



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Third Quarter (“3Q”) and Nine Months (“9M”) Ended 30 September 2017

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

	Group					
	9M 2017	9M 2016	Change	3Q 2017	3Q 2016	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	466,199	400,010	16.5%	137,448	151,525	(9.3%)
Cost of sales	(245,512)	(228,294)	7.5%	(66,134)	(71,026)	(6.9%)
Gross profit	220,687	171,716	28.5%	71,314	80,499	(11.4%)
Selling and distribution costs	(32,858)	(29,910)	9.9%	(11,351)	(9,435)	20.3%
General and administrative expenses	(19,565)	(20,550)	(4.8%)	(6,500)	(6,906)	(5.9%)
Other operating expenses	(1,144)	(1,198)	(4.5%)	(379)	(432)	(12.3%)
Profit from operations	167,120	120,058	39.2%	53,084	63,726	(16.7%)
Gains/(losses) on foreign exchange	3,602	11	n.m.	1,674	(352)	n.m.
(Losses)/gains on derivative financial instruments	(137)	1,076	n.m.	36	342	(89.5%)
Net financial expenses	(15,967)	(18,535)	(13.9%)	(5,142)	(6,742)	(23.7%)
Other non-operating expenses	(342)	(962)	(64.4%)	(34)	(137)	(75.2%)
Profit before tax	154,276	101,648	51.8%	49,618	56,837	(12.7%)
Tax expense	(45,235)	(30,587)	47.9%	(15,632)	(18,530)	(15.6%)
Profit for the period	109,041	71,061	53.4%	33,986	38,307	(11.3%)
Profit attributable to:						
Owners of the Company	103,537	67,345	53.7%	31,905	35,857	(11.0%)
Non-controlling interests	5,504	3,716	48.1%	2,081	2,450	(15.1%)
	109,041	71,061	53.4%	33,986	38,307	(11.3%)

n.m. – not meaningful

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

	Group					
	9M 2017	9M 2016	Change	3Q 2017	3Q 2016	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	109,041	71,061	53.4%	33,986	38,307	(11.3%)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Fair value gains/(losses) on cash flow hedges	29,617	20,006	48.0%	6,616	(11,206)	n.m.
Fair value (gains)/losses on cash flow hedges transferred to the income statement	(24,684)	(15,370)	60.6%	(5,314)	15,333	n.m.
Foreign currency translation adjustments	(8,333)	71,532	n.m.	(18,060)	18,002	n.m.
Other comprehensive income for the period, net of tax	(3,400)	76,168	n.m.	(16,758)	22,129	n.m.
Total comprehensive income for the period	105,641	147,229	(28.2%)	17,228	60,436	(71.5%)
Total comprehensive income attributable to:						
Owners of the Company	100,198	140,527	(28.7%)	15,703	57,154	(72.5%)
Non-controlling interests	5,443	6,702	(18.8%)	1,525	3,282	(53.5%)
	105,641	147,229	(28.2%)	17,228	60,436	(71.5%)

n.m. – not meaningful

Additional Information

	Group					
	9M 2017	9M 2016	Change	3Q 2017	3Q 2016	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	167,120	120,058	39.2%	53,084	63,726	(16.7%)
Depreciation and amortisation	46,764	39,896	17.2%	16,074	13,724	17.1%
EBITDA	213,884	159,954	33.7%	69,158	77,450	(10.7%)
EBITDA margin	45.9%	40.0%		50.3%	51.1%	

