



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the First Quarter Ended 31 March 2018

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

	Group		
	1Q 2018	1Q 2017	Change
	US\$'000	US\$'000	(%)
Sales	135,559	194,146	(30.2%)
Cost of sales	(72,245)	(102,146)	(29.3%)
Gross profit	63,314	92,000	(31.2%)
Selling and distribution costs	(12,429)	(12,515)	(0.7%)
General and administrative expenses	(7,020)	(7,006)	0.2%
Other operating expenses	(535)	(376)	42.3%
Profit from operations	43,330	72,103	(39.9%)
Gains on foreign exchange	2,453	1,839	33.4%
Gains on derivative financial instruments	314	606	(48.2%)
Net financial expenses	(4,256)	(5,780)	(26.4%)
Other non-operating expenses	(1,142)	(469)	143.5%
Profit before tax	40,699	68,299	(40.4%)
Tax expense	(10,730)	(17,405)	(38.4%)
Profit for the period	29,969	50,894	(41.1%)
Profit attributable to:			
Owners of the Company	27,730	48,481	(42.8%)
Non-controlling interests	2,239	2,413	(7.2%)
	29,969	50,894	(41.1%)

n.m. – not meaningful

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

	Group		
	1Q 2018	1Q 2017	Change
	US\$'000	US\$'000	(%)
Profit for the period	29,969	50,894	(41.1%)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Fair value gains on cash flow hedges	19,056	8,544	123.0%
Fair value gains on cash flow hedges transferred to the income statement	(13,845)	(5,594)	147.5%
Foreign currency translation	(22,215)	9,331	n.m.
Other comprehensive income for the period, net of tax	(17,004)	12,281	n.m.
Total comprehensive income for the period	12,965	63,175	(79.5%)
Total comprehensive income attributable to:			
Owners of the Company	11,449	60,335	(81.0%)
Non-controlling interests	1,516	2,840	(46.6%)
	12,965	63,175	(79.5%)

n.m. – not meaningful

Additional Information

	Group		
	1Q 2018	1Q 2017	Change
	US\$'000	US\$'000	(%)
EBITDA			
Profit from operations	43,330	72,103	(39.9%)
Depreciation and amortisation	16,670	15,470	7.8%
EBITDA	60,000	87,573	(31.5%)
EBITDA margin	44.3%	45.1%	

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	
	31 Mar 2018	31 Dec 2017 (Restated)	1 Jan 2017 (Restated)	31 Mar 2018	31 Dec 2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Bearer plants *	646,172	659,498	660,627	-	-
Plasma receivables	47,636	49,931	42,708	-	-
Property, plant and equipment	331,753	337,478	328,618	5,509	5,487
Land use rights	48,664	49,947	40,584	-	-
Investment in subsidiaries	-	-	-	523,527	523,527
Goodwill	85,282	86,592	87,313	-	-
Other intangible assets	21,848	22,211	22,564	-	-
Available-for-sale unquoted investment	-	5,775	-	-	5,775
Unquoted investment at FVTPL	5,775	-	-	5,775	-
Derivative financial assets	2,066	1,290	-	2,066	1,290
Tax recoverable	29,952	36,820	40,586	-	-
Deferred tax assets	51,047	49,037	41,207	-	-
Loan to subsidiary	-	-	-	367,410	367,410
Other non-current assets	389	395	432	-	-
Total non-current assets	1,270,584	1,298,974	1,264,639	904,287	903,489
Current assets					
Biological assets	21,667	22,000	24,556	-	-
Inventories	79,265	66,908	78,203	-	-
Trade receivables	26,876	31,344	23,613	-	-
Other receivables	3,378	3,152	11,986	119	125
Derivative financial assets	3,397	4,327	1,933	762	-
Advances for purchase of property, plant and equipment	1,366	647	9,662	-	21
Other advances and prepayments	3,486	1,927	3,130	236	290
Prepaid taxes	26,042	22,447	23,584	-	-
Restricted cash balances	34,954	44,569	150,312	33,389	44,068
Cash and cash equivalents (Note A)	273,612	234,322	107,933	58,969	34,654
Total current assets	474,043	431,643	434,912	93,475	79,158
Total assets	1,744,627	1,730,617	1,699,551	997,762	982,647

* Included in the bearer plants as at 31 December 2017 is US\$46.5 million that was previously classified as plasma investments in the FY2017 audited financial statements.

Note A:

As at 31 March 2018, the Group has cash at bank amounting to US\$57.7 million (31 December 2017: US\$55.2 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 banks.

