



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Third Quarter ("3Q") and Nine Months ("9M") Ended 30 September 2014

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 2014	9M 2013	Change	3Q 2014	3Q 2013	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	438,852	447,369	(1.9%)	148,763	153,049	(2.8%)
Cost of sales	(217,446)	(173,846)	25.1%	(63,068)	(56,176)	12.3%
Gross profit	221,406	273,523	(19.1%)	85,695	96,873	(11.5%)
Selling and distribution costs	(18,231)	(28,217)	(35.4%)	(5,561)	(10,101)	(44.9%)
General and administrative expenses	(19,793)	(22,165)	(10.7%)	(7,985)	(7,608)	5.0%
Other operating expenses	(1,277)	(1,230)	3.8%	(471)	(376)	25.3%
Profit from operations	182,105	221,911	(17.9%)	71,678	78,788	(9.0%)
Losses on foreign exchange	(1,119)	(7,420)	(84.9%)	(485)	(8,116)	(94.0%)
Losses on derivative financial instruments	(2,966)	(5,503)	(46.1%)	(1,222)	(1,177)	3.8%
Net financial expenses	(10,771)	(15,041)	(28.4%)	(3,650)	(3,903)	(6.5%)
Other non-operating (expenses)/income	(554)	(1,042)	(46.8%)	501	(453)	n.m.
Profit before tax	166,695	192,905	(13.6%)	66,822	65,139	2.6%
Tax expense	(47,087)	(35,568)	32.4%	(21,176)	(11,648)	81.8%
Profit for the period	119,608	157,337	(24.0%)	45,646	53,491	(14.7%)
Profit attributable to:						
Owners of the Company	114,225	152,698	(25.2%)	43,140	51,431	(16.1%)
Non-controlling interests	5,383	4,639	16.0%	2,506	2,060	21.7%
	119,608	157,337	(24.0%)	45,646	53,491	(14.7%)

n.m. – not meaningful

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

	Group					
	9M 2014	9M 2013	Change	3Q 2014	3Q 2013	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	119,608	157,337	(24.0%)	45,646	53,491	(14.7%)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Fair value gains/(losses) on cash flow hedges	8,758	(28,731)	n.m.	(1,502)	(27,350)	(94.5%)
Fair value (gains)/losses on cash flow hedges transferred to the income statement	(4,097)	12,111	n.m.	8,445	7,518	12.3%
Foreign currency translation	(17,930)	(237,114)	(92.4%)	(28,914)	(204,691)	(85.9%)
Income tax effect	120	12,905	(99.1%)	1,273	11,599	(89.0%)
Other comprehensive income for the period, net of tax	(13,149)	(240,829)	(94.5%)	(20,698)	(212,924)	(90.3%)
Total comprehensive income for the period	106,459	(83,492)	n.m.	24,948	(159,433)	n.m.
Total comprehensive income attributable to:						
Owners of the Company	101,387	(77,705)	n.m.	23,179	(152,528)	n.m.
Non-controlling interests	5,072	(5,787)	n.m.	1,769	(6,905)	n.m.
	106,459	(83,492)	n.m.	24,948	(159,433)	n.m.

n.m. – not meaningful

Additional Information

	Group					
	9M 2014	9M 2013	Change	3Q 2014	3Q 2013	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	182,105	221,911	(17.9%)	71,678	78,788	(9.0%)
Depreciation and amortisation	23,005	20,660	11.4%	7,762	6,993	11.0%
EBITDA	205,110	242,571	(15.4%)	79,440	85,781	(7.4%)
EBITDA margin	46.7%	54.2%		53.4%	56.0%	

