



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Third Quarter (“3Q”) and Nine Months (“9M”) Ended 30 September 2013

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

	Group					
	9M 2013	9M 2012	Change	3Q 2013	3Q 2012	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	447,369	469,305	(4.7%)	153,049	151,779	0.8%
Cost of sales	(173,846)	(179,267)	(3.0%)	(56,176)	(43,547)	29.0%
Gross profit	273,523	290,038	(5.7%)	96,873	108,232	(10.5%)
Selling and distribution costs	(28,217)	(39,919)	(29.3%)	(10,101)	(12,149)	(16.9%)
General and administrative expenses	(22,165)	(21,269)	4.2%	(7,608)	(7,375)	3.2%
Other operating expenses	(1,230)	(1,170)	5.1%	(376)	(382)	(1.6%)
Profit from operations	221,911	227,680	(2.5%)	78,788	88,326	(10.8%)
(Losses)/gains on foreign exchange	(7,420)	6,799	n.m.	(8,116)	2,558	n.m.
(Losses)/gains on derivative financial instruments	(5,503)	834	n.m.	(1,177)	1,358	n.m.
Net financial expenses	(15,041)	(14,400)	4.5%	(3,903)	(4,529)	(13.8%)
Other non-operating (expenses)/income	(1,042)	865	n.m.	(453)	(163)	177.9%
Profit before tax	192,905	221,778	(13.0%)	65,139	87,550	(25.6%)
Tax expense	(35,568)	(50,190)	(29.1%)	(11,648)	(20,116)	(42.1%)
Profit for the period	157,337	171,588	(8.3%)	53,491	67,434	(20.7%)
Profit attributable to :						
Owners of the Company	152,698	163,994	(6.9%)	51,431	64,303	(20.0%)
Non-controlling interests	4,639	7,594	(38.9%)	2,060	3,131	(34.2%)
	157,337	171,588	(8.3%)	53,491	67,434	(20.7%)

n.m. – not meaningful

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

	Group					
	9M 2013	9M 2012	Change	3Q 2013	3Q 2012	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	157,337	171,588	(8.3%)	53,491	67,434	(20.7%)
Other comprehensive income						
Items that may be reclassified subsequently to profit or loss:						
Fair value (losses)/gains on cash flow hedges	(28,731)	9,018	n.m.	(27,350)	3,350	n.m.
Fair value losses/(gains) on cash flow hedges transferred to the income statement	12,111	(3,849)	n.m.	7,518	(1,871)	n.m.
Foreign currency translation	(237,114)	(55,179)	329.7%	(204,691)	(11,673)	1,653.5%
Income tax relating to components of other comprehensive income	12,905	(2,246)	n.m.	11,599	(1,662)	n.m.
Other comprehensive income for the period, net of tax	(240,829)	(52,256)	360.9%	(212,924)	(11,856)	1,695.9%
Total comprehensive income for the period	(83,492)	119,332	n.m.	(159,433)	55,578	n.m.
Total comprehensive income attributable to:						
Owners of the Company	(77,705)	114,020	n.m.	(152,528)	52,747	n.m.
Non-controlling interests	(5,787)	5,312	n.m.	(6,905)	2,831	n.m.
	(83,492)	119,332	n.m.	(159,433)	55,578	n.m.

n.m. – not meaningful

Additional Information

	Group					
	9M 2013	9M 2012	Change	3Q 2013	3Q 2012	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	221,911	227,680	(2.5%)	78,788	88,326	(10.8%)
Depreciation and amortisation	20,660	18,603	11.1%	6,993	6,503	7.5%
EBITDA	242,571	246,283	(1.5%)	85,781	94,829	(9.5%)
EBITDA margin	54.2%	52.5%		56.0%	62.5%	