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

	Group			Company	
	31 Mar 2018	31 Dec 2017 (Restated)	1 Jan 2017 (Restated)	31 Mar 2018	31 Dec 2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES					
Current liabilities					
Trade payables	31,991	28,428	26,056	7	49
Other payables and accruals	38,116	33,551	30,912	8,739	5,923
Advances from customers	5,961	1,424	660	-	-
Loans and borrowings from financial institutions	25,213	20,970	1,672	23,652	19,277
Islamic medium term notes	-	-	222,542	-	-
Derivative financial liabilities	1,150	1,799	101,329	15	75
Provision for tax	21,257	21,496	18,122	1,227	1,733
Total current liabilities	123,688	107,668	401,293	33,640	27,057
Non-current liabilities					
Loans and borrowings from financial institutions	223,480	229,536	1,346	220,736	227,484
Islamic medium term notes	258,592	245,785	222,291	258,592	245,785
Derivative financial liabilities	63,284	81,286	109,430	63,284	81,286
Provision for post-employment benefits	22,519	22,473	16,537	-	-
Deferred tax liabilities	18,523	22,055	22,471	696	795
Total non-current liabilities	586,398	601,135	372,075	543,308	555,350
Total liabilities	710,086	708,803	773,368	576,948	582,407
Net assets	1,034,541	1,021,814	926,183	420,814	400,240
EQUITY					
Share capital	394,913	394,913	394,913	394,913	394,913
Differences arising from restructuring transactions involving entities under common control	35,016	35,016	35,016	-	-
Other reserves	(50,578)	(34,297)	(29,986)	11,826	5,286
Retained earnings	603,625	575,895	481,230	14,075	41
Equity attributable to owners of the Company	982,976	971,527	881,173	420,814	400,240
Non-controlling interests	51,565	50,287	45,010	-	-
Total equity	1,034,541	1,021,814	926,183	420,814	400,240

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

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

	Group					
	As at 31 Mar 2018			As at 31 Dec 2017		
	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	1,561	23,652	25,213	1,693	19,277	20,970
Amount repayable after one year	2,744	479,328	482,072	2,052	473,269	475,321
Total	4,305	502,980	507,285	3,745	492,546	496,291

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 March 2018, the Group has undrawn committed unsecured credit facilities available of US\$50.0 million, which may be utilised for 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	
	1Q 2018	1Q 2017
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before tax	40,699	68,299
Adjustments for:		
Depreciation of bearer plants and property, plant and equipment	16,108	15,040
Amortisation of land use rights and intangible assets	562	430
Losses/(gains) on disposal of bearer plants and property, plant and equipment	792	(8)
Financial expenses	5,138	5,971
Interest income	(882)	(191)
Gains on derivative financial instruments	(314)	(606)
Operating cash flows before changes in working capital	62,103	88,935
Changes in working capital:		
Inventories	(13,733)	17,418
Receivables and other assets	5,336	(31,284)
Payables and other liabilities	10,589	11,127
Unrealised translation differences	(2,009)	(2,218)
Cash flows generated from operations	62,286	83,978
Financial expenses paid	(2,013)	(3,709)
Interest income received	966	160
Tax paid	(16,086)	(14,592)
Net cash generated from operating activities	45,153	65,837

1(c) Statement of cash flows (continued)

	Group	
	1Q 2018	1Q 2017
	US\$'000	US\$'000
Cash flows from investing activities		
Capital expenditure on bearer plants	(5,387)	(12,913)
Capital expenditure on property, plant and equipment	(7,806)	(8,325)
(Increase)/decrease in advances for purchase of property, plant and equipment	(739)	2,656
Decrease/(increase) in plasma receivables	1,896	(2,398)
Proceeds from disposal of bearer plants and property, plant and equipment	20	19
Net cash used in investing activities	(12,016)	(20,961)
Cash flows from financing activities		
Repayment of bank loans	(2,500)	-
Payment of obligations under finance leases	(555)	(555)
Decrease in restricted cash balances	9,615	6,409
Dividends paid	(238)	-
Net cash generated from financing activities	6,322	5,854
Net increase in cash and cash equivalents	39,459	50,730
Effect of exchange rate changes on cash and cash equivalents	(169)	251
Cash and cash equivalents, at the beginning of the financial period	234,322	107,933
Cash and cash equivalents, at the end of the financial period (Note B)	273,612	158,914
<u>Note B</u>		
Reconciliation of cash and cash equivalents:		
Cash at banks and on hand	215,701	131,107
Time deposits	57,911	27,807
Cash and cash equivalents	273,612	158,914
Restricted cash balances	34,954	143,903
Cash and bank balances	308,566	302,817

