



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Second Quarter (“2Q”) and Six Months (“6M”) Ended 30 June 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					
	6M 2018	6M 2017	Change	2Q 2018	2Q 2017	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	316,570	328,751	(3.7%)	181,011	134,605	34.5%
Cost of sales	(174,639)	(179,378)	(2.6%)	(102,394)	(77,232)	32.6%
Gross profit	141,931	149,373	(5.0%)	78,617	57,373	37.0%
Selling and distribution costs	(27,213)	(21,507)	26.5%	(14,784)	(8,992)	64.4%
General and administrative expenses	(13,871)	(13,065)	6.2%	(6,851)	(6,059)	13.1%
Other operating expenses	(1,056)	(765)	38.0%	(521)	(389)	33.9%
Profit from operations	99,791	114,036	(12.5%)	56,461	41,933	34.6%
Gains on foreign exchange	6,271	1,928	225.3%	3,818	89	n.m.
Gains/(losses) on derivative financial instruments	136	(173)	n.m.	(178)	(779)	(77.2%)
Net financial expenses	(8,979)	(10,825)	(17.1%)	(4,723)	(5,045)	(6.4%)
Other non-operating income/(expenses)	191	(308)	n.m.	1,333	161	728.0%
Profit before tax	97,410	104,658	(6.9%)	56,711	36,359	56.0%
Tax expense	(29,568)	(29,603)	(0.1%)	(18,838)	(12,198)	54.4%
Profit for the period	67,842	75,055	(9.6%)	37,873	24,161	56.8%
Profit attributable to:						
Owners of the Company	63,667	71,632	(11.1%)	35,937	23,151	55.2%
Non-controlling interests	4,175	3,423	22.0%	1,936	1,010	91.7%
	67,842	75,055	(9.6%)	37,873	24,161	56.8%

n.m. – not meaningful

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

	Group					
	6M 2018	6M 2017	Change	2Q 2018	2Q 2017	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	67,842	75,055	(9.6%)	37,873	24,161	56.8%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Fair value gains/(losses) on cash flow hedges	11,730	23,001	(49.0%)	(7,326)	14,457	n.m.
Fair value (gains)/losses on cash flow hedges transferred to the income statement	(3,312)	(19,370)	(82.9%)	10,533	(13,776)	n.m.
Foreign currency translation	(84,267)	9,727	n.m.	(62,052)	396	n.m.
Other comprehensive income for the period, net of tax	(75,849)	13,358	n.m.	(58,845)	1,077	n.m.
Total comprehensive income for the period	(8,007)	88,413	n.m.	(20,972)	25,238	n.m.
Total comprehensive income attributable to:						
Owners of the Company	(8,698)	84,495	n.m.	(20,147)	24,160	n.m.
Non-controlling interests	691	3,918	(82.4%)	(825)	1,078	n.m.
	(8,007)	88,413	n.m.	(20,972)	25,238	n.m.

n.m. – not meaningful

Additional Information

	Group					
	6M 2018	6M 2017	Change	2Q 2018	2Q 2017	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	99,791	114,036	(12.5%)	56,461	41,933	34.6%
Depreciation and amortisation	34,151	30,690	11.3%	17,481	15,220	14.9%
EBITDA	133,942	144,726	(7.5%)	73,942	57,153	29.4%
EBITDA margin	42.3%	44.0%		40.8%	42.5%	