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

	Group		Company	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Biological assets	800,830	844,023	-	-
Plasma plantation receivables	42,915	44,264	-	-
Property, plant and equipment	317,549	321,217	10,289	11,071
Land use rights	40,780	40,775	-	-
Investment in subsidiaries	-	-	370,013	297,617
Goodwill	73,989	32,530	-	-
Other intangible assets	63,972	74,304	411	287
Tax recoverable	8,048	6,727	-	-
Deferred tax assets	16,539	2,577	-	-
Loans to subsidiaries	-	-	438,879	193,330
Derivative financial assets	-	1,136	-	657
Other non-current assets	2,072	2,627	-	-
Total non-current assets	1,366,694	1,370,180	819,592	502,962
Current assets				
Inventories	68,000	57,929	-	-
Loan to subsidiary	-	-	600	750
Trade receivables	18,606	24,903	1,909	5,037
Other receivables	21,557	10,127	1,246	3,127
Derivative financial assets	5,550	25,812	-	14
Advances for purchase of plant, property and equipment	5,547	8,480	957	319
Other advances and prepayments	5,515	18,604	99	10,459
Prepaid taxes	23,590	10,127	-	-
Advance subscription for shares in subsidiary	-	-	82,778	82,778
Cash and bank balances	242,463	404,738	30,801	130,084
Total current assets	390,828	560,720	118,390	232,568
Total assets	1,757,522	1,930,900	937,982	735,530

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

	Group		Company	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade payables	26,826	20,879	255	129
Other payables and accruals	33,137	38,430	10,873	6,974
Advances from customers	4,646	6,302	-	-
Loans and borrowings from financial institutions	1,921	40,202	12	17
Derivative financial liabilities	960	2,804	-	42
Provision for tax	10,592	22,080	-	1
Total current liabilities	78,082	130,697	11,140	7,163
Non-current liabilities				
Loans and borrowings from financial institutions	3,174	174,127	-	7
Islamic medium term notes	487,685	323,839	487,685	323,839
Derivative financial liabilities	38,275	1,366	38,275	1,366
Provision for post-employment benefits	12,583	13,041	-	-
Deferred tax liabilities	114,645	130,258	1,492	844
Total non-current liabilities	656,362	642,631	527,452	326,056
Total liabilities	734,444	773,328	538,592	333,219
Net assets	1,023,078	1,157,572	399,390	402,311
EQUITY				
Share capital	394,913	394,913	394,913	394,913
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	-	-
Other reserves	(277,488)	(47,085)	(1,673)	2,150
Retained earnings	825,244	723,548	6,150	5,248
Equity attributable to owners of the Company	977,685	1,106,392	399,390	402,311
Non-controlling interests	45,393	51,180	-	-
Total equity	1,023,078	1,157,572	399,390	402,311

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

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

	Group					
	As at 30 Sep 2013			As at 31 Dec 2012		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less, or on demand	1,921	-	1,921	40,202	-	40,202
Amount repayable after one year	3,174	487,685	490,859	174,127	323,839	497,966
Total	5,095	487,685	492,780	214,329	323,839	538,168

Details of any collateral

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

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

	Group			
	9M 2013	9M 2012	3Q 2013	3Q 2012
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	192,905	221,778	65,139	87,550
Adjustments for:				
Depreciation of property, plant and equipment	19,270	17,271	6,567	6,041
Amortisation of land use rights and intangible assets	1,390	1,332	426	462
Financial expenses	17,492	15,753	4,604	5,094
Interest income	(2,451)	(1,353)	(701)	(565)
Losses/(gains) on derivative financial instruments	5,503	(834)	1,177	(1,358)
Operating cash flows before changes in working capital	234,109	253,947	77,212	97,224
Changes in working capital:				
Inventories	(21,174)	(14,348)	(13,511)	(5,551)
Trade receivables	5,079	(9,912)	(5,954)	(9,455)
Other receivables	(14,928)	(3,901)	(6,842)	(1,560)
Advances and prepayments	11,781	(2,758)	1,756	(196)
Prepaid taxes	(7,668)	(8,440)	(7,358)	(2,151)
Other non-current assets	135	(1,342)	319	22
Trade payables	10,128	11,898	(4,239)	(3,645)
Other payables and accruals	(14,287)	(20)	(2,477)	4,588
Advances from customers	(1,756)	(481)	5,444	675
Provision for post-employment benefits	1,992	1,187	1,058	441
Unrealised translation differences	5,508	(11,215)	6,958	(2,584)
Cash flows generated from operations	208,919	214,615	52,366	77,808
Financial expenses paid	(16,204)	(19,383)	(3,515)	(5,476)
Interest income received	2,448	1,287	686	499
Tax paid	(49,216)	(51,842)	(9,322)	(15,518)
Net cash generated from operating activities	145,947	144,677	40,215	57,313