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 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Biological assets	937,474	869,309	-	-
Plasma plantation receivables	49,165	27,757	-	-
Property, plant and equipment	332,823	303,083	9,459	9,972
Land use rights	47,363	43,464	-	-
Investment in subsidiaries	-	-	452,291	452,291
Goodwill	62,133	73,277	-	-
Other intangible assets	25,504	29,067	362	451
Tax recoverable	14,922	7,741	-	-
Deferred tax assets	13,770	14,220	-	-
Loans to subsidiaries	-	-	441,114	438,729
Other non-current assets	2,133	2,110	-	-
Total non-current assets	1,485,287	1,370,028	903,226	901,443
Current assets				
Inventories	70,770	59,211	-	-
Loan to subsidiary	-	-	934	600
Trade receivables	29,014	34,922	1,646	2,499
Other receivables	13,714	6,998	1,843	987
Derivative financial assets	-	3,987	-	-
Advances for purchase of plant, property and equipment	5,776	5,666	16	23
Other advances and prepayments	2,848	3,280	88	103
Prepaid taxes	28,151	24,030	-	-
Restricted cash balances	22,131	32,675	20,349	27,999
Cash and cash equivalents	180,632	239,477	6,504	8,684
Total current assets	353,036	410,246	31,380	40,895
Total assets	1,838,323	1,780,274	934,606	942,338

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

	Group		Company	
	30 Sep 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade payables	34,611	24,498	58	1
Other payables and accruals	33,157	35,462	9,692	10,159
Advances from customers	3,437	1,360	-	-
Loans and borrowings from financial institutions	2,112	2,608	-	7
Derivative financial liabilities	189	1,210	-	-
Provision for tax	18,092	15,312	-	-
Total current liabilities	91,598	80,450	9,750	10,167
Non-current liabilities				
Loans and borrowings from financial institutions	3,839	2,733	-	-
Islamic medium term notes	486,461	484,388	486,461	484,388
Derivative financial liabilities	41,463	48,061	41,463	48,061
Provision for post-employment benefits	12,645	11,623	-	-
Deferred tax liabilities	113,366	112,894	512	402
Total non-current liabilities	657,774	659,699	528,436	532,851
Total liabilities	749,372	740,149	538,186	543,018
Net assets	1,088,951	1,040,125	396,420	399,320
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	(361,760)	(348,922)	(2,984)	(7,645)
Retained earnings	969,599	912,472	4,491	12,052
Equity attributable to owners of the Company	1,037,768	993,479	396,420	399,320
Non-controlling interests	51,183	46,646	-	-
Total equity	1,088,951	1,040,125	396,420	399,320

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 2014			As at 31 Dec 2013		
	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	2,112	-	2,112	2,608	-	2,608
Amount repayable after one year	3,839	486,461	490,300	2,733	484,388	487,121
Total	5,951	486,461	492,412	5,341	484,388	489,729

Details of any collateral

The secured borrowings are collateralised by certain of the Group's 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 2014	9M 2013	3Q 2014	3Q 2013
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	166,695	192,905	66,822	65,139
Adjustments for:				
Depreciation of property, plant and equipment	21,452	19,270	7,185	6,567
Amortisation of land use rights and intangible assets	1,553	1,390	577	426
Gains on disposal of property, plant and equipment	(59)	-	(59)	-
Financial expenses	14,324	17,492	4,870	4,604
Interest income	(3,553)	(2,451)	(1,220)	(701)
Losses on derivative financial instruments	2,966	5,503	1,222	1,177
Operating cash flows before changes in working capital	203,378	234,109	79,397	77,212
Changes in working capital:				
Inventories	(12,287)	(21,174)	(7,286)	(13,511)
Trade receivables	5,998	5,079	5,047	(5,954)
Other receivables	(7,047)	(14,928)	(6,148)	(6,842)
Advances and prepayments	443	11,781	1,005	1,756
Prepaid taxes	(7,989)	(7,668)	(8,032)	(7,358)
Other non-current assets	(95)	135	(68)	319
Trade payables	10,578	10,128	2,405	(4,239)
Other payables and accruals	(634)	(14,287)	4,697	(2,477)
Advances from customers	2,158	(1,756)	(236)	5,444
Provision for post-employment benefits	1,086	1,992	345	1,058
Unrealised translation differences	(1,999)	5,508	1,450	6,958
Cash flows generated from operations	193,590	208,919	72,576	52,366
Financial expenses paid	(12,846)	(16,204)	(3,690)	(3,515)
Interest income received	3,746	2,448	1,387	686
Tax paid	(49,178)	(49,216)	(17,893)	(9,322)
Net cash generated from operating activities	135,312	145,947	52,380	40,215

