



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Second Quarter (“2Q”) and Six Months (“6M”) Ended 30 June 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					
	6M 2017	6M 2016	Change	2Q 2017	2Q 2016	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	328,751	248,485	32.3%	134,605	135,364	(0.6%)
Cost of sales	(179,378)	(157,268)	14.1%	(77,232)	(78,961)	(2.2%)
Gross profit	149,373	91,217	63.8%	57,373	56,403	1.7%
Selling and distribution costs	(21,507)	(20,475)	5.0%	(8,992)	(8,885)	1.2%
General and administrative expenses	(13,065)	(13,644)	(4.2%)	(6,059)	(7,267)	(16.6%)
Other operating expenses	(765)	(766)	(0.1%)	(389)	(386)	0.8%
Profit from operations	114,036	56,332	102.4%	41,933	39,865	5.2%
Gains/(losses) on foreign exchange	1,928	363	431.1%	89	(193)	n.m.
(Losses)/gains on derivative financial instruments	(173)	734	n.m.	(779)	1,880	n.m.
Net financial expenses	(10,825)	(11,793)	(8.2%)	(5,045)	(5,661)	(10.9%)
Other non-operating (expenses)/income	(308)	(825)	(62.7%)	161	(402)	n.m.
Profit before tax	104,658	44,811	133.6%	36,359	35,489	2.5%
Tax expense	(29,603)	(12,057)	145.5%	(12,198)	(8,346)	46.2%
Profit for the period	75,055	32,754	129.1%	24,161	27,143	(11.0%)
Profit attributable to:						
Owners of the Company	71,632	31,488	127.5%	23,151	26,143	(11.4%)
Non-controlling interests	3,423	1,266	170.4%	1,010	1,000	1.0%
	75,055	32,754	129.1%	24,161	27,143	(11.0%)

n.m. – not meaningful

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

	Group					
	6M 2017	6M 2016	Change	2Q 2017	2Q 2016	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	75,055	32,754	129.1%	24,161	27,143	(11.0%)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Fair value gains/(losses) on cash flow hedges	23,001	31,212	(26.3%)	14,457	(12,254)	n.m.
Fair value (gains)/losses on cash flow hedges transferred to the income statement	(19,370)	(30,703)	(36.9%)	(13,776)	14,077	n.m.
Foreign currency translation adjustments	9,727	53,530	(81.8%)	396	8,894	(95.5%)
Other comprehensive income for the period, net of tax	13,358	54,039	(75.3%)	1,077	10,717	(90.0%)
Total comprehensive income for the period	88,413	86,793	1.9%	25,238	37,860	(33.3%)
Total comprehensive income attributable to:						
Owners of the Company	84,495	83,373	1.3%	24,160	36,491	(33.8%)
Non-controlling interests	3,918	3,420	14.6%	1,078	1,369	(21.3%)
	88,413	86,793	1.9%	25,238	37,860	(33.3%)

n.m. – not meaningful

Additional Information

	Group					
	6M 2017	6M 2016	Change	2Q 2017	2Q 2016	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	114,036	56,332	102.4%	41,933	39,865	5.2%
Depreciation and amortisation	30,690	26,172	17.3%	15,220	12,870	18.3%
EBITDA	144,726	82,504	75.4%	57,153	52,735	8.4%
EBITDA margin	44.0%	33.2%		42.5%	39.0%	

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 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Bearer plants	620,793	623,176	-	-
Plasma plantation receivables	101,004	80,159	-	-
Property, plant and equipment	330,260	328,618	6,122	6,758
Land use rights	40,307	40,584	-	-
Investment in subsidiaries	-	-	523,527	523,527
Goodwill	88,080	87,313	-	-
Other intangible assets	22,668	22,564	1	15
Tax recoverable	28,010	40,586	-	-
Deferred tax assets	40,567	41,207	58	19
Loan to subsidiary	-	-	370,000	-
Other non-current assets	287	432	-	-
Total non-current assets	1,271,976	1,264,639	899,708	530,319
Current assets				
Biological assets	24,772	24,556	-	-
Inventories	60,898	78,203	-	-
Trade receivables	24,989	23,613	-	-
Other receivables	15,230	11,986	1,955	1,869
Derivative financial assets	4,672	1,933	-	-
Advances for purchase of plant, property and equipment	7,055	9,662	-	-
Other advances and prepayments	10,784	3,130	2,047	379
Prepaid taxes	24,305	23,584	-	-
Restricted cash balances	132,203	150,312	131,347	149,367
Cash and cash equivalents (Note A)	171,591	107,933	21,740	377,504
Total current assets	476,499	434,912	157,089	529,119
Total assets	1,748,475	1,699,551	1,056,797	1,059,438

