



# FIRST RESOURCES LIMITED

## Unaudited Financial Statements for the First Quarter Ended 31 March 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		
	1Q 2014	1Q 2013	Change
	US\$'000	US\$'000	(%)
Sales	177,903	174,642	1.9%
Cost of sales	(103,136)	(69,525)	48.3%
<b>Gross profit</b>	<b>74,767</b>	<b>105,117</b>	<b>(28.9%)</b>
Selling and distribution costs	(6,784)	(10,132)	(33.0%)
General and administrative expenses	(7,570)	(7,621)	(0.7%)
Other operating expenses	(394)	(410)	(3.9%)
<b>Profit from operations</b>	<b>60,019</b>	<b>86,954</b>	<b>(31.0%)</b>
Gains on foreign exchange	981	1,309	(25.1%)
Gains/(losses) on derivative financial instruments	299	(1,638)	n.m.
Net financial expenses	(3,733)	(5,568)	(33.0%)
Other non-operating income/(expenses)	1,208	(364)	n.m.
<b>Profit before tax</b>	<b>58,774</b>	<b>80,693</b>	<b>(27.2%)</b>
Tax expense	(11,728)	(15,302)	(23.4%)
<b>Profit for the period</b>	<b>47,046</b>	<b>65,391</b>	<b>(28.1%)</b>
<b>Profit attributable to:</b>			
Owners of the Company	44,994	63,568	(29.2%)
Non-controlling interests	2,052	1,823	12.6%
	<b>47,046</b>	<b>65,391</b>	<b>(28.1%)</b>

n.m. – not meaningful

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

	Group		
	1Q 2014	1Q 2013	Change
	US\$'000	US\$'000	(%)
<b>Profit for the period</b>	47,046	65,391	(28.1%)
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Fair value gains/(losses) on cash flow hedges	5,689	(153)	n.m.
Fair value gains on cash flow hedges transferred to the income statement	(2,955)	(3,803)	(22.3%)
Foreign currency translation	86,697	(5,103)	n.m.
Income tax effect	(4,075)	626	n.m.
Other comprehensive income for the period, net of tax	85,356	(8,433)	n.m.
<b>Total comprehensive income for the period</b>	<b>132,402</b>	<b>56,958</b>	<b>132.5%</b>
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	126,602	54,927	130.5%
Non-controlling interests	5,800	2,031	185.6%
	<b>132,402</b>	<b>56,958</b>	<b>132.5%</b>

n.m. – not meaningful

**Additional Information**

	Group		
	1Q 2014	1Q 2013	Change
	US\$'000	US\$'000	(%)
<b>EBITDA</b>			
Profit from operations	60,019	86,954	(31.0%)
Depreciation and amortisation	7,392	6,770	9.2%
<b>EBITDA</b>	<b>67,411</b>	<b>93,724</b>	<b>(28.1%)</b>
EBITDA margin	37.9%	53.7%	

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

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Biological assets	963,223	869,309	-	-
Plasma plantation receivables	35,370	27,757	-	-
Property, plant and equipment	322,999	303,083	10,113	9,972
Land use rights	47,380	43,464	-	-
Investment in subsidiaries	-	-	452,291	452,291
Goodwill	74,669	73,277	-	-
Other intangible assets	31,004	29,067	434	451
Tax recoverable	12,073	7,741	-	-
Deferred tax assets	14,528	14,220	-	-
Loans to subsidiaries	-	-	441,581	438,729
Other non-current assets	2,386	2,110	-	-
<b>Total non-current assets</b>	<b>1,503,632</b>	<b>1,370,028</b>	<b>904,419</b>	<b>901,443</b>
<b>Current assets</b>				
Inventories	60,274	59,211	-	-
Loan to subsidiary	-	-	934	600
Trade receivables	17,803	34,922	-	2,499
Other receivables	5,651	6,998	1,807	987
Derivative financial assets	3,522	3,987	255	-
Advances for purchase of plant, property and equipment	10,692	5,666	-	23
Other advances and prepayments	5,167	3,280	83	103
Prepaid taxes	22,754	24,030	-	-
Restricted cash balances	28,816	32,675	24,979	27,999
Cash and cash equivalents	282,371	239,477	11,805	8,684
<b>Total current assets</b>	<b>437,050</b>	<b>410,246</b>	<b>39,863</b>	<b>40,895</b>
<b>Total assets</b>	<b>1,940,682</b>	<b>1,780,274</b>	<b>944,282</b>	<b>942,338</b>

