



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Second Quarter (“2Q”) and Six Months (“6M”) Ended 30 June 2012

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					
	6M 2012	6M 2011	Change	2Q 2012	2Q 2011	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	317,526	191,101	66.2%	152,584	100,342	52.1%
Cost of sales	(135,720)	(54,570)	148.7%	(65,054)	(27,156)	139.6%
Gross profit	181,806	136,531	33.2%	87,530	73,186	19.6%
Selling and distribution costs	(27,770)	(23,721)	17.1%	(14,151)	(16,792)	(15.7%)
General and administrative expenses	(13,894)	(7,349)	89.1%	(7,844)	(3,356)	133.7%
Other operating expenses	(788)	(747)	5.5%	(389)	(387)	0.5%
Profit from operations	139,354	104,714	33.1%	65,146	52,651	23.7%
Gains/(losses) on foreign exchange	4,241	(1,271)	n.m.	1,087	(328)	n.m.
(Losses)/gains on derivative financial instruments	(524)	4,803	n.m.	5,766	6,626	(13.0%)
Net financial expenses	(9,871)	(13,177)	(25.1%)	(4,161)	(6,801)	(38.8%)
Other non-operating income/(expenses)	1,028	(161)	n.m.	304	(266)	n.m.
Profit before tax	134,228	94,908	41.4%	68,142	51,882	31.3%
Tax expense	(30,074)	(24,354)	23.5%	(15,119)	(13,518)	11.8%
Profit for the period	104,154	70,554	47.6%	53,023	38,364	38.2%
Profit attributable to :						
Owners of the Company	99,691	67,272	48.2%	50,737	36,714	38.2%
Non-controlling interests	4,463	3,282	36.0%	2,286	1,650	38.5%
	104,154	70,554	47.6%	53,023	38,364	38.2%

n.m. – not meaningful

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

	Group					
	6M 2012	6M 2011	Change	2Q 2012	2Q 2011	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	104,154	70,554	47.6%	53,023	38,364	38.2%
Other comprehensive income						
Fair value gains on cash flow hedges	5,668	14,976	(62.2%)	15,844	10,214	55.1%
Fair value gains on cash flow hedges transferred to the income statement	(1,978)	(556)	255.8%	(1,492)	(394)	278.7%
Tax on fair value gains and losses	(584)	(2,967)	(80.3%)	(2,737)	(2,475)	10.6%
Foreign currency translation adjustments	(43,506)	35,888	n.m.	(31,707)	10,573	n.m.
Total comprehensive income for the period	63,754	117,895	(45.9%)	32,931	56,282	(41.5%)
Total comprehensive income attributable to :						
Owners of the Company	61,273	114,110	(46.3%)	31,814	54,129	(41.2%)
Non-controlling interests	2,481	3,785	(34.4%)	1,117	2,153	(48.1%)
	63,754	117,895	(45.9%)	32,931	56,282	(41.5%)

n.m. – not meaningful

Additional Information

	Group					
	6M 2012	6M 2011	Change	2Q 2012	2Q 2011	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	139,354	104,714	33.1%	65,146	52,651	23.7%
Depreciation and amortisation	12,100	10,925	10.8%	6,036	4,263	41.6%
EBITDA	151,454	115,639	31.0%	71,182	56,914	25.1%
EBITDA margin	47.7%	60.5%		46.7%	56.7%	

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	
	30 Jun 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Biological assets	739,241	755,931	-	-
Plasma plantation receivables	37,290	39,589	-	-
Property, plant and equipment	290,159	275,002	11,689	12,317
Land use rights	60,611	40,230	-	-
Investment in subsidiaries	-	-	297,617	297,508
Goodwill	20,769	21,391	-	-
Other intangible assets	41,898	43,868	286	287
Tax recoverable	720	271	-	-
Deferred tax assets	1,651	2,565	-	-
Loan to subsidiary	-	-	4,950	5,250
Derivative financial assets	687	3,044	-	-
Other non-current assets	2,418	1,054	-	-
Total non-current assets	1,195,444	1,182,945	314,542	315,362
Current assets				
Inventories	48,203	39,406	-	-
Loan to subsidiary	-	-	600	750
Trade receivables	30,337	29,880	1,740	11,683
Other receivables	6,174	3,833	57	1,285
Derivative financial assets	19,468	14,039	-	-
Advances for purchase of plant, property and equipment	14,326	10,355	-	-
Other advances and prepayments	9,203	6,641	625	91
Prepaid taxes	9,228	2,569	-	-
Advance subscription for shares in subsidiary	-	-	82,778	57,701
Cash and bank balances	214,164	210,406	24,620	88,269
Total current assets	351,103	317,129	110,420	159,779
Total assets	1,546,547	1,500,074	424,962	475,141