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 2018	31 Dec 2017 (Restated)	1 Jan 2017 (Restated)	30 Jun 2018	31 Dec 2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Bearer plants *	614,554	659,498	660,627	-	-
Plasma receivables	47,776	49,931	42,708	-	-
Property, plant and equipment	318,066	337,478	328,618	5,169	5,487
Land use rights	45,970	49,947	40,584	-	-
Investment in subsidiaries	-	-	-	481,587	523,527
Goodwill	81,446	86,592	87,313	-	-
Other intangible assets	20,819	22,211	22,564	-	-
Available-for-sale unquoted investment	-	5,775	-	-	5,775
Unquoted investment at FVTPL	5,775	-	-	5,775	-
Derivative financial assets	2,236	1,290	-	2,237	1,290
Tax recoverable	35,023	36,820	40,586	-	-
Deferred tax assets	50,935	49,037	41,207	-	-
Loan to subsidiary	-	-	-	367,410	367,410
Other non-current assets	372	395	432	-	-
Total non-current assets	1,222,972	1,298,974	1,264,639	862,178	903,489
Current assets					
Biological assets	20,693	22,000	24,556	-	-
Inventories	79,588	66,908	78,203	-	-
Trade receivables	49,839	31,344	23,613	-	-
Other receivables	3,342	3,152	11,986	86	125
Derivative financial assets	4,045	4,327	1,933	825	-
Advances for purchase of property, plant and equipment	1,189	647	9,662	-	21
Other advances and prepayments	2,881	1,927	3,130	227	290
Prepaid taxes	25,369	22,447	23,584	-	-
Restricted cash balances	40,581	44,569	150,312	39,078	44,068
Cash and cash equivalents (Note A)	90,625	234,322	107,933	2,754	34,654
Total current assets	318,152	431,643	434,912	42,970	79,158
Total assets	1,541,124	1,730,617	1,699,551	905,148	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 30 June 2018, the Group has bank overdrafts amounting to US\$48.5 million (31 December 2017: US\$55.2 million) which have been netted against cash at banks as the Group has the legal rights to set off the overdrafts against the cash at banks, which are with the same banks.

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

	Group			Company	
	30 Jun 2018	31 Dec 2017 (Restated)	1 Jan 2017 (Restated)	30 Jun 2018	31 Dec 2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES					
Current liabilities					
Trade payables	40,789	28,428	26,056	-	49
Other payables and accruals	27,631	33,551	30,912	4,009	5,923
Advances from customers	1,009	1,424	660	-	-
Loans and borrowings from financial institutions	28,382	20,970	1,672	24,843	19,277
Islamic medium term notes	-	-	222,542	-	-
Derivative financial liabilities	1,065	1,799	101,329	-	75
Provision for tax	11,422	21,496	18,122	1,150	1,733
Total current liabilities	110,298	107,668	401,293	30,002	27,057
Non-current liabilities					
Loans and borrowings from financial institutions	124,303	229,536	1,346	120,793	227,484
Islamic medium term notes	247,063	245,785	222,291	247,063	245,785
Derivative financial liabilities	72,234	81,286	109,430	72,234	81,286
Provision for post-employment benefits	21,653	22,473	16,537	-	-
Deferred tax liabilities	17,374	22,055	22,471	784	795
Total non-current liabilities	482,627	601,135	372,075	440,874	555,350
Total liabilities	592,925	708,803	773,368	470,876	582,407
Net assets	948,199	1,021,814	926,183	434,272	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	(106,662)	(34,297)	(29,986)	14,808	5,286
Retained earnings	574,192	575,895	481,230	24,551	41
Equity attributable to owners of the Company	897,459	971,527	881,173	434,272	400,240
Non-controlling interests	50,740	50,287	45,010	-	-
Total equity	948,199	1,021,814	926,183	434,272	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 30 Jun 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	1,533	26,849	28,382	1,693	19,277	20,970
Amount repayable after one year	3,510	367,856	371,366	2,052	473,269	475,321
Total	5,043	394,705	399,748	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 30 June 2018, the Group has undrawn committed unsecured credit facilities available of US\$100.0 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			
	6M 2018	6M 2017	2Q 2018	2Q 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	97,410	104,658	56,711	36,359
Adjustments for:				
Depreciation of bearer plants and property, plant and equipment	33,033	29,834	16,925	14,794
Amortisation of land use rights and intangible assets	1,118	856	556	426
Losses/(gains) on disposal of bearer plants and property, plant and equipment	945	(158)	153	(150)
Financial expenses	10,559	12,138	5,421	6,167
Interest income	(1,580)	(1,313)	(698)	(1,122)
(Gains)/losses on derivative financial instruments	(136)	173	178	779
Operating cash flows before changes in working capital	141,349	146,188	79,246	57,253
Changes in working capital:				
Inventories	(17,922)	18,083	(4,189)	665
Receivables and other assets	(23,126)	(1,881)	(28,462)	29,403
Payables and other liabilities	9,764	(4,444)	(825)	(15,571)
Unrealised translation differences	(9,606)	(2,165)	(7,597)	53
Cash flows generated from operations	100,459	155,781	38,173	71,803
Financial expenses paid	(9,935)	(12,155)	(7,922)	(8,446)
Interest income received	1,699	1,290	733	1,130
Tax paid	(43,871)	(33,973)	(27,785)	(19,381)
Net cash generated from operating activities	48,352	110,943	3,199	45,106