1(c) Statement of cash flows (continued)

	Group			
	9M 2013	9M 2012	3Q 2013	3Q 2012
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on biological assets	(61,273)	(44,496)	(18,971)	(24,131)
Capital expenditure on property, plant and equipment	(60,530)	(58,274)	(17,357)	(20,682)
Decrease/(increase) in advances for purchase of property, plant and equipment	1,899	(7,194)	2,041	(3,223)
(Increase)/decrease in plasma plantation receivables	(7,108)	9,711	(2,317)	140
Acquisition of land use rights	(2,678)	(27,676)	(1,080)	(4,092)
Acquisition of other intangible assets	(539)	(256)	(375)	(256)
Net cash outflow on acquisition of subsidiaries	(69,913)	-	(5,000)	-
Net cash used in investing activities	(200,142)	(128,185)	(43,059)	(52,244)
Cash flows from financing activities				
Settlement of derivative financial instruments, net	-	(4,089)	-	(600)
Redemption of convertible bonds	-	(409)	-	-
(Repayment of)/proceeds from bank loans, net	(245,890)	14,747	(10,594)	(13,342)
Proceeds from issuance of Islamic medium term notes, net	197,237	186,132	-	186,132
Payment of obligations under finance leases	(2,419)	(2,232)	(853)	(762)
(Increase)/decrease in restricted cash balances	(11,075)	5,664	(13,368)	(328)
Dividends paid	(51,002)	(47,518)	(15,534)	(16,779)
Proceeds from equity contribution by non-controlling interests	-	103	-	-
Net cash (used in)/generated from financing activities	(113,149)	152,398	(40,349)	154,321
Net (decrease)/increase in cash and cash equivalents	(167,344)	168,890	(43,193)	159,390
Effect of exchange rate changes on cash and cash equivalents	(6,006)	518	(5,055)	268
Cash and cash equivalents, at the beginning of the financial period	391,794	194,483	266,692	204,233
Cash and cash equivalents, at the end of the financial period (Note A)	218,444	363,891	218,444	363,891
<u>Note A</u>				
Reconciliation of cash and cash equivalents :				
Cash at banks and on hand	115,907	362,641	115,907	362,641
Time deposits	102,537	1,250	102,537	1,250
Cash and cash equivalents	218,444	363,891	218,444	363,891
Cash held by financial institutions, restricted	24,019	10,259	24,019	10,259
Cash and bank balances	242,463	374,150	242,463	374,150

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

Group	----- Attributable to owners of the Company -----							Total equity
	Share capital	Differences arising from restructuring transactions involving entities under common control	Other reserves	Equity component of convertible bonds	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	
At 1 Jan 2013	394,913	35,016	(47,085)	-	723,548	1,106,392	51,180	1,157,572
Total comprehensive income for the period	-	-	(230,403)	-	152,698	(77,705)	(5,787)	(83,492)
Dividends paid	-	-	-	-	(51,002)	(51,002)	-	(51,002)
At 30 Sep 2013	394,913	35,016	(277,488)	-	825,244	977,685	45,393	1,023,078
At 1 Jan 2012	290,312	35,016	12,253	13,762	533,350	884,693	43,660	928,353
Total comprehensive income for the period	-	-	(49,974)	-	163,994	114,020	5,312	119,332
Dividends paid	-	-	-	-	(46,918)	(46,918)	(600)	(47,518)
Issue of shares upon conversion of convertible bonds	104,601	-	-	(13,706)	-	90,895	-	90,895
Gain on redemption of convertible bonds	-	-	-	(56)	56	-	-	-
Equity contribution by non-controlling interests	-	-	-	-	-	-	103	103
At 30 Sep 2012	394,913	35,016	(37,721)	-	650,482	1,042,690	48,475	1,091,165
At 1 Jul 2013	394,913	35,016	(73,529)	-	789,347	1,145,747	52,298	1,198,045
Total comprehensive income for the period	-	-	(203,959)	-	51,431	(152,528)	(6,905)	(159,433)
Dividends paid	-	-	-	-	(15,534)	(15,534)	-	(15,534)
At 30 Sep 2013	394,913	35,016	(277,488)	-	825,244	977,685	45,393	1,023,078
At 1 Jul 2012	394,913	35,016	(26,165)	-	602,358	1,006,122	46,244	1,052,366
Total comprehensive income for the period	-	-	(11,556)	-	64,303	52,747	2,831	55,578
Dividends paid	-	-	-	-	(16,179)	(16,179)	(600)	(16,779)
At 30 Sep 2012	394,913	35,016	(37,721)	-	650,482	1,042,690	48,475	1,091,165