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

	Group		Company	
	30 Jun 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade payables	32,176	16,633	104	10,788
Other payables and accruals	27,543	29,225	4,050	6,819
Advances from customers	6,240	7,396	-	-
Loans and borrowings from financial institutions	46,221	40,171	16	15
Rupiah bonds payable	46,345	48,369	-	-
Derivative financial liabilities	8,024	7,262	851	657
Provision for tax	14,016	27,276	2,346	4,668
Total current liabilities	180,565	176,332	7,367	22,947
Non-current liabilities				
Loans and borrowings from financial institutions	185,938	171,072	15	23
Liability component of convertible bonds	-	90,017	-	90,017
Derivative financial liabilities	1,653	5,620	-	-
Provision for post-employment benefits	9,463	8,717	-	-
Deferred tax liabilities	116,562	119,963	364	348
Total non-current liabilities	313,616	395,389	379	90,388
Total liabilities	494,181	571,721	7,746	113,335
Net assets	1,052,366	928,353	417,216	361,806
EQUITY				
Share capital	394,913	290,312	394,913	290,312
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	-	-
Other reserves	(26,165)	12,253	10,715	10,715
Equity component of convertible bonds	-	13,762	-	13,762
Retained earnings	602,358	533,350	11,588	47,017
Equity attributable to owners of the Company	1,006,122	884,693	417,216	361,806
Non-controlling interests	46,244	43,660	-	-
Total equity	1,052,366	928,353	417,216	361,806

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 2012			As at 31 Dec 2011		
	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	90,303	2,263	92,566	86,018	2,522	88,540
Amount repayable after one year	183,925	2,013	185,938	169,669	91,420	261,089
Total	274,228	4,276	278,504	255,687	93,942	349,629

Details of any collateral

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

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

	Group			
	6M 2012	6M 2011	2Q 2012	2Q 2011
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	134,228	94,908	68,142	51,882
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	11,230	10,051	5,603	3,812
Amortisation of land use rights and intangible assets	870	874	433	451
Interest expenses	10,624	13,692	4,519	6,987
Interest income	(788)	(632)	(393)	(218)
Loss on redemption of Rupiah bonds payable	-	117	-	32
Loss on redemption of convertible bonds	35	-	35	-
Losses/(gains) on derivative financial instruments	524	(4,803)	(5,766)	(6,626)
Unrealised foreign exchange (gains)/losses	(8,631)	7,245	(4,084)	2,770
Operating cash flows before changes in working capital	148,092	121,452	68,489	59,090
<u>Changes in working capital</u>				
(Increase)/decrease:				
Inventories	(8,797)	(27,310)	(8,021)	(12,585)
Trade receivables	(457)	(11,896)	(4,080)	(19,953)
Other receivables	(2,341)	41	(2,942)	(755)
Advances and prepayments	(2,562)	(4,787)	(642)	(3,211)
Prepaid taxes	(6,289)	(2,340)	(4,967)	(1,577)
Other non-current assets	(1,364)	(48)	50	1,493
Increase/(decrease):				
Trade payables	15,543	4,391	6,346	(7,526)
Other payables and accruals	(4,608)	(7,055)	(2,907)	(7,436)
Advances from customers	(1,156)	(9,602)	5,855	(5,668)
Provision for post-employment benefits	746	989	270	484
Cash flows generated from operations	136,807	63,835	57,451	2,356
Interest paid	(13,907)	(14,610)	(5,889)	(6,577)
Interest received	788	628	394	215
Tax paid	(36,324)	(25,116)	(26,510)	(13,911)
Net cash generated from/(used in) operating activities	87,364	24,737	25,446	(17,917)

1(c) Statement of cash flows (continued)