1(c) Statement of cash flows (continued)

	Group			
	6M 2018	6M 2017	2Q 2018	2Q 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on bearer plants	(13,940)	(18,762)	(8,553)	(5,849)
Capital expenditure on property, plant and equipment	(17,284)	(16,614)	(9,478)	(8,542)
(Increase)/decrease in advances for purchase of property, plant and equipment	(608)	2,690	131	34
Decrease/(increase) in plasma receivables	3,064	(4,652)	1,168	(2,001)
Acquisition of land use rights	-	(104)	-	(104)
Proceeds from disposal of bearer plants and property, plant and equipment	393	201	373	182
Net cash used in investing activities	(28,375)	(37,241)	(16,359)	(16,280)
Cash flows from financing activities				
Proceeds from bank loans	4,892	-	4,892	-
Repayment of bank loans	(105,000)	-	(102,500)	-
Payment of obligations under finance leases	(1,213)	(1,010)	(658)	(455)
Decrease/(increase) in restricted cash balances	3,988	18,109	(5,627)	11,700
Dividends paid	(65,608)	(27,374)	(65,370)	(27,374)
Net cash used in financing activities	(162,941)	(10,275)	(169,263)	(16,129)
Net (decrease)/increase in cash and cash equivalents	(142,964)	63,427	(182,423)	12,697
Effect of exchange rate changes on cash and cash equivalents	(733)	231	(564)	(20)
Cash and cash equivalents, at the beginning of the financial period	234,322	107,933	273,612	158,914
Cash and cash equivalents, at the end of the financial period (Note B)	90,625	171,591	90,625	171,591
<u>Note B</u>				
Reconciliation of cash and cash equivalents:				
Cash at banks and on hand	90,625	141,591	90,625	141,591
Time deposits	-	30,000	-	30,000
Cash and cash equivalents	90,625	171,591	90,625	171,591
Restricted cash balances	40,581	132,203	40,581	132,203
Cash and bank balances	131,206	303,794	131,206	303,794

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	-	-	-	63,667	63,667	4,175	67,842
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	8,418	-	8,418	-	8,418
Foreign currency translation	-	-	(80,783)	-	(80,783)	(3,484)	(84,267)
Other comprehensive income for the period, net of tax	-	-	(72,365)	-	(72,365)	(3,484)	(75,849)
Total comprehensive income for the period	-	-	(72,365)	63,667	(8,698)	691	(8,007)
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(65,370)	(65,370)	(238)	(65,608)
At 30 Jun 2018	394,913	35,016	(106,662)	574,192	897,459	50,740	948,199
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	-	-	-	71,632	71,632	3,423	75,055
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	3,631	-	3,631	-	3,631
Foreign currency translation	-	-	9,232	-	9,232	495	9,727
Other comprehensive income for the period, net of tax	-	-	12,863	-	12,863	495	13,358
Total comprehensive income for the period	-	-	12,863	71,632	84,495	3,918	88,413
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(26,669)	(26,669)	(705)	(27,374)
At 30 Jun 2017	394,913	35,016	(17,123)	526,193	938,999	48,223	987,222

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 Apr 2018	394,913	35,016	(50,578)	603,625	982,976	51,565	1,034,541
Profit for the period	-	-	-	35,937	35,937	1,936	37,873
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	3,207	-	3,207	-	3,207
Foreign currency translation	-	-	(59,291)	-	(59,291)	(2,761)	(62,052)
Other comprehensive income for the period, net of tax	-	-	(56,084)	-	(56,084)	(2,761)	(58,845)
Total comprehensive income for the period	-	-	(56,084)	35,937	(20,147)	(825)	(20,972)
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(65,370)	(65,370)	-	(65,370)
At 30 Jun 2018	394,913	35,016	(106,662)	574,192	897,459	50,740	948,199
At 1 Apr 2017 (As previously reported)	394,913	35,016	(370,417)	881,996	941,508	47,850	989,358
Effects of adopting SFRS(I) 1	-	-	352,285	(352,285)	-	-	-
At 1 Apr 2017 (As restated)	394,913	35,016	(18,132)	529,711	941,508	47,850	989,358
Profit for the period	-	-	-	23,151	23,151	1,010	24,161
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	681	-	681	-	681
Foreign currency translation	-	-	328	-	328	68	396
Other comprehensive income for the period, net of tax	-	-	1,009	-	1,009	68	1,077
Total comprehensive income for the period	-	-	1,009	23,151	24,160	1,078	25,238
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(26,669)	(26,669)	(705)	(27,374)
At 30 Jun 2017	394,913	35,016	(17,123)	526,193	938,999	48,223	987,222