1(c) Statement of cash flows (continued)

	Group			
	9M 2014	9M 2013	3Q 2014	3Q 2013
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on biological assets	(87,675)	(61,273)	(29,700)	(18,971)
Capital expenditure on property, plant and equipment	(52,979)	(60,530)	(25,724)	(17,357)
(Increase)/decrease in advances for purchase of property, plant and equipment	(207)	1,899	3,049	2,041
(Increase)/decrease in plasma plantation receivables	(4,080)	(7,108)	7,083	(2,317)
Acquisition of land use rights	(1,884)	(2,678)	(601)	(1,080)
Acquisition of other intangible assets	(164)	(539)	(31)	(375)
Proceeds from disposal of property, plant and equipment	195	-	195	-
Net cash outflow on acquisition of subsidiaries	-	(69,913)	-	(5,000)
Net cash used in investing activities	(146,794)	(200,142)	(45,729)	(43,059)
Cash flows from financing activities				
Repayment of bank loans	-	(245,890)	-	(10,594)
Proceeds from issuance of Islamic medium term notes, net	-	197,237	-	-
Payment of obligations under finance leases	(2,706)	(2,419)	(912)	(853)
Decrease/(increase) in restricted cash balances	10,544	(11,075)	(721)	(13,368)
Dividends paid	(57,633)	(51,002)	(16,384)	(15,534)
Net cash used in financing activities	(49,795)	(113,149)	(18,017)	(40,349)
Net decrease in cash and cash equivalents	(61,277)	(167,344)	(11,366)	(43,193)
Effect of exchange rate changes on cash and cash equivalents	2,432	(6,006)	2,038	(5,055)
Cash and cash equivalents, at the beginning of the financial period	239,477	391,794	189,960	266,692
Cash and cash equivalents, at the end of the financial period (Note A)	180,632	218,444	180,632	218,444
<u>Note A</u>				
Reconciliation of cash and cash equivalents:				
Cash at banks and on hand	99,242	115,907	99,242	115,907
Time deposits	81,390	102,537	81,390	102,537
Cash and cash equivalents	180,632	218,444	180,632	218,444
Restricted cash balances	22,131	24,019	22,131	24,019
Cash and bank balances	202,763	242,463	202,763	242,463

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

Group	----- Attributable to owners of the Company -----					Non-controlling interests	Total equity
	Share capital	Differences arising from restructuring transactions involving entities under common control	Other reserves	Retained earnings	Equity attributable to owners of the Company		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2014	394,913	35,016	(348,922)	912,472	993,479	46,646	1,040,125
Profit for the period	-	-	-	114,225	114,225	5,383	119,608
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	4,661	-	4,661	-	4,661
Foreign currency translation	-	-	(17,499)	-	(17,499)	(311)	(17,810)
Other comprehensive income for the period, net of tax	-	-	(12,838)	-	(12,838)	(311)	(13,149)
Total comprehensive income for the period	-	-	(12,838)	114,225	101,387	5,072	106,459
<u>Contributions by and distributions to owners</u>							
Dividends paid	-	-	-	(57,098)	(57,098)	(535)	(57,633)
At 30 Sep 2014	394,913	35,016	(361,760)	969,599	1,037,768	51,183	1,088,951
At 1 Jan 2013	394,913	35,016	(47,085)	723,548	1,106,392	51,180	1,157,572
Profit for the period	-	-	-	152,698	152,698	4,639	157,337
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	(14,542)	-	(14,542)	(165)	(14,707)
Foreign currency translation	-	-	(215,861)	-	(215,861)	(10,261)	(226,122)
Other comprehensive income for the period, net of tax	-	-	(230,403)	-	(230,403)	(10,426)	(240,829)
Total comprehensive income for the period	-	-	(230,403)	152,698	(77,705)	(5,787)	(83,492)
<u>Contributions by and distributions to owners</u>							
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

