



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Second Quarter ("2Q") and Six Months ("6M") Ended 30 June 2011

1(a)(i) Income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	6M 2011	6M 2010	Change	2Q 2011	2Q 2010	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	191,101	124,052	54.0%	100,342	59,980	67.3%
Cost of sales	(54,570)	(50,718)	7.6%	(27,156)	(24,769)	9.6%
Gross profit	136,531	73,334	86.2%	73,186	35,211	107.8%
Selling and distribution costs	(23,721)	(1,114)	2,029.4%	(16,792)	(794)	2,014.9%
General and administrative expenses	(7,349)	(5,448)	34.9%	(3,356)	(2,477)	35.5%
Other operating expenses	(747)	(512)	45.9%	(387)	(285)	35.8%
Profit from operations	104,714	66,260	58.0%	52,651	31,655	66.3%
Losses on foreign exchange	(1,271)	(1,826)	(30.4%)	(328)	(3,836)	(91.4%)
Gains/(losses) on derivative financial instruments	4,803	3,593	33.7%	6,626	(506)	n.m.
Net financial expenses	(13,177)	(17,658)	(25.4%)	(6,801)	(10,590)	(35.8%)
Other non-operating (expenses)/income	(161)	599	n.m.	(266)	16	n.m.
Profit before taxation	94,908	50,968	86.2%	51,882	16,739	209.9%
Tax expense	(24,354)	(13,322)	82.8%	(13,518)	(5,484)	146.5%
Profit for the period	70,554	37,646	87.4%	38,364	11,255	240.9%
Profit attributable to :						
Owners of the parent	67,272	35,710	88.4%	36,714	10,259	257.9%
Non-controlling interests	3,282	1,936	69.5%	1,650	996	65.7%
	70,554	37,646	87.4%	38,364	11,255	240.9%

n.m. – not meaningful

1(a)(ii) A statement of total comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	6M 2011	6M 2010	Change	2Q 2011	2Q 2010	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	70,554	37,646	87.4%	38,364	11,255	240.9%
Other comprehensive income						
Fair value losses on available-for-sale financial assets transferred to the income statement	-	88	(100.0%)	-	-	-
Fair value gains on cash flow hedges	14,976	-	n.m.	10,214	-	n.m.
Fair value gains on cash flow hedges transferred to the income statement	(556)	-	n.m.	(394)	-	n.m.
Tax on fair value gains and losses	(2,967)	-	n.m.	(2,475)	-	n.m.
Foreign currency translation adjustments	35,888	22,194	61.7%	10,573	3,765	180.8%
Total comprehensive income for the period	117,895	59,928	96.7%	56,282	15,020	274.7%
Total comprehensive income attributable to :						
Owners of the parent	114,110	57,992	96.8%	54,129	14,024	286.0%
Non-controlling interests	3,785	1,936	95.5%	2,153	996	116.2%
	117,895	59,928	96.7%	56,282	15,020	274.7%

n.m. – not meaningful

Additional Information

	Group					
	6M 2011	6M 2010	Change	2Q 2011	2Q 2010	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	104,714	66,260	58.0%	52,651	31,655	66.3%
Depreciation of property, plant and equipment	10,051	5,974	68.2%	3,812	2,911	31.0%
Amortisation of land use rights and intangible assets	874	532	64.3%	451	295	52.9%
EBITDA	115,639	72,766	58.9%	56,914	34,861	63.3%
EBITDA margin	60.5%	58.7%		56.7%	58.1%	