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	-	-	89,880	89,880
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	9,522	-	9,522
Total comprehensive income for the period	-	9,522	89,880	99,402
<u>Distributions to owners</u>				
Dividends paid	-	-	(65,370)	(65,370)
At 30 Jun 2018	394,913	14,808	24,551	434,272
At 1 Jan 2017	394,913	(2,595)	4,370	396,688
Profit for the period	-	-	25,542	25,542
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	2,573	-	2,573
Total comprehensive income for the period	-	2,573	25,542	28,115
<u>Distributions to owners</u>				
Dividends paid	-	-	(26,669)	(26,669)
At 30 Jun 2017	394,913	(22)	3,243	398,134
At 1 Apr 2018	394,913	11,826	14,075	420,814
Profit for the period	-	-	75,846	75,846
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	2,982	-	2,982
Total comprehensive income for the period	-	2,982	75,846	78,828
<u>Distributions to owners</u>				
Dividends paid	-	-	(65,370)	(65,370)
At 30 Jun 2018	394,913	14,808	24,551	434,272
At 1 Apr 2017	394,913	(811)	17,402	411,504
Profit for the period	-	-	12,510	12,510
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	789	-	789
Total comprehensive income for the period	-	789	12,510	13,299
<u>Distributions to owners</u>				
Dividends paid	-	-	(26,669)	(26,669)
At 30 Jun 2017	394,913	(22)	3,243	398,134

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

Other Reserves

Group	As at			
	30 Jun 2018	31 Dec 2017 (Restated)	30 Jun 2017 (Restated)	1 Jan 2017 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000
Capital reserve	(29,096)	(29,096)	(29,096)	(29,096)
Revaluation reserve	279	279	279	279
Gain on sale of treasury shares	10,322	10,322	10,322	10,322
Hedging reserve	6,036	(2,382)	(8,253)	(11,884)
Foreign translation reserve	(94,203)	(13,420)	9,625	393
Total other reserves	(106,662)	(34,297)	(17,123)	(29,986)

Company	As at		
	30 Jun 2018	31 Dec 2017	30 Jun 2017
	US\$'000	US\$'000	US\$'000
Gain on sale of treasury shares	10,322	10,322	10,322
Hedging reserve	4,093	(5,429)	(10,737)
Foreign translation reserve	393	393	393
Total other reserves	14,808	5,286	(22)

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 June 2018.

	Company	
	30 Jun 2018	30 Jun 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 30 June 2018 and 30 June 2017.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 June 2018 and 30 June 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 30 June 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.

5. Changes in the accounting policies and methods of computation (continued)

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			
	6M 2018	6M 2017	2Q 2018	2Q 2017
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)	4.02	4.52	2.27	1.46
EPS - diluted (US cents)	4.02	4.52	2.27	1.46

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 2018	31 Dec 2017 (Restated)	30 Jun 2018	31 Dec 2017 (Restated)
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.57	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

	6M 2018	6M 2017	Change	2Q 2018	2Q 2017	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	373,339	313,436	19.1%	191,471	148,512	28.9%
- Palm kernel	93,735	74,506	25.8%	46,767	33,800	38.4%
Refinery and Processing	470,271	443,336	6.1%	269,542	191,172	41.0%

Note: Sales volume include inter-segment sales

SALES

	6M 2018	6M 2017	Change	2Q 2018	2Q 2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	215,157	197,071	9.2%	108,147	92,298	17.2%
- Palm kernel	41,742	39,600	5.4%	17,072	14,116	20.9%
- Fresh fruit bunches	6,912	6,792	1.8%	3,608	2,550	41.5%
	263,811	243,463	8.4%	128,827	108,964	18.2%
Refinery and Processing	301,167	309,894	(2.8%)	172,737	128,046	34.9%
Inter-segment elimination	(248,408)	(224,606)	10.6%	(120,553)	(102,405)	17.7%
Total Sales	316,570	328,751	(3.7%)	181,011	134,605	34.5%