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

Group	----- Attributable to owners of the Company -----					Non-controlling interests	Total equity
	Share capital	Differences arising from restructuring transactions involving entities under common control	Other reserves	Retained earnings	Equity attributable to owners of the Company		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jul 2014	394,913	35,016	(341,799)	942,308	1,030,438	49,949	1,080,387
Profit for the period	-	-	-	43,140	43,140	2,506	45,646
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	6,943	-	6,943	-	6,943
Foreign currency translation	-	-	(26,904)	-	(26,904)	(737)	(27,641)
Other comprehensive income for the period, net of tax	-	-	(19,961)	-	(19,961)	(737)	(20,698)
Total comprehensive income for the period	-	-	(19,961)	43,140	23,179	1,769	24,948
<u>Contributions by and distributions to owners</u>							
Dividends paid	-	-	-	(15,849)	(15,849)	(535)	(16,384)
At 30 Sep 2014	394,913	35,016	(361,760)	969,599	1,037,768	51,183	1,088,951
At 1 Jul 2013	394,913	35,016	(73,529)	789,347	1,145,747	52,298	1,198,045
Profit for the period	-	-	-	51,431	51,431	2,060	53,491
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	(19,150)	-	(19,150)	(75)	(19,225)
Foreign currency translation	-	-	(184,809)	-	(184,809)	(8,890)	(193,699)
Other comprehensive income for the period, net of tax	-	-	(203,959)	-	(203,959)	(8,965)	(212,924)
Total comprehensive income for the period	-	-	(203,959)	51,431	(152,528)	(6,905)	(159,433)
<u>Contributions by and distributions to owners</u>							
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

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

Company	Share capital	Other reserves	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2014	394,913	(7,645)	12,052	399,320
Profit for the period	-	-	49,537	49,537
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	4,661	-	4,661
Total comprehensive income for the period	-	4,661	49,537	54,198
<u>Contributions by and distributions to owners</u>				
Dividends paid	-	-	(57,098)	(57,098)
At 30 Sep 2014	394,913	(2,984)	4,491	396,420
At 1 Jan 2013	394,913	2,150	5,248	402,311
Profit for the period	-	-	51,904	51,904
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	(3,823)	-	(3,823)
Total comprehensive income for the period	-	(3,823)	51,904	48,081
<u>Contributions by and distributions to owners</u>				
Dividends paid	-	-	(51,002)	(51,002)
At 30 Sep 2013	394,913	(1,673)	6,150	399,390
At 1 Jul 2014	394,913	(9,927)	10,205	395,191
Profit for the period	-	-	10,135	10,135
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	6,943	-	6,943
Total comprehensive income for the period	-	6,943	10,135	17,078
<u>Contributions by and distributions to owners</u>				
Dividends paid	-	-	(15,849)	(15,849)
At 30 Sep 2014	394,913	(2,984)	4,491	396,420
At 1 Jul 2013	394,913	14,815	25,022	434,750
Profit for the period	-	-	(3,338)	(3,338)
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	(16,488)	-	(16,488)
Total comprehensive income for the period	-	(16,488)	(3,338)	(19,826)
<u>Contributions by and distributions to owners</u>				
Dividends paid	-	-	(15,534)	(15,534)
At 30 Sep 2013	394,913	(1,673)	6,150	399,390

1(d)(i) Statement of changes in equity (continued)**Other Reserves**

	Group			Company		
	As at			As at		
	30 Sep 2014	31 Dec 2013	30 Sep 2013	30 Sep 2014	31 Dec 2013	30 Sep 2013
	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	(13,699)	(18,360)	(8,230)	(13,699)	(18,360)	(12,388)
Foreign translation reserve	(329,566)	(312,067)	(250,763)	393	393	393
Total other reserves	(361,760)	(348,922)	(277,488)	(2,984)	(7,645)	(1,673)

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 2014.