1(b)(i) 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 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Biological assets	746,328	668,885	-	-
Plasma plantation receivables	17,331	15,925	-	-
Property, plant and equipment	246,156	214,857	12,916	322
Land use rights	36,093	33,585	-	-
Investment in subsidiaries	-	-	276,984	276,984
Goodwill	22,176	7,073	-	-
Other intangible assets	51,087	19,457	-	-
Tax recoverable	286	3,212	-	-
Deferred tax assets	108	1,667	-	91
Derivative financial assets	19,194	11,765	9,809	9,732
Other non-current assets	1,105	1,057	525	525
Total non-current assets	1,139,864	977,483	300,234	287,654
Current assets				
Inventories	45,830	18,394	-	-
Trade receivables	22,397	10,501	8,331	847
Other receivables	2,627	3,152	6,179	1,013
Derivative financial assets	4,657	1,036	3,574	1,804
Advances for purchase of plant, property and equipment	23,669	10,709	-	-
Other advances and prepayments	9,089	3,862	116	12
Prepaid taxes	4,182	920	-	-
Advance subscription for shares in subsidiary	-	-	53,325	51,525
Cash and bank balances	128,321	209,031	59,229	83,587
Total current assets	240,772	257,605	130,754	138,788
Total assets	1,380,636	1,235,088	430,988	426,442

1(b)(i) Statement of financial position (continued)

	Group		Company	
	30 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade payables	19,503	15,023	7,476	3,403
Other payables and accruals	19,551	21,020	2,264	2,743
Advances from customers	299	9,901	-	-
Loans and borrowings from financial institutions	18,685	13,933	15	14
Derivative financial liabilities	1,947	2,429	3,626	1,939
Provision for taxation	6,759	18,996	756	146
Total current liabilities	66,744	81,302	14,137	8,245
Non-current liabilities				
Loans and borrowings from financial institutions	185,485	150,791	32	38
Rupiah bonds payable	50,936	53,494	-	-
Liability component of convertible bonds	89,352	87,462	89,352	87,462
Derivative financial liabilities	4,262	10,696	9,607	9,732
Provision for post employment benefits	7,152	6,163	-	-
Deferred tax liabilities	117,581	99,763	11	-
Other non-current liabilities	500	500	500	500
Total non-current liabilities	455,268	408,869	99,502	97,732
Total liabilities	522,012	490,171	113,639	105,977
Net assets	858,624	744,917	317,349	320,465
EQUITY				
Share capital	288,735	288,735	288,735	288,735
Treasury shares	-	(6,816)	-	(6,816)
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	-	-
Other reserves	65,253	8,093	10,715	393
Equity component of convertible bonds	13,971	13,971	13,971	13,971
Retained earnings	416,301	371,454	3,928	24,182
Equity attributable to owners of the parent	819,276	710,453	317,349	320,465
Non-controlling interests	39,348	34,464	-	-
Total equity	858,624	744,917	317,349	320,465

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 Jun 2011			As at 31 Dec 2010		
	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	15,849	2,836	18,685	11,428	2,505	13,933
Amount repayable after one year	234,108	91,665	325,773	202,267	89,480	291,747
Total	249,957	94,501	344,458	213,695	91,985	305,680

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

	Group			
	6M 2011	6M 2010	2Q 2011	2Q 2010
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before taxation	94,908	50,968	51,882	16,739
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	10,051	5,974	3,812	2,911
Amortisation of land use rights and intangible assets	874	532	451	295
Interest expenses	13,692	15,980	6,987	8,657
Interest income	(632)	(451)	(218)	(213)
Loss on redemption of notes and Rupiah bonds payable	117	2,129	32	2,146
(Gains)/losses on derivative financial instruments	(4,803)	(3,593)	(6,626)	506
Unrealised foreign exchange losses	7,245	2,697	2,770	7,536
Operating cash flows before changes in working capital	121,452	74,236	59,090	38,577
<u>Changes in working capital</u>				
(Increase)/decrease:				
Inventories	(27,310)	(989)	(12,585)	(5,368)
Trade receivables	(11,896)	(1,111)	(19,953)	1,207
Other receivables	41	(455)	(755)	(440)
Advances and prepayments	(4,787)	(4,490)	(3,211)	(1,358)
Prepaid taxes	(2,340)	(1,680)	(1,577)	(725)
Other non-current assets	(48)	(180)	1,493	(289)
(Decrease)/increase:				
Trade payables	4,391	11,044	(7,526)	10,094
Other payables and accruals	(7,055)	(6,487)	(7,436)	(9,928)
Advances from customers	(9,602)	(2,356)	(5,668)	(2,744)
Provision for post-employment benefits	989	500	484	213
Cash flows generated from operations	63,835	68,032	2,356	29,239
Interest paid	(14,610)	(14,363)	(6,577)	(9,342)
Interest received	628	485	215	181
Tax paid	(25,116)	(19,743)	(13,911)	(8,593)
Net cash generated from/(used in) operating activities	24,737	34,411	(17,917)	11,485

