding internal controls in place to manage or mitigate those risks. Risk registers are maintained and reviewed by Management on a regular basis and the overall findings reported to the Audit Committee annually.

The Company has identified and reviewed its key risks to assess the adequacy and effectiveness of the Company's risk management and internal control systems, specifically on financial, operational, compliance and information technology risks. Apart from the Group's risk management process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before the transaction is embarked on. The Board, through the Audit Committee, will continuously identify, review and monitor the key risks, control measures and management actions as part of the risk management process.

Some of these risks are discussed in Note 39 "Financial Risk Management Objectives and Policies" in the Financial Statements of this Annual Report.

CORPORATE GOVERNANCE

INTERNAL CONTROLS

The Company's internal auditors conducts independent reviews of the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls addressing the key risks identified in the overall risk framework of the Group. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal auditors in this respect.

In the course of the statutory audit, the Company's external auditors will highlight any material internal control weaknesses which have come to their attention in carrying out their audit, which is designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the Audit Committee.

The Board has received assurance from the CEO and Head of Corporate Finance:

- that the financial records have been properly maintained and the financial statements for the year ended 31 December 2014 give a true and fair view of the Company's operations and finances; and

- regarding the effectiveness of the Company's risk management and internal control systems.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and reviews performed by Management, as well as the assurance from the CEO and Head of Corporate Finance, the Board, with the concurrence of the Audit Committee, is of the view that the Company's system of risk management and internal controls addressing key financial, operational, compliance and information technology risks were adequate and effective to meet the needs of the Group in its current business environment as at 31 December 2014.

The system of internal controls and risk management provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of internal controls and risk management could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities.

INTERNAL AUDIT

The Company has established an in-house Internal Audit ("IA") function that is independent of the activities that it audits. The IA function reports to the Audit Committee functionally and to the CEO administratively.

The IA function adopts a risk-based approach in formulating the annual audit plan which aligns its activities to the key risks across the Group's business. The reviews performed by the internal auditors are aimed at assisting the Board in evaluating the adequacy and effectiveness of risk management, controls and governance processes.

During the year, the IA function conducted its audit reviews based on the annual audit plan which was approved by the Audit Committee. Each quarter, the IA function would submit a report to the Audit Committee on the key audit findings and actions to be taken by Management on such findings. Key findings are also highlighted at Audit Committee Meetings for discussion and follow up actions. The Audit Committee monitors the timely and proper implementation of the required corrective, preventive or improvement measures to be undertaken by Management.

To ensure that audits are performed effectively, the Group employs suitably qualified professional staff with the relevant experience. The Audit Committee is satisfied that the IA function is adequately resourced and has the appropriate standing within the Company. The Audit Committee has also reviewed and is satisfied with the adequacy and effectiveness of the IA function.

CORPORATE GOVERNANCE

COMMUNICATION WITH SHAREHOLDERS

The Company's policy is that all shareholders should be equally informed of all major developments impacting the Group. We convey material information via the SGXNET on a timely basis. Shareholders and investors can also access announcements, quarterly results, annual reports, investor presentations, monthly production updates and other corporate information including contact details of our investor relations team on the dedicated Investor Relations section of our corporate website.

The Company maintains frequent interactions with shareholders, analysts, fund managers and investors in the form of meetings, investor roadshows, conference calls and results briefings. At such events, Management, together with the Investor Relations team, openly communicates the Group's financial and operational performances, business strategies and growth initiatives.

All shareholders receive the Annual Report and the notice of AGM. At the AGM, shareholders have the opportunity to direct questions to Directors and Management and to vote on the proposed resolutions. They are allowed to vote in person or by proxy if they are unable to attend the AGM. At the AGM, each distinct issue is proposed as a separate resolution. The Chairmen of the various Committees, as well as external auditors are present at the meetings to address questions from shareholders.

The Board noted that with effect from 1 August 2015, the Company is required by the SGX-ST Listing Rules to conduct the voting of all resolutions put to general meetings by poll. Until such time, voting at general meetings will be by show of hands unless a poll is demanded during the general meeting.

In preparation for the AGM, shareholders are encouraged to refer to SGX's investor guides, namely 'An Investor's Guide To Reading Annual Reports' and 'An Investor's Guide To Preparing For Annual General Meetings'. The guides, in both English and Chinese versions, are available at the SGX website (www.sgx.com) under the section named "Investor Guide".

DEALING IN SECURITIES

The Company has adopted and issued an internal compliance code on securities trading, which provides guidance and internal regulations with regards to dealings in the Company's securities by its Directors and officers. The Company's internal code prohibits its Directors and officers from dealing in the Company's securities during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year, and one month before the date of announcement of the full year financial results, and ending on the date of the announcement of the relevant results. Directors and officers are also advised against dealing in the securities when they are in possession of any unpublished material price-sensitive information of the Group and on short-term considerations.

In addition, Directors are required to report to the Company Secretary whenever they deal in the Company's securities and the latter will make the necessary announcements in accordance to the requirements of SGX-ST.

INTERESTED PERSON TRANSACTIONS

The Company has in place procedures to ensure that all transactions with interested persons are reported in a timely manner to the Audit Committee for its review.

Details of interested person transactions for the financial year ended 31 December 2014 as required under Rule 907 of the SGX-ST Listing Manual are set out as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
	US$'000	US$'000
Associates of Eight Capital Inc.	7,165	Not Applicable
Associates of Ciliandra Fangiono	346	Not Applicable

The Audit Committee has reviewed, and is satisfied that the transactions are conducted at arm's length and on terms that are fair and reasonable. The Audit Committee and the Board of Directors are satisfied that the terms of the above transactions are not prejudicial to the interests of the Company or its minority shareholders.

The Company does not have a shareholders' mandate pursuant to Rule 920 of the SGX-ST Listing Manual.

MATERIAL CONTRACTS

Save as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the CEO, Director or controlling shareholder, which are either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2013.

FINANCIAL STATEMENTS

DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of First Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2014.

DIRECTORS

The directors of the Company in office at the date of this report are:

Lim Ming Seong
Ciliandra Fangiono
Fang Zhixiang
Teng Cheong Kwee
Ong Beng Kee
Hee Theng Fong
Ng Shin Ein
Tan Seow Kheng

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50 (the "Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year or date of appointment	At the end of financial year	At the beginning of financial year or date of appointment	At the end of financial year
Ordinary shares of the Company				
Lim Ming Seong	100,000	100,000	–	–
Ng Shin Ein	38,000	38,000	–	–
Tan Seow Kheng	30,000	30,000	–	–

There was no change in any of the above-mentioned interests in the Company between the end of the financial year and 21 January 2015.

Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year.

SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN

The Company has a Share Option Scheme and a Performance Share Plan which are administered by a committee comprising the members of the Remuneration and Nominating Committees (the "Administration Committee"), namely Messrs Lim Ming Seong, Teng Cheong Kwee, Hee Theng Fong, Ng Shin Ein and Ciliandra Fangiono. Details of the Share Option Scheme and Performance Share Plan are as follows:

(a) First Resources Share Option Scheme

(i) The First Resources Share Option Scheme (the "Share Option Scheme") was approved on 14 November 2007. Employees (including executive directors) of the Company and its subsidiaries and associated companies over which the Group has control (the "Participants") are eligible to participate in the Share Option Scheme at the absolute discretion of the Administration Committee.

(ii) The aggregate number of new shares issued and issuable and/or transferred and transferable in respect of all options granted under the Share Option Scheme, and under any such other share-based incentive schemes of the Company, shall not exceed 15% of the total issued shares (including treasury shares) on the day preceding the date of the relevant grant.

(iii) Options may be granted from time to time during the year when the Share Option Scheme is in force, except that options shall only be granted after the second market day from the date on which an announcement of any matter of an exceptional nature involving unpublished price sensitive information is released.

(iv) No options have been granted to the Participants under the Share Option Scheme since the commencement of the scheme till the end of the financial year ended 31 December 2014.

(b) First Resources Performance Share Plan

(i) The First Resources Performance Share Plan (the "Performance Share Plan") was approved on 14 November 2007. The Company would at its discretion and on a free-of-charge basis, grant awards which represent a specified number of fully paid shares in the share capital of the Company or its equivalent cash value or combinations thereof. The awards will vest only after satisfactory completion of prescribed performance targets and/or time based service conditions. Upon the vesting of an award, the participants may receive any or a combination of the following:

- New ordinary shares credited as fully paid;
- Existing shares repurchased from open market; and/or
- Cash equivalent value of such shares.

(ii) The following persons (collectively known as the "Participants") shall be eligible to participate in the Performance Share Plan subject to the absolute discretion of the Administration Committee:

- Employees (including executive directors) and non-executive directors of the Company and its subsidiaries and associated companies over which the Group has control.
- Controlling shareholders and their associates as defined by the Listing Manual who have contributed to the success and development of the Group, provided that each of their participation and actual number of shares to be awarded to them must be approved by independent shareholders.

SHARE OPTION SCHEME AND PERFORMANCE SHARE PLAN (CONT'D)

(b) First Resources Performance Share Plan (cont'd)

(iii) The aggregate number of new shares which may be issued and/or transferred pursuant to awards granted under the Performance Share Plan, when added to the total number of shares issued and issuable and/or transferred and transferable in respect of all options granted under the Share Option Scheme, shall not exceed 15% of the total issued shares (including treasury shares) on the day preceding the date of the relevant award.

The aggregate number of shares available to the controlling shareholders shall not exceed 25% of the shares available under the Performance Share Plan. The number of shares available to each controlling shareholder shall not exceed 10% of the shares available under the Performance Share Plan.

(iv) No awards have been granted to the Participants under the Performance Share Plan since the commencement of the share plan till the end of the financial year ended 31 December 2014.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

AUDIT COMMITTEE

The Audit Committee ("AC") carried out its functions in accordance with Section 201B(5) of the Act, including the following:

- assists the Board of Directors in the discharge of its responsibilities on financial and accounting matters;
- reviews the audit plans, scope of work, results and quality of audits carried out by internal and external auditors;
- reviews the co-operation given by Management to the external and internal auditors;
- reviews significant financial reporting issues and judgements relating to financial statements for each financial year, quarterly and annual financial statements and the auditors' report before submission to the Board of Directors for approval;
- reviews the integrity of any financial information presented to our shareholders;
- reviews the adequacy and effectiveness of the Group's system of risk management and internal controls, including financial, operational, compliance and information technology controls via reviews carried out by the internal auditors, and taking into consideration the external auditors' findings arising from their annual audit;
- reviews the nature and extent of non-audit services provided by the external auditors yearly to determine their independence;
- recommends to the Board of Directors the appointment and re-appointment of external auditors, approves the compensation and terms of engagement of the external auditors;
- meets with the external and internal auditors without the presence of the Company's Management annually;
- reviews the effectiveness of the internal audit function;
- reviews interested person transactions, if any;
- reviews potential conflicts of interest, if any;
- reviews all hedging policies to be implemented, if any;
- investigates any matter within its terms of reference; and
- reviews the risk management structure and any oversight of risk management processes and activities to mitigate and manage risk at acceptable levels determined by the Board of Directors.

AUDIT COMMITTEE (CONT'D)

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not compromise the independence of the external auditors. The AC has also conducted a review of interested person transactions.

During the financial year, the AC convened four meetings and had also met with the external and internal auditors without the presence of the Company's Management.

Further details regarding the AC are also disclosed in the Report on Corporate Governance.

AUDITOR

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Lim Ming Seong
Chairman

Ciliandra Fangiono
Chief Executive Officer

Singapore
23 March 2015

STATEMENT BY DIRECTORS

We, Lim Ming Seong and Ciliandra Fangiono, being two of the directors of First Resources Limited (the "Company"), do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Company and of the Company and its subsidiaries (collectively, the "Group") as at 31 December 2014 and the results of the business, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Lim Ming Seong
Chairman

Ciliandra Fangiono
Chief Executive Officer

Singapore
23 March 2015

INDEPENDENT AUDITOR'S REPORT

For the financial year ended 31 December 2014

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST RESOURCES LIMITED

REPORT ON THE FINANCIAL STATEMENTS

We have audited the accompanying financial statements of First Resources Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2014, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Singapore Companies Act, Chapter 50 (the "Act") and Singapore Financial Reporting Standards, and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss accounts and balance sheets and to maintain accountability of assets.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2014 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date.

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST RESOURCES LIMITED (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and Chartered Accountants

Singapore
23 March 2015

CONSOLIDATED INCOME STATEMENT

For the financial year ended 31 December 2014

	Note	2014 US$'000	2013 US$'000
Sales	4	615,524	626,498
Cost of sales	5	(292,125)	(244,755)
Gross profit		323,399	381,743
Gains arising from changes in fair value of biological assets	11	1,940	29,564
Selling and distribution costs	6	(24,310)	(37,246)
General and administrative expenses	7	(28,339)	(31,638)
Other operating expenses		(1,697)	(1,589)
Profit from operations		270,993	340,834
Losses on foreign exchange		(118)	(6,368)
Losses on derivative financial instruments		(2,777)	(2,602)
Net financial expenses	8	(15,020)	(18,332)
Other non-operating (expenses)/income		(1,133)	32
Profit before tax		251,945	313,564
Tax expense	9	(71,154)	(67,454)
Profit for the year		180,791	246,110
Profit attributable to:			
Owners of the Company		173,409	238,242
Non-controlling interests		7,382	7,868
		180,791	246,110
Earnings per share attributable to owners of the Company (US Cents)			
- Basic	10	10.95	15.04
- Diluted	10	10.95	15.04

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

For the financial year ended 31 December 2014

	2014 US$'000	2013 US$'000
Profit for the year	180,791	246,110
Other comprehensive income:		
Items that will not be reclassified subsequently to profit or loss		
Remeasurement gains on defined benefits plan	1,125	2,245
Income tax effect	(235)	(561)
	890	1,684
Items that may be reclassified subsequently to profit or loss		
Fair value losses on cash flow hedges	(39,788)	(38,291)
Fair value losses on cash flow hedges transferred to the income statement	34,710	11,144
Foreign currency translation	(44,909)	(304,317)
Income tax effect	1,300	16,644
	(48,687)	(314,820)
Other comprehensive income for the year, net of tax	(47,797)	(313,136)
Total comprehensive income for the year	132,994	(67,026)
Total comprehensive income attributable to:		
Owners of the Company	126,808	(61,911)
Non-controlling interests	6,186	(5,115)
	132,994	(67,026)

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

BALANCE SHEETS

As at 31 December 2014

	Note	Group 2014 US$'000	Group 2013 US$'000	Company 2014 US$'000	Company 2013 US$'000
Non-current assets					
Biological assets	11	961,083	869,309	–	–
Plasma plantation receivables	12	59,206	27,757	–	–
Property, plant and equipment	13	338,415	303,083	9,296	9,972
Land use rights	14	46,139	43,464	–	–
Investment in subsidiaries	15	–	–	452,291	452,291
Goodwill	16	60,994	73,277	–	–
Other intangible assets	17	24,932	29,067	323	451
Tax recoverable		13,431	7,741	–	–
Deferred tax assets	9	16,652	14,220	–	–
Loans to subsidiaries	18	–	–	440,881	438,729
Other non-current assets		2,094	2,110	–	–
Total non-current assets		1,522,946	1,370,028	902,791	901,443
Current assets					
Inventories	20	48,563	59,211	–	–
Loan to subsidiary	18	–	–	934	600
Trade receivables	21	29,769	34,922	1,743	2,499
Other receivables	22	9,312	6,998	7,401	987
Derivative financial assets	19	–	3,987	–	–
Advances for purchase of property, plant and equipment	23	4,235	5,666	–	23
Other advances and prepayments	23	2,188	3,280	60	103
Prepaid taxes		29,926	24,030	–	–
Restricted cash balances	24	59,460	32,675	58,438	27,999
Cash and cash equivalents	24	291,456	239,477	86,013	8,684
Total current assets		474,909	410,246	154,589	40,895
Total assets		1,997,855	1,780,274	1,057,380	942,338