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

	Group		Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Bearer plants	611,734	623,176	-	-
Plasma plantation receivables	102,717	80,159	-	-
Property, plant and equipment	333,598	328,618	5,799	6,758
Land use rights	39,422	40,584	-	-
Investment in subsidiaries	-	-	523,527	523,527
Goodwill	86,951	87,313	-	-
Other intangible assets	22,339	22,564	1	15
Derivative financial assets	675	-	460	-
Tax recoverable	26,734	40,586	-	-
Deferred tax assets	40,279	41,207	155	19
Loan to subsidiary	-	-	370,000	-
Other non-current assets	336	432	-	-
Total non-current assets	1,264,785	1,264,639	899,942	530,319
Current assets				
Biological assets	24,454	24,556	-	-
Inventories	73,733	78,203	-	-
Trade receivables	16,308	23,613	148	-
Other receivables	14,343	11,986	149	1,869
Derivative financial assets	1,617	1,933	-	-
Advances for purchase of property, plant and equipment	1,578	9,662	-	-
Other advances and prepayments	10,966	3,130	6,058	379
Prepaid taxes	27,835	23,584	-	-
Restricted cash balances	82,222	150,312	76,797	149,367
Cash and cash equivalents (Note A)	199,320	107,933	34,822	377,504
Total current assets	452,376	434,912	117,974	529,119
Total assets	1,717,161	1,699,551	1,017,916	1,059,438

Note A:

As at 30 September 2017, the Group has cash at bank amounting to US\$82.3 million (31 December 2016: US\$516.9 million) which have been netted against bank overdrafts as the Group has the legal rights to set off the cash at bank against the overdrafts, which are with the same bank.

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

	Group		Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade payables	29,462	26,056	-	60
Other payables and accruals	31,709	30,912	9,269	8,634
Advances from customers	2,184	660	-	-
Loans and borrowings from financial institutions	925	1,672	-	-
Islamic medium term notes	94,580	222,542	94,580	222,542
Derivative financial liabilities	38,390	101,329	36,781	99,294
Provision for tax	13,038	18,122	652	499
Total current liabilities	210,288	401,293	141,282	331,029
Non-current liabilities				
Loans and borrowings from financial institutions	150,644	1,346	148,262	-
Islamic medium term notes	235,974	222,291	235,974	222,291
Derivative financial liabilities	93,236	109,430	92,838	109,430
Provision for post-employment benefits	17,329	16,537	-	-
Deferred tax liabilities	20,608	22,471	-	-
Total non-current liabilities	517,791	372,075	477,074	331,721
Total liabilities	728,079	773,368	618,356	662,750
Net assets	989,082	926,183	399,560	396,688
EQUITY				
Share capital	394,913	394,913	394,913	394,913
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	-	-
Other reserves	(385,610)	(382,271)	2,727	(2,595)
Retained earnings	895,768	833,515	1,920	4,370
Equity attributable to owners of the Company	940,087	881,173	399,560	396,688
Non-controlling interests	48,995	45,010	-	-
Total equity	989,082	926,183	399,560	396,688

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

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

	Group					
	As at 30 Sep 2017			As at 31 Dec 2016		
	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	925	94,580	95,505	1,672	222,542	224,214
Amount repayable after one year	2,382	384,236	386,618	1,346	222,291	223,637
Total	3,307	478,816	482,123	3,018	444,833	447,851

Details of any collateral

Certain of the Group's bearer plants, land use rights and property plant and equipment are pledged to secure facilities from financial institutions.

As at 31 December 2016, the Group had bank loans and bank deposits amounting to US\$300.0 million respectively, which had been netted against each other as the Group had the legal rights to set off the deposits against the loans. Both the loans and deposits had the same maturity terms of less than one year from the end of the reporting period and were with the same bank. There are no such loans and deposits outstanding as at 30 September 2017.

As at 30 September 2017, the Group has undrawn committed unsecured credit facilities available of US\$150.0 million, which may be utilised for the refinancing of the Islamic medium term notes due on 8 December 2017 as well as the Group's general corporate purposes.