1(c) Statement of cash flows (continued)

	Group			
	6M 2011	6M 2010	2Q 2011	2Q 2010
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on property, plant and equipment	(30,286)	(18,675)	(28,880)	(8,892)
Increase in advances for purchase of property, plant and equipment	(12,960)	(5,776)	(8,384)	(4,959)
Capital expenditure on biological assets	(41,032)	(28,288)	(17,554)	(18,525)
(Increase)/decrease in plasma plantation receivables	(1,405)	1,963	(172)	(536)
Acquisition of intangible assets	-	(101)	-	(101)
Acquisition of land use rights	(1,670)	-	(1,670)	-
Net cash outflow on acquisition of subsidiaries	(38,245)	-	(38,245)	-
Proceeds from disposal of available-for-sale financial assets	-	7,959	-	-
Net cash used in investing activities	(125,598)	(42,918)	(94,905)	(33,013)
Cash flows from financing activities				
Proceeds from cross currency swap, net	1,253	1,136	634	591
Redemption of notes payable and Rupiah bonds payable	(5,117)	(141,239)	(1,235)	(141,023)
Proceeds from bank loans, net	30,975	134,302	8,322	134,302
(Increase)/decrease in restricted cash balances	(5,429)	-	1,219	-
Payment of obligations under capital leases	(1,140)	(717)	(875)	(379)
Payment of consumer financing loans	(306)	(272)	(188)	(147)
Dividends paid	(22,425)	(12,449)	(22,425)	(12,449)
Proceeds from sale of treasury shares	17,138	-	-	-
Share application monies	-	3	-	3
Net cash generated from/(used in) financing activities	14,949	(19,236)	(14,548)	(19,102)
Net decrease in cash and cash equivalents	(85,912)	(27,743)	(127,370)	(40,630)
Effect of exchange rate changes on cash and cash equivalents	(227)	215	(1,300)	39
Cash and cash equivalents, at the beginning of the financial period	204,931	168,999	247,462	182,062
Cash and cash equivalents, at the end of the financial period (Note A)	118,792	141,471	118,792	141,471
<u>Note A</u>				
Reconciliation of cash and cash equivalents :				
Cash at banks and on hand	75,182	29,676	75,182	29,676
Time deposits	43,610	111,795	43,610	111,795
Cash and cash equivalents	118,792	141,471	118,792	141,471
Cash at banks, restricted	-	10,969	-	10,969
Cash held by financial institutions, restricted	9,529	-	9,529	-
Cash and bank balances	128,321	152,440	128,321	152,440