	Company	
	30 Sep 2014	30 Sep 2013
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 2014 and 30 September 2013.

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 2014 and 31 December 2013 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 auditor.

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 2013 except for the new and revised standards that are effective for annual periods beginning as of 1 January 2014. 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 2014	9M 2013	3Q 2014	3Q 2013
Weighted average number of shares applicable to basic EPS computation	1,584,072,969	1,584,072,969	1,584,072,969	1,584,072,969
Weighted average number of shares based on fully diluted basis	1,584,072,969	1,584,072,969	1,584,072,969	1,584,072,969
EPS - basic (US cents)	7.21	9.64	2.72	3.25
EPS - diluted (US cents)	7.21	9.64	2.72	3.25

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 2014	31 Dec 2013	30 Sep 2014	31 Dec 2013
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.66	0.63	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:-
- (a) any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
- (b) any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

REVIEW OF GROUP FINANCIAL PERFORMANCE BY BUSINESS SEGMENT

SALES VOLUME

	9M 2014	9M 2013	Change	3Q 2014	3Q 2013	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	481,956	430,945	11.8%	184,668	161,812	14.1%
- Palm kernel	98,414	93,818	4.9%	36,920	36,778	0.4%
Refinery and Processing	410,108	141,580	189.7%	183,294	48,565	277.4%

Note: Sales volume include inter-segment sales

SALES

	9M 2014	9M 2013	Change	3Q 2014	3Q 2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	336,836	384,322	(12.4%)	121,793	136,535	(10.8%)
- Palm kernel	44,357	30,164	47.1%	17,073	12,277	39.1%
- Fresh fruit bunches	3,913	-	n.m.	1,721	-	n.m.
	385,106	414,486	(7.1%)	140,587	148,812	(5.5%)
Refinery and Processing	305,764	123,226	148.1%	131,385	38,777	238.8%
Inter-segment elimination	(252,018)	(90,343)	179.0%	(123,209)	(34,540)	256.7%
Total Sales	438,852	447,369	(1.9%)	148,763	153,049	(2.8%)

n.m. – not meaningful

EBITDA

	9M 2014	9M 2013	Change	3Q 2014	3Q 2013	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	188,743	224,709	(16.0%)	79,940	85,784	(6.8%)
Refinery and Processing	27,454	14,277	92.3%	9,053	3,102	191.8%
Inter-segment elimination	(11,087)	3,585	n.m.	(9,553)	(3,105)	207.7%
Total EBITDA	205,110	242,571	(15.4%)	79,440	85,781	(7.4%)

n.m. – not meaningful

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$114.2 million in 9M2014, down 25.2% against 9M2013 and a 17.9% decrease in profit from operations to US\$182.1 million. For 3Q2014, net profit decreased by 16.1% to US\$43.1 million while profit from operations declined by 9.0% to US\$71.7 million. The declines in profit from operations were mainly due to the lower average selling prices of crude palm oil and its refined products. This was partially offset by higher sales volumes from the Refinery and Processing segment, which was driven by the expansion of the Group's processing capacity.