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

	Group			
	9M 2017	9M 2016	3Q 2017	3Q 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	154,276	101,648	49,618	56,837
Adjustments for:				
Depreciation of bearer plants and property, plant and equipment	45,487	38,470	15,653	13,212
Amortisation of land use rights and intangible assets	1,277	1,426	421	512
Losses/(gains) on disposal of bearer plants and property, plant and equipment	366	(176)	524	(24)
Financial expenses	17,919	19,441	5,781	6,894
Interest income	(1,952)	(906)	(639)	(152)
Losses/(gains) on derivative financial instruments	137	(1,076)	(36)	(342)
Operating cash flows before changes in working capital	217,510	158,827	71,322	76,937
Changes in working capital:				
Inventories	4,136	(1,721)	(13,947)	(4,952)
Receivables and other assets	2,587	3,592	4,468	28,631
Payables and other liabilities	5,603	18,882	10,047	15,442
Unrealised translation differences	(3,649)	(393)	(1,484)	220
Cash flows generated from operations	226,187	179,187	70,406	116,278
Financial expenses paid	(14,934)	(17,920)	(2,779)	(5,314)
Interest income received	1,935	863	645	120
Tax paid	(48,414)	(36,264)	(14,441)	(13,402)
Net cash generated from operating activities	164,774	125,866	53,831	97,682

1(c) Statement of cash flows (continued)

	Group			
	9M 2017	9M 2016	3Q 2017	3Q 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on bearer plants	(26,512)	(33,955)	(7,750)	(13,615)
Capital expenditure on property, plant and equipment	(32,851)	(19,038)	(16,237)	(5,620)
Decrease/(increase) in advances for purchase of property, plant and equipment	8,141	(3,886)	5,451	(1,242)
Increase in plasma plantation receivables	(5,900)	(4,896)	(1,248)	(4,921)
Acquisition of land use rights	(111)	(676)	(7)	(5)
Acquisition of other intangible assets	-	(28)	-	(28)
Proceeds from disposal of bearer plants and property, plant and equipment	511	247	310	35
Net cash used in investing activities	(56,722)	(62,232)	(19,481)	(25,396)
Cash flows from financing activities				
Proceeds from bank loans	148,197	-	148,197	-
Repayment of bank loans	-	(27,643)	-	(27,267)
Payment of obligations under finance leases	(1,584)	(1,945)	(574)	(629)
Decrease/(increase) in restricted cash balances	68,090	15,368	49,981	(10,362)
Dividends paid	(42,742)	(22,499)	(15,368)	(7,813)
Repayment of Islamic medium term notes	(188,679)	-	(188,679)	-
Net cash used in financing activities	(16,718)	(36,719)	(6,443)	(46,071)
Net increase in cash and cash equivalents	91,334	26,915	27,907	26,215
Effect of exchange rate changes on cash and cash equivalents	53	636	(178)	111
Cash and cash equivalents, at the beginning of the financial period	107,933	61,925	171,591	63,150
Cash and cash equivalents, at the end of the financial period (Note B)	199,320	89,476	199,320	89,476
<u>Note B</u>				
Reconciliation of cash and cash equivalents:				
Cash at banks and on hand	179,307	89,476	179,307	89,476
Time deposits	20,013	-	20,013	-
Cash and cash equivalents	199,320	89,476	199,320	89,476
Restricted cash balances	82,222	128,123	82,222	128,123
Cash and bank balances	281,542	217,599	281,542	217,599

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

Group	----- Attributable to owners of the Company -----					Non-controlling interests	Total equity
	Share capital	Differences arising from restructuring transactions involving entities under common control	Other reserves	Retained earnings	Equity attributable to owners of the Company		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
At 1 Jan 2017	394,913	35,016	(382,271)	833,515	881,173	45,010	926,183
Profit for the period	-	-	-	103,537	103,537	5,504	109,041
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	4,933	-	4,933	-	4,933
Foreign currency translation	-	-	(8,272)	-	(8,272)	(61)	(8,333)
Other comprehensive income for the period, net of tax	-	-	(3,339)	-	(3,339)	(61)	(3,400)
Total comprehensive income for the period	-	-	(3,339)	103,537	100,198	5,443	105,641
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(41,284)	(41,284)	(1,458)	(42,742)
At 30 Sep 2017	394,913	35,016	(385,610)	895,768	940,087	48,995	989,082
At 1 Jan 2016	394,913	35,016	(423,798)	729,940	736,071	38,320	774,391
Profit for the period	-	-	-	67,345	67,345	3,716	71,061
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	4,636	-	4,636	-	4,636
Foreign currency translation	-	-	68,546	-	68,546	2,986	71,532
Other comprehensive income for the period, net of tax	-	-	73,182	-	73,182	2,986	76,168
Total comprehensive income for the period	-	-	73,182	67,345	140,527	6,702	147,229
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(21,813)	(21,813)	(686)	(22,499)
At 30 Sep 2016	394,913	35,016	(350,616)	775,472	854,785	44,336	899,121