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

	Group		Company	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	US\$'000	US\$'000	US\$'000	US\$'000
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	36,542	24,498	113	1
Other payables and accruals	44,359	35,462	12,006	10,159
Advances from customers	797	1,360	-	-
Loans and borrowings from financial institutions	2,614	2,608	3	7
Derivative financial liabilities	394	1,210	-	-
Provision for tax	16,156	15,312	-	-
<b>Total current liabilities</b>	<b>100,862</b>	<b>80,450</b>	<b>12,122</b>	<b>10,167</b>
<b>Non-current liabilities</b>				
Loans and borrowings from financial institutions	3,121	2,733	-	-
Islamic medium term notes	486,763	484,388	486,763	484,388
Derivative financial liabilities	42,865	48,061	42,865	48,061
Provision for post-employment benefits	12,924	11,623	-	-
Deferred tax liabilities	121,620	112,894	235	402
<b>Total non-current liabilities</b>	<b>667,293</b>	<b>659,699</b>	<b>529,863</b>	<b>532,851</b>
<b>Total liabilities</b>	<b>768,155</b>	<b>740,149</b>	<b>541,985</b>	<b>543,018</b>
<b>Net assets</b>	<b>1,172,527</b>	<b>1,040,125</b>	<b>402,297</b>	<b>399,320</b>
<b>EQUITY</b>				
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	(267,314)	(348,922)	(4,911)	(7,645)
Retained earnings	957,466	912,472	12,295	12,052
<b>Equity attributable to owners of the Company</b>	<b>1,120,081</b>	<b>993,479</b>	<b>402,297</b>	<b>399,320</b>
Non-controlling interests	52,446	46,646	-	-
<b>Total equity</b>	<b>1,172,527</b>	<b>1,040,125</b>	<b>402,297</b>	<b>399,320</b>

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

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

	Group					
	As at 31 Mar 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	2,614	-	2,614	2,608	-	2,608
Amount repayable after one year	3,121	486,763	489,884	2,733	484,388	487,121
<b>Total</b>	<b>5,735</b>	<b>486,763</b>	<b>492,498</b>	<b>5,341</b>	<b>484,388</b>	<b>489,729</b>

**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**

	<b>Group</b>	
	<b>1Q 2014</b>	<b>1Q 2013</b>
	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>		
Profit before tax	58,774	80,693
Adjustments for:		
Depreciation of property, plant and equipment	6,926	6,310
Amortisation of land use rights and intangible assets	466	460
Financial expenses	4,708	6,316
Interest income	(975)	(748)
(Gains)/losses on derivative financial instruments	(299)	1,638
<b>Operating cash flows before changes in working capital</b>	<b>69,600</b>	<b>94,669</b>
Changes in working capital:		
Inventories	2,901	7,932
Trade receivables	18,182	(1,802)
Other receivables	1,889	(1,987)
Advances and prepayments	(1,615)	11,131
Prepaid taxes	2,896	(4,833)
Other non-current assets	(125)	(84)
Trade payables	10,095	11,684
Other payables and accruals	5,553	2,027
Advances from customers	(631)	(5,389)
Provision for post-employment benefits	482	493
Unrealised translation differences	(2,457)	(1,123)
<b>Cash flows generated from operations</b>	<b>106,770</b>	<b>112,718</b>
Financial expenses paid	(3,711)	(6,899)
Interest income received	826	737
Tax paid	(15,511)	(10,311)
<b>Net cash generated from operating activities</b>	<b>88,374</b>	<b>96,245</b>

1(c) Statement of cash flows (continued)