Sales

Sales decreased by 1.9% to US\$438.9 million in 9M2014 and 2.8% to US\$148.8 million in 3Q2014. These were mainly due to the lower average selling prices, partially offset by higher sale volumes 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 fresh fruit bunches and other palm oil products purchased from plasma farmers or third parties. The Group's cost of sales increased by 25.1% to US\$217.4 million in 9M2014 and 12.3% to US\$63.1 million in 3Q2014. These increases were mainly driven by the higher production and sales volumes, as well as the higher costs from the ramping up of operations at the Group's biodiesel, refinery and kernel crushing plants. For 9M2014, the higher cost of sales was also contributed by the increase in purchases of palm oil products from third parties.

Gross Profit

Gross profit decreased by 19.1% to US\$221.4 million in 9M2014 and 11.5% to US\$85.7 million in 3Q2014, mainly due to the lower average selling prices.

Gross profit margin came in at 50.5% in 9M2014 as compared to 61.1% in the corresponding period last year, mainly due to the lower average selling prices as well as the increase in purchases of palm oil products from third parties. For 3Q2014, gross profit margin was at 57.6% as compared to 63.3% in 3Q2013, mainly due to the lower average selling prices.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly export taxes and freight charges, totaled US\$18.2 million in 9M2014 (9M2013: US\$28.2 million) and US\$5.6 million in 3Q2014 (3Q2013: US\$10.1 million). These decreases were mainly due to the lower export taxes paid in 2014, driven by a higher proportion of the Group's export sales being made in the form of refined palm oil products, which generally attracts lower export tax rates as compared to crude palm oil.

General and Administrative expenses

General and administrative expenses declined to US\$19.8 million in 9M2014 (9M2013: US\$22.2 million), mainly due to lower accruals for employee related expenses. The decrease was also partly due to translation of the Group's Indonesian Rupiah ("IDR") denominated expenses into United States Dollar ("USD"), which resulted from the depreciation of IDR against USD. For 3Q2014, general and administrative expenses amounted to US\$8.0 million, an increase of 5.0% from 3Q2013.

EBITDA

The Group's EBITDA came in at US\$205.1 million in 9M2014, a decrease of 15.4% as compared to the corresponding period last year. In 3Q2014, EBITDA fell by 7.4% to US\$79.4 million as compared to 3Q2013. The declines in EBITDA were mainly due to the lower average selling prices of crude palm oil and its refined products, partially offset by the higher sales volumes generated by the Refinery and Processing segment.

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT (continued)

Depreciation and Amortisation

Depreciation and amortisation increased by 11.4% to US\$23.0 million in 9M2014 and 11.0% to US\$7.8 million in 3Q2014. The increases were largely due to the higher depreciation from the Group's new processing facilities and other property, plant and equipment.

Losses on Foreign Exchange

The Group recorded losses on foreign exchange of US\$1.1 million in 9M2014 (9M2013: US\$7.4 million) and US\$0.5 million in 3Q2014 (3Q2013: US\$8.1 million). The losses on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

Losses on Derivative Financial Instruments

The Group recorded losses on derivative financial instruments of US\$3.0 million in 9M2014 and US\$1.2 million in 3Q2014, as compared to US\$5.5 million in 9M2013 and US\$1.2 million in 3Q2013. These arose primarily from financial instruments entered into by the Group to hedge its exposure to foreign exchange and commodity price movements during the course of its business.

Net Financial Expenses

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

Net financial expenses totaled US\$10.8 million in 9M2014, down 28.4% as compared to the corresponding period last year. In 3Q2014, net financial expenses amounted to US\$3.7 million, a decline of 6.5% from 3Q2013. The lower financial expenses were mainly due to the Group's lower effective cost of borrowings through the issuances of the Islamic medium term notes.