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

Group	----- Attributable to owners of the Company -----					Non-controlling interests	Total equity
	Share capital	Differences arising from restructuring transactions involving entities under common control	Other reserves	Retained earnings	Equity attributable to owners of the Company		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
At 1 Jul 2017	394,913	35,016	(369,408)	878,478	938,999	48,223	987,222
Profit for the period	-	-	-	31,905	31,905	2,081	33,986
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	1,302	-	1,302	-	1,302
Foreign currency translation	-	-	(17,504)	-	(17,504)	(556)	(18,060)
Other comprehensive income for the period, net of tax	-	-	(16,202)	-	(16,202)	(556)	(16,758)
Total comprehensive income for the period	-	-	(16,202)	31,905	15,703	1,525	17,228
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(14,615)	(14,615)	(753)	(15,368)
At 30 Sep 2017	394,913	35,016	(385,610)	895,768	940,087	48,995	989,082
At 1 Jul 2016	394,913	35,016	(371,913)	746,897	804,913	41,585	846,498
Profit for the period	-	-	-	35,857	35,857	2,450	38,307
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	4,127	-	4,127	-	4,127
Foreign currency translation	-	-	17,170	-	17,170	832	18,002
Other comprehensive income for the period, net of tax	-	-	21,297	-	21,297	832	22,129
Total comprehensive income for the period	-	-	21,297	35,857	57,154	3,282	60,436
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(7,282)	(7,282)	(531)	(7,813)
At 30 Sep 2016	394,913	35,016	(350,616)	775,472	854,785	44,336	899,121

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 2017	394,913	(2,595)	4,370	396,688
Profit for the period	-	-	38,834	38,834
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	5,322	-	5,322
Total comprehensive income for the period	-	5,322	38,834	44,156
<u>Distributions to owners</u>				
Dividends paid	-	-	(41,284)	(41,284)
At 30 Sep 2017	394,913	2,727	1,920	399,560
At 1 Jan 2016	394,913	(14,513)	1,693	382,093
Profit for the period	-	-	20,683	20,683
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	3,285	-	3,285
Total comprehensive income for the period	-	3,285	20,683	23,968
<u>Distributions to owners</u>				
Dividends paid	-	-	(21,813)	(21,813)
At 30 Sep 2016	394,913	(11,228)	563	384,248
At 1 Jul 2017	394,913	(22)	3,243	398,134
Profit for the period	-	-	13,292	13,292
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	2,749	-	2,749
Total comprehensive income for the period	-	2,749	13,292	16,041
<u>Distributions to owners</u>				
Dividends paid	-	-	(14,615)	(14,615)
At 30 Sep 2017	394,913	2,727	1,920	399,560
At 1 Jul 2016	394,913	(14,927)	2,828	382,814
Profit for the period	-	-	5,017	5,017
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	3,699	-	3,699
Total comprehensive income for the period	-	3,699	5,017	8,716
<u>Distributions to owners</u>				
Dividends paid	-	-	(7,282)	(7,282)
At 30 Sep 2016	394,913	(11,228)	563	384,248

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

Other Reserves

	Group			Company		
	As at			As at		
	30 Sep 2017	31 Dec 2016	30 Sep 2016	30 Sep 2017	31 Dec 2016	30 Sep 2016
	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	(6,951)	(11,884)	(20,592)	(7,988)	(13,310)	(21,943)
Foreign translation reserve	(360,164)	(351,892)	(311,529)	393	393	393
Total other reserves	(385,610)	(382,271)	(350,616)	2,727	(2,595)	(11,228)

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 the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings 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. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes to the Company's issued and paid up share capital in the three months ended 30 September 2017.