BALANCE SHEETS

As at 31 December 2014

		Group		Company	
		2014	2013	2014	2013
	Note	US$'000	US$'000	US$'000	US$'000
Current liabilities					
Trade payables	25	20,075	24,498	188	1
Other payables and accruals	26	36,884	35,462	10,228	10,159
Advances from customers	27	2,071	1,360	–	–
Loans and borrowings from financial institutions	28	10,946	2,608	–	7
Derivative financial liabilities	19	–	1,210	–	–
Provision for tax		18,315	15,312	43	–
Total current liabilities		88,291	80,450	10,459	10,167
Non-current liabilities					
Loans and borrowings from financial institutions	28	2,740	2,733	–	–
Islamic medium term notes	29	569,433	484,388	569,433	484,388
Derivative financial liabilities	19	91,198	48,061	91,198	48,061
Provision for post-employment benefits	30	13,413	11,623	–	–
Deferred tax liabilities	9	117,030	112,894	985	402
Total non-current liabilities		793,814	659,699	661,616	532,851
Total liabilities		882,105	740,149	672,075	543,018
Net assets		1,115,750	1,040,125	385,305	399,320
Equity					
Share capital	31	394,913	394,913	394,913	394,913
Differences arising from restructuring transactions involving entities under common control	32	35,016	35,016	–	–
Other reserves	33	(396,366)	(348,922)	(12,723)	(7,645)
Retained earnings		1,029,626	912,472	3,115	12,052
Equity attributable to owners of the Company		1,063,189	993,479	385,305	399,320
Non-controlling interests		52,561	46,646	–	–
Total equity		1,115,750	1,040,125	385,305	399,320

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Attributable to owners of the Company						
	Share capital US$'000 (Note 31)	Differences arising from restructuring transactions involving entities under common control US$'000 (Note 32)	Other reserves US$'000 (Note 33)	Retained earnings US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Group							
2014							
At 1 January 2014	394,913	35,016	(348,922)	912,472	993,479	46,646	1,040,125
Profit for the year	–	–	–	173,409	173,409	7,382	180,791
Other comprehensive income							
Remeasurement gains on defined benefits plan	–	–	–	843	843	47	890
Net change in fair value of cash flow hedges	–	–	(5,078)	–	(5,078)	–	(5,078)
Foreign currency translation	–	–	(42,366)	–	(42,366)	(1,243)	(43,609)
Other comprehensive income for the year, net of tax	–	–	(47,444)	843	(46,601)	(1,196)	(47,797)
Total comprehensive income for the year	–	–	(47,444)	174,252	126,808	6,186	132,994
Distributions to owners							
Dividends paid	–	–	–	(57,098)	(57,098)	(535)	(57,633)
Changes in ownership interests in subsidiaries							
Equity contribution by non-controlling interests	–	–	–	–	–	264	264
Total transactions with owners in their capacity as owners	–	–	–	(57,098)	(57,098)	(271)	(57,369)
At 31 December 2014	394,913	35,016	(396,366)	1,029,626	1,063,189	52,561	1,115,750

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Attributable to owners of the Company						
	Share capital US$'000 (Note 31)	Differences arising from restructuring transactions involving entities under common control US$'000 (Note 32)	Other reserves US$'000 (Note 33)	Retained earnings US$'000	Equity attributable to owners of the Company US$'000	Non-controlling interests US$'000	Total equity US$'000
Group							
2013							
At 1 January 2013	394,913	35,016	(47,085)	723,548	1,106,392	51,180	1,157,572
Profit for the year	–	–	–	238,242	238,242	7,868	246,110
Other comprehensive income							
Remeasurement gains on defined benefits plan	–	–	–	1,684	1,684	–	1,684
Net change in fair value of cash flow hedges	–	–	(24,672)	–	(24,672)	215	(24,457)
Foreign currency translation	–	–	(277,165)	–	(277,165)	(13,198)	(290,363)
Other comprehensive income for the year, net of tax	–	–	(301,837)	1,684	(300,153)	(12,983)	(313,136)
Total comprehensive income for the year	–	–	(301,837)	239,926	(61,911)	(5,115)	(67,026)
Distributions to owners							
Dividends paid	–	–	–	(51,002)	(51,002)	–	(51,002)
Changes in ownership interests in subsidiaries							
Equity contribution by non-controlling interests	–	–	–	–	–	179	179
Acquisition of subsidiaries	–	–	–	–	–	402	402
Total transactions with owners in their capacity as owners	–	–	–	(51,002)	(51,002)	581	(50,421)
At 31 December 2013	394,913	35,016	(348,922)	912,472	993,479	46,646	1,040,125

STATEMENTS OF CHANGES IN EQUITY

For the financial year ended 31 December 2014

	Share capital US$'000 (Note 31)	Other reserves US$'000 (Note 33)	Retained earnings US$'000	Total equity US$'000
Company				
2014				
At 1 January 2014	394,913	(7,645)	12,052	399,320
Profit for the year	–	–	48,161	48,161
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	–	(5,078)	–	(5,078)
Total comprehensive income for the year	–	(5,078)	48,161	43,083
<u>Distributions to owners</u>				
Dividends paid (Note 42)	–	–	(57,098)	(57,098)
Total transactions with owners in their capacity as owners	–	–	(57,098)	(57,098)
At 31 December 2014	394,913	(12,723)	3,115	385,305
2013				
At 1 January 2013	394,913	2,150	5,248	402,311
Profit for the year	–	–	57,806	57,806
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	–	(9,795)	–	(9,795)
Total comprehensive income for the year	–	(9,795)	57,806	48,011
<u>Distributions to owners</u>				
Dividends paid (Note 42)	–	–	(51,002)	(51,002)
Total transactions with owners in their capacity as owners	–	–	(51,002)	(51,002)
At 31 December 2013	394,913	(7,645)	12,052	399,320

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2014

	2014 US$'000	2013 US$'000
Cash flows from operating activities		
Profit before tax	251,945	313,564
Adjustments for:		
Depreciation of property, plant and equipment	28,612	25,851
Amortisation of land use rights and intangible assets	2,083	1,795
Gains on disposal of property, plant and equipment	(151)	–
Financial expenses	20,124	21,857
Interest income	(5,104)	(3,525)
Losses on derivative financial instruments	2,777	2,602
Gains arising from changes in fair value of biological assets	(1,940)	(29,564)
Operating cash flows before changes in working capital	298,346	332,580
Changes in working capital:		
Inventories	9,695	(9,821)
Trade receivables	5,129	(12,864)
Other receivables	(2,022)	(15,452)
Advances and prepayments	1,076	13,968
Other non-current assets	(142)	165
Trade payables	(4,141)	6,646
Other payables and accruals	1,339	(4,777)
Advances from customers	773	(5,264)
Provision for post-employment benefits	3,308	3,734
Unrealised translation differences	69	(14,899)
Cash flows generated from operations	313,430	294,016
Financial expenses paid	(18,514)	(21,234)
Interest income received	4,668	3,417
Tax paid	(76,689)	(76,209)
Net cash generated from operating activities	222,895	199,990

CONSOLIDATED CASH FLOW STATEMENT

For the financial year ended 31 December 2014

	2014 US$'000	2013 US$'000
Cash flows from investing activities		
Capital expenditure on biological assets (Note 11)	(132,778)	(116,678)
Capital expenditure on property, plant and equipment (Note 13)	(65,632)	(56,477)
Payment of advances for purchase of property, plant and equipment	(4,436)	(6,604)
Development costs on plasma plantations (Note 12)	(11,744)	(4,528)
Proceeds from plasma plantation receivables (Note 12)	1,919	19,685
Acquisition of land use rights (Note 14)	(1,924)	(823)
Acquisition of other intangible assets (Note 17)	(164)	(324)
Proceeds from disposal of property, plant and equipment	228	–
Net cash outflow on acquisition of subsidiaries (Note 15(d))	–	(69,756)
Net cash used in investing activities	(214,531)	(235,505)
Cash flows from financing activities		
Proceeds from bank loans	8,419	17,928
Repayment of bank loans	–	(250,688)
Proceeds from issuance of Islamic medium term notes, net	122,299	197,237
Payment of obligations under finance leases	(3,541)	(3,307)
Increase in restricted cash balances	(26,785)	(19,731)
Dividends paid	(57,633)	(51,002)
Proceeds from equity contribution by non-controlling interests	264	179
Net cash from/(used in) financing activities	43,023	(109,384)
Net increase/(decrease) in cash and cash equivalents	51,387	(144,899)
Effect of exchange rate changes on cash and cash equivalents	592	(7,418)
Cash and cash equivalents at 1 January	239,477	391,794
Cash and cash equivalents at 31 December (Note 24)	291,456	239,477

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

1. GENERAL

(a) *Corporate information*

First Resources Limited (the "Company") is a limited liability company, which is incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited ("SGX-ST").

The Company's immediate and ultimate holding company is Eight Capital Inc., which is incorporated in the British Virgin Islands.

The registered office and principal place of business of the Company is located at 8 Temasek Boulevard, #36-02, Suntec Tower Three, Singapore 038988.

The principal activities of the Company are those of investment holding, general trading and the provision of technical assistance to its subsidiaries. The principal activities of the subsidiaries are as disclosed in Note 1(b).

(b) *Subsidiaries*

The details of the Group's subsidiaries are as follows:

Subsidiaries	Country of incorporation	Principal activities	Effective group equity interest	
			2014 %	2013 %
Direct Ownership:				
PT Ciliandra Perkasa ("PT CLP") [7]	Indonesia	Oil palm plantation	95.51	95.51
PT Meridan Sejati Surya Plantation ("PT MSSP") [7]	Indonesia	Oil palm plantation	93.56 [1]	93.56 [1]
PT Borneo Ketapang Permai ("PT BKP") [7]	Indonesia	Oil palm plantation	99.76 [2]	99.76 [2]
PT Adhitya Seraya Korita ("PT ASK") [7]	Indonesia	Palm oil refining and palm kernel crushing	95.00	95.00
First Resources Trading Pte. Ltd. ("FRTPL")	Singapore	Marketing and distribution of palm oil products	100.00	100.00
Lynhurst Investment Pte. Ltd. ("Lynhurst")	Singapore	Investment holding	100.00	100.00

1. GENERAL (CONT'D)

(b) *Subsidiaries (cont'd)*

Subsidiaries	Country of incorporation	Principal activities	Effective group equity interest 2014 %	Effective group equity interest 2013 %
Indirect Ownership:				
Subsidiaries of PT CLP				
PT Pancasurya Agrindo ("PT PSA") (7)	Indonesia	Oil palm plantation	95.32 (3)	95.32 (3)
PT Surya Intisari Raya ("PT SIR") (7)	Indonesia	Oil palm plantation	95.50	95.50
PT Perdana Intisawit Perkasa ("PT PISP") (7)	Indonesia	Oil palm plantation	95.50	95.50
PT Bumi Sawit Perkasa ("PT BSP") (7)	Indonesia	Oil palm plantation	95.44	95.44
PT Priatama Riau ("PT PTR") (7)	Indonesia	Oil palm plantation	95.41	95.33
PT Surya Dumai Agrindo ("PT SDA") (7)	Indonesia	Oil palm plantation	95.50	95.50
PT Panca Surya Garden ("PT PSG") (7)	Indonesia	Oil palm seed breeding	94.32	94.32
Subsidiaries of PT PSA				
PT Pancasurya Binasejahtera ("PT PSBS") (7)	Indonesia	Investment holding	95.31	95.31
PT Muriniwood Indah Industry ("PT MII") (7)	Indonesia	Oil palm plantation	95.31	95.31
PT Kalimantan Green Persada ("PT KGP") (9)	Indonesia	Investment holding	95.23	90.55
PT Gerbang Sawit Indah ("PT GSI") (8)	Indonesia	Oil palm plantation	95.31	95.31

1. GENERAL (CONT'D)

(b) Subsidiaries (cont'd)

Subsidiaries	Country of incorporation	Principal activities	Effective group equity interest 2014 %	2013 %
Indirect Ownership (cont'd):				
Subsidiaries of PT PSA (cont'd)				
PT Matthew Air Nusantara ("PT MAN") [7]	Indonesia	Aircraft ownership and management	95.41 [4]	95.41 [4]
PT Setia Agrindo Jaya ("PT SAJ") [8]	Indonesia	Oil palm plantation	46.70	46.70
Subsidiaries of PT PSBS				
PT Subur Arummakmur ("PT SAM") [7]	Indonesia	Oil palm plantation	95.30	95.30
PT Arindo Trisejahtera ("PT ATS") [7]	Indonesia	Oil palm plantation	95.30	95.30
Subsidiaries of PT BKP				
PT Limpah Sejahtera ("PT LS") [7]	Indonesia	Oil palm plantation	94.78	94.78
PT Mitra Karya Sentosa ("PT MKS") [7]	Indonesia	Oil palm plantation	94.78	94.78
PT Umekah Saripratama ("PT USP") [7]	Indonesia	Oil palm plantation	94.78	94.78
PT Pulau Tiga Lestari Jaya ("PTLJ") [7]	Indonesia	Oil palm plantation	94.78	94.78

1. GENERAL (CONT'D)

(b) Subsidiaries (cont'd)

Subsidiaries	Country of incorporation	Principal activities	Effective group equity interest	
			2014 %	2013 %
Indirect Ownership (cont'd):				
Subsidiaries of PT KGP				
PT Ketapang Agro Lestari ("PT KAL") (9)	Indonesia	Oil palm plantation	95.22	90.52
PT Borneo Persada Energy Jaya ("PT BPEJ") (9)	Indonesia	Oil palm plantation	95.22	90.46
PT Borneo Surya Mining Jaya ("PT BSMJ") (9)	Indonesia	Oil palm plantation	95.22	90.46
PT Borneo Damai Lestari ("PT BDL") (9)	Indonesia	Rubber plantation	95.22	90.46
PT Citra Agro Kencana ("PT CAK") (9)	Indonesia	Oil palm plantation	95.22	90.51
PT Borneo Persada Prima Jaya ("PT BPPJ") (9)	Indonesia	Rubber plantation	95.22	90.46
PT Maha Karya Bersama ("PT MKB") (9)	Indonesia	Oil palm plantation	95.17	85.84
PT Borneo Damai Lestari Raya ("PT BDLR") (9)	Indonesia	Rubber plantation	95.23 (5)	90.55 (5)

1. GENERAL (CONT'D)

(b) Subsidiaries (cont'd)

Subsidiaries	Country of incorporation	Principal activities	Effective group equity interest	
			2014 %	2013 %
Indirect Ownership (cont'd):				
Subsidiaries of PT SAJ				
PT Citra Palma Kencana ("PT CPK") [8]	Indonesia	Oil palm plantation	46.70	46.70
PT Indo Manis Lestari ("PT IML") [8]	Indonesia	Oil palm plantation	46.70	46.70
PT Indogreen Jaya Abadi ("PT IJA") [8]	Indonesia	Oil palm plantation	46.70	46.70
PT Setia Agrindo Lestari ("PT SAL") [8]	Indonesia	Oil palm plantation	46.70	46.70
PT Setia Agrindo Mandiri ("PT SAGM") [8]	Indonesia	Oil palm plantation	46.70	46.70
Subsidiary of Lynhurst				
PT Swadaya Mukti Prakarsa ("PT SMP") [7]	Indonesia	Oil palm plantation	99.77 [6]	99.77 [6]

Notes:

(1) PT MSSP is 32.00% held by PT CLP and 63.00% held by the Company.
(2) PT BKP is 95.00% held by the Company and 5.00% held by PT SAM.
(3) PT PSA is 62.00% held by PT CLP and 38.00% held by PT ASK.
(4) PT MAN is 51.00% held by PT PSA and 49.00% held by PT CLP.
(5) PT BDLR is 99.90% held by PT KGP and 0.10% held by PT BDL.
(6) PT SMP is 95.00% held by Lynhurst and 5.00% held by PT PSA.
(7) Audited by member firm of Ernst & Young Global in Indonesia.
(8) Audited by KAP Selamat Sinuraya & Rekan in Indonesia.
(9) Audited by KAP Johan Malonda in Indonesia.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards ("FRS").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The financial statements are presented in United States Dollar ("USD" or "US$") and all values are rounded to the nearest thousand ("US$'000") except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except in the current financial year, the Group has adopted all the new and revised standards which are effective for annual financial periods beginning on or after 1 January 2014. The adoption of these standards did not have any effect on the financial performance or position of the Group and the Company.