	Group	
	1Q 2014	1Q 2013
	US\$'000	US\$'000
<b>Cash flows from investing activities</b>		
Capital expenditure on biological assets	(33,509)	(22,503)
Capital expenditure on property, plant and equipment	(6,295)	(18,300)
(Increase)/decrease in advances for purchase of property, plant and equipment	(4,464)	129
Increase in plasma plantation receivables	(4,264)	(3,827)
Acquisition of land use rights	(1,283)	(1,423)
Acquisition of other intangible assets	(47)	(27)
Net cash outflow on acquisition of subsidiaries	-	(59,361)
<b>Net cash used in investing activities</b>	<b>(49,862)</b>	<b>(105,312)</b>
<b>Cash flows from financing activities</b>		
Proceeds from bank loans	-	611
Repayment of bank loans	-	(65,806)
Payment of obligations under finance leases	(876)	(765)
Decrease in restricted cash balances	3,859	1,956
<b>Net cash from/(used in) financing activities</b>	<b>2,983</b>	<b>(64,004)</b>
Net increase/(decrease) in cash and cash equivalents	41,495	(73,071)
Effect of exchange rate changes on cash and cash equivalents	1,399	(189)
Cash and cash equivalents, at the beginning of the financial period	239,477	391,794
<b>Cash and cash equivalents, at the end of the financial period (Note A)</b>	<b>282,371</b>	<b>318,534</b>
<u>Note A</u>		
Reconciliation of cash and cash equivalents:		
Cash at banks and on hand	133,849	171,230
Time deposits	148,522	147,304
<b>Cash and cash equivalents</b>	<b>282,371</b>	<b>318,534</b>
Restricted cash balances	28,816	10,988
<b>Cash and bank balances</b>	<b>311,187</b>	<b>329,522</b>

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

Group	----- Attributable to owners of the Company -----						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	Non-controlling interests	
	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	-	-	-	44,994	44,994	2,052	47,046
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	2,734	-	2,734	-	2,734
Foreign currency translation	-	-	78,874	-	78,874	3,748	82,622
Other comprehensive income for the period, net of tax	-	-	81,608	-	81,608	3,748	85,356
Total comprehensive income for the period	-	-	81,608	44,994	126,602	5,800	132,402
<b>At 31 Mar 2014</b>	<b>394,913</b>	<b>35,016</b>	<b>(267,314)</b>	<b>957,466</b>	<b>1,120,081</b>	<b>52,446</b>	<b>1,172,527</b>
At 1 Jan 2013	394,913	35,016	(47,085)	723,548	1,106,392	51,180	1,157,572
Profit for the period	-	-	-	63,568	63,568	1,823	65,391
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	(3,299)	-	(3,299)	(31)	(3,330)
Foreign currency translation	-	-	(5,342)	-	(5,342)	239	(5,103)
Other comprehensive income for the period, net of tax	-	-	(8,641)	-	(8,641)	208	(8,433)
Total comprehensive income for the period	-	-	(8,641)	63,568	54,927	2,031	56,958
<b>At 31 Mar 2013</b>	<b>394,913</b>	<b>35,016</b>	<b>(55,726)</b>	<b>787,116</b>	<b>1,161,319</b>	<b>53,211</b>	<b>1,214,530</b>



### 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	-	-	243	243
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	2,734	-	2,734
Total comprehensive income for the period	-	2,734	243	2,977
<b>At 31 Mar 2014</b>	<b>394,913</b>	<b>(4,911)</b>	<b>12,295</b>	<b>402,297</b>
At 1 Jan 2013	394,913	2,150	5,248	402,311
Loss for the period	-	-	(2,220)	(2,220)
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	(297)	-	(297)
Total comprehensive income for the period	-	(297)	(2,220)	(2,517)
<b>At 31 Mar 2013</b>	<b>394,913</b>	<b>1,853</b>	<b>3,028</b>	<b>399,794</b>

### Other Reserves

	Group			Company		
	As at			As at		
	31 Mar 2014	31 Dec 2013	31 Mar 2013	31 Mar 2014	31 Dec 2013	31 Mar 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	(15,626)	(18,360)	3,013	(15,626)	(18,360)	(8,862)
Foreign translation reserve	(233,193)	(312,067)	(40,244)	393	393	393
Total other reserves	(267,314)	(348,922)	(55,726)	(4,911)	(7,645)	1,853

**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 issued and paid up share capital in the three months ended 31 March 2014.