1(d)(i) 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 parent-----							Non-controlling interests	Total equity
	Share capital	Treasury shares	Differences arising from restructuring transactions involving entities under common control	Other reserves	Equity component of convertible bonds	Retained earnings	Equity attributable to owners of the parent		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
At 1 Jan 2011	288,735	(6,816)	35,016	8,093	13,971	371,454	710,453	34,464	744,917
Total comprehensive income for the period	-	-	-	46,838	-	67,272	114,110	3,785	117,895
Dividend paid	-	-	-	-	-	(22,425)	(22,425)	-	(22,425)
Share application monies	-	-	-	-	-	-	-	1,099	1,099
Sale of treasury shares	-	6,816	-	10,322	-	-	17,138	-	17,138
At 30 Jun 2011	288,735	-	35,016	65,253	13,971	416,301	819,276	39,348	858,624
At 1 Jan 2010	288,735	(6,816)	35,066	(18,851)	13,971	251,573	563,678	29,113	592,791
Total comprehensive income for the period	-	-	-	22,282	-	35,710	57,992	1,936	59,928
Dividend paid	-	-	-	-	-	(12,389)	(12,389)	(60)	(12,449)
Share application monies	-	-	-	-	-	-	-	3	3
At 30 Jun 2010	288,735	(6,816)	35,066	3,431	13,971	274,894	609,281	30,992	640,273
At 1 Apr 2011	288,735	-	35,016	47,838	13,971	402,012	787,572	36,096	823,668
Total comprehensive income for the period	-	-	-	17,415	-	36,714	54,129	2,153	56,282
Dividend paid	-	-	-	-	-	(22,425)	(22,425)	-	(22,425)
Share application monies	-	-	-	-	-	-	-	1,099	1,099
At 30 Jun 2011	288,735	-	35,016	65,253	13,971	416,301	819,276	39,348	858,624
At 1 Apr 2010	288,735	(6,816)	35,066	(334)	13,971	277,024	607,646	30,053	637,699
Total comprehensive income for the period	-	-	-	3,765	-	10,259	14,024	996	15,020
Dividend paid	-	-	-	-	-	(12,389)	(12,389)	(60)	(12,449)
Share application monies	-	-	-	-	-	-	-	3	3
At 30 Jun 2010	288,735	(6,816)	35,066	3,431	13,971	274,894	609,281	30,992	640,273

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

Company	Share capital	Treasury shares	Other reserves	Equity component of convertible bonds	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2011	288,735	(6,816)	393	13,971	24,182	320,465
Total comprehensive income for the period	-	-	-	-	2,171	2,171
Dividend paid	-	-	-	-	(22,425)	(22,425)
Sale of treasury shares	-	6,816	10,322	-	-	17,138
At 30 Jun 2011	288,735	-	10,715	13,971	3,928	317,349
At 1 Jan 2010	288,735	(6,816)	305	13,971	13,273	309,468
Total comprehensive income for the period	-	-	88	-	(2,605)	(2,517)
Dividend paid	-	-	-	-	(12,389)	(12,389)
At 30 Jun 2010	288,735	(6,816)	393	13,971	(1,721)	294,562
At 1 Apr 2011	288,735	-	10,715	13,971	25,858	339,279
Total comprehensive income for the period	-	-	-	-	495	495
Dividend paid	-	-	-	-	(22,425)	(22,425)
At 30 Jun 2011	288,735	-	10,715	13,971	3,928	317,349
At 1 Apr 2010	288,735	(6,816)	393	13,971	11,405	307,688
Total comprehensive income for the period	-	-	-	-	(737)	(737)
Dividend paid	-	-	-	-	(12,389)	(12,389)
At 30 Jun 2010	288,735	(6,816)	393	13,971	(1,721)	294,562

Other Reserves

	Group			Company		
	As at			As at		
	30 Jun 2011	31 Dec 2010	30 Jun 2010	30 Jun 2011	31 Dec 2010	30 Jun 2010
	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	-	-	-
Hedging reserve	8,641	(2,309)	-	-	-	-
Gain on sale of treasury shares	10,322	-	-	10,322	-	-
Foreign translation reserve	75,107	39,219	32,248	393	393	393
Total other reserves	65,253	8,093	3,431	10,715	393	393

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 June 2011.

	Company	
	As at	
	30 Jun 2011	30 Jun 2010
Number of shares held as treasury shares	-	15,000,000
Number of issued shares excluding treasury shares	1,468,459,221	1,453,459,221
Total number of issued shares	1,468,459,221	1,468,459,221
Number of shares that may be issued on conversion of outstanding convertible bonds	116,078,086	116,078,086

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 June 2011 and 31 December 2010 is 1,468,459,221 and 1,453,459,221 respectively.