Amendments to FRS 32 *Offsetting of Financial Assets and Financial Liabilities*

The amendments to FRS 32 clarify that rights of set-off must not only be legally enforceable in the normal course of business, but must also not be contingent on a future event and must be enforceable in the event of bankruptcy or insolvency of all the counterparties to the contract. The Group currently offset certain balances with the same counterparty as the Group has legal rights to set off the amounts and intends to settle on a net basis.

FRS 112 *Disclosure of Interests in Other Entities*

The Group has adopted the above new FRS on 1 January 2014. The standard is applicable for annual periods beginning on or after 1 January 2014. It sets out the required disclosures for entities reporting under the new FRS 110 *Consolidated Financial Statements* and FRS 111 *Joint Arrangements*, and replaces the disclosure requirements currently found in FRS 27 (revised 2011) *Separate Financial Statements* and FRS 28 (revised 2011) *Investments in Associates and Joint Ventures*.

The Group has incorporated the additional required disclosures into the notes to the financial statements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective

The Group has not adopted the following standards that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to FRS 19 *Defined Benefit Plans: Employee Contributions*	1 July 2014
Improvements to FRSs (January 2014)	
(a) Amendments to FRS 102 *Share Based Payment*	1 July 2014
(b) Amendments to FRS 103 *Business Combinations*	1 July 2014
(c) Amendments to FRS 108 *Operating Segments*	1 July 2014
(d) Amendments to FRS 16 *Property, Plant and Equipment* and FRS 38 *Intangible Assets*	1 July 2014
(e) Amendments to FRS 24 *Related Party Disclosures*	1 July 2014
Improvements to FRSs (February 2014)	
(a) Amendments to FRS 103 *Business Combinations*	1 July 2014
(b) Amendments to FRS 113 *Fair Value Measurement*	1 July 2014
Amendments to FRS 111 *Joint Arrangements*	1 January 2016
Amendments to FRS 16 and FRS 41 *Agriculture – Bearer Plants*	1 January 2016
Amendments to FRS 27 *Equity Method in Separate Financial Statements*	1 January 2016
Amendments to FRS 16 and FRS 38 *Clarification of Acceptable Methods of Depreciation and Amortisation*	1 January 2016
Improvements to FRSs (November 2014)	
(a) Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2016
(b) Amendments to FRS 107 *Financial Instruments: Disclosures*	1 January 2016
(c) Amendments to FRS 19 *Employee Benefits*	1 January 2016
Amendments to FRS 110 and FRS 28 *Sale or Contribution of Assets between an Investor and its Associate or Joint Venture*	1 January 2016
Amendments to FRS 1 *Disclosure Initiative*	1 January 2016
Amendments to FRS 110, FRS 112 and FRS 28 *Investment Entities: Applying the Consolidation Exception*	1 January 2016
FRS 115 *Revenue from Contracts with Customers*	1 January 2017
FRS 109 *Financial Instruments*	1 January 2018

Management expects that the adoption of the above standards will have no material impact to the financial statements in the period of initial application, except for Amendments to FRS 16 and FRS 41, FRS 115 and FRS 109 as indicated below.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.3 Standards issued but not yet effective (cont'd)

Amendments to FRS 16 and FRS 41 *Agriculture – Bearer Plants*

The amendments change the accounting requirements for biological assets that meet the definition of bearer plants. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 41. Instead, FRS 16 will apply. After initial recognition, bearer plants will be measured under FRS 16 at accumulated cost (before maturity) and using either the cost model or revaluation model (after maturity). The amendments also require that agricultural produce growing on bearer plants will remain within the scope of FRS 41 to be measured at fair value less costs to sell. For government grants relating to bearer plants, FRS 20 *Accounting for Government Grants and Disclosure of Government Assistance* will apply. Amendments to FRS 16 and FRS 41 are effective for financial periods beginning on or after 1 January 2016, with early adoption permitted. These amendments may be applied retrospectively. Alternatively, an entity may elect to measure a bearer plant at its fair value at the beginning of the earliest period presented. The fair value would be used as its deemed cost at that date. The Group is currently assessing the impact of these amendments.

FRS 115 *Revenue from Contracts with Customers*

FRS 115 was issued in November 2014 and establishes a new five-step model that will apply to revenue arising from contracts with customers. Under FRS 115, revenue is recognised at an amount that reflects the consideration to which an entity expects to be entitled in exchange for transferring goods or services to a customer. The principles in FRS 115 provide a more structured approach to measuring and recognising revenue. The new revenue standard is applicable to all entities and will supersede all current revenue recognition requirements under FRS. Either a full or modified retrospective application is required for annual periods beginning on or after 1 January 2017, with early adoption permitted. The Group is currently assessing the impact of FRS 115.

FRS 109 *Financial Instruments*

In December 2014, the Accounting Standards Council issued the final version of FRS 109 *Financial Instruments* which reflects all phases of the financial instruments project and replaces FRS 39 *Financial Instruments: Recognition and Measurement*. The standard introduces new requirements for classification and measurement, impairment, and hedge accounting. FRS 109 is effective for annual periods beginning on or after 1 January 2018, with early adoption permitted. Retrospective application is required, but presentation of comparative information is not compulsory in the year of adoption. The Group is currently assessing the impact of FRS109.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations

(a) Basis of consolidation

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to similar transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

A change in the ownership interest of a subsidiary, without a loss of control, is accounted for as an equity transaction. If the Group loses control over a subsidiary, it:

- derecognises the assets (including goodwill) and liabilities of the subsidiary at their carrying amounts at the date when control is lost;
- derecognises the carrying amount of any non-controlling interest;
- derecognises the cumulative translation differences recorded in equity;
- recognises the fair value of the consideration received;
- recognises the fair value of any investment retained;
- recognises any surplus or deficit in profit or loss; and
- reclassifies the Group's share of components previously recognised in other comprehensive income to profit or loss or retained earnings, as appropriate.

(b) Business combinations

Other than business combinations involving entities under common control, business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability, will be recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation and business combinations (cont'd)

(b) Business combinations (cont'd)

The Group elects for each individual business combination, whether non-controlling interest in the acquiree (if any), that are present ownership interests and entitle their holders to a proportionate share of net assets in the event of liquidation, is recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets. Other components of non-controlling interests are measured at their acquisition date fair value, unless another measurement basis is required by another FRS.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.11(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as "Differences arising from restructuring transactions involving entities under common control". The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2.5 Transactions with non-controlling interests

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.6 Foreign currency

The financial statements are presented in USD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) Transactions and balances

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) Consolidated financial statements

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss of the Group.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss of the Group.

2.7 Biological assets

Biological assets, which primarily comprise oil palm plantations, are stated at fair value less estimated costs to sell. Gains or losses arising on initial recognition of plantations at fair value less estimated costs to sell and from the changes in fair value less estimated costs to sell of plantations at each reporting date are included in profit or loss for the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Biological assets (cont'd)

The fair value of the oil palm plantations is estimated by reference to independent professional valuations using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantations are estimated using the estimated yield of the oil palm plantation and the estimated market price of the crude palm oil ("CPO"). In determining the present value of expected net cash flows, an entity includes the net cash flows that market participants would expect the asset to generate in its most relevant market. The estimated yield of the oil palm plantations is dependent on the age of the oil palm trees.

Cultivation of seedlings is stated at cost. The accumulated cost will be reclassified to immature plantations at the time of planting.

Biological assets also include land preparation costs which is the cost incurred to clear the land and to ensure that the plantations are in a state ready for the planting of seedlings.

2.8 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Leasehold buildings and improvements	-	5 to 20 years
Machinery and installations	-	5 to 15 years
Farming and transportation equipment	-	5 to 20 years
Furniture, fittings, office equipment and others	-	3 to 5 years

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 Land use rights

Hak Guna Usaha ("HGU") or *Right to Cultivate* and *Hak Guna Bangunan ("HGB")* or *Right to Build* are land rights that grant the registered holders of such rights use of the land for terms of 25 to 35 years, which can be extended for a further period of 25 years subject to agreement with the Government of Indonesia and payment of premium.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over their terms of 25 to 35 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.10 Plasma plantation receivables

In support of the Indonesian Government policy, the Group develops plasma plantations under the schemes of *Perkebunan Inti Rakyat Transmigrasi ("PIR")* and *Kredit Koperasi Primer untuk Anggotanya ("KKPA")* for farmers who are members of rural cooperatives unit *Koperasi Unit Desa ("KUD")*.

The Group assumes responsibility for developing oil palm plantations to the productive stage. When the plantation is at its productive stage, it is considered to be completed and is transferred to the plasma farmers (conversion of plasma plantations). All costs incurred will be reviewed by the relevant authorities and the Group will be reimbursed for all approved costs which are financed by KUD or a bank. Conversion value refers to the value reimbursed to the Group upon conversion of the plasma plantations.

The plasma farmers sell all harvest to the Group at a price determined by the Government, which approximates the market price. Part of the proceeds will be retained by the Group and used to pay KUD or the bank for the loan taken by the plasma farmers. In situations where the sales proceeds are insufficient to meet the repayment obligations to the banks, the Group also provides temporary funding to the plasma farmers.

Accumulated development costs net of reimbursements are presented in the balance sheet as "plasma plantation receivables". Any difference between the accumulated development costs of plasma plantations and their conversion value is charged to profit or loss. The plasma plantation receivables are assessed for impairment in accordance with Note 2.13.

2.11 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Intangible assets (cont'd)

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and adjusted prospectively.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.12 Subsidiaries

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.13 Impairment of non-financial assets (cont'd)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.14 Financial instruments

(a) Financial assets

Initial recognition and measurement

Financial assets are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial assets at initial recognition.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial assets depends on their classification as follows:

(i) Financial assets at fair value through profit or loss

Financial assets at fair value through profit or loss include financial assets held for trading. Financial assets are classified as held for trading if they are acquired for the purpose of selling or repurchasing in the near term. This category includes derivative financial instruments entered into by the Group. Derivatives, including separated embedded derivatives are also classified as held for trading.

Subsequent to initial recognition, financial assets at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial assets are recognised in profit or loss. Net gains or net losses on financial assets at fair value through profit or loss include exchange differences, interest and dividend income.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement (cont'd)

(i) Financial assets at fair value through profit or loss (cont'd)

Derivatives embedded in host contracts are accounted for as separate derivatives and recorded at fair value if their economic characteristics and risks are not closely related to those of the host contracts and the host contracts are not measured at fair value with changes in fair value recognised in profit or loss. These embedded derivatives are measured at fair value with changes in fair value recognised in profit or loss. Reassessment only occurs if there is a change in the terms of the contract that significantly modifies the cash flows that would otherwise be required.

(ii) Loans and receivables

Non-derivative financial assets with fixed or determinable payments that are not quoted in an active market are classified as loan and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method, less any impairment. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

(iii) Available-for-sale financial assets

Available-for-sale financial assets include equity and debt securities. Equity investments classified as available-for-sale are those, which are neither classified as held for trading nor designated at fair value through profit or loss. Debt securities in this category are those which are intended to be held for an indefinite period of time and which may be sold in response to needs for liquidity or in response to changes in the market conditions.

After initial recognition, available-for-sale financial assets are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income is recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) Financial liabilities

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

The subsequent measurement of financial liabilities depends on their classification as follows:

(i) Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading. Financial liabilities are classified as held for trading if they are acquired for the purpose of selling in the near term. This category includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments.

Subsequent to initial recognition, financial liabilities at fair value through profit or loss are measured at fair value. Any gains or losses arising from changes in fair value of the financial liabilities are recognised in profit or loss.

(ii) Financial liabilities at amortised cost

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Financial instruments (cont'd)

(b) Financial liabilities (cont'd)

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in profit or loss.

(c) Offsetting of financial instruments

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets when, and only when, there is a currently enforceable legal right to set off the recognised amounts and an intention to either settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.15 Impairment of financial assets

The Group assesses at each reporting date whether there is any objective evidence that a financial asset is impaired.

(a) Financial assets carried at amortised cost

For financial assets carried at amortised cost, the Group first assesses whether objective evidence of impairment exists individually for financial assets that are individually significant, or collectively for financial assets that are not individually significant. If the Group determines that no objective evidence of impairment exists for an individually assessed financial asset, whether significant or not, it includes the asset in a group of financial asset with similar credit risk characteristics and collectively assesses them for impairment. Assets that are individually assessed for impairment and for which an impairment loss is, or continues to be recognised are not included in a collective assessment of impairment.

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. If a loan has a variable interest rate, the discount rate for measuring any impairment loss is the current effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of the impaired financial asset is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Impairment of financial assets (cont'd)

(a) Financial assets carried at amortised cost (cont'd)

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

In the case of equity investments classified as available-for-sale, objective evidence of impairment include (i) significant financial difficulty of the issuer or obligor; (ii) information about significant changes with an adverse effect that have taken place in the technological, market, economic or legal environment in which the issuer operates, and indicates that the cost of the investment in equity instrument may not be recovered; and (iii) a significant or prolonged decline in the fair value of the investment below its costs. 'Significant' is to be evaluated against the original cost of the investment and 'prolonged' against the period in which the fair value has been below its original cost.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its acquisition cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from other comprehensive income and recognised in profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss; increase in their fair value after impairment are recognised directly in other comprehensive income.

In the case of debt instruments classified as available-for-sale, impairment is assessed based on the same criteria as financial assets carried at amortised cost. However, the amount recorded for impairment is the cumulative loss measured as the difference between the amortised cost and the current fair value, less any impairment loss on that investment previously recognised in profit or loss. Future interest income continues to be accrued based on the reduced carrying amount of the asset, using the rate of interest used to discount the future cash flows for the purpose of measuring the impairment loss. The interest income is recorded as part of finance income. If, in a subsequent year, the fair value of a debt instrument increases and the increases can be objectively related to an event occurring after the impairment loss was recognised in profit or loss, the impairment loss is reversed in profit or loss.

2.16 Inventories

Inventories are stated at the lower of cost and net realisable value.

Cost of palm based products, inventories for fertiliser, chemicals, spare parts and other consumables is determined using the weighted average method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Cash and cash equivalents

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.18 Transfers between levels of the fair value hierarchy

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2.19 Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

2.21 Hedge accounting

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Hedge accounting (cont'd)

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group does not have any fair value hedges or hedges of net investment in foreign operations in 2014 and 2013.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised directly as other comprehensive income in cash flow hedge reserve, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, the cumulative gain or loss previously recognised in equity are transferred to profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, any cumulative gain or loss previously recognised in other comprehensive income remain in other comprehensive income until the forecast transaction or firm commitment affects profit or loss.

2.22 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.23 Issuance costs on borrowings

Transaction costs directly attributable to the issuance of borrowings are deducted from the proceeds in the balance sheet as discounts and amortised over the maturity period using the effective interest method.

2.24 Share capital and share issuance expenses

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Treasury shares

The Company's own equity instruments, which are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively.

2.26 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Defined benefit plans

The Group provides employee benefits as required under the Indonesian Labor Law No.13/2003. The cost of providing such benefits is determined using the projected unit credit actuarial valuation method, based on the report prepared by an independent firm of actuaries.

Defined benefit costs comprise the following:

- Service cost
- Net interest on the net defined benefit liability or asset
- Remeasurements of net defined benefit liability or asset

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the defined benefit liability. Net interest on the defined benefit liability is recognised as expense in profit or loss.

Remeasurements comprising actuarial gains and losses, (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.26 Employee benefits (cont'd)

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

2.27 Leases

(a) As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

(b) As lessor

Leases where the Group retains substantially all the risks and rewards of ownership of the asset are classified as operating leases. Initial direct costs incurred in negotiating an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same bases as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

2.28 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured, regardless of when the payment is made. Revenue is measured at the fair value of consideration received or receivable, taking into account contractually defined terms of payment and excluding taxes or duty. The Group assesses its revenue arrangements to determine if it is acting as principal or agent. The following specific recognition criteria must also be met before revenue is recognised:

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Revenue (cont'd)

(a) Sale of goods

Revenue from sales arising from physical delivery of palm based products is recognised when significant risks and rewards of ownership of goods are transferred to the customer, which generally coincide with their delivery and acceptance. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

Dividend income is recognised when the right to receive payment is established.