	Group			
	6M 2012	6M 2011	2Q 2012	2Q 2011
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on biological assets	(20,365)	(41,032)	(4,352)	(17,554)
Capital expenditure on property, plant and equipment	(37,592)	(30,286)	(21,465)	(28,880)
Increase in advances for purchase of property, plant and equipment	(3,971)	(12,960)	(1,195)	(8,384)
Decrease/(increase) in plasma plantation receivables	9,571	(1,405)	1,129	(172)
Acquisition of land use rights	(23,584)	(1,670)	(23,557)	(1,670)
Net cash outflow on acquisition of subsidiaries	-	(38,245)	-	(38,245)
Net cash used in investing activities	(75,941)	(125,598)	(49,440)	(94,905)
Cash flows from financing activities				
(Settlement of)/proceeds from derivative financial instruments, net	(3,489)	1,253	(2,208)	634
Redemption of Rupiah bonds payable	-	(5,117)	-	(1,235)
Redemption of convertible bonds	(409)	-	(409)	-
Proceeds from bank loans, net	28,089	30,975	14,007	8,322
Decrease/(increase) in restricted cash balances	5,992	(5,429)	14,932	1,219
Payment of obligations under finance leases	(1,470)	(1,446)	(743)	(1,063)
Dividends paid	(30,739)	(22,425)	(30,739)	(22,425)
Proceeds from sale of treasury shares	-	17,138	-	-
Share application monies received from non-controlling interests of subsidiary	103	-	-	-
Net cash (used in)/generated from financing activities	(1,923)	14,949	(5,160)	(14,548)
Net increase/(decrease) in cash and cash equivalents	9,500	(85,912)	(29,154)	(127,370)
Effect of exchange rate changes on cash and cash equivalents	250	(227)	(627)	(1,300)
Cash and cash equivalents, at the beginning of the financial period	194,483	204,931	234,014	247,462
Cash and cash equivalents, at the end of the financial period (Note A)	204,233	118,792	204,233	118,792
<u>Note A</u>				
Reconciliation of cash and cash equivalents :				
Cash at banks and on hand	186,565	75,182	186,565	75,182
Time deposits	17,668	43,610	17,668	43,610
Cash and cash equivalents	204,233	118,792	204,233	118,792
Cash held by financial institutions, restricted	9,931	9,529	9,931	9,529
Cash and bank balances	214,164	128,321	214,164	128,321

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	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 Company		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
At 1 Jan 2012	290,312	-	35,016	12,253	13,762	533,350	884,693	43,660	928,353
Total comprehensive income for the period	-	-	-	(38,418)	-	99,691	61,273	2,481	63,754
Dividends paid	-	-	-	-	-	(30,739)	(30,739)	-	(30,739)
Issue of shares upon conversion of convertible bonds	104,601	-	-	-	(13,706)	-	90,895	-	90,895
Gain on redemption of convertible bonds	-	-	-	-	(56)	56	-	-	-
Share application monies	-	-	-	-	-	-	-	103	103
At 30 Jun 2012	394,913	-	35,016	(26,165)	-	602,358	1,006,122	46,244	1,052,366
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
Dividends paid	-	-	-	-	-	(22,425)	(22,425)	-	(22,425)
Sale of treasury shares	-	6,816	-	10,322	-	-	17,138	-	17,138
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 2012	301,652	-	35,016	(7,242)	12,267	582,304	923,997	45,127	969,124
Total comprehensive income for the period	-	-	-	(18,923)	-	50,737	31,814	1,117	32,931
Dividends paid	-	-	-	-	-	(30,739)	(30,739)	-	(30,739)
Issue of shares upon conversion of convertible bonds	93,261	-	-	-	(12,211)	-	81,050	-	81,050
Gain on redemption of convertible bonds	-	-	-	-	(56)	56	-	-	-
At 30 Jun 2012	394,913	-	35,016	(26,165)	-	602,358	1,006,122	46,244	1,052,366
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
Dividends 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