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

Company	Share capital	Other reserves	Equity component of convertible bonds	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2013	394,913	2,150	-	5,248	402,311
Total comprehensive income for the period	-	(3,823)	-	51,904	48,081
Dividends paid	-	-	-	(51,002)	(51,002)
At 30 Sep 2013	394,913	(1,673)	-	6,150	399,390
At 1 Jan 2012	290,312	10,715	13,762	47,017	361,806
Total comprehensive income for the period	-	(7,576)	-	5,972	(1,604)
Dividends paid	-	-	-	(46,918)	(46,918)
Issue of shares upon conversion of convertible bonds	104,601	-	(13,706)	-	90,895
Gain on redemption of convertible bonds	-	-	(56)	56	-
At 30 Sep 2012	394,913	3,139	-	6,127	404,179
At 1 Jul 2013	394,913	14,815	-	25,022	434,750
Total comprehensive income for the period	-	(16,488)	-	(3,338)	(19,826)
Dividends paid	-	-	-	(15,534)	(15,534)
At 30 Sep 2013	394,913	(1,673)	-	6,150	399,390
At 1 Jul 2012	394,913	10,715	-	11,588	417,216
Total comprehensive income for the period	-	(7,576)	-	10,718	3,142
Dividends paid	-	-	-	(16,179)	(16,179)
At 30 Sep 2012	394,913	3,139	-	6,127	404,179

Other Reserves

	Group			Company		
	As at			As at		
	30 Sep 2013	31 Dec 2012	30 Sep 2012	30 Sep 2013	31 Dec 2012	30 Sep 2012
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Capital reserve	(29,096)	(29,096)	(29,096)	-	-	-
Revaluation reserve	279	279	279	-	-	-
Gain on sale of treasury shares	10,322	10,322	10,322	10,322	10,322	10,322
Hedging reserve	(8,230)	6,312	5,362	(12,388)	(8,565)	(7,576)
Foreign translation reserve	(250,763)	(34,902)	(24,588)	393	393	393
Total other reserves	(277,488)	(47,085)	(37,721)	(1,673)	2,150	3,139

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

There were no changes to the Company's issued and paid up share capital in the three months ended 30 September 2013.

	Company	
	30 Sep 2013	30 Sep 2012
Number of issued shares excluding treasury shares	1,584,072,969	1,584,072,969

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

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

The Company's total number of issued shares excluding treasury shares as at 30 September 2013 and 31 December 2012 were 1,584,072,969.

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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements as at 31 December 2012 except for the new and revised standards that are effective for annual periods beginning as of 1 January 2013. The adoption of these standards has no significant impact to the Group.

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

Please refer to item 4 above.