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

	Company	
	No. of shares	US\$'000
Balance as at 1 January 2011	15,000,000	6,816
Sale of treasury shares	(15,000,000)	(6,816)
Balance as at 30 June 2011	-	-

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 2010 except for the adoption of the Financial Reporting Standards (FRS) and Interpretation of FRS (INT FRS) that are mandatory for the financial years beginning on or after 1 January 2011. The adoption of these FRS and INT FRS 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 (EPS) 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			
	6M 2011	6M 2010	2Q 2011	2Q 2010
Weighted average number of shares applicable to basic EPS computation	1,466,967,508	1,453,459,221	1,468,459,221	1,453,459,221
Weighted average number of shares based on fully diluted basis	1,583,045,594	1,453,459,221	1,584,537,307	1,453,459,221
EPS - basic (US cents)	4.59	2.46	2.50	0.71
EPS - diluted (US cents)	4.40	2.46	2.34	0.71

7. Net Asset Value Per Ordinary Share (NAV) (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 Jun 2011	31 Dec 2010	30 Jun 2011	31 Dec 2010
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.56	0.49	0.22	0.22

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

	6M 2011	6M 2010	Change	2Q 2011	2Q 2010	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	177,896	155,835	14.2%	87,736	73,969	18.6%
- Palm kernel	41,195	33,198	24.1%	21,221	16,047	32.2%
Refinery and Processing	42,697	6,000	611.6%	41,358	6,000	589.3%

Note: Sales volume include inter-segment sales

SALES

	6M 2011	6M 2010	Change	2Q 2011	2Q 2010	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	158,585	112,254	41.3%	77,826	54,452	42.9%
- Palm kernel	29,938	13,122	128.2%	14,287	6,852	108.5%
	188,523	125,376	50.4%	92,113	61,304	50.3%
Refinery and Processing	51,704	4,570	1,031.4%	48,066	4,570	951.8%
Inter-segment elimination	(49,126)	(5,894)	733.5%	(39,837)	(5,894)	575.9%
Total Sales	191,101	124,052	54.0%	100,342	59,980	67.3%

EBITDA

	6M 2011	6M 2010	Change	2Q 2011	2Q 2010	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	111,704	73,660	51.6%	56,076	35,755	56.8%
Refinery and Processing	3,935	(894)	n.m.	838	(894)	n.m.
Total EBITDA	115,639	72,766	58.9%	56,914	34,861	63.3%

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group posted a net profit of US\$36.7 million in 2Q2011, up 257.9% against 2Q2010 and a 66.3% increase in profit from operations to US\$52.7 million. For 6M2011, net profit increased by 88.4% to US\$67.3 million while profit from operations went up by 58.0% to US\$104.7 million. The strong performance was mainly driven by a combination of higher palm oil prices and sales volumes.

Sales

Sales grew by 67.3% to US\$100.3 million in 2Q2011 and 54.0% to US\$191.1 million in 6M2011 primarily on increased sales volumes and higher prices of crude palm oil and palm kernel for the Plantations and Palm Oil Mills segment. With increased production from the Group's biodiesel, refinery and fractionation plants, the Refinery and Processing segment is also beginning to contribute to the Group's revenue and sales volumes.

Cost of Sales

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, FFB purchases from plasma farmers, plantation general expenses and mill processing costs. The Group's cost of sales increased by 9.6% to US\$27.2 million in 2Q2011 and 7.6% to US\$54.6 million in 6M2011. These increases were mainly from higher fertiliser costs, infrastructure maintenance costs, wages (due to the larger scale of operations and wage inflation) and depreciation of property, plant and equipment (due to the completion of the biodiesel, refinery and fractionation plants in 2010). There was also an increase in value of purchase of FFB from plasma farmers as both prices and volume of these FFB increased.