2.29 Taxes

(a) Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

(b) Deferred tax

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.29 Taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax or Value-Added Tax ("VAT") except:

- where the sales tax or VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax or VAT included.

The net amount of sales tax or VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Segment reporting

For management purposes, the Group is organised into operating segments based on their products. Management regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 41, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.31 Contingencies

A contingent liability is:

(a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or

(b) a present obligation that arises from past events but is not recognised because:

(i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or

(ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

2.32 Related parties

A related party is defined as follows:

(a) A person or a close member of that person's family is related to the Group and the Company if that person:

(i) has control or joint control over the Company;

(ii) has significant influence over the Company; or

(iii) is a member of the key management personnel of the Group or Company or of a parent of the Company.

(b) An entity is related to the Group and the Company if any of the following conditions applies:

- The entity and the Company are members of the same group (which means that each parent, subsidiary and fellow subsidiary is related to the others).

- One entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a group of which the other entity is a member).

- Both entities are joint ventures of the same third party.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.32 Related parties (cont'd)

(b) An entity is related to the Group and the Company if any of the following conditions applies (cont'd):

- One entity is a joint venture of a third entity and the other entity is an associate of the third entity.

- The entity is a post-employment benefit plan for the benefit of employees of either the Company or an entity related to the Company. If the Company is itself such a plan, the sponsoring employers are also related to the Company.

- The entity is controlled or jointly controlled by a person identified in (a).

- A person identified in (a)(i) has significant influence over the entity or is a member of the key management personnel of the entity (or of a parent of the entity).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. However, uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

3.1 Judgements made in applying accounting policies

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) VAT relating to Fresh Fruit Bunches ("FFB")

With effect from 1 January 2007, FFB has been classified as a Certain Strategic Taxable Good and is therefore exempted from the imposition of VAT in Indonesia. As such, sale of FFB is no longer subject to VAT and input VAT components directly related to the production of FFB for sale should thus not be claimed but should instead be charged as an expense. Management is of the opinion that the production of CPO which uses FFB produced by the same legal entity does not involve any sale resulting in a transfer of title and is therefore not covered by this regulation. Consequently, all input VAT in the production of the FFB can be claimed and offset against the output VAT on CPO sold by the same legal entity. On 31 January 2014, a new regulation was issued which clarified the interpretation of input tax treatment for integrated manufacturers. Under the new regulation, all input VAT incurred in the production of FFB with effect from 1 January 2014 is claimable against the output VAT on CPO sold by the same legal entity. As at 31 December 2014, the gross input VAT relating to the production of FFB prior to 1 January 2014 and may be reviewed by the tax authority amounted to US$8.6 million (2013: US$10.3 million).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.1 Judgements made in applying accounting policies (cont'd)

(b) Determination of functional currency

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

3.2 Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(a) Biological assets

The Group carries its biological assets at fair value, with changes in fair value being recognised in profit or loss. The fair value of biological assets is determined by independent valuation experts using recognised valuation techniques. The determination of the fair value of the biological assets requires the use of estimates such as discount rate and projected CPO prices. The carrying amount and key assumptions used to determine the fair value of the biological assets are further disclosed in Note 11 and Note 38(d) respectively.

(b) Useful lives of property, plant and equipment

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 3 to 20 years. These are common life expectancies applied in the oil palm industry. Changes in the expected level of usage and technological developments could impact the economic useful lives of these assets, therefore, future depreciation charges could be revised. The carrying amount of the property, plant and equipment is disclosed in Note 13.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(c) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date. Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The value in use calculation is based on a discounted cash flow model. Management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 16.

The carrying amounts of the non-financial assets are disclosed in Notes 12, 13, 14, 15, 16 and 17 respectively.

(d) Impairment of loans and receivables

The Group assesses at the end of each reporting period whether there is any objective evidence that a financial asset is impaired. Factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments are objective evidence of impairment. In determining whether there is objective evidence of impairment, the Group considers whether there is observable data indicating that there have been significant changes in the debtor's payment ability or whether there have been significant changes with adverse effect in the technological, market, economic or legal environment in which the debtor operates in.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the loans and receivables is disclosed in Note 37.

(e) Taxes

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions already recorded. The Group establishes provisions, based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions is based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

The carrying amount of provision for tax as at 31 December 2014 is US$18.3 million (2013: US$15.3 million).

The carrying amounts of deferred tax assets and liabilities are disclosed in Note 9(c).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(e) Taxes (cont'd)

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

The Group has unrecognised tax losses carried forward amounting to US$13.9 million (2013: US$12.8 million). These losses relate to subsidiaries that have a history of losses and may not be used to offset taxable income elsewhere in the Group.

The carrying amounts of recognised tax losses at 31 December 2014 and 2013 is disclosed in Note 9(c).

(f) Defined benefit plan

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is based on the yields of government bonds in the specific country with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases are based on management's projections, taking into consideration expected future inflation rates for the specific country.

The carrying amount of the provision for post-employment benefits, together with further details about the assumptions, is disclosed in Note 30.

4. SALES

	Group	
	2014 US$'000	2013 US$'000
Crude palm oil	190,944	390,675
Palm kernel	12,949	33,007
Fresh fruit bunches	5,403	–
Processed palm based products	406,228	202,816
	615,524	626,498

5. COST OF SALES

	Group	
	2014 US$'000	2013 US$'000
Cost of inventories recognised as an expense	154,619	102,489
Depreciation of property, plant and equipment (Note 13)	24,471	22,067
Net employee benefit expense relating to defined benefit plans (Note 30)	2,157	1,484
Plantation, milling and processing costs	110,878	118,715
	292,125	244,755

6. SELLING AND DISTRIBUTION COSTS

	Group	
	2014 US$'000	2013 US$'000
Export taxes	6,420	20,165
Freight charges	14,560	12,647
Depreciation of property, plant and equipment (Note 13)	836	553
Others	2,494	3,881
	24,310	37,246

7. GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative expenses are stated after charging:

	Group	
	2014 US$'000	2013 US$'000
Audit fees paid to:		
- Auditors of the Company	182	193
- Other auditors	313	350
	495	543
Non-audit fees paid to:		
- Auditors of the Company	43	41
	538	584
Salaries, bonuses and other benefits (including Central Provident Fund contributions)	14,470	16,803
Net employee benefit expense relating to defined benefit plans (Note 30)	1,145	1,985
Operating lease rental (Note 36(b))	580	725
Depreciation of property, plant and equipment (Note 13)	3,305	3,231
Amortisation of intangible assets (Note 13)	387	206
Directors' fees	326	308
Transaction costs incurred on acquisition of subsidiaries (Note 15(d))	–	5

8. NET FINANCIAL EXPENSES

	Group	
	2014 US$'000	2013 US$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	338	6,258
Profit distribution and amortisation on Islamic medium term notes	19,786	15,842
	20,124	22,100
Less:		
Capitalised to biological assets (Note 11)	–	(243)
	20,124	21,857
Interest income	(5,104)	(3,525)
	15,020	18,332

9. TAX EXPENSE

(a) *Major components of tax expense*

The major components of tax expense for the financial years ended 31 December 2014 and 2013 are as follows:

	Group	
	2014 US$'000	2013 US$'000
Income statement:		
Current income tax		
- Current year	60,708	67,713
- Under/(over) provision in respect of previous years	4,587	(47)
Deferred income tax		
- Origination and reversal of temporary differences	3,872	(1,163)
Withholding tax	1,987	951
	71,154	67,454
Income tax related to other comprehensive income:		
Actuarial movements on defined benefits plan	235	561
Net change in fair value of derivative financial instruments designated as cash flow hedges	–	(2,690)
Foreign currency translation	(1,300)	(13,954)
	(1,065)	(16,083)

9. TAX EXPENSE (CONT'D)

(b) *Relationship between tax expense and accounting profit*

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 31 December 2014 and 2013 are as follows:

	Group	
	2014 US$'000	2013 US$'000
Profit before tax	251,945	313,564
Tax expense at domestic rate applicable to profits in the countries where the Group operates	60,953	65,475
Adjustments:		
Income not subject to tax	(1,292)	(2,739)
Non-deductible expenses	5,035	3,644
Deferred tax assets not recognised	111	319
Under/(over) provision in respect of previous years	4,587	(47)
Withholding tax	1,987	951
Others	(227)	(149)
Tax expense recognised in profit or loss	71,154	67,454

The corporate tax rate for companies in Singapore and Indonesia is 17% and 25% (2013: 17% and 25%) respectively.

(c) *Deferred tax assets and liabilities*

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred taxes relate to the same taxable entity and the same tax authority. The following amounts, determined after appropriate offsetting, were shown in the balance sheets:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Deferred tax assets	16,652	14,220	–	–
Deferred tax liabilities	(117,030)	(112,894)	(985)	(402)

9. TAX EXPENSE (CONT'D)

Deferred tax assets and liabilities (prior to offsetting) comprise the following:

(c) Deferred tax assets and liabilities (cont'd)

	Consolidated balance sheet		Consolidated income statement	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Group				
Deferred tax assets:				
Unutilised tax losses	16,560	14,284	(2,680)	(11,732)
Provisions	2,234	2,627	393	34
Post-employment benefits	2,909	2,284	(936)	(505)
Others	2,563	3,337	972	(999)
	24,266	22,532		
Deferred tax liabilities:				
Biological assets	(93,633)	(90,091)	5,613	11,021
Differences in depreciation for tax purposes	(9,688)	(9,395)	486	892
Obligations under finance leases	(511)	(627)	(103)	65
Fair value adjustments on acquisition of subsidiaries	(18,384)	(18,763)	–	–
Fair value adjustments on derivative financial instruments	–	(278)	(278)	(561)
Others	(2,428)	(2,052)	405	622
	(124,644)	(121,206)		
Net deferred tax liabilities	(100,378)	(98,674)		
Deferred income tax			3,872	(1,163)

9. TAX EXPENSE (CONT'D)

(c) Deferred tax assets and liabilities (cont'd)

	Balance sheet	
	2014 US$'000	2013 US$'000
Company		
Deferred tax assets:		
Provisions	270	465
	270	465
Deferred tax liabilities:		
Differences in depreciation for tax purposes	(586)	(847)
Others	(669)	(20)
	(1,255)	(867)
Net deferred tax liabilities	(985)	(402)

Unrecognised tax losses

As at 31 December 2014, the Group has unrecognised tax losses carried forward amounting to US$13.9 million (2013: US$12.8 million), which would expire between 2015 and 2019 (2013: between 2014 and 2018). The related deferred tax assets of US$3.5 million (2013: US$3.2 million) attributable to such tax losses was not recognised due to uncertainty of its recoverability.

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2014, no deferred tax liability (2013: Nil) has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future and such temporary differences for which no deferred tax liability has been recognised aggregate to US$898.6 million (2013: US$779.7 million). The related deferred tax liability is estimated to be US$89.9 million (2013: US$78.0 million).

10. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year after adjustment for the effects of all dilutive potential ordinary shares.

10. EARNINGS PER SHARE (CONT'D)

	Group	
	2014	2013
Profit for the year attributable to owners of the Company (US$'000)	173,409	238,242
Weighted average number of ordinary shares ('000)	1,584,073	1,584,073
Basic earnings per share (US Cents)	10.95	15.04

There are no dilutive potential ordinary shares as at 31 December 2014 and 2013.

11. BIOLOGICAL ASSETS

Biological assets comprise primarily oil palm plantations with the following movements in their carrying value:

	Group	
	2014 US$'000	2013 US$'000
At 1 January	869,309	844,023
Additions	136,240	120,700
Acquisition of subsidiaries (Note 15(d))	–	62,089
Reclassification to plasma plantation receivables (Note 12)	(23,699)	(6,572)
Reclassification from land permits (Note 17)	–	29,435
	981,850	1,049,675
Gains arising from changes in fair value	1,940	29,564
Exchange differences	(22,707)	(209,930)
At 31 December	961,083	869,309

Biological assets are stated at fair value, which has been determined based on valuations performed by external valuation experts as at 31 December 2014 and 2013. Details of valuation techniques and inputs used are disclosed in Note 38(d).

	Group	
	2014	2013
Nucleus production volume (tonnes)		
FFB	2,212,006	2,049,095
Nucleus planted area (hectares)		
Mature	114,377	104,493
Immature*	54,945	47,391
	169,322	151,884

* *Immature planted area includes rubber plantations.*

The plantations have not been insured against the risks of fire, diseases and other possible risks.

11. BIOLOGICAL ASSETS (CONT'D)

	Group	
	2014 US$'000	**2013 US$'000**
Capital expenditure on biological assets using cash	132,778	116,678
Capitalisation of financial expenses (Note 8)	–	243
Capitalisation of depreciation on property, plant and equipment (Note 13)	3,462	3,779
	136,240	120,700

Assets pledged as security

As at 31 December 2014, certain of a subsidiary's biological assets were pledged to secure the Group's loans and borrowings from financial institutions (Note 28).

As at 31 December 2013, no biological assets were pledged as security.

12. PLASMA PLANTATION RECEIVABLES

Movements in plasma plantation receivables during the reporting period are as follows:

	Group	
	2014 US$'000	**2013 US$'000**
At 1 January	27,757	44,264
Additional development costs	11,744	4,528
Payment of self-financing of receivables from plasma plantation	(1,919)	(19,685)
Reclassification from biological assets (Note 11)	23,699	6,572
Exchange differences	(2,075)	(7,922)
At 31 December	59,206	27,757

Reclassification from biological assets to plasma plantation receivables relates to costs incurred for development of plasma plantations previously capitalised under biological assets, so as to be in line with the Indonesian Government's Ministry of Agriculture Regulation for plantation companies to develop plasma plantations for farmers in the local community who are members of rural cooperatives unit KUD.

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings and improvements US$'000	Machinery and installations US$'000	Farming and transportation equipment US$'000	Furniture, fittings, office equipment and others US$'000	Assets under construction US$'000	Total US$'000
Group						
Cost						
At 1 January 2013	151,472	138,278	54,613	7,092	87,390	438,845
Additions	4,720	1,736	7,741	1,694	54,130	70,021
Write-off	(902)	(13)	(344)	(14)	–	(1,273)
Acquisition of subsidiaries (Note 15(d))	10,666	275	699	78	732	12,450
Reclassifications	48,960	47,712	96	300	(97,068)	–
Exchange differences	(40,729)	(35,674)	(9,742)	(1,738)	(11,975)	(99,858)
At 31 December 2013 and 1 January 2014	174,187	152,314	53,063	7,412	33,209	420,185
Additions	5,515	3,364	10,624	1,703	54,227	75,433
Disposals	–	–	(1,485)	(38)	–	(1,523)
Reclassifications	19,901	18,972	100	31	(39,004)	–
Exchange differences	(4,664)	(4,094)	(1,201)	(222)	(1,368)	(11,549)
At 31 December 2014	194,939	170,556	61,101	8,886	47,064	482,546
Accumulated depreciation						
At 1 January 2013	43,642	44,010	26,665	3,311	–	117,628
Charge for the year	12,263	10,199	5,910	1,258	–	29,630
Write-off	(902)	(13)	(344)	(14)	–	(1,273)
Exchange differences	(11,827)	(10,556)	(5,673)	(827)	–	(28,883)
At 31 December 2013 and 1 January 2014	43,176	43,640	26,558	3,728	–	117,102
Charge for the year	12,767	11,528	6,464	1,315	–	32,074
Disposals	–	–	(1,408)	(38)	–	(1,446)
Exchange differences	(1,422)	(1,402)	(647)	(128)	–	(3,599)
At 31 December 2014	54,521	53,766	30,967	4,877	–	144,131
Net carrying amount						
At 31 December 2014	140,418	116,790	30,134	4,009	47,064	338,415
At 31 December 2013	131,011	108,674	26,505	3,684	33,209	303,083

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

	Transportation equipment US$'000	Furniture, fittings, office equipment and others US$'000	Total US$'000
Company			
Cost			
At 1 January 2013	13,243	198	13,441
Additions	154	16	170
Write-off	(296)	–	(296)
At 31 December 2013 and 1 January 2014	13,101	214	13,315
Additions	632	3	635
Disposals	(127)	–	(127)
At 31 December 2014	13,606	217	13,823
Accumulated depreciation			
At 1 January 2013	2,262	108	2,370
Charge for the year	1,220	49	1,269
Write-off	(296)	–	(296)
At 31 December 2013 and 1 January 2014	3,186	157	3,343
Charge for the year	1,278	33	1,311
Disposals	(127)	–	(127)
At 31 December 2014	4,337	190	4,527
Net carrying amount			
At 31 December 2014	9,269	27	9,296
At 31 December 2013	9,915	57	9,972

Additions to property, plant and equipment consist of:

	Group	
	2014 US$'000	2013 US$'000
Capital expenditure on property, plant and equipment using cash	65,632	56,477
Reclassification from advances for purchase of property, plant and equipment	5,813	7,846
Obligations under finance leases	3,988	5,698
	75,433	70,021

13. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets held under finance leases

As at 31 December 2014, the net carrying amount of property, plant and equipment held under obligations under finance leases amounted to US$6.8 million (2013: US$6.1 million).