	Company	
	30 Sep 2017	30 Sep 2016
Number of issued shares excluding treasury shares and subsidiary holdings of the Company	1,584,072,969	1,584,072,969

There were no shares that may be issued upon conversion of any outstanding convertibles as at 30 September 2017 and 30 September 2016.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 September 2017 and 30 September 2016.

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

The Company's total number of issued shares excluding treasury shares as at 30 September 2017 and 31 December 2016 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.

1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings 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 2016 except for the new and revised standards which are effective for annual periods beginning on or after 1 January 2017.

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

Please refer to item 4 above.

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

	Group			
	9M 2017	9M 2016	3Q 2017	3Q 2016
Weighted average number of shares applicable to basic EPS computation	1,584,072,969	1,584,072,969	1,584,072,969	1,584,072,969
Weighted average number of shares based on fully diluted basis	1,584,072,969	1,584,072,969	1,584,072,969	1,584,072,969
EPS - basic (US cents)	6.54	4.25	2.01	2.26
EPS - diluted (US cents)	6.54	4.25	2.01	2.26

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

(a) current financial period reported on; and

(b) immediately preceding financial year

	Group		Company	
	30 Sep 2017	31 Dec 2016	30 Sep 2017	31 Dec 2016
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.59	0.56	0.25	0.25

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

REVIEW OF GROUP FINANCIAL PERFORMANCE BY BUSINESS SEGMENT

SALES VOLUME

	9M 2017	9M 2016	Change	3Q 2017	3Q 2016	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	500,947	448,920	11.6%	187,511	167,188	12.2%
- Palm kernel	117,141	101,731	15.1%	42,635	37,951	12.3%
Refinery and Processing	636,794	561,722	13.4%	193,458	186,149	3.9%

Note: Sales volume include inter-segment sales

SALES

	9M 2017	9M 2016	Change	3Q 2017	3Q 2016	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	305,042	254,909	19.7%	107,971	102,082	5.8%
- Palm kernel	57,718	47,267	22.1%	18,118	20,794	(12.9%)
- Fresh fruit bunches	10,640	7,722	37.8%	3,848	3,184	20.9%
	373,400	309,898	20.5%	129,937	126,060	3.1%
Refinery and Processing	430,735	341,467	26.1%	120,841	122,471	(1.3%)
Inter-segment elimination	(337,936)	(251,355)	34.4%	(113,330)	(97,006)	16.8%
Total Sales	466,199	400,010	16.5%	137,448	151,525	(9.3%)

EBITDA

	9M 2017	9M 2016	Change	3Q 2017	3Q 2016	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	200,624	150,480	33.3%	71,352	69,379	2.8%
Refinery and Processing	13,966	6,770	106.3%	2,863	10,903	(73.7%)
Inter-segment elimination	(706)	2,704	n.m.	(5,057)	(2,832)	78.6%
Total EBITDA	213,884	159,954	33.7%	69,158	77,450	(10.7%)

n.m. – not meaningful

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$103.5 million in 9M2017, up 53.7% against 9M2016 and a 39.2% increase in profit from operations to US\$167.1 million. The strong performance was mainly driven by higher palm oil prices and the Group's improved production volumes and yields as compared to the corresponding period last year.

For 3Q2017, net profit decreased by 11.0% to US\$31.9 million while profit from operations was down by 16.7% to US\$53.1 million, impacted by lower average selling prices and the effects of inventory build-up.

Sales

Sales increased by 16.5% to US\$466.2 million in 9M2017, driven by a combination of higher average selling prices and sales volumes. For 3Q2017, sales declined by 9.3% to US\$137.4 million from the lower average selling prices and sales volumes.

Cost of Sales

Cost of sales comprise mainly harvesting costs, plantation maintenance costs, plantation general expenses and processing costs, as well as fresh fruit bunches and other palm oil products purchased from plasma farmers or third parties. The Group's cost of sales increased by 7.5% to US\$245.5 million in 9M2017, mainly due to the higher operating costs and depreciation from the Group's increased mature plantation hectareage.