Gross Profit

Gross profit grew by 107.8% to US\$73.2 million in 2Q2011 and gross profit margin improved to 72.9% as compared to 58.7% in 2Q2010. For 6M2011, gross profit increased by 86.2% to US\$136.5 million, and gross profit margin improved to 71.4% from 59.1% in the corresponding period last year. The better margins were mainly driven by the higher selling prices achieved during 6M2011.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly export taxes, freight charges, and warehousing charges, increased to US\$16.8 million (2Q2010: US\$0.8 million) and US\$23.7 million (6M2010: US\$1.1 million) in 2Q2011 and 6M2011 respectively. Of these increases, US\$15.3 million in 2Q2011 and US\$21.1 million in 6M2011 was attributed to the increase in export taxes. The Group incurred higher export taxes due in part to a higher volume of export sales done by the Group and in part to the progressive CPO export tax rates applicable to the higher CPO prices during the period.

General and Administrative expenses

General and administrative expenses, comprising professional fees, remuneration of office staff, licences and software fees, increased by 35.5% to US\$3.4 million in 2Q2011 and 34.9% to US\$7.3 million in 6M2011. The increase was largely due to higher remuneration costs as the Group scaled up its operations.

EBITDA

The Group's EBITDA grew by 63.3% to US\$56.9 million in 2Q2011 and 58.9% to US\$115.6 million in 6M2011. The growth came mainly from its Plantations and Palm Oil Mills segment, which contributed 98.5% and 96.6% to the Group's EBITDA in 2Q2011 and 6M2011 respectively.

8. Review of Group Performance (continued)

Losses on Foreign Exchange

We recorded losses on foreign exchange of US\$0.3 million (2Q2010: US\$3.8 million) in 2Q2011 and US\$1.3 million (6M2010: US\$1.8 million) in 6M2011. The decrease was mainly due to the losses arising from a refinancing exercise to redeem our USD Notes and the capital distribution of the issuer of the Notes in 2Q2010, as well as gains on forward currency contracts realised during 6M2011.

Gains/(Losses) on Derivative Financial Instruments

Gains/(losses) on derivative financial instruments relate primarily to financial instruments entered into by the Group to hedge its exposure to commodity price movements and foreign exchange movements during the course of its business. There were gains of US\$6.6 million and US\$4.8 million derived from derivative financial instruments in 2Q2011 and 6M2011 respectively. These compare favourably against the losses of US\$0.5 million in 2Q2010 and gains of US\$3.6 million in 6M2010.

Net Financial Expenses

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

Net financial expenses totaled US\$6.8 million in 2Q2011, a decrease of 35.8% from 2Q2010. In 6M2011, net financial expenses amounted to US\$13.2 million, a 25.4% reduction as compared to 6M2010. This was due to the Group's lower effective cost of borrowings post its liability management exercise in 2Q2010 when it refinanced its USD notes payable.

The following table reflects the computation of net financial expenses:

	6M 2011	6M 2010	2Q 2011	2Q 2010
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on:				
- notes payable	-	8,957	-	3,909
- Rupiah bonds payable	3,161	3,092	1,527	1,562
- convertible bonds payable	4,687	4,540	2,354	2,188
- loans and borrowings from financial institutions	8,853	1,963	4,671	1,759
	16,701	18,552	8,552	9,418
Less:				
Capitalised to biological assets	(2,978)	(1,725)	(1,552)	(754)
Capitalised to property, plant and equipment	(31)	(847)	(13)	(7)
Interest expenses recognised in profit or loss	13,692	15,980	6,987	8,657
Loss on redemption of notes and Rupiah bonds payable	117	2,129	32	2,146
Interest and other financial income	(632)	(451)	(218)	(213)
Net financial expenses	13,177	17,658	6,801	10,590

8. Review of Group Performance (continued)

Tax Expense and Net profit

Tax expense increased by 146.5% to US\$13.5 million in 2Q2011 and 82.8% to US\$24.4 million in 6M2011, in line with the higher taxable income. As a result of the foregoing, profit attributable to owners of the parent increased by 257.9% to US\$36.7 million in 2Q2011 and 88.4% to US\$67.3 million for 6M2011.