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 2018 (As previously reported)	394,913	35,016	(386,582)	928,558	971,905	50,287	1,022,192
Effects of adopting SFRS(I) 1	-	-	352,285	(352,285)	-	-	-
Effects of adopting SFRS(I) 9	-	-	-	(378)	(378)	-	(378)
At 1 Jan 2018 (As restated)	394,913	35,016	(34,297)	575,895	971,527	50,287	1,021,814
Profit for the period	-	-	-	27,730	27,730	2,239	29,969
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	5,211	-	5,211	-	5,211
Foreign currency translation	-	-	(21,492)	-	(21,492)	(723)	(22,215)
Other comprehensive income for the period, net of tax	-	-	(16,281)	-	(16,281)	(723)	(17,004)
Total comprehensive income for the period	-	-	(16,281)	27,730	11,449	1,516	12,965
<u>Distributions to owners</u>							
Dividends paid	-	-	-	-	-	(238)	(238)
At 31 Mar 2018	394,913	35,016	(50,578)	603,625	982,976	51,565	1,034,541
At 1 Jan 2017 (As previously reported)	394,913	35,016	(382,271)	833,515	881,173	45,010	926,183
Effects of adopting SFRS(I) 1	-	-	352,285	(352,285)	-	-	-
At 1 Jan 2017 (As restated)	394,913	35,016	(29,986)	481,230	881,173	45,010	926,183
Profit for the period	-	-	-	48,481	48,481	2,413	50,894
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	2,950	-	2,950	-	2,950
Foreign currency translation	-	-	8,904	-	8,904	427	9,331
Other comprehensive income for the period, net of tax	-	-	11,854	-	11,854	427	12,281
Total comprehensive income for the period	-	-	11,854	48,481	60,335	2,840	63,175
At 31 Mar 2017	394,913	35,016	(18,132)	529,711	941,508	47,850	989,358

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 2018 (As previously reported)	394,913	5,286	2,631	402,830
Effects of adopting SFRS(I) 9	-	-	(2,590)	(2,590)
At 1 Jan 2018 (As restated)	394,913	5,286	41	400,240
Profit for the period	-	-	14,034	14,034
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	6,540	-	6,540
Total comprehensive income for the period	-	6,540	14,034	20,574
At 31 Mar 2018	394,913	11,826	14,075	420,814
At 1 Jan 2017	394,913	(2,595)	4,370	396,688
Profit for the period	-	-	13,032	13,032
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	1,784	-	1,784
Total comprehensive income for the period	-	1,784	13,032	14,816
At 31 Mar 2017	394,913	(811)	17,402	411,504

Other Reserves

Group	As at		
	31 Mar 2018	31 Dec 2017 (Restated)	1 Jan 2017 (Restated)
	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
Hedging reserve	2,829	(2,382)	(11,884)
Foreign translation reserve	(34,912)	(13,420)	393
Total other reserves	(50,578)	(34,297)	(29,986)

Company	As at	
	31 Mar 2018	31 Dec 2017
	US\$'000	US\$'000
Gain on sale of treasury shares	10,322	10,322
Hedging reserve	1,111	(5,429)
Foreign translation reserve	393	393
Total other reserves	11,826	5,286

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 issued and paid up share capital in the three months ended 31 March 2018.

	Company	
	31 Mar 2018	31 Mar 2017
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 31 March 2018 and 31 March 2017.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 31 March 2018 and 31 March 2017.

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

The Company's total number of issued shares excluding treasury shares as at 31 March 2018 and 31 December 2017 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 2017 except as disclosed in item 5 below.

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

The Accounting Standards Council ("ASC") announced on 29 May 2014 that Singapore incorporated companies listed on the Singapore Exchange shall apply a new Singapore financial reporting framework identical to the International Financial Reporting Standards for annual periods beginning on or after 1 January 2018. In December 2017, the ASC issued the Singapore Financial Reporting Standards (International) ("SFRS(I)"), which the Group has adopted on 1 January 2018.

The adoption of SFRS(I) has no material impact on the financial statements except as described below.

SFRS(I) 1 First-time Adoption of SFRS(I)

The Group has elected the option under SFRS(I) 1 to deem cumulative translation differences for foreign operations to be zero as at date of transition on 1 January 2017. As a result, cumulative translation losses of US\$352.3 million were reclassified from foreign translation reserve to set-off against the opening retained earnings as at 1 January 2017.