Assets pledged as security

As at 31 December 2014, certain of a subsidiary's property, plant and equipment were pledged to secure the Group's loans and borrowings from financial institutions (Note 28).

As at 31 December 2013, no property, plant and equipment were pledged as security.

Assets under construction

As at 31 December 2014 and 2013, the Group's assets under construction relate primarily to buildings and infrastructure, as well as machinery and installations.

Depreciation and amortisation

The depreciation and amortisation charges for the financial years ended 31 December 2014 and 2013 are as follows:

	Group	
	2014 US$'000	**2013 US$'000**
Depreciation of property, plant and equipment	32,074	29,630
Amortisation of land use rights (Note 14)	1,696	1,589
Amortisation of intangible assets (Note 17)	387	206
	34,157	31,425
Depreciation included in cost of sales (Note 5)	24,471	22,067
Depreciation included in selling and distribution costs (Note 6)	836	553
Depreciation included in general and administrative expenses (Note 7)	3,305	3,231
Amortisation included in general and administrative expenses (Note 7)	387	206
Amortisation included in other operating expenses	1,696	1,589
Depreciation capitalised in biological assets (Note 11)	3,462	3,779
	34,157	31,425

14. LAND USE RIGHTS

	Group	
	2014 US$'000	**2013 US$'000**
Cost		
At 1 January	51,355	49,000
Additions	1,924	823
Acquisition of subsidiaries (Note 15(d))	–	6,676
Reclassification from land permits (Note 17)	3,493	7,535
Exchange differences	(1,280)	(12,679)
At 31 December	55,492	51,355
Accumulated amortisation		
At 1 January	7,891	8,225
Amortisation charge for the year (Note 13)	1,696	1,589
Exchange differences	(234)	(1,923)
At 31 December	9,353	7,891
Net carrying amount	46,139	43,464
Amount to be amortised		
- Not later than one year	1,696	1,589
- Later than one year but not more than five years	6,786	6,356
- Later than five years	37,657	35,519
	46,139	43,464

Land use rights are in respect of:

(a) land premiums representing the cost of land rights owned by the Group which are amortised on a straight-line basis over their terms of 25 to 35 years. The terms can be extended for a further period of 25 years subject to agreement with the Government of Indonesia and payment of premium; and

(b) deferred land rights acquisition costs representing the cost associated with the legal transfer or renewal for titles of land rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. Such costs are also deferred and amortised on a straight-line basis over the terms of the related land rights of 25 to 35 years.

As at 31 December 2014, the Group's land use rights cover a total land area of 172,668 hectares (2013: 142,804 hectares), representing HGU and HGB. The legal terms of the existing land use rights of the Group expire on various dates between 2020 and 2049.

Assets pledged as security

As at 31 December 2014, certain of a subsidiary's land use rights were pledged to secure the Group's loans and borrowings from financial institutions (Note 28).

As at 31 December 2013, no land use rights were pledged as security.

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2014 US$'000	2013 US$'000
Unquoted equity shares, at cost	452,291	452,291
At 1 January	452,291	297,617
Conversion from advance subscription for shares in subsidiary	–	82,778
Acquisition of subsidiaries	–	71,896
At 31 December	452,291	452,291

(a) *Composition of the Group*

The full list of subsidiaries is presented in Note 1(b).

(b) *Interest in subsidiaries with material non-controlling interest ("NCI")*

The Group has the following subsidiaries that have NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by NCI	Profit allocated to NCI during the reporting period US$'000	Accumulated NCI at the end of reporting period US$'000	Dividends paid to NCI during the reporting period US$'000
31 December 2014:					
PT CLP	Indonesia	4.49%	6,179	46,796	452
31 December 2013:					
PT CLP	Indonesia	4.49%	7,473	41,954	–

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) *Summarised financial information about subsidiaries with material NCI*

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material NCI are as follows:

Summarised balance sheets

	PT CLP Group	
	2014 US$'000	2013 US$'000
Non-current		
Assets	1,176,015	1,011,179
Liabilities	(389,776)	(370,724)
Net non-current assets	786,239	640,455
Current		
Assets	194,488	185,073
Liabilities	(114,499)	(63,932)
Net current assets	79,989	121,141
Net assets	866,228	761,596

Summarised statement of comprehensive income

	PT CLP Group	
	2014 US$'000	2013 US$'000
Sales	450,997	476,605
Profit before tax	194,106	215,462
Tax expense	(54,910)	(54,010)
Profit for the year	139,196	161,452
Other comprehensive income	(23,621)	(202,128)
Total comprehensive income	115,575	(40,676)

Other summarised information

	PT CLP Group	
	2014 US$'000	2013 US$'000
Net cash generated from operating activities	126,468	195,302
Net cash used in investing activities	(156,164)	(103,697)
Net cash used in financing activities	(514)	(134,839)

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Acquisition of subsidiaries

(i) On 1 February 2013 ("acquisition date"), the Company acquired the entire equity interest in Lynhurst Investment Pte. Ltd. ("Lynhurst"), which in turn owns 95.00% interest in PT Swadaya Mukti Prakarsa ("PT SMP") (collectively referred to as "Lynhurst Group"). In addition, the Group's subsidiary company, PT Pancasurya Agrindo ("PT PSA"), also acquired the remaining 5.00% interest in PT SMP. PT SMP is incorporated in Indonesia and principally engaged in the oil palm plantation business. Upon the acquisition, Lynhurst and PT SMP became subsidiaries of the Group.

The fair value of the identifiable assets and liabilities of Lynhurst Group and the effect thereof as at the acquisition date were as follows:

	Fair value recognised on acquisition US$'000
Assets	
Biological assets	50,336
Property, plant and equipment	11,288
Land use rights	6,676
Other intangible assets	2,026
Inventories	1,734
Trade and other receivables	22
Advances and prepayments	232
Cash and cash equivalents	148
	72,462
Liabilities	
Trade and other payables	(1,171)
Advances from customers	(1,098)
Borrowings from financial institutions	(40,235)
Provision for tax	(128)
Deferred tax liabilities	(3,136)
	(45,768)
Total identifiable net assets at fair value	26,694
Goodwill arising from acquisition (Note 16)	45,962
Total consideration for acquisition	72,656
Effect of the acquisition of Lynhurst Group on cash flows	
Total consideration for equity interest acquired	72,656
Less: Retention sums payable	(2,595)
	70,061
Less: Cash and cash equivalents of subsidiaries acquired	(148)
Net cash outflow on acquisition of subsidiaries	69,913

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Acquisition of subsidiaries (cont'd)

Transaction costs

Transaction costs of US$3,000 (Note 7) relating to the acquisition have been recognised in the "General and administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2013.

Goodwill arising from acquisition

The goodwill of US$46.0 million is mainly attributable to the synergies that is expected to arise from the acquisition. None of the goodwill recognised is expected to be deductible for tax purposes.

Impact of acquisition on profit or loss

From the acquisition date, Lynhurst Group has contributed US$1.6 million to the Group's profit for the year. If the acquisition had occurred on 1 January 2013, the Group's consolidated profit for the year would have decreased by US$422,000.

(ii) The Group also acquired the following subsidiaries during the financial year ended 31 December 2013:

Name of entities acquired	Consideration US$'000	Month of acquisition
PT Setia Agrindo Jaya ("PT SAJ")	422	October 2013
PT Borneo Damai Lestari Raya ("PT BDLR")	82	December 2013

The fair value of the identifiable assets and liabilities of the above subsidiaries acquired and the effect thereof as at the acquisition dates were as follows:

	Fair value recognised on acquisition US$'000
Assets	
Biological assets	11,753
Property, plant and equipment	1,162
Other non-current assets	167
Inventories	3,622
Other receivables	879
Other advances and prepayments	285
Prepaid taxes	6
Cash and cash equivalents	661
	18,535

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) Acquisition of subsidiaries (cont'd)

	Fair value recognised on acquisition US$'000
Liabilities	
Trade and other payables	(17,527)
Loans and borrowings from financial institutions	(130)
Provision for tax	(8)
	(17,665)
Total identifiable net assets at fair value	870
Non-controlling interest measured at the non-controlling interest's proportionate share of the net identifiable assets of the subsidiaries acquired	(402)
Goodwill arising from acquisitions (Note 16)	36
Cash consideration for acquisitions	504
Effect of the acquisition of the subsidiaries on cash flows	
Cash consideration for equity interest acquired	504
Less: Cash and cash equivalents of subsidiaries acquired	(661)
Net cash inflow on acquisition of subsidiaries	(157)

Transaction costs

Transaction costs of US$2,000 (Note 7) relating to the acquisitions have been recognised in the "General and administrative expenses" line item in the Group's profit or loss for the year ended 31 December 2013.

Goodwill arising from acquisitions

The goodwill of US$36,000 is mainly attributable to the synergies that is expected to arise from the acquisitions. None of the goodwill recognised is expected to be deductible for tax purposes.

Impact of acquisitions on profit or loss

From the acquisition dates, the acquired subsidiaries have contributed loss of US$369,000 to the Group's result for the year. If the acquisitions had occurred on 1 January 2013, the Group's consolidated profit for the year would have decreased by US$147,000.

16. GOODWILL

	Group	
	2014 US$'000	2013 US$'000
Cost		
At 1 January	73,277	32,530
Acquisition of subsidiaries (Note 15(d))	–	45,998
Exchange differences	(12,283)	(5,251)
At 31 December	60,994	73,277

Impairment testing of goodwill

Goodwill arising from business combinations is allocated to individual cash-generating units ("CGU") for the purpose of impairment testing. The carrying amounts of goodwill allocated to each CGU are as follows:

	Group	
	2014 US$'000	2013 US$'000
PT Borneo Ketapang Permai Group	5,340	7,083
PT Kalimantan Green Persada Group	10,439	10,652
PT Gerbang Sawit Indah	9,351	9,544
Lynhurst Group	35,831	45,962
Others	33	36
	60,994	73,277

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management.

16. GOODWILL (CONT'D)

Impairment testing of goodwill (cont'd)

Key assumptions used for value in use calculations:

	2014	2013
Terminal growth rate	3%	3%
Pre-tax discount rate	12%	13%
Projected CPO price	US$800/tonne	US$900/tonne

The value in use calculations use a discounted cash flow model based on cash flow projections covering a period of 10 years, and projected CPO price of US$800 per tonne (2013: US$900 per tonne).

Cash flows beyond the projected periods are extrapolated using the estimated terminal growth rate indicated above. The terminal growth rate used does not exceed the long-term average growth rates in the industry.

The discount rate applied to the cash flow projections is pre-tax and derived from the weighted average cost of capital ("WACC") of the Group. The WACC takes into account both the cost of debt and the cost of equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

Based on the above analysis, management has assessed that the goodwill is not impaired as at 31 December 2014 and 2013.

Changes to the assumptions used by management to determine the recoverable amounts can have an impact on the results of the assessment. Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amount of the goodwill for each of the CGU to materially exceed their recoverable amount.

17. OTHER INTANGIBLE ASSETS

	Land permits US$'000	Software US$'000	Total US$'000
Group			
Cost			
At 1 January 2013	72,843	2,327	75,170
Acquisition of subsidiaries (Note 15(d))	2,026	–	2,026
Additions	–	324	324
Reclassification to biological assets (Note 11)	(29,435)	–	(29,435)
Reclassification to land use rights (Note 14)	(7,535)	–	(7,535)
Exchange differences	(10,197)	(407)	(10,604)
At 31 December 2013 and 1 January 2014	27,702	2,244	29,946
Additions	–	164	164
Reclassification to land use rights (Note 14)	(3,493)	–	(3,493)
Exchange differences	(401)	(44)	(445)
At 31 December 2014	23,808	2,364	26,172
Accumulated amortisation			
At 1 January 2013	–	866	866
Amortisation charge during the year (Note 13)	–	206	206
Exchange differences	–	(193)	(193)
At 31 December 2013 and 1 January 2014	–	879	879
Amortisation charge during the year (Note 13)	–	387	387
Exchange differences	–	(26)	(26)
At 31 December 2014	–	1,240	1,240
Net carrying amount			
At 31 December 2014	23,808	1,124	24,932
At 31 December 2013	27,702	1,365	29,067

17. OTHER INTANGIBLE ASSETS (CONT'D)

	Software US$'000
Company	
Cost	
At 1 January 2013	289
Additions	166
At 31 December 2013 and 1 January 2014	455
Additions	17
At 31 December 2014	472
Accumulated amortisation	
At 1 January 2013	2
Amortisation charge during the year	2
At 31 December 2013 and 1 January 2014	4
Amortisation charge during the year	145
At 31 December 2014	149
Net carrying amount	
At 31 December 2014	323
At 31 December 2013	451

Land permits are not amortised. Amortisation will only commence upon reclassification from land permits to land use rights when HGU title has been obtained.

Software costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three to five years.

18. LOANS TO SUBSIDIARIES

	Company	
	2014 US$'000	2013 US$'000
Loans to subsidiaries	441,815	439,329
Less: Current portion	(934)	(600)
Non-current portion	440,881	438,729

The loans to subsidiaries as at the end of the reporting period relate to the following:

(i) US$7.1 million (2013: US$4.7 million) which is denominated in USD, unsecured, bears interest at London Interbank Offer Rate ("LIBOR") plus 5.00% per annum, repayable quarterly up till 31 March 2024 and is to be settled in cash;

(ii) US$188.7 million (2013: US$188.7 million) which is denominated in USD, unsecured, bears interest at 3.7675% per annum, repayable on 31 July 2017 and is to be settled in cash; and

(iii) US$246.0 million (2013: US$246.0 million) which is denominated in USD, unsecured, bears interest at 5.75% per annum, repayable on 31 December 2017 and is to be settled in cash.

19. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2014		2013	
	Assets US$'000	Liabilities US$'000	Assets US$'000	Liabilities US$'000
Group				
Cross currency swaps	–	91,198	–	48,061
Commodity futures, options and swap contracts	–	–	3,987	1,210
	–	91,198	3,987	49,271
Less: Current portion	–	–	(3,987)	(1,210)
Non-current portion	–	91,198	–	48,061
Company				
Cross currency swaps	–	91,198	–	48,061
Less: Current portion	–	–	–	–
Non-current portion	–	91,198	–	48,061

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss, except for certain derivatives designated as cash flow hedges, wherein hedge accounting has been applied.

19. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D)

Cross currency swaps

The Company has entered into cross currency swap agreements with financial institutions to swap its Ringgit-denominated Islamic medium term notes indebtedness effectively into USD liabilities. Based on the agreements, the financial institutions will swap the principal as well as the profit distribution amounts of the Company's Islamic medium term notes from Malaysian Ringgit into USD. Cash flow hedge accounting has been applied to these cross currency swap agreements as they are considered to be highly effective hedging instruments. A net fair value loss of US$5.1 million (2013: US$9.8 million) has been included in other comprehensive income in respect of these contracts.