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

	Group			
	9M 2013	9M 2012	3Q 2013	3Q 2012
Weighted average number of shares applicable to basic EPS computation	1,584,072,969	1,539,252,434	1,584,072,969	1,584,072,969
Weighted average number of shares based on fully diluted basis	1,584,072,969	1,539,252,434	1,584,072,969	1,584,072,969
EPS - basic (US cents)	9.64	10.65	3.25	4.06
EPS - diluted (US cents)	9.64	10.65	3.25	4.06

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

(a) current financial period reported on; and

(b) immediately preceding financial year

	Group		Company	
	30 Sep 2013	31 Dec 2012	30 Sep 2013	31 Dec 2012
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.62	0.70	0.25	0.25

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

REVIEW OF GROUP FINANCIAL PERFORMANCE BY BUSINESS SEGMENT

SALES VOLUME

	9M 2013	9M 2012	Change	3Q 2013	3Q 2012	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	430,945	373,151	15.5%	161,812	128,717	25.7%
- Palm kernel	93,818	91,305	2.8%	36,778	32,237	14.1%
Refinery and Processing	141,580	186,406	(24.0%)	48,565	59,950	(19.0%)

Note: Sales volume include inter-segment sales

SALES

	9M 2013	9M 2012	Change	3Q 2013	3Q 2012	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	384,322	334,768	14.8%	136,535	111,947	22.0%
- Palm kernel	30,164	39,778	(24.2%)	12,277	12,254	0.2%
	414,486	374,546	10.7%	148,812	124,201	19.8%
Refinery and Processing	123,226	206,394	(40.3%)	38,777	68,467	(43.4%)
Inter-segment elimination	(90,343)	(111,635)	(19.1%)	(34,540)	(40,889)	(15.5%)
Total Sales	447,369	469,305	(4.7%)	153,049	151,779	0.8%

EBITDA

	9M 2013	9M 2012	Change	3Q 2013	3Q 2012	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	224,709	219,427	2.4%	85,784	76,934	11.5%
Refinery and Processing	14,277	26,519	(46.2%)	3,102	16,223	(80.9%)
Inter-segment elimination	3,585	337	963.8%	(3,105)	1,672	n.m.
Total EBITDA	242,571	246,283	(1.5%)	85,781	94,829	(9.5%)

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a decrease in profit from operations of 2.5% to US\$221.9 million in 9M2013 and a decline of 10.8% to US\$78.8 million in 3Q2013. Net profit decreased by 6.9% to US\$152.7 million in 9M2013 and 20.0% to US\$51.4 million in 3Q2013. The decline in profit from operations in 9M2013 and 3Q2013 were mainly due to lower average selling prices while losses on foreign exchange also contributed to the lower net profits in 2013.

Sales

Sales decreased by 4.7% to US\$447.4 million in 9M2013, mainly due to the lower average selling prices from the Refinery and Processing segment. For 3Q2013, sales increased marginally by 0.8% to US\$153.0 million. This was primarily due to increased sales volumes from the Plantations and Palm Oil Mills segment, partially offset by lower average selling oil prices from the Refinery and Processing segment.

Cost of Sales

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, plantation general expenses and processing costs as well as FFB and other palm oil products purchased from plasma farmers or third parties. The Group's cost of sales decreased by 3.0% to US\$173.8 million in 9M2013. This was mainly due to the decrease in purchases of palm oil products as compared to the corresponding period last year, partially offset by the higher purchases of FFB from third parties (including plasma farmers). For 3Q2013, cost of sales increased by 29.0% to US\$56.2 million, primarily due to an increase in purchases of FFB from third parties (including plasma farmers), as well as a shift in product mix of refined products sold from RBD ("Refined Bleached Deodorised") palm olein to biodiesel, which typically attracts a higher cost of production than RBD palm olein.

Gross Profit

Gross profit decreased by 5.7% to US\$273.5 million in 9M2013 and 10.5% to US\$96.9 million in 3Q2013, mainly due to lower average selling prices from the Refinery and Processing segment. Gross profit margin came in at 61.1% in 9M2013 as compared to 61.8% in the corresponding period last year, mainly due to the lower palm oil prices, partially offset by a decrease in purchases of palm oil products from third parties. For 3Q2013, gross profit margin came in at 63.3% as compared to 71.3% in 3Q2012, mainly due to the lower average selling prices.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly export taxes, freight charges and warehousing charges, totaled US\$28.2 million in 9M2013 (9M2012: US\$39.9 million) and US\$10.1 million in 3Q2013 (3Q2012: US\$12.1 million). The decrease in selling and distribution expenses was mainly due to the lower export tax rates applicable during 2013.