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 2012	290,312	-	10,715	13,762	47,017	361,806
Total comprehensive income for the period	-	-	-	-	(4,746)	(4,746)
Dividends paid	-	-	-	-	(30,739)	(30,739)
Issue of shares upon conversion of convertible bonds	104,601	-	-	(13,706)	-	90,895
Gain on redemption of convertible bonds	-	-	-	(56)	56	-
At 30 Jun 2012	394,913	-	10,715	-	11,588	417,216
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
Dividends 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 Apr 2012	301,652	-	10,715	12,267	46,340	370,974
Total comprehensive income for the period	-	-	-	-	(4,069)	(4,069)
Dividends paid	-	-	-	-	(30,739)	(30,739)
Issue of shares upon conversion of convertible bonds	93,261	-	-	(12,211)	-	81,050
Gain on redemption of convertible bonds	-	-	-	(56)	56	-
At 30 Jun 2012	394,913	-	10,715	-	11,588	417,216
At 1 Apr 2011	288,735	-	10,715	13,971	25,858	339,279
Total comprehensive income for the period	-	-	-	-	495	495
Dividends paid	-	-	-	-	(22,425)	(22,425)
At 30 Jun 2011	288,735	-	10,715	13,971	3,928	317,349

Other Reserves

	Group			Company		
	As at			As at		
	30 Jun 2012	31 Dec 2011	30 Jun 2011	30 Jun 2012	31 Dec 2011	30 Jun 2011
	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	5,714	2,635	8,641	-	-	-
Foreign translation reserve	(13,384)	28,113	75,107	393	393	393
Total other reserves	(26,165)	12,253	65,253	10,715	10,715	10,715

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

	Company	
	30 Jun 2012	30 Jun 2011
Number of issued shares excluding treasury shares		
At 1 April	1,482,620,741	1,468,459,221
Issue of shares upon conversion of convertible bonds	101,452,228	-
At 30 June	1,584,072,969	1,468,459,221
Number of shares that may be issued on conversion of outstanding convertible bonds	-	116,078,085

The Company did not hold any treasury shares as at 30 June 2012 and 30 June 2011.

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 2012 and 31 December 2011 is 1,584,072,969 and 1,470,200,391 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

Not applicable.

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

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

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

Not applicable.

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

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements as at 31 December 2011 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 2012. 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 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 2012	6M 2011	2Q 2012	2Q 2011
Weighted average number of shares applicable to basic EPS computation	1,516,595,899	1,466,967,508	1,577,605,897	1,468,459,221
Weighted average number of shares based on fully diluted basis	1,516,595,899	1,583,045,593	1,577,605,897	1,584,537,306
EPS - basic (US cents)	6.57	4.59	3.26	2.50
EPS - diluted (US cents)	6.57	4.53	3.26	2.46

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 Jun 2012	31 Dec 2011	30 Jun 2012	31 Dec 2011
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.64	0.60	0.26	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

	6M 2012	6M 2011	Change	2Q 2012	2Q 2011	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	244,434	177,896	37.4%	123,373	87,736	40.6%
- Palm kernel	59,068	41,195	43.4%	25,429	21,221	19.8%
Refinery and Processing	126,456	42,697	196.2%	61,545	41,358	48.8%

Note: Sales volume include inter-segment sales

SALES

	6M 2012	6M 2011	Change	2Q 2012	2Q 2011	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	222,821	158,585	40.5%	113,464	77,826	45.8%
- Palm kernel	27,524	29,938	(8.1%)	11,297	14,287	(20.9%)
	250,345	188,523	32.8%	124,761	92,113	35.5%
Refinery and Processing	137,927	51,704	166.8%	67,994	48,066	41.5%
Inter-segment elimination	(70,746)	(49,126)	44.0%	(40,171)	(39,837)	0.8%
Total Sales	317,526	191,101	66.2%	152,584	100,342	52.1%

EBITDA

	6M 2012	6M 2011	Change	2Q 2012	2Q 2011	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	141,158	111,704	26.4%	66,682	56,076	18.9%
Refinery and Processing	10,296	3,935	161.7%	4,500	838	437.0%
Total EBITDA	151,454	115,639	31.0%	71,182	56,914	25.1%

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group posted a net profit of US\$50.7 million in 2Q2012, up 38.2% against 2Q2011 and a 23.7% increase in profit from operations to US\$65.1 million. For 6M2012, net profit increased by 48.2% to US\$99.7 million while profit from operations went up by 33.1% to US\$139.4 million. The strong performance was mainly driven by higher sales volumes of palm based products.