For 3Q2017, cost of sales decreased by 6.9% to US\$66.1 million mainly due to the effects of inventory build-up.

Gross Profit

Gross profit increased by 28.5% to US\$220.7 million in 9M2017 mainly due to the higher average selling prices and sales volumes. Conversely, gross profit decreased by 11.4% to US\$71.3 million in 3Q2017, mainly due to the lower average selling prices and sales volumes.

Gross profit margin came in at 47.3% in 9M2017 as compared to 42.9% in the corresponding period last year, boosted by the higher average selling prices. For 3Q2017, gross profit margin was at 51.9% as compared to 53.1% in 3Q2016, impacted by the lower average selling prices.

Selling and Distribution costs

Selling and distribution expenses increased to US\$32.9 million in 9M2017 (9M2016: US\$29.9 million) and US\$11.4 million in 3Q2017 (3Q2016: US\$9.4 million), mainly due to the higher freight charges and export taxes incurred.

EBITDA

The Group's EBITDA increased by 33.7% to US\$213.9 million in 9M2017, driven by the higher average selling prices and production volumes. For 3Q2017, EBITDA decreased by 10.7% to US\$69.2 million, mainly due to lower average selling prices and the effects of inventory build-up.

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT (continued)

Depreciation and Amortisation

Depreciation and amortisation increased by 17.2% to US\$46.8 million in 9M2017 and 17.1% to US\$16.1 million in 3Q2017. The increases were largely due to the higher depreciation from the Group's increased mature plantation hectarage, CPO mills and other property, plant and equipment.

Gains/(Losses) on Foreign Exchange

The Group recorded gains on foreign exchange of US\$3.6 million in 9M2017 (9M2016: gains of US\$11,000) and US\$1.7 million in 3Q2017 (3Q2016: losses of US\$0.4 million). The gains/(losses) on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

(Losses)/Gains on Derivative Financial Instruments

The Group recorded losses on derivative financial instruments of US\$0.1 million in 9M2017 (9M2016: gains of US\$1.1 million) and gains of US\$36,000 in 3Q2017 (3Q2016: US\$0.3 million). These arose primarily from financial instruments entered into by the Group to hedge its exposure to commodity price and foreign currency movements during the course of its business.

Net Financial Expenses

Net financial expenses comprise interest expenses after deducting interest income.

Net financial expenses amounted to US\$16.0 million in 9M2017 (9M2016: US\$18.5 million) and US\$5.1 million in 3Q2017 (3Q2016: US\$6.7 million). The lower net financial expenses as compared to the corresponding periods last year were mainly due to the decrease in interest expenses from the repayment of the Islamic medium term notes ("IMTN") on 31 July 2017 which was partially refinanced using bank loans, as well as the higher interest income earned on cash and bank balances.

The following table reflects the computation of net financial expenses:

	9M 2017	9M 2016	3Q 2017	3Q 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	1,277	1,444	1,027	851
Profit distribution and amortisation on Islamic medium term notes	16,642	17,997	4,754	6,043
	17,919	19,441	5,781	6,894
Interest income	(1,952)	(906)	(639)	(152)
Net financial expenses	15,967	18,535	5,142	6,742

Tax Expense and Net profit

Tax expenses for the Group came in at US\$45.2 million in 9M2017 (9M2016: US\$30.6 million) and US\$15.6 million in 3Q2017 (3Q2016: US\$18.5 million), including the effects of withholding tax expense on income received.

As a result of the foregoing, profit attributable to owners of the Company increased by 53.7% to US\$103.5 million in 9M2017 and decreased by 11.0% to US\$31.9 million in 3Q2017.