	Company	
	31 Mar 2014	31 Mar 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 31 March 2014 and 31 March 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 31 March 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	
	1Q 2014	1Q 2013
Weighted average number of shares applicable to basic EPS computation	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
EPS - basic (US cents)	2.84	4.01
EPS - diluted (US cents)	2.84	4.01

**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	
	31 Mar 2014	31 Dec 2013	31 Mar 2014	31 Dec 2013
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.71	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:-
- 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**

	1Q 2014	1Q 2013	Change
	Tonne	Tonne	%
Plantations and Palm Oil Mills			
- Crude palm oil	164,871	145,024	13.7%
- Palm kernel	33,831	29,569	14.4%
Refinery and Processing	128,370	54,832	134.1%

*Note: Sales volume include inter-segment sales*

### **SALES**

	1Q 2014	1Q 2013	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills			
- Crude palm oil	122,141	134,661	(9.3%)
- Palm kernel	13,595	8,947	52.0%
	135,736	143,608	(5.5%)
Refinery and Processing	100,167	51,342	95.1%
Inter-segment elimination	(58,000)	(20,308)	185.6%
<b>Total Sales</b>	<b>177,903</b>	<b>174,642</b>	<b>1.9%</b>

### **EBITDA**

	1Q 2014	1Q 2013	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	64,379	76,094	(15.4%)
Refinery and Processing	2,895	9,064	(68.1%)
Inter-segment elimination	137	8,566	(98.4%)
<b>Total EBITDA</b>	<b>67,411</b>	<b>93,724</b>	<b>(28.1%)</b>

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

### **REVIEW OF INCOME STATEMENT**

#### **Overview**

The Group recorded a net profit of US\$45.0 million in 1Q2014, a decrease of 29.2% as compared to the corresponding period last year, with a 31.0% decline in profit from operations to US\$60.0 million. The decline in profit from operations was 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 increased by 1.9% to US\$177.9 million for 1Q2014, mainly due to higher sales volumes from the Refinery and Processing segment, partially offset by lower average selling prices.

#### **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 increased by 48.3% to US\$103.1 million in 1Q2014, mainly due to the increase in purchases of FFB and palm oil products from third parties, as well as the higher costs from the ramping up of operations at the Group's biodiesel, refinery and kernel crushing plants.

#### **Gross Profit**

Gross profit decreased by 28.9% to US\$74.8 million in 1Q2014 and gross profit margin came in at 42.0% as compared to 60.2% in 1Q2013. The lower gross profit margin was mainly due to the lower average selling prices as well as the increase in purchases of palm oil products from third parties.

#### **Selling and Distribution costs**

Selling and distribution expenses, comprising mainly export taxes, freight charges and warehousing charges, decreased by 33.0% to US\$6.8 million in 1Q2014. This was mainly due to the lower export taxes paid in 1Q2014, 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, comprising professional fees, remuneration of office staff, licences and software fees, decreased marginally by 0.7% to US\$7.6 million in 1Q2014.

#### **EBITDA**

The Group's EBITDA decreased by 28.1% to US\$67.4 million in 1Q2014, impacted by the lower average selling prices of crude palm oil and its refined products.

#### **Depreciation and Amortisation**

Depreciation and amortisation increased by 9.2% to US\$7.4 million in 1Q2014, largely due to the higher depreciation from the Group's new processing facilities and other property, plant and equipment.

## 8. Review of Group Performance (continued)

### REVIEW OF INCOME STATEMENT (continued)

#### Gains on Foreign Exchange

The Group recorded gains on foreign exchange of US\$1.0 million in 1Q2014 as compared to US\$1.3 million in 1Q2013. The gains on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities.