Commodity futures, options and swap contracts

The Group enters into certain commodity swap contracts in order to hedge the commodity price risk related to the sale and purchase of palm based products. Cash flow hedge accounting may be applied to these derivatives as they are considered to be highly effective hedging instruments. There were no commodity swap contracts that were hedge accounted for as at 31 December 2014 and 2013. During 2013, a net fair value loss of US$18.4 million, with a related deferred tax credit of US$2.8 million, had been included in other comprehensive income in respect of these contracts. Other commodity futures, options and swap contracts entered into by the Group are accounted for at fair value through profit or loss.

Foreign currency options and forward contracts

The Group enters into certain foreign currency forward contracts in order to hedge the foreign currency risk related to the purchase of palm based products as well as the Company's forecasted dividend payments. Cash flow hedge accounting may be applied to these derivatives as they are considered to be highly effective hedging instruments. There were no foreign currency forward contracts that were hedge accounted for as at 31 December 2014 and 2013. During 2013, a net fair value gain of US$1.1 million, with a related deferred tax charge of US$0.1 million, had been included in other comprehensive income in respect of these contracts. Other foreign currency options and forward contracts entered into by the Group are accounted for at fair value through profit or loss.

20. INVENTORIES

	Group	
	2014 US$'000	2013 US$'000
Palm based products	27,087	37,252
Fertilisers and chemicals	7,919	7,752
Spare parts and other consumables	12,609	11,045
Goods in transit	948	3,162
	48,563	59,211

21. TRADE RECEIVABLES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Trade receivables from:				
- Third parties	29,578	34,628	–	–
- Subsidiaries	–	–	1,743	2,499
- Related parties	191	294	–	–
	29,769	34,922	1,743	2,499

Trade receivables are non-interest bearing and generally due within 30 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables are denominated in the following currencies:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Indonesian Rupiah	3,853	5,972	–	–
United States Dollar	25,916	28,950	1,743	2,499
	29,769	34,922	1,743	2,499

Receivables that are past due but not impaired

An analysis of trade receivables that are past due but not impaired as at the end of the reporting period is as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Trade receivables past due:				
Lesser than 30 days	2,880	–	–	–
30 to 60 days	6	300	–	–
More than 60 days	63	115	–	–
	2,949	415	–	–

There are no trade receivables which are impaired either individually or collectively as at the end of the reporting period.

22. OTHER RECEIVABLES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Amounts due from financial institutions	–	1,048	–	26
Interest receivable	777	128	127	2
Amounts due from subsidiaries	–	–	7,248	958
Amounts due from related parties	510	38	–	–
Sundry receivables	8,025	5,784	26	1
	9,312	6,998	7,401	987

The amounts due from subsidiaries and related parties are non-trade related, unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

Other receivables are denominated in the following currencies:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Indonesian Rupiah	8,887	5,791	–	–
United States Dollar	417	1,206	7,400	986
Singapore Dollar	8	1	1	1
	9,312	6,998	7,401	987

23. ADVANCES AND PREPAYMENTS

Advances for purchase of property, plant and equipment

Advances for purchase of property, plant and equipment represent advance payments made to suppliers and contractors in relation to the following items:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Leasehold buildings and improvements	1,285	3,132	–	–
Machinery and installations	1,271	2,279	–	–
Others	1,679	255	–	23
	4,235	5,666	–	23

Other advances and prepayments

Other advances and prepayments relate mainly to payments made for purchase of inventories and other miscellaneous items. These payments are non-interest bearing, unsecured and expected to be fulfilled within the next 12 months.

24. CASH AND BANK BALANCES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Cash at banks and on hand	119,458	108,606	20,969	8,684
Time deposits	171,998	130,871	65,044	–
Restricted cash balances	59,460	32,675	58,438	27,999
	350,916	272,152	144,451	36,683

Cash at banks earn interest at floating rates based on daily bank deposit rates. Time deposits are made for varying periods of between one month to three months (2013: one month to three months) depending on the immediate cash requirements of the Group, and earn interest at the respective deposit rates, which range between 1.00% and 10.75% (2013: 0.76% and 9.25%) per annum.

Restricted cash balances relate to cash deposits maintained with brokers and banks which are not freely remissible for use by the Group.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Indonesian Rupiah	21,959	22,934	–	–
United States Dollar	326,260	243,881	143,534	36,038
Singapore Dollar	1,767	1,101	908	636
Others	930	4,236	9	9
	350,916	272,152	144,451	36,683

For the purpose of the consolidated cash flow statement, cash and cash equivalents comprise the following at the end of the reporting period:

	Group	
	2014 US$'000	2013 US$'000
Cash at banks and on hand	119,458	108,606
Time deposits	171,998	130,871
	291,456	239,477

25. TRADE PAYABLES

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Trade payables to:				
- Third parties	18,233	24,498	188	1
- Related parties	1,842	–	–	–
	20,075	24,498	188	1

Trade payables are non-interest bearing and generally due within 30 to 90 days.

Trade payables are denominated in the following currencies:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Indonesian Rupiah	18,712	22,174	–	–
United States Dollar	1,264	2,316	89	1
Others	99	8	99	–
	20,075	24,498	188	1

An analysis of the trade payables ageing schedule, based on the date of invoice, is as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Lesser than 30 days	10,028	17,280	188	1
30 to 90 days	8,411	6,281	–	–
More than 90 days	1,636	937	–	–
	20,075	24,498	188	1

26. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Accrued employee costs	16,887	16,316	1,921	3,051
Accrued financial expenses	5,101	4,297	5,101	4,297
Accrued contractor fees and retention sums	8,694	9,577	–	–
Amounts due to subsidiaries	–	–	–	7
Amounts due to related parties	152	–	–	–
Others	6,050	5,272	3,206	2,804
	36,884	35,462	10,228	10,159

The amounts due to subsidiaries and related parties are unsecured, non-trade related, non-interest bearing, repayable on demand and expected to be settled in cash.

Other payables and accruals are denominated in the following currencies:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Indonesian Rupiah	18,533	24,266	–	–
United States Dollar	15,892	7,374	8,116	6,926
Singapore Dollar	2,459	3,822	2,112	3,233
	36,884	35,462	10,228	10,159

27. ADVANCES FROM CUSTOMERS

Advances from customers represent advance payments relating to the sale of palm based products. These payments are trade related, unsecured, non-interest bearing and the obligations to the customers are expected to be fulfilled within the next 12 months.

28. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Current				
Bank loans	8,039	–	–	–
Obligations under finance leases	2,907	2,608	–	7
	10,946	2,608	–	7
Non-current				
Obligations under finance leases	2,740	2,733	–	–
	2,740	2,733	–	–
	13,686	5,341	–	7

Bank loans

The Group's bank loans as at 31 December 2014 relate to a loan from an Indonesia bank obtained by a subsidiary for working capital purposes. The loan was secured over certain of the subsidiary's assets and bore interest at Jakarta Interbank Offer Rate plus 3.42% per annum. The loan is repayable on 12 May 2015, with an amount of US$8.0 million outstanding as at 31 December 2014 (2013: Nil).

As at 31 December 2014, the Group has bank loans and bank deposits amounting to US$100.0 million (2013: US$100.0 million) respectively, which have been netted against each other as the Group has the legal rights to set off the deposits against the loans. Both the loans and deposits have the same maturity terms of less than one year from the end of the reporting period and are with the same bank.

Obligations under finance leases

The Group entered into capital lease agreements for purchase of farming equipment and motor vehicles incidental to the ordinary course of the business. These capital leases expire within the next three years. The interest rates of these capital leases range from 3.7% to 16.0% (2013: 2.2% to 15.5%) per annum.

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are disclosed in Note 36(c).

Loans and borrowings from financial institutions are denominated in the following currencies:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Indonesian Rupiah	13,686	5,334	–	–
Singapore Dollar	–	7	–	7
	13,686	5,341	–	7

29. ISLAMIC MEDIUM TERM NOTES

	Maturity date	Distribution rate (per annum)	Group and Company 2014 US$'000	Group and Company 2013 US$'000
First issuance	31 July 2017	4.45%	171,630	182,776
Second issuance	8 December 2017	4.30%	114,419	121,852
Third issuance	5 June 2020	4.35%	171,630	182,776
Fourth issuance	27 October 2021	4.85%	114,419	–
			572,098	487,404
Less:				
Issuance costs			4,330	3,929
Accumulated amortisation			(1,665)	(913)
			2,665	3,016
Islamic medium term notes, net			569,433	484,388

On 18 June 2012, the Company was granted approval by the Securities Commission of Malaysia to establish a Ringgit-denominated Islamic medium term note programme ("Programme") of up to MYR 2.0 billion under the laws of Malaysia. The tenure of the Programme shall be up to 10 years from the date of the first issuance being 31 July 2012.

Under the Programme, the Company may issue Islamic medium term notes ("IMTNs") from time to time in Malaysian Ringgit in various amounts and tenors of more than a year and up to a maximum tenor of 10 years. The IMTNs are unsecured, bear periodic distribution rates payable semi-annually in arrears, and will not be listed on any stock exchange.

30. PROVISION FOR POST-EMPLOYMENT BENEFITS

The Group recognised employment benefits for all its permanent employees in Indonesia pursuant to Indonesian Labor Law No. 13/2003. The provision for employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method. No fund was provided for such liability for employment benefits.

The assumptions used in determining the provision for post-employment benefits are as follows:

	2014	2013
Normal Pension Age	55 Years	55 Years
Salary Increment Rate per annum	8%	8%
Discount Rate per annum	8.30%	9.10%
Mortality Rate	Table Mortality Indonesia 2011	Table Mortality Indonesia 2011
Disability Rate	1% of mortality rate	1% of mortality rate
Resignation Rate	0% to 1%	0% to 1%
Valuation Method	Projected Unit Credit	Projected Unit Credit

30. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONT'D)

Changes in the present value of defined benefit obligation are as follows:

	Group	
	2014 US$'000	2013 US$'000
At 1 January	11,623	13,041
Net employee benefit expense charged to profit or loss	3,786	4,443
Remeasurement gains		
- Actuarial gains arising from changes in financial assumptions	(1,125)	(2,245)
Benefits paid	(478)	(709)
Exchange differences	(393)	(2,907)
At 31 December	13,413	11,623

The following summarises the components of net employee benefit expense relating to defined benefit plans recognised in profit or loss as follows:

	Group	
	2014 US$'000	2013 US$'000
Interest cost on benefit obligation	806	876
Current service cost	2,878	3,132
Past service cost	102	435
	3,786	4,443

The breakdown of net employee benefit expense relating to defined benefit plans is as follows:

	Group	
	2014 US$'000	2013 US$'000
Cost of sales (Note 5)	2,157	1,484
General and administrative expenses (Note 7)	1,145	1,985
Others	484	974
	3,786	4,443

30. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONT'D)

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the defined benefits obligation as of the end of the reporting period, assuming if all the other assumptions were held constant.

	Increase/ (decrease)	Group Change in present value of defined benefit obligation	
		2014 US$'000	2013 US$'000
Discount rate	1% increase	(1,427)	(1,262)
	1% decrease	1,698	1,509
Future salary growth	1% increase	1,748	1,563
	1% decrease	(1,492)	(1,326)

31. SHARE CAPITAL

	Group and Company			
	2014		2013	
	No. of shares '000	US$'000	No. of shares '000	US$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	1,584,073	394,913	1,584,073	394,913

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction. The ordinary shares have no par value.

32. DIFFERENCES ARISING FROM RESTRUCTURING TRANSACTIONS INVOLVING ENTITIES UNDER COMMON CONTROL

This represents the difference between the consideration paid and the share capital of the "acquired" entities.

33. OTHER RESERVES

The composition of other reserves is as follows:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Capital reserve	(29,096)	(29,096)	–	–
Revaluation reserve	279	279	–	–
Gain on sale of treasury shares	10,322	10,322	10,322	10,322
Hedging reserve	(23,438)	(18,360)	(23,438)	(18,360)
Foreign translation reserve	(354,433)	(312,067)	393	393
	(396,366)	(348,922)	(12,723)	(7,645)

33. OTHER RESERVES (CONT'D)

Capital reserve

Capital reserve represents the premium paid for the acquisition of non-controlling interests over the fair value of the identifiable assets and liabilities of a subsidiary.

Revaluation reserve

Revaluation reserve represents increases in the fair value of property, plant and equipment, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

Gain on sale of treasury shares

This represents the gain arising from sale of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

Hedging reserve

Hedging reserve represents the cumulative fair value changes, net of tax, of the derivative financial instruments designated as cash flow hedges.

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
At 1 January	(18,360)	6,312	(18,360)	(8,565)
Fair value losses on cash flow hedges, net of tax and non-controlling interests	(39,788)	(35,816)	(39,788)	(43,878)
Reclassification to profit or loss				
- Sales	–	(23,032)	–	–
- Losses on foreign exchange	38,004	37,474	38,004	37,381
- Net financial expenses	(3,294)	(3,298)	(3,294)	(3,298)
At 31 December	(23,438)	(18,360)	(23,438)	(18,360)

Foreign translation reserve

The foreign translation reserve represents exchange differences arising from the translation of the financial statements of companies in the Group whose functional currencies are different from that of the Group's presentation currency.

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
At 1 January	(312,067)	(34,902)	393	393
Foreign currency translation adjustments	(42,366)	(277,165)	–	–
At 31 December	(354,433)	(312,067)	393	393

34. EMPLOYEE BENEFITS

	Group	
	2014 US$'000	2013 US$'000
Salaries, bonuses and other benefits	61,642	64,924
Net employee benefit expense relating to defined benefit plans (Note 30)	3,786	4,443
Central Provident Fund contributions	238	217
	65,666	69,584

35. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

In addition to those related party information provided elsewhere in the relevant notes to the consolidated financial statements, the following significant transactions between the Group and related parties (who are not members of the Group) took place during the financial year at terms agreed between the parties:

	Group	
	2014 US$'000	2013 US$'000
Office lease rental	735	785
Net settlement for purchases of goods	6,776	14,846
Disposal of shares in subsidiaries	–	(179)

(b) Compensation of key management personnel

	Group	
	2014 US$'000	2013 US$'000
Salaries, bonuses and other benefits	6,853	7,224
Directors' fees	304	316
Net employee benefit expense relating to defined benefit plans	319	323
Central Provident Fund contributions	54	50
	7,530	7,913
Comprise amounts paid to:		
- Directors of the Company	2,836	2,044
- Other key management personnel	4,694	5,869
	7,530	7,913

36. COMMITMENTS AND CONTINGENCIES

(a) *Capital commitments*

Significant capital expenditure contracted for as at the end of the reporting period but not recognised in the financial statements are as follows:

	Group	
	2014 US$'000	**2013 US$'000**
Capital commitments in respect of property, plant and equipment	16,626	22,133

(b) *Operating lease commitments*

As lessee

In addition to the land use rights disclosed in Note 14, the Group has entered into commercial leases to lease land and buildings. These non-cancellable operating leases have remaining lease terms of between one to three years. There are no restrictions placed upon the lessee by entering into these leases. Operating lease payments recognised in profit or loss amounted to US$580,000 (2013: US$725,000) (Note 7).

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2014 US$'000	**2013 US$'000**
Within one year	647	669
After one year but not more than five years	475	730
	1,122	1,399

(c) *Finance lease commitments*

As lessee

The Group has finance leases for certain property, plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

36. COMMITMENTS AND CONTINGENCIES (CONT'D)

(c) *Finance lease commitments (cont'd)*

Future minimum lease payments under finance leases together with the present value of the net minimum lease payments are as follows:

	2014		2013	
	Minimum lease payments	Present value of minimum lease payments (Note 28)	Minimum lease payments	Present value of minimum lease payments (Note 28)
	US$'000	US$'000	US$'000	US$'000
Group				
Not later than one year	3,371	2,907	3,274	2,608
Later than one year but not more than five years	3,217	2,740	2,805	2,733
Total minimum lease payments	6,588	5,647	6,079	5,341
Less: Amount representing finance charges	(941)	–	(738)	–
Present value of minimum lease payments	5,647	5,647	5,341	5,341
Company				
Not later than one year	–	–	9	7
Later than one year but not more than five years	–	–	–	–
Total minimum lease payments	–	–	9	7
Less: Amount representing finance charges	–	–	(2)	–
Present value of minimum lease payments	–	–	7	7

(d) *Contingent liabilities*

The Company has provided corporate guarantees to certain external parties in the ordinary course of business, guaranteeing the obligations of a subsidiary in the event of any non-performance by the subsidiary in respect of its contracts with these external parties. No liability is expected to arise as at the end of the reporting periods ended 31 December 2014 and 2013.