Note A:

As at 30 June 2017, the Group has cash at bank amounting to US\$113.5 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 Jun 2017	31 Dec 2016	30 Jun 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade payables	25,661	26,056	-	60
Other payables and accruals	26,990	30,912	7,045	8,634
Advances from customers	104	660	-	-
Loans and borrowings from financial institutions	1,124	1,672	-	-
Islamic medium term notes	232,792	222,542	232,792	222,542
Derivative financial liabilities	89,986	101,329	87,732	99,294
Provision for tax	12,775	18,122	590	499
Total current liabilities	389,432	401,293	328,159	331,029
Non-current liabilities				
Loans and borrowings from financial institutions	1,714	1,346	-	-
Islamic medium term notes	232,313	222,291	232,313	222,291
Derivative financial liabilities	98,191	109,430	98,191	109,430
Provision for post-employment benefits	17,212	16,537	-	-
Deferred tax liabilities	22,391	22,471	-	-
Total non-current liabilities	371,821	372,075	330,504	331,721
Total liabilities	761,253	773,368	658,663	662,750
Net assets	987,222	926,183	398,134	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	(369,408)	(382,271)	(22)	(2,595)
Retained earnings	878,478	833,515	3,243	4,370
Equity attributable to owners of the Company	938,999	881,173	398,134	396,688
Non-controlling interests	48,223	45,010	-	-
Total equity	987,222	926,183	398,134	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 Jun 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	1,124	232,792	233,916	1,672	222,542	224,214
Amount repayable after one year	1,714	232,313	234,027	1,346	222,291	223,637
Total	2,838	465,105	467,943	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 30 June 2017, the Group has bank loans and bank deposits amounting to US\$100.0 million (31 December 2016: US\$300.0 million) respectively, which have been netted against each other as the Group has the legal rights to set off the deposits against the loans. Both the loans and deposits have the same maturity terms of less than one year from the end of the reporting period and are with the same bank.

As at 30 June 2017, the Group has obtained committed unsecured credit facilities of US\$200.0 million, which may be utilised for the refinancing of the Islamic medium term notes due on 31 July 2017 and 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			
	6M 2017	6M 2016	2Q 2017	2Q 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	104,658	44,811	36,359	35,489
Adjustments for:				
Depreciation of bearer plants and property, plant and equipment	29,834	25,258	14,794	12,410
Amortisation of land use rights and intangible assets	856	914	426	460
Gains on disposal of property, plant and equipment	(158)	(152)	(150)	(120)
Financial expenses	12,138	12,872	6,167	6,339
Interest income	(1,313)	(1,079)	(1,122)	(678)
Losses/(gains) on derivative financial instruments	173	(734)	779	(1,880)
Operating cash flows before changes in working capital	146,188	81,890	57,253	52,020
Changes in working capital:				
Inventories	18,083	3,231	665	5,399
Receivables and other assets	(1,881)	(25,039)	29,403	(37,923)
Payables and other liabilities	(4,444)	3,440	(15,571)	(3,213)
Unrealised translation differences	(2,165)	(613)	53	682
Cash flows generated from operations	155,781	62,909	71,803	16,965
Financial expenses paid	(12,155)	(12,931)	(8,446)	(8,780)
Interest income received	1,290	1,068	1,130	617
Tax paid	(33,973)	(22,862)	(19,381)	(10,208)
Net cash generated from/(used in) operating activities	110,943	28,184	45,106	(1,406)

1(c) Statement of cash flows (continued)