Sales

Sales grew by 52.1% to US\$152.6 million in 2Q2012 and 66.2% to US\$317.5 million in 6M2012. This was primarily on increased sales volumes from the Plantations and Palm Oil Mills segment as well as the Refinery and Processing segment, which contributed 35.3% (2Q2011: 34.3%) and 35.5% (6M2011: 21.5%) to the Group's sales in 2Q2012 and 6M2012 respectively.

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 139.6% to US\$65.1 million in 2Q2012 and 148.7% to US\$135.7 million in 6M2012. The increase was mainly from higher production and sales volumes, higher fertiliser costs and higher wages (due to the larger scale of operations and wage inflation). There was also an increase in purchases of FFB and other palm oil products from third parties (including plasma farmers).

Gross Profit

Gross profit grew by 19.6% to US\$87.5 million in 2Q2012 and gross profit margin came in at 57.4% as compared to 72.9% in 2Q2011. For 6M2012, gross profit increased by 33.2% to US\$181.8 million, and gross profit margin came in at 57.3% as compared to 71.4% in the corresponding period last year. The lower gross profit margin was due to increased purchases of palm oil products from third parties, which typically results in a lower profit margin contribution.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly export taxes, freight charges and warehousing charges, totaled US\$14.2 million in 2Q2012, a decrease of 15.7% from 2Q2011 due to the lower export tax rates applicable during 2012. In 6M2012, selling and distribution costs increased by 17.1% to US\$27.8 million, mainly due to the freight charges incurred on the higher volume of export sales.

General and Administrative expenses

General and administrative expenses, comprising professional fees, remuneration of office staff, licences and software fees, increased by US\$4.5 million to US\$7.8 million in 2Q2012 and US\$6.5 million to US\$13.9 million in 6M2012. The increase was largely due to higher remuneration costs and other administrative expenses as the Group scaled up its operations.

EBITDA

The Group's EBITDA grew by 25.1% to US\$71.2 million in 2Q2012 and 31.0% to US\$151.5 million in 6M2012. The growth came mainly from the Plantations and Palm Oil Mills segment, which contributed 93.7% and 93.2% to the Group's EBITDA in 2Q2012 and 6M2012 respectively.

8. Review of Group Performance (continued)

Depreciation and Amortisation

Depreciation and amortisation grew by 41.6% to US\$6.0 million in 2Q2012 and 10.8% to US\$12.1 million in 6M2012. The increase was largely due to the higher depreciation from the commencement of the Group's new palm oil mill and other property, plant and equipment.

Gains/(Losses) on Foreign Exchange

We recorded gains on foreign exchange of US\$1.1 million in 2Q2012 (2Q2011: losses of US\$0.3 million) and US\$4.2 million in 6M2012 (6M2011: losses of US\$1.3 million). The gains/(losses) on foreign exchange arose mainly from the impact of foreign currency movements on the Group's monetary assets.

(Losses)/Gains on Derivative Financial Instruments

The Group recorded gains on derivative financial instruments of US\$5.8 million in 2Q2012 (2Q2011: US\$6.6 million) and losses of US\$0.5 million in 6M2012 (6M2011: gains of US\$4.8 million). 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 and property, plant and equipment.

Net financial expenses totaled US\$4.2 million in 2Q2012, a decrease of 38.8% from 2Q2011. In 6M2012, net financial expenses amounted to US\$9.9 million, a 25.1% reduction as compared to 6M2011. This was mainly due to the lower interest paid as a result of the conversion and redemption of convertible bonds during the period.