EBITDA

	6M 2018	6M 2017	Change	2Q 2018	2Q 2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	129,477	129,272	0.2%	60,983	53,825	13.3%
Refinery and Processing	5,874	11,103	(47.1%)	6,583	3,796	73.4%
Inter-segment elimination	(1,409)	4,351	n.m.	6,376	(468)	n.m.
Total EBITDA	133,942	144,726	(7.5%)	73,942	57,153	29.4%

n.m. – not meaningful

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$63.7 million in 6M2018, down 11.1% against 6M2017 and a 12.5% decrease in profit from operations to US\$99.8 million. The lower net profit and profit from operations were mainly due to weakness in palm oil prices. In addition, there was a net inventory build-up during the period, which resulted in a smaller increase in overall sales volumes than the growth in production volumes.

For 2Q2018, net profit increased by 55.2% to US\$35.9 million while profit from operations increased by 34.6% to US\$56.5 million. The increases were mainly driven by higher production volumes, partially offset by the effects of weaker palm oil prices.

Sales

Sales dipped marginally by 3.7% to US\$316.6 million in 6M2018. For 2Q2018, sales grew by 34.5% to US\$181.0 million mainly due to the higher sales volumes, partially offset by lower average selling prices.

Cost of Sales

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, plantation general expenses and processing costs, as well as fresh fruit bunches ("FFB") and other palm oil products purchased from plasma farmers or third parties. The Group's cost of sales decreased by 2.6% to US\$174.6 million in 6M2018. For 2Q2018, cost of sales increased by 32.6% to US\$102.4 million, mainly due to the higher sales volumes as well as the higher operating costs and depreciation from the Group's increased mature plantation hectareage.

Gross Profit

Gross profit decreased by 5.0% to US\$141.9 million in 6M2018. For 2Q2018, gross profit increased by 37.0% to US\$78.6 million, mainly due to the higher sales volumes.

Gross profit margin came in at 44.8% in 6M2018 and 43.4% in 2Q2018, comparable to the 45.4% and 42.6% in the corresponding periods last year.

Selling and Distribution costs

Selling and distribution expenses, increased to US\$27.2 million in 6M2018 (6M2017: US\$21.5 million) and US\$14.8 million in 2Q2018 (2Q2017: US\$9.0 million), mainly due to higher freight charges. For 2Q2018, the increase was also contributed by the increased export taxes incurred on the higher sales volumes.

General and Administrative expenses

General and administrative expenses increased by 6.2% to US\$13.9 million in 6M2018. For 2Q2018, general and administrative expenses increased by 13.1% to US\$6.9 million, mainly due to the higher accruals for employee related costs.

EBITDA

The Group's EBITDA decreased by 7.5% to US\$133.9 million in 6M2018, mainly impacted by the lower average selling prices.

For 2Q2018, EBITDA increased by 29.4% to US\$73.9 million, mainly driven by the higher sales volumes which was partially offset by lower average selling prices.

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT (continued)

Depreciation and Amortisation

Depreciation and amortisation increased by 11.3% to US\$34.2 million in 6M2018 and 14.9% to US\$17.5 million in 2Q2018. 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 on Foreign Exchange

The Group recorded gains on foreign exchange of US\$6.3 million in 6M2018 (6M2017: US\$1.9 million) and US\$3.8 million in 2Q2018 (2Q2017: US\$0.1 million). The gains on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

Gains/(Losses) on Derivative Financial Instruments

The Group recorded gains on derivative financial instruments of US\$0.1 million in 6M2018 (6M2017: losses of US\$0.2 million) and losses of US\$0.2 million in 2Q2018 (2Q2017: US\$0.8 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\$9.0 million in 6M2018 (6M2017: US\$10.8 million) and US\$4.7 million in 2Q2018 (2Q2017: US\$5.0 million). The lower net financial expenses as compared to the corresponding periods last year were mainly due to the reduction in interest expenses from the repayment of Islamic medium term notes ("IMTN") during 2017 which were partially refinanced using bank loans.