	Group			
	6M 2017	6M 2016	2Q 2017	2Q 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on bearer plants	(18,762)	(20,340)	(5,849)	(11,125)
Capital expenditure on property, plant and equipment	(16,614)	(13,418)	(8,542)	(6,227)
Decrease/(increase) in advances for purchase of property, plant and equipment	2,690	(2,644)	34	(2,623)
(Increase)/decrease in plasma plantation receivables	(4,652)	25	(2,001)	559
Acquisition of land use rights	(104)	(671)	(104)	(671)
Proceeds from disposal of property, plant and equipment	201	212	182	172
Net cash used in investing activities	(37,241)	(36,836)	(16,280)	(19,915)
Cash flows from financing activities				
Proceeds from bank loans	-	27,114	-	27,114
Repayment of bank loans	-	(27,490)	-	-
Payment of obligations under finance leases	(1,010)	(1,316)	(455)	(643)
Decrease/(increase) in restricted cash balances	18,109	25,730	11,700	(9,310)
Dividends paid	(27,374)	(14,686)	(27,374)	(14,686)
Net cash (used in)/generated from financing activities	(10,275)	9,352	(16,129)	2,475
Net increase/(decrease) in cash and cash equivalents	63,427	700	12,697	(18,846)
Effect of exchange rate changes on cash and cash equivalents	231	525	(20)	55
Cash and cash equivalents, at the beginning of the financial period	107,933	61,925	158,914	81,941
Cash and cash equivalents, at the end of the financial period (Note B)	171,591	63,150	171,591	63,150
<u>Note B</u>				
Reconciliation of cash and cash equivalents:				
Cash at banks and on hand	141,591	62,328	141,591	62,328
Time deposits	30,000	822	30,000	822
Cash and cash equivalents	171,591	63,150	171,591	63,150
Restricted cash balances	132,203	117,761	132,203	117,761
Cash and bank balances	303,794	180,911	303,794	180,911

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	-	-	-	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	(369,408)	878,478	938,999	48,223	987,222
At 1 Jan 2016	394,913	35,016	(423,798)	729,940	736,071	38,320	774,391
Profit for the period	-	-	-	31,488	31,488	1,266	32,754
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	509	-	509	-	509
Foreign currency translation	-	-	51,376	-	51,376	2,154	53,530
Other comprehensive income for the period, net of tax	-	-	51,885	-	51,885	2,154	54,039
Total comprehensive income for the period	-	-	51,885	31,488	83,373	3,420	86,793
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(14,531)	(14,531)	(155)	(14,686)
At 30 Jun 2016	394,913	35,016	(371,913)	746,897	804,913	41,585	846,498

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 2017	394,913	35,016	(370,417)	881,996	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	(369,408)	878,478	938,999	48,223	987,222
At 1 Apr 2016	394,913	35,016	(382,261)	735,285	782,953	40,371	823,324
Profit for the period	-	-	-	26,143	26,143	1,000	27,143
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	1,823	-	1,823	-	1,823
Foreign currency translation	-	-	8,525	-	8,525	369	8,894
Other comprehensive income for the period, net of tax	-	-	10,348	-	10,348	369	10,717
Total comprehensive income for the period	-	-	10,348	26,143	36,491	1,369	37,860
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(14,531)	(14,531)	(155)	(14,686)
At 30 Jun 2016	394,913	35,016	(371,913)	746,897	804,913	41,585	846,498

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	-	-	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 Jan 2016	394,913	(14,513)	1,693	382,093
Profit for the period	-	-	15,666	15,666
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	(414)	-	(414)
Total comprehensive income for the period	-	(414)	15,666	15,252
<u>Distributions to owners</u>				
Dividends paid	-	-	(14,531)	(14,531)
At 30 Jun 2016	394,913	(14,927)	2,828	382,814
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
At 1 Apr 2016	394,913	(15,827)	16,350	395,436
Profit for the period	-	-	1,009	1,009
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	900	-	900
Total comprehensive income for the period	-	900	1,009	1,909
<u>Distributions to owners</u>				
Dividends paid	-	-	(14,531)	(14,531)
At 30 Jun 2016	394,913	(14,927)	2,828	382,814

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

Other Reserves

	Group			Company		
	As at			As at		
	30 Jun 2017	31 Dec 2016	30 Jun 2016	30 Jun 2017	31 Dec 2016	30 Jun 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	(8,253)	(11,884)	(24,719)	(10,737)	(13,310)	(25,642)
Foreign translation reserve	(342,660)	(351,892)	(328,699)	393	393	393
Total other reserves	(369,408)	(382,271)	(371,913)	(22)	(2,595)	(14,927)

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 2017.