8. Review of Group Performance (continued)

REVIEW OF BALANCE SHEET

Total assets of the Group increased by 1.0% from US\$1,699.6 million as at 31 December 2016 to US\$1,717.2 million as at 30 September 2017. Non-current assets increased marginally by US\$0.1 million to US\$1,264.8 million, mainly contributed by the Group's capital expenditure on bearer plants and property, plant and equipment, offset by a decrease in tax recoverable. The Group's current assets increased by US\$17.5 million to US\$452.4 million, mainly due to the higher cash and bank balances, partially offset by the lower trade receivables and inventories.

Total liabilities of the Group declined by 5.9% from US\$773.4 million as at 31 December 2016 to US\$728.1 million as at 30 September 2017. Current liabilities decreased by US\$191.0 million, mainly due to the settlement of the Ringgit-denominated IMTN due on 31 July 2017 together with the corresponding cross currency swap entered into with a financial institution to swap the IMTN indebtedness effectively into USD liabilities. Non-current liabilities rose by US\$145.7 million, primarily due to the drawdown of bank loans for the partial refinancing of the IMTN.

Gross borrowings increased by US\$34.3 million to US\$482.1 million as at 30 September 2017 (31 December 2016: US\$447.9 million), mainly due to the foreign currency revaluation of the Ringgit-denominated IMTN and drawdown of bank loans, partially offset by the repayment of IMTN during 3Q2017.

Taking into consideration the increase in cash and bank balances during the period, net borrowings increased from US\$189.6 million as at 31 December 2016 to US\$200.6 million as at 30 September 2017, with net gearing at 0.20x (31 December 2016: 0.20x).

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$164.8 million from its operating activities in 9M2017 as compared to US\$125.9 million in 9M2016, mainly contributed by the higher average selling prices and sales volumes. In 3Q2017, net cash generated from operating activities amounted to US\$53.8 million as compared to US\$97.7 million in 3Q2016, mainly due to the lower average selling prices and effects from inventory build-up.

Net cash used in investing activities amounted to US\$56.7 million in 9M2017 (9M2016: US\$62.2 million) and US\$19.5 million in 3Q2017 (3Q2016: US\$25.4 million), with the decreases primarily due to the Group's lower capital expenditure on bearer plants.

Net cash used in financing activities in 9M2017 amounted to US\$16.7 million as compared to US\$36.7 million in 9M2016. For 3Q2017, net cash used in financing activities amounted to US\$6.4 million as compared to US\$46.1 million in 3Q2016. The lower cash used in financing activities in 9M2017 and 3Q2017 were mainly due to the decreases in restricted cash balances, partially offset by the higher dividends paid. In addition, the cash used in financing activities in 3Q2017 also included the repayment of IMTN of US\$188.7 million which was partially refinanced by the proceeds from bank loans of US\$148.2 million, as compared to repayment of bank loans of US\$27.3 million in 3Q2016.

Overall, the Group registered an increase in cash and cash equivalents of US\$91.3 million in 9M2017, bringing the Group's cash and bank balances to US\$281.5 million as at 30 September 2017.

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 financial performance in 9M2017 has been aided by production growth from its recovery from El Nino effects, albeit production grew at a slower pace in 3Q2017 as compared to the earlier quarters. Looking forward, we expect nucleus FFB production growth in 4Q2017 over 4Q2016 to be even slower.

The industry's weaker-than-expected output growth, restocking by importing countries and palm oil's attractive relative pricing against other edible oils are expected to remain supportive of prices in the near term.

In the longer term, the fundamentals of the palm oil industry remains favourable, underpinned by expected consumption growth from importing countries, biofuel demand, and the eventual slow-down in supply growth from the sharply reduced pace of new plantings in recent years.

11. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No.

(b) Corresponding period of the immediately preceding financial year

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

No.

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

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

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

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

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

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

We, Lim Ming Seong and Ciliandra Fangiono, being two directors of First Resources Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the third quarter ended 30 September 2017 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Ming Seong
Chairman

Ciliandra Fangiono
Director and Chief Executive Officer

15. Confirmation of Directors and Executive Officers' Undertakings pursuant to Rule 720(1) of the Listing Manual

The Company hereby confirms that it has procured undertakings from its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Ciliandra Fangiono
Director and Chief Executive Officer
13 November 2017