General and Administrative expenses

General and administrative expenses, comprising professional fees, remuneration of office staff, licences and software fees, increased by 4.2% to US\$22.2 million in 9M2013 and 3.2% to US\$7.6 million in 3Q2013. The increases were largely due to higher remuneration costs and other administrative expenses as the Group scaled up its operations.

8. Review of Group Performance (continued)

EBITDA

The Group's EBITDA came in at US\$242.6 million in 9M2013, a decrease of 1.5% as compared to the corresponding period last year. In 3Q2013, EBITDA fell by 9.5% to US\$85.8 million as compared to 3Q2012, mainly due to the lower average selling prices. Overall, the Plantations and Palm Oil Mills segment remains the main earnings driver, contributing 94.0% and 96.5% to the Group's EBITDA in 9M2013 and 3Q2013 respectively (9M2012: 89.2% and 3Q2012: 82.6%).

Depreciation and Amortisation

Depreciation and amortisation increased by 11.1% to US\$20.7 million in 9M2013 and 7.5% to US\$7.0 million in 3Q2013. The increases were largely due to the higher depreciation from the Group's new palm oil mills and other property, plant and equipment.

(Losses)/Gains on Foreign Exchange

The Group recorded losses on foreign exchange of US\$7.4 million in 9M2013 and US\$8.1 million in 3Q2013, as compared to gains of US\$6.8 million in 9M2012 and US\$2.6 million in 3Q2012. The losses on foreign exchange were primarily attributable to translation of the United States Dollar ("USD") denominated intercompany liabilities of the subsidiaries, which resulted from the depreciation of Indonesian Rupiah ("IDR") against USD by 15% during 3Q2013.

(Losses)/Gains on Derivative Financial Instruments

The Group recorded losses on derivative financial instruments of US\$5.5 million in 9M2013 and US\$1.2 million in 3Q2013, as compared to gains of US\$0.8 million in 9M2012 and US\$1.4 million in 3Q2012. These arose mainly from financial instruments entered into by the Group to hedge its exposure to foreign exchange and commodity price movements during the course of its business.

Net Financial Expenses

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

Net financial expenses totaled US\$15.0 million in 9M2013, up 4.5% as compared to the corresponding period last year. The higher financial expenses was mainly due to the write-off of unamortised issuance costs as a result of the early repayment of bank loans during 2Q2013. In 3Q2013, net financial expenses amounted to US\$3.9 million, a decrease of 13.8% from 3Q2012, reflective of the Group's lower effective cost of borrowings through the issuances of the Islamic medium term notes.

8. Review of Group Performance (continued)

Net Financial Expenses (continued)

The following table reflects the computation of net financial expenses:

	9M 2013	9M 2012	3Q 2013	3Q 2012
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expense and amortisation on:				
- Rupiah bonds payable	-	4,202	-	1,372
- convertible bonds	-	2,163	-	-
- loans and borrowings from financial institutions	6,471	12,335	(156)	4,124
Profit distribution and amortisation on Islamic medium term notes	11,084	1,290	4,758	1,290
Loss on redemption of convertible bonds	-	35	-	-
	17,555	20,025	4,602	6,786
Less:				
Capitalised to biological assets	(63)	(4,272)	2	(1,692)
	17,492	15,753	4,604	5,094
Interest income	(2,451)	(1,353)	(701)	(565)
Net financial expenses	15,041	14,400	3,903	4,529

Tax Expense and Net Profit

Tax expenses decreased by 29.1% to US\$35.6 million in 9M2013 and 42.1% to US\$11.6 million in 3Q2013, generally in line with the lower taxable income as well as the reduction in effective tax rate of the Group. As a result of the foregoing, profit attributable to owners of the Company decreased by 6.9% to US\$152.7 million in 9M2013 and 20.0% to US\$51.4 million in 3Q2013.