	Company	
	30 Jun 2017	30 Jun 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 June 2017 and 30 June 2016.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 June 2017 and 30 June 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 June 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			
	6M 2017	6M 2016	2Q 2017	2Q 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)	4.52	1.99	1.46	1.65
EPS - diluted (US cents)	4.52	1.99	1.46	1.65

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 2017 US\$	31 Dec 2016 US\$	30 Jun 2017 US\$	31 Dec 2016 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

	6M 2017	6M 2016	Change	2Q 2017	2Q 2016	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	313,436	281,732	11.3%	148,512	129,727	14.5%
- Palm kernel	74,506	63,780	16.8%	33,800	29,021	16.5%
Refinery and Processing	443,336	375,573	18.0%	191,172	179,676	6.4%

Note: Sales volume include inter-segment sales

SALES

	6M 2017	6M 2016	Change	2Q 2017	2Q 2016	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	197,071	152,827	29.0%	92,298	80,562	14.6%
- Palm kernel	39,600	26,473	49.6%	14,116	14,174	(0.4%)
- Fresh fruit bunches	6,792	4,538	49.7%	2,550	2,887	(11.7%)
	243,463	183,838	32.4%	108,964	97,623	11.6%
Refinery and Processing	309,894	218,996	41.5%	128,046	115,996	10.4%
Inter-segment elimination	(224,606)	(154,349)	45.5%	(102,405)	(78,255)	30.9%
Total Sales	328,751	248,485	32.3%	134,605	135,364	(0.6%)

EBITDA

	6M 2017	6M 2016	Change	2Q 2017	2Q 2016	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	129,272	81,101	59.4%	53,825	58,829	(8.5%)
Refinery and Processing	11,103	(4,133)	n.m.	3,796	(7,210)	n.m.
Inter-segment elimination	4,351	5,536	(21.4%)	(468)	1,116	n.m.
Total EBITDA	144,726	82,504	75.4%	57,153	52,735	8.4%

n.m. – not meaningful

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$71.6 million in 6M2017, up 127.5% against 6M2016 and a 102.4% increase in profit from operations to US\$114.0 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 2Q2017, net profit decreased by 11.4% to US\$23.2 million while profit from operations increased by 5.2% to US\$41.9 million.

Sales

Sales grew by 32.3% to US\$328.8 million in 6M2017, driven by a combination of higher average selling prices and sales volumes. For 2Q2017, sales dipped marginally by 0.6% to US\$134.6 million as compared to the corresponding period last year.

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 increased by 14.1% to US\$179.4 million in 6M2017, mainly due to the effects from inventory drawdown as well as the higher operating costs and depreciation from the Group's increased mature plantation hectareage.

For 2Q2017, cost of sales decreased by 2.2% to US\$77.2 million as compared to the corresponding period last year.

Gross Profit

Gross profit increased by 63.8% to US\$149.4 million in 6M2017, mainly due to the higher average selling prices. For 2Q2017, gross profit came in at US\$57.4 million, a slight increase of 1.7% against the corresponding period last year.

Gross profit margin increased to 45.4% in 6M2017 as compared to 36.7% in the corresponding period last year. For 2Q2017, gross profit margin was at 42.6% as compared to 41.7% in 2Q2016. The overall margin improvements in 2017 were mainly contributed by the higher average selling prices.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly export taxes and freight charges, increased by 5.0% to US\$21.5 million in 6M2017 and 1.2% to US\$9.0 million in 2Q2017.

General and Administrative expenses

General and administrative expenses decreased by 4.2% to US\$13.1 million in 6M2017 and 16.6% to US\$6.1 million in 2Q2017, mainly due to the higher write-back of accruals for employee related expenses in 2017.

EBITDA

The Group's EBITDA grew by 75.4% to US\$144.7 million in 6M2017, boosted by the higher average selling prices and production volumes. For 2Q2017, EBITDA increased by 8.4% to US\$57.2 million, mainly due to the higher average selling prices of processed palm based products.

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT (continued)

Depreciation and Amortisation

Depreciation and amortisation increased by 17.3% to US\$30.7 million in 6M2017 and 18.3% to US\$15.2 million in 2Q2017. 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\$1.9 million in 6M2017 (6M2016: gains of US\$0.4 million) and gains of US\$0.1 million in 2Q2017 (2Q2016: losses of US\$0.2 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\$0.2 million in 6M2017 (6M2016: gains of US\$0.7 million) and losses of US\$0.8 million in 2Q2017 (2Q2016: gains of US\$1.9 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\$10.8 million in 6M2017 (6M2016: US\$11.8 million) and US\$5.0 million in 2Q2017 (2Q2016: US\$5.7 million). The lower net financial expenses as compared to the corresponding periods last year were mainly due to the decrease in interest expenses from working capital loans as well as the higher interest income earned on cash and bank balances.