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,235.1 million as at 31 December 2010 to US\$1,380.6 million as at 30 June 2011. Non-current assets increased by US\$162.4 million mainly due to the additions to biological assets from the Group's planting programme, as well as the additions to land permit and goodwill from the acquisition of PT Kalimantan Green Persada in 2Q2011. The Group's current assets decreased by 6.5% to US\$240.8 million as a result of the reduction in cash and bank balances, partially offset by the higher inventories (as part of the palm oil production volumes has not been delivered as of end June 2011) and trade receivables (in line with the higher sales during the current financial period).

Total liabilities of the Group increased from US\$490.2 million as at 31 December 2010 to US\$522.0 million as at 30 June 2011, mainly due to the draw-down of bank loans during the period.

The reduction in cash and bank balances and the increase in bank loans brought net borrowings from US\$96.6 million as at 31 December 2010 to US\$216.1 million as at 30 June 2011. However, net debt to total equity ratio remains at a healthy level of 0.25x (31 December 2010: 0.13x).

REVIEW OF CASH FLOW STATEMENT

The Group generated cash of US\$24.7 million from its operating activities in 6M2011 compared to US\$34.4 million in 6M2010. For 2Q2011, net cash used in operating activities amounted to US\$17.9 million, as compared to net cash generated from operating activities of US\$11.5 million in 2Q2010. The lower cash flows from operating activities in spite of the improvement in profit from operations was mainly due to the higher inventories and trade receivables as at the end of the current financial period.

Net cash used in investing activities during 6M2011 was US\$125.6 million, an increase of US\$82.7 million from the corresponding period last year. For 2Q2011, net cash used in investing activities was US\$94.9 million, as compared to US\$33.0 million in 2Q2010. The cash was used primarily for the Group's continued capital expenditure on property, plant and equipment and oil palm plantations, in line with the Group's expansion plans. In addition, the higher cash used in investing activities in 2Q2011 was also due to the acquisition of PT Kalimantan Green Persada during the period.

For financing activities, the Group generated cash of US\$14.9 million in 6M2011, mainly from the sale of treasury shares in 1Q2011, as compared to net cash used in financing activities of US\$19.2 million in 6M2010. In 2Q2011, net cash used in financing activities was US\$14.5 million, a decrease of 23.8% as compared to the corresponding period last year, mainly due to the redemption of our USD Notes payable in 2Q2010.

Overall, the net cash used in investing activities, partially offset by the cash flows generated from operating and financing activities, resulted in a net decrease in cash and cash equivalents of US\$85.9 million in 6M2011, bringing the Group's cash and bank balances to US\$128.3 million as at 30 June 2011.

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

Not applicable

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

The Group's performance in the first half of 2011 has been aided by strong palm oil prices and increased production volumes from the Group's plantations.

Palm oil prices have remained well supported at levels above US\$1,000 per tonne despite improving industry supply. On the cost front, the Group saw an increase in its unit cost of production in the first half of 2011. The Group expects its unit cost of production to moderate slightly in the second half of the year as it enters the peak production season.

The Group's crude palm oil production growth in the first half 2011 is attributed to the plantations' recovery from biological tree stress, better weather conditions and the growth in maturity of our trees. Looking forward, the Group expects production growth to remain strong in the third and fourth quarters of this year.

The continued growth in production volumes should enable the Group to record strong underlying performance in FY2011.

11. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount per Share	1.00 Singapore cent
Tax Rate	1-tier tax-exempt

(b) Corresponding period of the immediately preceding financial year

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

Yes

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount per Share	1.00 Singapore cent
Tax Rate	1-tier tax-exempt

(c) Date payable

15 September 2011

11. Dividends (continued)

(d) Books closure date

Notice is hereby given that the Register of Members and Register of Transfer Books of the Company will be closed on 1 September 2011 for the preparation of dividend warrants.

Registrable transfers received by the Company's Registrar, Boardroom Corporate & Advisory Services Pte Ltd, at 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 31 August 2011 will be registered before entitlements to the dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 31 August 2011 will be entitled to the interim dividend.

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

Not applicable.

13. Confirmation by the Board Pursuant to Rule 705(4)

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 second quarter ended 30 June 2011 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
12 August 2011