SFRS(I) 9 Financial Instruments

SFRS(I) 9 introduces new requirements for classification and measurement of financial assets, impairment of financial assets and hedge accounting and is effective for annual periods beginning on or after 1 January 2018.

The Group has adopted SFRS(I) 9 on 1 January 2018 without restating prior periods' information and recognised any difference between the previous carrying amount and the carrying amount at the beginning of the annual reporting period at the date of initial application in the opening retained earnings.

a) Classification and measurement

Under SFRS(I) 9, financial assets are classified according to their contractual cashflow characteristics and the business model under which they are held. Upon adoption of the new classification and measurement requirements, the Group's "Available-for-sale unquoted investment" has been redesignated as "Unquoted investment at FVTPL".

b) Impairment

SFRS(I) 9 requires the Group and the Company to record expected credit losses on all of its debt securities, loans, trade receivables and financial guarantees, either on a 12-month or lifetime basis. The Group has elected to apply the simplified approach and record lifetime expected losses on all trade receivables while the Company has elected to apply the full approach and record 12-month expected credit losses on its loan to subsidiary. Upon application of the expected credit loss model, the Group's and the Company's equity were reduced by US\$0.4 million and US\$2.6 million respectively.

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

	Group	
	1Q 2018	1Q 2017
Weighted average number of shares applicable to basic EPS computation	1,584,072,969	1,584,072,969
Weighted average number of shares based on fully diluted basis	1,584,072,969	1,584,072,969
EPS - basic (US cents)	1.75	3.06
EPS - diluted (US cents)	1.75	3.06

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

- (a) **current financial period reported on; and**
(b) **immediately preceding financial year**

	Group		Company	
	31 Mar 2018	31 Dec 2017 (Restated)	31 Mar 2018	31 Dec 2017 (Restated)
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.62	0.61	0.27	0.25

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

REVIEW OF GROUP FINANCIAL PERFORMANCE BY BUSINESS SEGMENT

SALES VOLUME

	1Q 2018	1Q 2017	Change
	Tonne	Tonne	%
Plantations and Palm Oil Mills			
- Crude palm oil	181,868	164,924	10.3%
- Palm kernel	46,968	40,706	15.4%
Refinery and Processing	200,729	252,164	(20.4%)

Note: Sales volume include inter-segment sales

SALES

	1Q 2018	1Q 2017	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills			
- Crude palm oil	107,010	104,773	2.1%
- Palm kernel	24,670	25,484	(3.2%)
- Fresh fruit bunches	3,304	4,242	(22.1%)
	134,984	134,499	0.4%
Refinery and Processing	128,430	181,848	(29.4%)
Inter-segment elimination	(127,855)	(122,201)	4.6%
Total Sales	135,559	194,146	(30.2%)

EBITDA

	1Q 2018	1Q 2017	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	68,494	75,447	(9.2%)
Refinery and Processing	(709)	7,307	n.m.
Inter-segment elimination	(7,785)	4,819	n.m.
Total EBITDA	60,000	87,573	(31.5%)

n.m. – not meaningful

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a 42.8% decline in net profit to US\$27.7 million in 1Q2018, and profit from operations of US\$43.3 million as compared to US\$72.1 million in 1Q2017. The lower net profit and profit from operations were mainly due to the effects of inventory build-up and lower average selling prices.

Sales

Sales decreased by 30.2% to US\$135.6 million in 1Q2018, reflecting the combined effects of lower sales volumes and average selling prices.

Cost of Sales

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, plantation general expenses and processing costs, as well as fresh fruit bunches and other palm oil products purchased from plasma farmers or third parties. The Group's cost of sales decreased by 29.3% to US\$72.2 million in 1Q2018, mainly due to the effects of inventory build-up which resulted in a reduction in sales volumes in spite of the improved production volumes as compared to the corresponding period last year.

Gross Profit

Gross profit decreased by 31.2% to US\$63.3 million in 1Q2018, mainly due to the lower sales volumes and average selling prices. Gross profit margin came in at 46.7% as compared to 47.4% in 1Q2017, impacted by the lower average selling prices.

EBITDA

The Group's EBITDA decreased by 31.5% to US\$60.0 million in 1Q2018, mainly due to the effects of inventory build-up and lower average selling prices.

Gains on Foreign Exchange

The Group recorded gains on foreign exchange of US\$2.5 million in 1Q2018 as compared to US\$1.8 million in 1Q2017. The gains on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

Gains on Derivative Financial Instruments

The Group recorded gains on derivative financial instruments of US\$0.3 million in 1Q2018 (1Q2017: US\$0.6 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.