The following table reflects the computation of net financial expenses:

	9M 2014	9M 2013	3Q 2014	3Q 2013
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	204	6,471	111	(156)
Profit distribution and amortisation on Islamic medium term notes	14,120	11,084	4,759	4,758
	14,324	17,555	4,870	4,602
Less: Capitalised to biological assets	-	(63)	-	2
	14,324	17,492	4,870	4,604
Interest income	(3,553)	(2,451)	(1,220)	(701)
Net financial expenses	10,771	15,041	3,650	3,903

Tax Expense and Net Profit

Tax expenses came in at US\$47.1 million in 9M2014 (9M2013: US\$35.6 million) and US\$21.2 million in 3Q2014 (3Q2013: US\$11.6 million), with the Group's higher effective tax rates mainly due to increased income contributions from subsidiaries in higher tax jurisdictions, under provision of tax relating to prior years, as well as withholding tax expense on dividends from foreign subsidiaries.

As a result of the foregoing, profit attributable to owners of the Company decreased by 25.2% to US\$114.2 million in 9M2014 and 16.1% to US\$43.1 million in 3Q2014.

8. Review of Group Performance (continued)

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,780.3 million as at 31 December 2013 to US\$1,838.3 million as at 30 September 2014. Non-current assets increased by US\$115.3 million to US\$1,485.3 million, mainly due to the Group's capital expenditure on biological assets and property, plant and equipment. The Group's current assets decreased by US\$57.2 million to US\$353.0 million, mainly due to the lower cash and bank balances as a result of the dividends paid out in 2Q2014 and 3Q2014.

Total liabilities of the Group increased marginally by 1.2% from US\$740.1 million as at 31 December 2013 to US\$749.4 million as at 30 September 2014.

Gross borrowings increased marginally by 0.5% to US\$492.4 million as at 30 September 2014 (31 December 2013: US\$489.7 million). Taking into consideration the reduction in cash and bank balances during the period, net borrowings increased from US\$217.6 million as at 31 December 2013 to US\$289.6 million as at 30 September 2014. However, net gearing remains at a healthy level of 0.27x (31 December 2013: 0.21x).

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$135.3 million from its operating activities in 9M2014 as compared to US\$145.9 million in 9M2013. In 3Q2014, net cash generated from operating activities amounted to US\$52.4 million as compared to US\$40.2 million in 3Q2013.

Net cash used in investing activities amounted to US\$146.8 million in 9M2014 (9M2013: US\$200.1 million) and US\$45.7 million in 3Q2014 (3Q2013: US\$43.1 million), primarily relating to the Group's continued capital expenditure on oil palm plantations, palm oil mills and other 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 9M2014 amounted to US\$49.8 million as compared to US\$113.1 million in 9M2013. The higher cash used in financing activities in 9M2013 included repayment of bank loans of US\$245.9 million, partially offset by US\$197.2 million of net proceeds received from the third issuance of Islamic medium term notes. For 3Q2014, net cash used in financing activities amounted to US\$18.0 million as compared to US\$40.3 million in 3Q2013, which included US\$10.6 million for repayment of bank loans.

Overall, the Group registered a decrease in cash and cash equivalents of US\$61.3 million in 9M2014, bringing the Group's cash and bank balances to US\$202.8 million as at 30 September 2014.

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

Palm oil prices have recovered from their recent lows in August 2014, partly as a result of lower than expected inventory levels in Malaysia and Indonesia. However, prices are expected to remain soft due to the weakening discretionary demand for biofuel caused by current narrow price spreads between crude oil and vegetable oils, as well as the sizeable on-going soybean harvest in the United States.

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

Following our production peak in the third quarter, the Group expects year-on-year volume growth to continue in the fourth quarter, albeit at a much more moderate rate. Over the longer term, the favourable age profile of our plantations will continue to propel production volume growth.

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/recommendedd, 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 2014 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 27 October 2014, the Company announced that it has issued RM400.0 million of Ringgit-denominated Islamic medium term notes ("IMTNs") which have a tenor of seven years and will mature on 27 October 2021. The IMTNs were successfully priced and distributed by way of a private placement and will bear a periodic distribution rate of 4.85% per annum, payable semi-annually in arrears.

BY ORDER OF THE BOARD

Ciliandra Fangiono
Director and Chief Executive Officer
13 November 2014