Certain subsidiaries have guaranteed US$1.9 million (2013: US$2.0 million) in respect of plasma farmers' loans repayable to a bank at the time when the plasma plantations are converted. These loans are being repaid by the plasma farmers on an instalment basis through a withholding mechanism on sales of the plasma crops to the Group.

37. CLASSES OF FINANCIAL ASSETS AND LIABILITIES

As at the end of the reporting period, the following are the different classes of financial assets and liabilities:

	Group		Company	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Assets				
Loans and receivables				
Loans to subsidiaries	–	–	441,815	439,329
Trade receivables	29,769	34,922	1,743	2,499
Other receivables	9,312	6,998	7,401	987
Restricted cash balances	59,460	32,675	58,438	27,999
Cash and cash equivalents	291,456	239,477	86,013	8,684
	389,997	314,072	595,410	479,498
At fair value through profit or loss				
Derivative financial assets	–	3,987	–	–
Liabilities				
At amortised cost				
Trade payables	20,075	24,498	188	1
Other payables and accruals	36,884	35,462	10,228	10,159
Loans and borrowings from financial institutions	13,686	5,341	–	7
Islamic medium term notes	569,433	484,388	569,433	484,388
	640,078	549,689	579,849	494,555
At fair value through profit or loss				
Derivative financial liabilities	–	1,210	–	–
Cash flow hedges				
Derivative financial liabilities	91,198	48,061	91,198	48,061

38. FAIR VALUE OF ASSETS AND LIABILITIES

(a) *Fair value hierarchy*

The Group categories fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(a) *Fair value hierarchy (cont'd)*

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) *Assets and liabilities measured at fair value*

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	2014			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Assets measured at fair value:				
Non-financial assets				
Biological assets	–	–	961,083	961,083
Liabilities measured at fair value:				
Financial liabilities				
Derivative financial liabilities	–	91,198	–	91,198
Company				
Liabilities measured at fair value:				
Financial liabilities				
Derivative financial liabilities	–	91,198	–	91,198

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(b) Assets and liabilities measured at fair value (cont'd)

	2013			
	Quoted prices in active markets for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total
	US$'000	US$'000	US$'000	US$'000
Group				
Assets measured at fair value:				
Financial assets				
Derivative financial assets	–	3,987	–	3,987
Non-financial assets				
Biological assets	–	–	869,309	869,309
Liabilities measured at fair value:				
Financial liabilities				
Derivative financial liabilities	–	49,271	–	49,271
Company				
Liabilities measured at fair value:				
Financial liabilities				
Derivative financial liabilities	–	48,061	–	48,061

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) Level 2 fair value measurements

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivative financial assets/liabilities

Cross currency swaps

Cross currency swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, interest rate curves and forward rate curves.

Commodity options and swap contracts

Commodity options and swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and Black-Scholes models, using present value calculations. The models incorporate various inputs including commodity spot and forward rates, commodity volatility prices based on broker quotes, and forward rate curves.

(d) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value at 31 December 2014	Valuation techniques	Unobservable inputs	Range
Biological assets	961,083	Discounted cash flow	Discount rate	13.55%
			Projected selling price of CPO	US$812 – US$820 per tonne
			FFB yield	6 – 27 tonnes per hectare

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(d) Level 3 fair value measurements (cont'd)

(i) Information about significant unobservable inputs used in Level 3 fair value measurements (cont'd)

Description	Fair value at 31 December 2013	Valuation techniques	Unobservable inputs	Range
Biological assets	869,309	Discounted cash flow	Discount rate	11.68%
			Projected selling price of CPO	US$848 – US$890 per tonne
			FFB yield	6 – 27 tonnes per hectare

For biological assets, a significant increase (decrease) in discount rate would result in a significantly lower (higher) fair value. Changes in projected selling price of CPO and FFB yield will result in directionally similar changes in fair value.

(ii) Movements in Level 3 assets measured at fair value

The movements in biological assets measured at fair value are disclosed in Note 11.

(iii) Valuation policies and procedures

To determine the fair value of biological assets, the Group engages external valuation experts to perform the valuation. The corporate finance team is responsible for selecting and engaging valuation experts that possess the relevant credentials and knowledge on the subject of valuation, valuation methodologies, and FRS 113 fair value measurement guidance.

The corporate finance team reviews the appropriateness of the valuation methodologies and assumptions adopted by the external valuation experts. The corporate finance team also evaluates the appropriateness and reliability of the inputs (including those developed internally by the Group) used in the valuations.

Significant changes in fair value measurements from period to period are evaluated by the corporate finance team for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the assets and liabilities not measured at fair value but for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active market for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount
	US$'000	US$'000	US$'000	US$'000	US$'000
2014					
Group					
Liabilities					
Islamic medium term notes	–	570,358	–	570,358	569,433
Company					
Assets					
Fixed rate loans to subsidiaries (non-current)	–	438,505	–	438,505	434,679
Liabilities					
Islamic medium term notes	–	570,358	–	570,358	569,433

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(e) Assets and liabilities not carried at fair value but for which fair value is disclosed (cont'd)

	Fair value measurements at the end of the reporting period using				
	Quoted prices in active market for identical instruments (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)	Total	Carrying amount
	US$'000	US$'000	US$'000	US$'000	US$'000
2013					
Group					
Liabilities					
Islamic medium term notes	–	486,417	–	486,417	484,388
Company					
Assets					
Fixed rate loans to subsidiaries (non-current)	–	438,747	–	438,747	434,679
Liabilities					
Islamic medium term notes	–	486,417	–	486,417	484,388

Determination of fair value

Fixed rate loans to subsidiaries (non-current)

The fair value as disclosed in the table above is estimated by discounting expected future cash flows at incremental lending rate for similar types of lending.

Islamic medium term notes

The fair value as disclosed in the table above is estimated by reference to the latest transacted prices during 2014, which incurred on 7, 12 November and 4, 16 December 2014.

38. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(f) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	2014		2013	
	Carrying amount US$'000	Fair value US$'000	Carrying amount US$'000	Fair value US$'000
Group				
Financial liabilities				
Islamic medium term notes	569,433	570,358	484,388	486,417
Company				
Financial assets				
Fixed rate loans to subsidiaries (non-current)	434,679	438,505	434,679	438,747
Financial liabilities				
Islamic medium term notes	569,433	570,358	484,388	486,417

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, market risk (including foreign currency risk and commodity price risk), credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's exposure to these financial risks or the manner in which it manages and measures the risks.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's exposure to interest rate risk arises primarily from its floating rate bank loans and deposits with financial institutions.

The Group monitors its interest rate risk closely and may use credit and interest rate swap contracts to manage interest rate risk arising from floating rate debt.

<u>Sensitivity analysis for interest rate risk</u>

At the end of the reporting period, had the interest rates of the Group's floating rate bank loans and deposits with financial institutions been 50 basis points (2013: 50 basis points) higher/lower, ceteris paribus, profit before tax for the financial year ended 31 December 2014 would have been US$1,714,000 (2013: US$1,361,000) higher/lower accordingly.

(b) *Foreign currency risk*

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily Indonesian Rupiah ("IDR") and USD. The foreign currencies in which these transactions are denominated are mainly USD, Singapore Dollar ("SGD") and Malaysian Ringgit ("MYR"). To the extent that the foreign denominated sales and purchases of the Group are not evenly matched in terms of quantum and/or timing, the Group has exposure to foreign currency risk.

The Group is also exposed to currency translation risk arising from its financial assets and liabilities that are denominated in currencies other than the respective functional currencies of the Group's entities.

The Group does not have any formal hedging policy for foreign exchange exposure. However, it may enter into foreign currency options and swap contracts to hedge against volatility in exchange rates.

The Group's foreign currency exposures are highlighted in Notes 21, 22, 24, 25, 26, 28 and 29 respectively.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) *Foreign currency risk (cont'd)*

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the IDR, SGD and MYR exchange rates against the USD as at the end of the reporting period, ceteris paribus.

	2014		2013	
	Profit before tax US$'000	Equity US$'000	Profit before tax US$'000	Equity US$'000
Group				
IDR against USD				
- strengthened 10% (2013: 10%)	(6,313)	63,497	(11,287)	48,459
- weakened 10% (2013: 10%)	7,716	(62,445)	13,795	(46,578)
SGD against USD				
- strengthened 5% (2013: 5%)	(39)	(31)	(136)	(114)
- weakened 5% (2013: 5%)	39	31	136	114
MYR against USD				
- strengthened 10% (2013: 10%)	93	3,235	32	2,579
- weakened 10% (2013: 10%)	(93)	(3,235)	(32)	(2,579)

(c) *Commodity price risk*

The Group's exposure to commodity price risk arises primarily from its purchases of raw materials and sales of palm based products. Prices of raw materials and palm based products may fluctuate significantly depending on the market situation and factors such as weather, government policy, level of demand and supply in the market and the global economic environment. During periods of unfavourable price volatility, the Group may enter into forward physical contracts with our suppliers and customers or use commodity futures, options and swap contracts in the conduct of business to manage our price risk.

Sensitivity analysis for commodity price risk

During the reporting period, had the average selling prices of palm based products been 10% higher/lower, ceteris paribus, profit before tax for the financial year ended 31 December 2014 would have been US$61.6 million (2013: US$62.6 million) higher/lower.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Commodity price risk (cont'd)*

Sensitivity analysis for commodity price risk (cont'd)

At the end of the reporting period, had the market price of palm based products been 10% higher/lower, ceteris paribus, the Group's profit before tax and equity would have (decreased)/increased by the amounts shown below, as a result of changes in fair value of commodity futures, options and swap contracts:

	2014		2013	
	Profit before tax US$'000	Equity US$'000	Profit before tax US$'000	Equity US$'000
Group				
Increase in prices of palm based products	–	–	(3)	(3)
Decrease in prices of palm based products	–	–	3	3

(d) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arises primarily from trade and other receivables.

The Group trades only with recognised and creditworthy third parties and conducts business by requiring payment in advance, letter of credit, cash on delivery or may grant customers credit terms, where appropriate. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

For other financial assets (including cash and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and

- an amount of US$1.9 million (2013: US$2.0 million) relating to a financial guarantee provided by certain subsidiaries for repayment of plasma farmers' loans to a bank.

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring individual customers' outstanding balances on an ongoing basis.

At the end of the reporting period, 86.9% (2013: 62.7%) of the Group's trade receivables were due from three (2013: three) customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Cash and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 21.

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting obligations due to shortage of funds. The Group monitors its liquidity risk by actively managing its operating cash flows, debt maturity profile and availability of funding.

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) Liquidity risk (cont'd)

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

	One year or less US$'000	One to five years US$'000	Over five years US$'000	Total US$'000
Group				
2014				
Trade and other payables	56,959	–	–	56,959
Loans and borrowings from financial institutions	11,414	3,217	–	14,631
Islamic medium term notes	25,552	363,279	300,856	689,687
Derivative financial liabilities:				
- Cross currency swaps (gross receipts)	(25,552)	(363,279)	(300,856)	(689,687)
- Cross currency swaps (gross payments)	23,157	390,027	334,246	747,430
	91,530	393,244	334,246	819,020
2013				
Trade and other payables	59,960	–	–	59,960
Loans and borrowings from financial institutions	3,274	2,805	–	6,079
Islamic medium term notes	21,367	376,536	194,692	592,595
Derivative financial liabilities:				
- Cross currency swaps (gross receipts)	(21,367)	(376,536)	(194,692)	(592,595)
- Cross currency swaps (gross payments)	18,176	381,005	208,430	607,611
- Other derivatives	1,212	–	–	1,212
	82,622	383,810	208,430	674,862

39. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities (cont'd)

	One year or less US$'000	One to five years US$'000	Over five years US$'000	Total US$'000
Company				
2014				
Trade and other payables	10,416	–	–	10,416
Islamic medium term notes	25,552	363,279	300,856	689,687
Derivative financial liabilities:				
- Cross currency swaps (gross receipts)	(25,552)	(363,279)	(300,856)	(689,687)
- Cross currency swaps (gross payments)	23,157	390,027	334,246	747,430
	33,573	390,027	334,246	757,846
2013				
Trade and other payables	10,160	–	–	10,160
Loans and borrowings from financial institutions	9	–	–	9
Islamic medium term notes	21,367	376,536	194,692	592,595
Derivative financial liabilities:				
- Cross currency swaps (gross receipts)	(21,367)	(376,536)	(194,692)	(592,595)
- Cross currency swaps (gross payments)	18,176	381,005	208,430	607,611
	28,345	381,005	208,430	617,780

40. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2014 and 2013.

The Group monitors capital through its Debt/EBITDA ratio, which is gross debt divided by profit from operations before depreciation, amortisation and gains arising from changes in fair value of biological assets ("EBITDA"). The Group's policy is to maintain a Debt/EBITDA ratio of no more than 3.75 times.

	Group	
	2014 US$'000	2013 US$'000
Loans and borrowings from financial institutions (Note 28)	13,686	5,341
Islamic medium term notes (Note 29)	569,433	484,388
Gross debt	583,119	489,729
EBITDA	299,748	338,916
Debt/EBITDA	1.95 times	1.44 times

41. SEGMENT INFORMATION

For management purposes, the Group is organised into business units based on their products, and has two reportable segments as follows:

(a) ***Plantations and Palm Oil Mills***

Plantations and palm oil mills segment is principally involved in the cultivation and maintenance of oil palm plantations and operation of palm oil mills.

(b) ***Refinery and Processing***

Refinery and processing segment markets and sells processed palm based products produced from the refinery, fractionation and biodiesel plants and other downstream processing facilities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on EBITDA, which is not measured differently from EBITDA computed using the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

	Plantations and Palm Oil Mills US$'000	Refinery and Processing US$'000	Elimination US$'000	Total US$'000
2014				
Sales:				
External customers	209,296	406,228	–	615,524
Inter-segment	306,561	–	(306,561)	–
Total sales	515,857	406,228	(306,561)	615,524
Results:				
EBITDA	266,480	32,688	580	299,748
Depreciation and amortisation	(23,630)	(7,065)	–	(30,695)
Gains arising from changes in fair value of biological assets	1,940	–	–	1,940
Profit from operations	244,790	25,623	580	270,993
Losses on foreign exchange				(118)
Losses on derivative financial instruments				(2,777)
Net financial expenses				(15,020)
Other non-operating expenses				(1,133)
Profit before tax				251,945

41. SEGMENT INFORMATION (CONT'D)

	Plantations and Palm Oil Mills US$'000	Refinery and Processing US$'000	Elimination US$'000	Total US$'000
2013				
Sales:				
External customers	423,682	202,816	–	626,498
Inter-segment	159,393	–	(159,393)	–
Total sales	583,075	202,816	(159,393)	626,498
Results:				
EBITDA	314,247	26,802	(2,133)	338,916
Depreciation and amortisation	(22,586)	(5,060)	–	(27,646)
Gains arising from changes in fair value of biological assets	29,564	–	–	29,564
Profit from operations	321,225	21,742	(2,133)	340,834
Losses on foreign exchange				(6,368)
Losses on derivative financial instruments				(2,602)
Net financial expenses				(18,332)
Other non-operating income				32
Profit before tax				313,564

Geographical information

The Group operates primarily in Singapore and Indonesia. In presenting information on the basis of geographical segments, segment sales is based on the countries from which the customers are invoiced. Segment assets are based on the geographical location of the assets.

	Sales		Non-current assets	
	2014 US$'000	2013 US$'000	2014 US$'000	2013 US$'000
Singapore	455,479	458,164	50,871	63,584
Indonesia	160,045	168,334	1,441,992	1,284,483
	615,524	626,498	1,492,863	1,348,067

Non-current assets information presented above consist of biological assets, plasma plantation receivables, property, plant and equipment, land use rights, goodwill, other intangible assets and other non-current assets.