The Group's net financial expenses decreased by 26.4% to US\$4.3 million in 1Q2018, mainly due to the reduction in interest expenses from the repayment of Islamic medium term notes during 2017 which were partially refinanced using bank loans, as well as the higher interest income earned on cash and bank balances.

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT (continued)

Net Financial Expenses (continued)

The following table reflects the computation of net financial expenses:

	1Q 2018	1Q 2017	Change
	US\$'000	US\$'000	%
Interest expenses and amortisation on loans and borrowings from financial institutions	2,141	60	n.m.
Profit distribution and amortisation on Islamic medium term notes	2,997	5,911	(49.3%)
	5,138	5,971	(14.0%)
Interest income	(882)	(191)	361.8%
Net financial expenses	4,256	5,780	(26.4%)

Tax Expense and Net Profit

Tax expense came in at US\$10.7 million in 1Q2018 (1Q2017: US\$17.4 million), along with the lower taxable income of the Group.

As a result of the foregoing, profit attributable to owners of the Company came in at US\$27.7 million in 1Q2018 as compared to US\$48.5 million in 1Q2017.

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,730.6 million as at 31 December 2017 to US\$1,744.6 million as at 31 March 2018. Non-current assets decreased by US\$28.4 million to US\$1,270.6 million, mainly due to the weakening of Indonesian Rupiah against United States Dollar ("USD") during the period as well as the depreciation of bearer plants and property, plant and equipment. This was partially offset by the Group's capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment. The Group's current assets increased by 9.8% to US\$474.0 million, mainly contributed by the higher cash and bank balances and increase in inventories from a net build-up in inventory volumes, partially offset by the lower trade receivables.

Total liabilities of the Group increased marginally by 0.2% from US\$708.8 million as at 31 December 2017 to US\$710.1 million as at 31 March 2018.

Gross borrowings increased by US\$11.0 million to US\$507.3 million as at 31 March 2018 (31 December 2017: US\$496.3 million), mainly due to the foreign currency revaluation of the Ringgit-denominated Islamic medium term notes ("IMTN"). The increase in carrying value of the IMTN is broadly offset by the change in fair value of the cross currency swaps entered into with financial institutions to swap the Ringgit-denominated IMTN indebtedness effectively into USD liabilities.

Taking into consideration the increase in cash and bank balances during the period, net borrowings decreased from US\$217.4 million as at 31 December 2017 to US\$198.7 million as at 31 March 2018, with net gearing at 0.19x (31 December 2017: 0.21x).

8. Review of Group Performance (continued)

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$45.2 million from its operating activities in 1Q2018 as compared to US\$65.8 million in 1Q2017, mainly contributed by the lower sales volumes and average selling prices.

Net cash used in investing activities amounted to US\$12.0 million in 1Q2018 (1Q2017: US\$21.0 million), primarily relating to the Group's capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment.

Net cash generated from financing activities in 1Q2018 amounted to US\$6.3 million (1Q2017: US\$5.9 million), which included a reduction in restricted cash balances of US\$9.6 million (1Q2017: US\$6.4 million), partially offset by repayment of bank loans amounting to US\$2.5 million during the period.

Overall, the Group registered an increase in cash and cash equivalents of US\$39.5 million in 1Q2018, bringing the Group's cash and bank balances to US\$308.6 million as at 31 March 2018.

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

Driven by yield recovery and an increase in mature hectareage, the Group's production volume continued to grow in the first quarter of 2018, with a seasonal upswing in production expected in the second half of the year.

While the overall improvement in industry production volumes this year is expected to impact palm oil prices, the recent rally in crude oil prices and China's proposed import tariff on US soybeans may present some support to palm oil demand and prices. In addition, with the removal of European Union anti-dumping duties on several Indonesian biodiesel producers, including First Resources, as well as the supportive domestic biodiesel blending mandate in Indonesia, biodiesel demand is expected to stay healthy.

The Group expects its effective tax rate in the second quarter of 2018 to be higher due to the effects of withholding tax expense payable on the increased income to be received by the Company from its foreign subsidiaries, which will be used to fund the FY2017 special dividend and the partial prepayment of the Company's indebtedness.

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

As at 31 March 2018, the Group does not have a general mandate from shareholders for Interested Person Transactions.

Subsequent to the period under review, a general mandate for Interested Person Transactions has been obtained from shareholders at an Extraordinary General Meeting convened on 30 April 2018.

14. Negative Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

We, Lim Ming Seong and Ciliandra Fangiono, being two directors of First Resources Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the first quarter ended 31 March 2018 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
14 May 2018