REVIEW OF BALANCE SHEET

Total assets of the Group decreased from US\$1,930.9 million as at 31 December 2012 to US\$1,757.5 million as at 30 September 2013. Non-current assets decreased marginally by US\$3.5 million to US\$1,366.7 million, mainly due to the weakening of IDR against USD by 17% during 9M2013. This was partially offset by the Group's capital expenditure on biological assets and property, plant and equipment, as well as the provisional goodwill arising from the acquisition of Lynhurst Investment Pte. Ltd. and its subsidiary during the period. The Group's current assets decreased by 30.3% to US\$390.8 million, mainly due to the reduction in cash and bank balances.

Total liabilities of the Group decreased by 5.0% from US\$773.3 million as at 31 December 2012 to US\$734.4 million as at 30 September 2013, mainly due to the reduction in the Group's borrowings.

Gross borrowings decreased by US\$45.4 million to US\$492.8 million as at 30 September 2013 (31 December 2012: US\$538.2 million) as a result of the early repayment of bank loans, partially offset by the additional issuance of Islamic medium term notes during 2Q2013. Taking into consideration the reduction in cash and bank balances during the period, net borrowings increased from US\$133.4 million as at 31 December 2012 to US\$250.3 million as at 30 September 2013. However, net gearing remains at a healthy level of 0.24x (31 December 2012: 0.12x).

8. Review of Group Performance (continued)

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$145.9 million from its operating activities in 9M2013 as compared to US\$144.7 million in 9M2012. In 3Q2013, net cash generated from operating activities amounted to US\$40.2 million as compared to US\$57.3 million in 3Q2012, mainly due to the lower average selling prices.

Net cash used in investing activities in 9M2013 was US\$200.1 million as compared to US\$128.2 million in 9M2012. In 3Q2013, net cash used in investing activities was US\$43.1 million as compared to US\$52.2 million in 3Q2012. The cash was used primarily for the Group's continued capital expenditure on oil palm plantations and property, plant and equipment. In addition, the higher cash used in investing activities in 9M2013 also included US\$69.9 million for the acquisition of Lynhurst Investment Pte. Ltd. and its subsidiary.

Net cash used in financing activities in 9M2013 was US\$113.1 million as compared to net cash generated of US\$152.4 million in 9M2012. This included net repayment of bank loans amounting to US\$245.9 million in 9M2013, partially offset by US\$197.2 million of net proceeds received from the additional issuance of Islamic medium term notes in 2Q2013. For 3Q2013, the net cash used in financing activities was US\$40.3 million as compared to net cash generated of US\$154.3 million in 3Q2012, which included US\$186.1 million of net proceeds received from the initial issuance of Islamic medium term notes in 3Q2012.

Overall, the Group registered a decrease in cash and cash equivalents of US\$167.3 million in 9M2013, bringing the Group's cash and bank balances to US\$242.5 million as at 30 September 2013.

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

Not applicable.

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

Recent improvements in palm oil prices were supported by incremental energy-based demand, lower than expected production growth and modest inventory build-up. Palm oil prices have gradually recovered, supported by these positive fundamentals.

In the longer term, palm oil prices will continue to be influenced by its relative pricing against crude oil and other competing edible oils such as soybean oil.

On the production front, the Group expects its production growth to slow in the fourth quarter of this year, as production has peaked seasonally in the third quarter.

11. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

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

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

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

We, Lim Ming Seong and Ciliandra Fangiono, being two directors of First Resources Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the third quarter ended 30 September 2013 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Ming Seong
Chairman

Ciliandra Fangiono
Director and Chief Executive Officer

15. Events after the balance sheet date

On 14 October 2013, the Company announced that its indirect subsidiary, PT Pancasurya Agrindo, has acquired 49% interest in PT Setia Agrindo Jaya (“PT SAJ”), which in turn owns 99.9% interest in PT Citra Palma Kencana, PT Indo Manis Lestari, PT Indogreen Jaya, PT Setia Agrindo Lestari and PT Setia Agrindo Mandiri (collectively referred to as “PT SAJ and its subsidiaries”). PT SAJ and its subsidiaries are incorporated in Indonesia and principally engaged in the development of oil palm plantations.

Following the acquisition, PT SAJ and its subsidiaries are now indirect associated companies of the Company.

BY ORDER OF THE BOARD

Ciliandra Fangiono

Director and Chief Executive Officer

13 November 2013