41. SEGMENT INFORMATION (CONT'D)

Information about major customers

In 2014, sales to two (2013: three) major customers amounted to US$107.5 million (2013: US$283.2 million) from the plantations and palm oil mills segment and US$56.8 million (2013: US$12.0 million) from the refinery and processing segment.

42. DIVIDENDS

	Group and Company	
	2014 US$'000	2013 US$'000
Declared and paid during the financial year:		
Dividends on ordinary shares:		
- Final tax exempt (one-tier) dividend for 2013: 3.25 Singapore cents (2012: 2.75 Singapore cents) per share	41,248	35,468
- Interim tax exempt (one-tier) dividend for 2014: 1.25 Singapore cents (2013: 1.25 Singapore cents) per share	15,850	15,534
	57,098	51,002
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholders' approval at the AGM:		
- Final tax exempt (one-tier) dividend for 2014: 2.30 Singapore cents (2013: 3.25 Singapore cents) per share	27,578*	41,248

* *Based on USD/SGD exchange rate of 1.3211.*

43. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2014 were authorised for issue in accordance with a resolution of the directors on 23 March 2015.

STATISTICS OF SHAREHOLDINGS

As at 16 March 2015

SHAREHOLDERS' INFORMATION

Number of issued shares	: 1,584,072,969
Class of shares	: Ordinary share
Voting rights	: One vote per share

The Company does not have any treasury shares as at 16 March 2015.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 99	8	0.36	232	0.00
100 - 1,000	246	11.05	243,037	0.01
1,001 - 10,000	1,509	67.79	8,123,179	0.51
10,001 - 1,000,000	445	19.99	21,957,335	1.39
1,000,001 and above	18	0.81	1,553,749,186	98.09
	2,226	100.00	1,584,072,969	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Citibank Nominees Singapore Pte Ltd	401,836,213	25.37
2.	HSBC (Singapore) Nominees Pte Ltd	334,434,968	21.11
3.	Eight Capital Inc.	319,800,130	20.19
4.	DBS Nominees (Private) Limited	119,095,125	7.52
5.	DB Nominees (Singapore) Pte Ltd	92,801,138	5.86
6.	DBSN Services Pte. Ltd.	86,700,285	5.47
7.	Raffles Nominees (Pte) Limited	85,744,412	5.41
8.	ABN AMRO Nominees Singapore Pte Ltd	40,000,000	2.53
9.	United Overseas Bank Nominees (Private) Limited	22,744,300	1.44
10.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	14,772,099	0.93
11.	Advance Synergy Capital Ltd	12,779,400	0.81
12.	BNP Paribas Securities Services Singapore Branch	6,218,438	0.39
13.	DBS Vickers Securities (Singapore) Pte Ltd	5,595,000	0.35
14.	Bank of Singapore Nominees Pte. Ltd.	4,116,561	0.26
15.	UOB Kay Hian Private Limited	2,567,000	0.16
16.	CIMB Securities (Singapore) Pte. Ltd.	1,916,561	0.12
17.	Maybank Kim Eng Securities Pte. Ltd.	1,360,556	0.09
18.	Ng Mei Hwee Warni	1,267,000	0.08
19.	Philip Securities Pte Ltd	803,300	0.05
20.	Lim Tse Ghow Olivier	786,000	0.05
		1,555,338,486	98.19

STATISTICS OF SHAREHOLDINGS

As at 16 March 2015

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 16 March 2015)

	Direct Interest	%	Deemed Interest	%
Eight Capital Inc.	1,000,800,130	63.18	–	–
Eight Capital Trustees Pte Ltd	–	–	1,000,800,130 (1)	63.18
Equity Trust (Jersey) Ltd	–	–	1,000,800,130 (2)	63.18
Infinite Capital Fund Limited	88,000,000	5.56	–	–
King Fortune International Inc.	–	–	88,000,000 (3)	5.56
DB International Trust (Singapore) Limited	–	–	88,000,000 (4)	5.56

Notes:

(1) Eight Capital Trustees Pte Ltd ("ECTPL") holds the entire share capital of Eight Capital Inc. ("Eight Capital") as trustee of the Eight Capital Trust (the "Trust"), which is a discretionary family trust, and subject to the terms of the Trust. Eight Capital is the investment holding vehicle of the Trust and ECTPL is deemed interested in the shares held by Eight Capital.

(2) Equity Trust (Jersey) Ltd is the trustee of Eight Cap Purpose Trust (the "Purpose Trust"). Pursuant to the Purpose Trust, Equity Trust (Jersey) Ltd is the sole shareholder of ECTPL and it is therefore deemed interested in the shares held by Eight Capital.

(3) King Fortune International Inc. ("King Fortune") holds the entire issued and paid-up share capital of Infinite Capital Fund Limited and is deemed to be interested in the shares held by Infinite Capital Fund Limited.

(4) DB International Trust (Singapore) Limited (the "Trustee") is the sole shareholder of King Fortune and the trustee of the King Fortune Trust, a discretionary family trust. The shares held indirectly by King Fortune are property that is subject to the King Fortune Trust. Distribution of the income and capital of the King Fortune Trust to the beneficiaries of the King Fortune Trust are at the discretion of the Trustee.

PERCENTAGE OF SHARES HELD BY THE PUBLIC

Approximately 31.26% of the Company's shares are held in the hands of the public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.

NOTICE OF ANNUAL GENERAL MEETING

NOTICE IS HEREBY GIVEN that the Annual General Meeting of First Resources Limited (the "Company") will be held at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Level 3, Room 310, Suntec City, Singapore 039593 on Tuesday, 28 April 2015 at 3.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2014 together with the Auditor's Report thereon. **(Resolution 1)**

2. To declare a final dividend of 2.30 Singapore cents (S$0.0230) (one-tier, tax-exempt) per ordinary share for the year ended 31 December 2014 (2013: S$0.0325). **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Articles 93 and 99 of the Articles of Association of the Company:

Mr Ciliandra Fangiono	(Retiring under Article 93)	**(Resolution 3)**
Mr Hee Theng Fong	(Retiring under Article 93)	**(Resolution 4)**
Mr Fang Zhixiang	(Retiring under Article 99)	**(Resolution 5)**
Mr Tan Seow Kheng	(Retiring under Article 99)	**(Resolution 6)**

[See Explanatory Note (i)]

Mr Ciliandra Fangiono will, upon re-election as a Director of the Company, remain as member of the Nominating Committee and will be considered non-independent.

Mr Hee Theng Fong will, upon re-election as a Director of the Company, remain as member of the Audit and Remuneration Committees and will be considered independent.

Mr Tan Seow Kheng will, upon re-election as a Director of the Company, remain as member of the Audit Committee and will be considered non-independent.

4. To re-appoint Mr Ong Beng Kee, a Director of the Company retiring under Section 153(6) of the Companies Act, Cap. 50, to hold office from the date of this Annual General Meeting until the next Annual General Meeting of the Company. [See Explanatory Note (i)] **(Resolution 7)**

Mr Ong Beng Kee will, upon re-appointment as a Director of the Company, remain as member of the Audit Committee and will be considered independent.

5. To approve the payment of Directors' fees of S$412,500 for the year ended 31 December 2014 (2013: S$385,000). **(Resolution 8)**

6. To re-appoint Messrs Ernst & Young LLP as the Auditor of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 9)**

7. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

NOTICE OF ANNUAL GENERAL MEETING

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

8. **Authority to issue shares**

That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

(a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

(ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue, consolidation or subdivision of shares;

(3) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(4) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.

[See Explanatory Note (ii)] **(Resolution 10)**

9. **The Proposed Renewal of the Share Purchase Mandate**

That:

(1) for the purposes of the Companies Act (Chapter 50 of Singapore) (the "**Companies Act**"), the exercise by the Directors of First Resources Limited (the "**Company**") of all the powers of the Company to purchase or otherwise acquire issued ordinary shares fully paid in the capital of the Company (the "**Shares**") not exceeding in aggregate the Maximum Limit (as hereafter defined), at such price(s) as may be determined by the Directors of the Company from time to time up to the Maximum Price (as hereafter defined), whether by way of:

(a) an on-market purchase ("**Market Purchase**") transacted on the Singapore Exchange Securities Trading Limited (the "**SGX-ST**") through the ready market, which may be transacted through one or more duly licensed stock brokers appointed by the Company for this purpose; and/or

(b) an off-market purchase ("**Off-Market Purchase**") effected pursuant to an equal access scheme in accordance with Section 76C of the Companies Act,

and otherwise in accordance with all other laws and regulations, including but not limited to the provisions of the Companies Act and the listing rules of the SGX-ST as may for the time being be applicable, be and is hereby authorised and approved generally and unconditionally (the "**Share Purchase Mandate**");

(2) unless varied or revoked by the members of the Company in a general meeting, the authority conferred on the Directors of the Company pursuant to the Share Purchase Mandate may be exercised by the Directors of the Company at any time and from time to time during the period commencing from the date of the passing of this Resolution and expiring on the earlier of:

(a) the date on which the next annual general meeting of the Company (the "**AGM**") is held or required by law to be held; and

(b) the date on which the purchases or acquisitions of the Shares by the Company pursuant to the Share Purchase Mandate are carried out to the full extent mandated;

(3) in this Resolution:

"**Maximum Limit**" means that number of issued Shares representing not more than 10 per cent. of the total number of issued Shares (excluding treasury shares) as at the date of the passing of this Resolution, unless the Company has effected a reduction of the share capital of the Company in accordance with the applicable provisions of the Companies Act, at any time during the Relevant Period, in which event the total number of issued Shares (excluding treasury shares) shall be taken to be the total number of Shares as altered;

"**Relevant Period**" means the period commencing from the date on which the last AGM was held and expiring on the date the next AGM is held or is required by law to be held, whichever is the earlier, after the date of this Resolution; and

"**Maximum Price**", in relation to a Share to be purchased or acquired, means the purchase price (excluding brokerage, stamp duties, commission, applicable goods and services tax and other related expenses) which shall not exceed:

(a) in the case of a Market Purchase, 105 per cent. of the Average Closing Price; and

(b) in the case of an Off-Market Purchase pursuant to an equal access scheme, 120 per cent. of the Highest Last Dealt Price,

where:

"**Average Closing Price**" means the average of the closing market prices of the Shares over the last five (5) Market Days (a "**Market Day**" being a day on which the SGX-ST is open for trading in securities), on which transactions in the Shares were recorded, before the day on which the purchase or acquisition of the Shares was made, and deemed to be adjusted for any corporate action that occurs after the relevant five (5) Market Days;

"**Highest Last Dealt Price**" means the highest price transacted for a Share as recorded on the Market Day on which there were trades in the Shares immediately preceding the day of the making of the offer pursuant to the Off-Market Purchase; and

"**day of the making of the offer**" means the day on which the Company announces its intention to make an offer for the purchase of the Shares from Shareholders, stating the purchase price (which shall not be more than the Maximum Price calculated on the foregoing basis) for each Share and the relevant terms of the equal access scheme for effecting the Off-Market Purchase; and

(4) the Directors of the Company and/or any of them be and are/is hereby authorised to complete and do all such acts and things (including executing such documents as may be required) as they and/or he may consider necessary, expedient, incidental or in the interests of the Company to give effect to the transactions contemplated and/or authorised by this Resolution.

[See Explanatory Note (iii)] **(Resolution 11)**

By Order of the Board

Cheng Soon Keong
Lynn Wan Tiew Leng
Company Secretaries

Singapore
13 April 2015

NOTICE OF ANNUAL GENERAL MEETING

Explanatory Notes:

(i) For further information on the Directors submitted for re-election and re-appointment, please refer to the Board of Directors and Corporate Governance sections in this Annual Report. The effect of the Ordinary Resolution 7 proposed in item 4 above, is to re-appoint a Director of the Company who is over 70 years of age and if passed, he will hold office until the next Annual General Meeting. Such re-appointment of a director will no longer be subject to shareholders' approval under Section 153(6) of the Companies Act, Cap. 50 as repealed when the Companies (Amendment) Act 2014 comes into force. The director will then be subject to retirement by rotation under the Company's Articles of Association.

(ii) The Ordinary Resolution 10 in item 8 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue, consolidation or subdivision of shares.

(iii) The rationale for, the authority and limitation on, the sources of funds to be used for the purchase or acquisition, including the amount of financing and financial effects of the purchase or acquisition of ordinary shares by the Company pursuant to the Share Purchase Mandate on the audited consolidated financial accounts of the Group for the financial year ended 31 December 2014 are set out in greater detail in the Circular dated 13 April 2015 attached to this Annual Report.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the "Meeting") is entitled to appoint not more than two proxies to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 Temasek Boulevard #36-02, Suntec Tower Three, Singapore 038988 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s) to attend, speak and vote at the Meeting and/or any adjournment thereof, a member of the Company (i) consents to the collection, use and disclosure of the member's personal data by the Company (or its agents) for the purpose of the processing and administration by the Company (or its agents) of proxies and representatives appointed for the Meeting (including any adjournment thereof) and the preparation and compilation of the attendance lists, minutes and other documents relating to the Meeting (including any adjournment thereof), and in order for the Company (or its agents) to comply with any applicable laws, listing rules, regulations and/or guidelines (collectively, the "**Purposes**"), (ii) warrants that where the member discloses the personal data of the member's proxy(ies) and/or representative(s) to the Company (or its agents), the member has obtained the prior consent of such proxy(ies) and/or representative(s) for the collection, use and disclosure by the Company (or its agents) of the personal data of such proxy(ies) and/or representative(s) for the Purposes, and (iii) agrees that the member will indemnify the Company in respect of any penalties, liabilities, claims, demands, losses and damages as a result of the member's breach of warranty.

This page has been intentionally left blank.

PROXY FORM

(Please see notes overleaf before completing this Form)

FIRST RESOURCES LIMITED

(Company Registration No. 200415931M)
(Incorporated In the Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy FIRST RESOURCES LIMITED's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ____

of ____

being a member/members of First Resources Limited (the "Company"), hereby appoint:

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

and/or (delete as appropriate)

Name	**NRIC/Passport No.**	**Proportion of Shareholdings**	
		No. of Shares	**%**
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Suntec Singapore Convention & Exhibition Centre, 1 Raffles Boulevard, Level 3, Room 310, Suntec City, Singapore 039593 on Tuesday, 28 April 2015 at 3.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

No.	Resolutions relating to:	For	Against
1	Directors' Report and Audited Accounts for the year ended 31 December 2014		
2	Payment of proposed final dividend		
3	Re-election of Mr Ciliandra Fangiono as a Director		
4	Re-election of Mr Hee Theng Fong as a Director		
5	Re-election of Mr Fang Zhixiang as a Director		
6	Re-election of Mr Tan Seow Kheng as a Director		
7	Re-appointment of Mr Ong Beng Kee as a Director		
8	Approval of Directors' fees amounting to S$412,500		
9	Re-appointment of Messrs Ernst & Young LLP as Auditor		
10	Authority to issue shares		
11	Renewal of Share Purchase Mandate		

Dated this ______________ day of ______________ 2015

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

** Delete where inapplicable*

PROXY FORM

(Please see notes overleaf before completing this Form)

FIRST RESOURCES LIMITED

(Company Registration No. 200415931M)
(Incorporated In the Republic of Singapore)

Notes:

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Temasek Boulevard #36-02, Suntec Tower Three, Singapore 038988 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

Personal Data Privacy:

By submitting an instrument appointing a proxy(ies) and/or representative(s), the member accepts and agrees to the personal data privacy terms set out in the Notice of Annual General Meeting dated 13 April 2015.

FSC
www.fsc.org
MIX
Paper from responsible sources
FSC™ C041355

First Resources Limited is committed to responsible corporate citizenship. This annual report has been produced by a printer certified by the Forest Stewardship Council™ (FSC), and has been printed on Green Forest paper and Ozone paper, which are certified to be environmentally friendly according to the FSC™ standard.

First Resources Limited
Company Registration Number : 200415931M

8 Temasek Boulevard
#36-02 Suntec Tower Three
Singapore 038988
Tel: +65 6602 0200
Fax: +65 6333 6711

Email: contactus@first-resources.com
www.first-resources.com