The following table reflects the computation of net financial expenses:

	6M 2018	6M 2017	2Q 2018	2Q 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	4,532	250	2,391	190
Profit distribution and amortisation on Islamic medium term notes	6,027	11,888	3,030	5,977
	10,559	12,138	5,421	6,167
Interest income	(1,580)	(1,313)	(698)	(1,122)
Net financial expenses	8,979	10,825	4,723	5,045

Tax Expense and Net profit

Tax expense came in at US\$29.6 million in 6M2018, a slight dip of 0.1% from 6M2017. For 2Q2018, tax expense increased to US\$18.8 million (2Q2017: US\$12.2 million), along with the higher taxable income of the Group. In addition, the higher effective tax rates also included the effects of withholding tax expense on income received from foreign subsidiaries.

As a result of the foregoing, profit attributable to owners of the Company decreased by 11.1% to US\$63.7 million in 6M2018 and increased by 55.2% to US\$35.9 million in 2Q2018.

8. Review of Group Performance (continued)

REVIEW OF BALANCE SHEET

Total assets of the Group decreased from US\$1,730.6 million as at 31 December 2017 to US\$1,541.1 million as at 30 June 2018. Non-current assets decreased by US\$76.0 million to US\$1,223.0 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. These were 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 decreased by 26.3% to US\$318.2 million, mainly contributed by the decrease in cash and bank balances, partially offset by the higher trade receivables and inventories.

Total liabilities of the Group decreased by 16.3% from US\$708.8 million as at 31 December 2017 to US\$592.9 million as at 30 June 2018, mainly from the reduction in gross borrowings.

Gross borrowings decreased by US\$96.5 million to US\$399.7 million as at 30 June 2018 (31 December 2017: US\$496.3 million), primarily due to the prepayment of bank loans amounting to US\$100.0 million during 2Q2018, partially offset by foreign currency revaluation of the Ringgit-denominated 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 decrease in cash and bank balances during the period, net borrowings increased from US\$217.4 million as at 31 December 2017 to US\$268.5 million as at 30 June 2018, with net gearing at 0.28x (31 December 2017: 0.21x).

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$48.4 million from its operating activities in 6M2018 as compared to US\$110.9 million in 6M2017, mainly contributed by the lower average selling prices as well as the effects of a net inventory build-up in 6M2018 as compared to an inventory drawdown in 6M2017. In 2Q2018, net cash generated from operating activities amounted to US\$3.2 million as compared to US\$45.1 million in 2Q2017, mainly due to the changes in working capital from receivables and other assets.

Net cash used in investing activities amounted to US\$28.4 million in 6M2018 (6M2017: US\$37.2 million) and US\$16.4 million in 2Q2018 (2Q2017: US\$16.3 million), primarily relating to the Group's capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment.

Net cash used in financing activities amounted to US\$162.9 million in 6M2018 (6M2017: \$10.3 million) and US\$169.3 million in 2Q2018 (2Q2017: US\$16.1 million). The higher cash used in financing activities during 2018 included prepayment of bank loans amounting to US\$100.0 million and a higher amount of dividends paid in 2Q2018 as compared to the corresponding period last year.

Overall, the Group registered a decrease in cash and cash equivalents of US\$143.0 million in 6M2018, bringing the Group's cash and bank balances to US\$131.2 million as at 30 June 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

The Group expects output growth to extend into the second half of the year from continued improvements in FFB yield and contribution from newly mature hectarage, alongside the seasonal production upswing.

Several recent macro developments are expected to continue their influence on palm oil prices, amongst which are India's import duty hikes on palm oil and other edible oils as well as China's imposition of import tariff on US soybeans. On the biofuel front, the positive spread between gasoil and palm oil prices together with the push for higher biodiesel blending by the Indonesia government is envisaged to be supportive of biodiesel demand.

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	1.25 Singapore cents
Tax Rate	1-tier tax-exempt

(c) Date payable

12 September 2018.

(d) Books closure date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 6 September 2018 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 5 September 2018 will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 5 September 2018 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

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	US\$'000	US\$'000
Associates of Eight Capital Inc.	9,229	1,609
Associates of Ciliandra Fangiono & Fang Zhixiang	98	49
Total	9,327	1,658

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 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
13 August 2018