The following table reflects the computation of net financial expenses:

	6M 2012	6M 2011	2Q 2012	2Q 2011
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on:				
- Rupiah bonds payable	2,830	3,161	1,400	1,527
- convertible bonds payable	2,163	4,687	103	2,354
- loans and borrowings from financial institutions	8,211	8,853	4,293	4,671
	13,204	16,701	5,796	8,552
Less:				
Capitalised to biological assets	(2,580)	(2,978)	(1,277)	(1,552)
Capitalised to property, plant and equipment	-	(31)	-	(13)
Interest expenses recognised in profit or loss	10,624	13,692	4,519	6,987
Loss on redemption of Rupiah bonds payable	-	117	-	32
Loss on redemption of convertible bonds	35	-	35	-
Interest and other financial income	(788)	(632)	(393)	(218)
Net financial expenses	9,871	13,177	4,161	6,801

8. Review of Group Performance (continued)

Tax Expense and Net profit

Tax expense increased by 11.8% to US\$15.1 million in 2Q2012 and 23.5% to US\$30.1 million in 6M2012, in line with the higher taxable income. As a result of the foregoing, profit attributable to owners of the Company increased by 38.2% to US\$50.7 million in 2Q2012 and 48.2% to US\$99.7 million for 6M2012.

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,500.1 million as at 31 December 2011 to US\$1,546.5 million as at 30 June 2012. Non-current assets increased by US\$12.5 million mainly due to the additions to biological assets and land use rights from the Group's plantation expansion programme as well as the capital expenditure from the construction of palm oil mills, processing facilities and other property, plant and equipment. The Group's current assets increased by 10.7% to US\$351.1 million mainly as a result of the higher cash and bank balances, derivative financial assets and inventories of fertilisers and chemicals.

Total liabilities of the Group decreased from US\$571.7 million as at 31 December 2011 to US\$494.2 million as at 30 June 2012, mainly due to the conversion and redemption of convertible bonds during the period.

The conversion and redemption of convertible bonds brought down the Group's net borrowings from US\$139.2 million as at 31 December 2011 to US\$64.3 million as at 30 June 2012. Net debt to total equity ratio was consequently reduced to a low of 0.06x (31 December 2011: 0.15x).

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash from operating activities of US\$25.4 million in 2Q2012 compared to net cash used in operating activities of US\$17.9 million in 2Q2011. For 6M2012, net cash generated from operating activities amounted to US\$87.4 million, as compared to US\$24.7 million in 6M2011. The higher cash flows from operations were in line with the improved performance of the Group, mainly driven by higher sales volumes of palm based products.

Net cash used in investing activities during 2Q2012 was US\$49.4 million, a decrease of US\$45.5 million from the corresponding period last year. For 6M2012, net cash used in investing activities was US\$75.9 million, as compared to US\$125.6 million in 6M2011. The cash was used primarily for the Group's continued capital expenditure on property, plant and equipment, oil palm plantations and land use rights, in line with the Group's expansion plans. In 2Q2011, the cash used in investing activities also included US\$38.2 million for the acquisition of PT Kalimantan Green Persada.

Net cash used in financing activities in 2Q2012 was US\$5.2 million, as compared to US\$14.5 million in the corresponding period last year. These were mainly arising from the dividends paid to shareholders, partially offset by the drawdown of bank loans. For 6M2012, net cash used in financing activities was US\$1.9 million compared to net cash generated of US\$14.9 million in 6M2011, which included US\$17.1 million of proceeds from sale of treasury shares by the Company.

Overall, the Group registered an increase in cash and cash equivalents of US\$9.5 million in 6M2012, bringing the Group's cash and bank balances to US\$214.2 million as at 30 June 2012.

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 softened in 2Q2012 due to growing uncertainties in the global economic outlook. Despite short term volatilities in palm oil prices, the long term fundamentals of the palm oil industry remain well-supported.

On the production front, the Group recorded strong production growth in 6M2012 versus 6M2011. With the favourable age profile of its plantations, the Group expects year-on-year volume growth to continue in the third and fourth quarters of this year, albeit at a more moderate rate.

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	1.25 Singapore cents
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

20 September 2012

(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 4 September 2012 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 3 September 2012 will be registered before entitlements to the interim dividend are determined. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 3 September 2012 will be entitled to the interim dividend.

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

Not applicable.

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 second quarter ended 30 June 2012 to be false or misleading in any material aspect.

15. Events after the balance sheet date

On 31 July 2012, the Company announced that it has issued RM600.0 million of Ringgit-denominated Islamic medium term notes ("IMTNs") which have a tenor of five years and will mature on 31 July 2017. The IMTNs were priced on a "book build" basis and will bear a periodic distribution rate of 4.45% per annum, payable semi-annually in arrears.

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 August 2012