The following table reflects the computation of net financial expenses:

	6M 2017	6M 2016	2Q 2017	2Q 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	250	918	190	362
Profit distribution and amortisation on Islamic medium term notes	11,888	11,954	5,977	5,977
	12,138	12,872	6,167	6,339
Interest income	(1,313)	(1,079)	(1,122)	(678)
Net financial expenses	10,825	11,793	5,045	5,661

Tax Expense and Net profit

Tax expenses came in at US\$29.6 million in 6M2017 (6M2016: US\$12.1 million) and US\$12.2 million in 2Q2017 (2Q2016: US\$8.3 million), along with the higher taxable income of the Group in 2017. In addition, the higher effective tax rate in 2Q2017 also included the effects of withholding tax expense on income received.

As a result of the foregoing, profit attributable to owners of the Company increased by 127.5% to US\$71.6 million in 6M2017 and decreased by 11.4% to US\$23.2 million in 2Q2017.

8. Review of Group Performance (continued)

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,699.6 million as at 31 December 2016 to US\$1,748.5 million as at 30 June 2017. Non-current assets increased by US\$7.3 million to US\$1,272.0 million, mainly due to the Group's capital expenditure on bearer plants and property, plant and equipment. The Group's current assets increased by 9.6% to US\$476.5 million, mainly contributed by the increase in cash and bank balances, partially offset by the lower inventories from a net drawdown in inventory volumes.

Total liabilities of the Group decreased marginally by 1.6% from US\$773.4 million as at 31 December 2016 to US\$761.3 million as at 30 June 2017.

Gross borrowings increased by US\$20.1 million to US\$467.9 million as at 30 June 2017 (31 December 2016: US\$447.9 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\$189.6 million as at 31 December 2016 to US\$164.1 million as at 30 June 2017, with net gearing at 0.17x (31 December 2016: 0.20x).

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$110.9 million from its operating activities in 6M2017 as compared to US\$28.2 million in 6M2016, mainly contributed by the higher average selling prices and sales volumes. In 2Q2017, net cash generated from operating activities amounted to US\$45.1 million as compared to net cash used in operating activities of US\$1.4 million in 2Q2016, mainly due to the changes in working capital from receivables and other assets.

Net cash used in investing activities amounted to US\$37.2 million in 6M2017 (6M2016: US\$36.8 million) and US\$16.3 million in 2Q2017 (2Q2016: US\$19.9 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 in 6M2017 amounted to US\$10.3 million as compared to net cash generated of US\$9.4 million in 6M2016. The higher cash used in financing activities in 6M2017 was mainly due to an increase in the amount of dividends paid as well as a smaller reduction in restricted cash balances during 6M2017. For 2Q2017, net cash used in financing activities amounted to US\$16.1 million as compared to net cash generated of US\$2.5 million in 2Q2016, contributed by a higher amount of dividends paid in 2Q2017 as compared to the corresponding period last year. In addition, the cash generated from financing activities in 2Q2016 also included US\$27.1 million of proceeds from bank loans.

Overall, the Group registered an increase in cash and cash equivalents of US\$63.4 million in 6M2017, bringing the Group's cash and bank balances to US\$303.8 million as at 30 June 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 the first half of 2017 has been aided by strong production growth. The Group expects yield to strengthen in the second half of 2017 as a result of continued recovery from the effects of El Nino and the typical seasonality pattern in production.

Given its attractive relative pricing against the other edible oils and continued low inventories in both producing and importing countries, demand for palm oil should remain stable. In the longer term, the Indonesian biodiesel mandate and underlying demand growth from emerging markets will continue to underpin the positive outlook of the palm oil industry.

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	0.625 Singapore cents
Tax Rate	1-tier tax-exempt

(c) Date payable

12 September 2017.

(d) Books closure date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 5 September 2017 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 4 September 2017 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 4 September 2017 will be entitled to the interim dividend.

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

Not applicable.

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

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

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

We, Lim Ming Seong and Ciliandra Fangiono, being two directors of First Resources Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the second quarter ended 30 June 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
11 August 2017