#### Gains/(Losses) on Derivative Financial Instruments

The Group recorded gains on derivative financial instruments of US\$0.3 million in 1Q2014 as compared to losses of US\$1.6 million in 1Q2013. These arose primarily from financial instruments entered into by the Group to hedge its exposure to foreign exchange and commodity price movements during the course of its business.

#### Net Financial Expenses

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

Net financial expenses totaled US\$3.7 million in 1Q2014, a decrease of 33.0% from 1Q2013. 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:

	1Q 2014	1Q 2013	Change
	US\$'000	US\$'000	%
Interest expenses and amortisation on loans and borrowings from financial institutions	53	3,425	(98.5%)
Profit distribution and amortisation on Islamic medium term notes	4,655	2,915	59.7%
	<b>4,708</b>	<b>6,340</b>	<b>(25.7%)</b>
Less:			
Capitalised to biological assets	–	(24)	(100.0%)
	<b>4,708</b>	<b>6,316</b>	<b>(25.5%)</b>
Interest income	(975)	(748)	30.3%
<b>Net financial expenses</b>	<b>3,733</b>	<b>5,568</b>	<b>(33.0%)</b>

#### Tax Expense and Net profit

Tax expense came in at US\$11.7 million for 1Q2014 (1Q2013: US\$15.3 million), generally in line with the lower taxable income of the Group. As a result of the foregoing, profit attributable to owners of the Company decreased by 29.2% to US\$45.0 million in 1Q2014.

## **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\$1,940.7 million as at 31 March 2014. Non-current assets increased by US\$133.6 million to US\$1,503.6 million, mainly due to the Group's capital expenditure on biological assets and property, plant and equipment, as well as the strengthening of IDR against the USD during the period. The Group's current assets increased by 6.5% to US\$437.1 million, mainly due to the higher cash and bank balances.

Total liabilities of the Group increased by 3.8% from US\$740.1 million as at 31 December 2013 to US\$768.2 million as at 31 March 2014, mainly contributed by higher trade payables, deferred tax liabilities, and other payables and accruals.

Gross borrowings increased marginally by US\$2.8 million to US\$492.5 million as at 31 March 2014 (31 December 2013: US\$489.7 million). Taking into consideration the increase in cash and bank balances during the period, net borrowings decreased from US\$217.6 million as at 31 December 2013 to US\$181.3 million as at 31 March 2014, with net gearing remaining at a healthy level of 0.15x (31 December 2013: 0.21x).

### **REVIEW OF CASH FLOW STATEMENT**

The Group generated net cash of US\$88.4 million from its operating activities in 1Q2014, compared to US\$96.2 million in 1Q2013, mainly due to lower average selling prices of crude palm oil and its refined products.

Net cash used in investing activities amounted to US\$49.9 million in 1Q2014 (1Q2013: US\$105.3 million), primarily relating to the Group's continued capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment. The higher cash used in investing activities in 1Q2013 also included US\$59.4 million for the acquisition of Lynhurst Investment Pte. Ltd. and its subsidiary.

Net cash from financing activities was US\$3.0 million in 1Q2014, as compared to net cash used in financing activities of US\$64.0 million in 1Q2013. The higher cash used in financing activities in 1Q2013 included net repayment of bank loans amounting to US\$65.2 million.

Overall, the Group registered an increase in cash and cash equivalents of US\$41.5 million in 1Q2014, bringing the Group's cash and bank balances to US\$311.2 million as at 31 March 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 had remained firm in 1Q2014, backed by low inventory levels in Malaysia and Indonesia, seasonal slowdown in production, as well as growing concerns over the dry weather that may result in poorer yields.

With Indonesia's mandatory biodiesel policy, the Group expects palm oil prices to remain well-supported in the near term, driven by incremental energy-based demand.

Barring any weather shocks, with yield recovery and contribution from our newly mature plantations, the Group expects year-on-year volume growth to continue for the rest of the year.

**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 first quarter ended 31 March 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

**BY ORDER OF THE BOARD**

**Ciliandra Fangiono**  
Director and Chief Executive Officer  
14 May 2014