



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Third Quarter (“3Q”) and Nine Months (“9M”) Ended 30 September 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					
	9M 2018	9M 2017	Change	3Q 2018	3Q 2017	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	487,997	466,199	4.7%	171,427	137,448	24.7%
Cost of sales	(262,579)	(245,512)	7.0%	(87,940)	(66,134)	33.0%
Gross profit	225,418	220,687	2.1%	83,487	71,314	17.1%
Selling and distribution costs	(42,722)	(32,858)	30.0%	(15,509)	(11,351)	36.6%
General and administrative expenses	(21,442)	(19,565)	9.6%	(7,571)	(6,500)	16.5%
Other operating expenses	(1,550)	(1,144)	35.5%	(494)	(379)	30.3%
Profit from operations	159,704	167,120	(4.4%)	59,913	53,084	12.9%
Gains on foreign exchange	10,144	3,602	181.6%	3,873	1,674	131.4%
(Losses)/gains on derivative financial instruments	(857)	(137)	525.5%	(993)	36	n.m.
Net financial expenses	(13,002)	(15,967)	(18.6%)	(4,023)	(5,142)	(21.8%)
Other non-operating expenses	(240)	(342)	(29.8%)	(431)	(34)	n.m.
Profit before tax	155,749	154,276	1.0%	58,339	49,618	17.6%
Tax expense	(46,728)	(45,235)	3.3%	(17,160)	(15,632)	9.8%
Profit for the period	109,021	109,041	0.0%	41,179	33,986	21.2%
Profit attributable to:						
Owners of the Company	102,662	103,537	(0.8%)	38,995	31,905	22.2%
Non-controlling interests	6,359	5,504	15.5%	2,184	2,081	4.9%
	109,021	109,041	0.0%	41,179	33,986	21.2%

n.m. – not meaningful

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

	Group					
	9M 2018	9M 2017	Change	3Q 2018	3Q 2017	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	109,021	109,041	0.0%	41,179	33,986	21.2%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Fair value gains/(losses) on cash flow hedges	8,077	29,617	(72.7%)	(3,653)	6,616	n.m.
Fair value losses/(gains) on cash flow hedges transferred to the income statement	2,071	(24,684)	n.m.	5,383	(5,314)	n.m.
Foreign currency translation	(128,744)	(8,333)	n.m.	(44,477)	(18,060)	146.3%
Other comprehensive income for the period, net of tax	(118,596)	(3,400)	n.m.	(42,747)	(16,758)	155.1%
Total comprehensive income for the period	(9,575)	105,641	n.m.	(1,568)	17,228	n.m.
Total comprehensive income attributable to:						
Owners of the Company	(10,934)	100,198	n.m.	(2,236)	15,703	n.m.
Non-controlling interests	1,359	5,443	(75.0%)	668	1,525	(56.2%)
	(9,575)	105,641	n.m.	(1,568)	17,228	n.m.

n.m. – not meaningful

Additional Information

	Group					
	9M 2018	9M 2017	Change	3Q 2018	3Q 2017	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	159,704	167,120	(4.4%)	59,913	53,084	12.9%
Depreciation and amortisation	50,644	46,764	8.3%	16,493	16,074	2.6%
EBITDA	210,348	213,884	(1.7%)	76,406	69,158	10.5%
EBITDA margin	43.1%	45.9%		44.6%	50.3%	

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

	Group			Company	
	30 Sep 2018	31 Dec 2017 (Restated)	1 Jan 2017 (Restated)	30 Sep 2018	31 Dec 2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Bearer plants *	589,793	659,498	660,627	-	-
Plasma receivables	49,024	49,931	42,708	-	-
Property, plant and equipment	317,436	337,478	328,618	4,859	5,487
Land use rights	44,604	49,947	40,584	-	-
Investment in subsidiaries	-	-	-	481,587	523,527
Goodwill	78,582	86,592	87,313	-	-
Other intangible assets	20,077	22,211	22,564	-	-
Available-for-sale unquoted investment	-	5,775	-	-	5,775
Unquoted investment at FVTPL	5,775	-	-	5,775	-
Derivative financial assets	2,308	1,290	-	2,308	1,290
Tax recoverable	36,240	36,820	40,586	-	-
Deferred tax assets	52,202	48,955	41,207	-	-
Loan to subsidiary	-	-	-	367,410	370,000
Other non-current assets	358	395	432	-	-
Total non-current assets	1,196,399	1,298,892	1,264,639	861,939	906,079
Current assets					
Biological assets	19,965	22,000	24,556	-	-
Inventories	79,662	66,908	78,203	-	-
Trade receivables	48,164	31,804	23,613	-	-
Other receivables	2,581	3,152	11,986	102	125
Derivative financial assets	5,139	4,327	1,933	1,035	-
Advances for purchase of property, plant and equipment	8,756	647	9,662	-	21
Other advances and prepayments	3,180	1,927	3,130	356	290
Prepaid taxes	31,191	22,447	23,584	-	-
Restricted cash balances	44,703	44,569	150,312	42,888	44,068
Cash and cash equivalents (Note A)	78,892	234,322	107,933	2,498	34,654
Total current assets	322,233	432,103	434,912	46,879	79,158
Total assets	1,518,632	1,730,995	1,699,551	908,818	985,237

* 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 September 2018, the Group has bank overdrafts amounting to US\$58.3 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 Sep 2018	31 Dec 2017 (Restated)	1 Jan 2017 (Restated)	30 Sep 2018	31 Dec 2017
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES					
Current liabilities					
Trade payables	33,202	28,428	26,056	14	49
Other payables and accruals	33,370	33,551	30,912	7,492	5,923
Advances from customers	1,591	1,424	660	-	-
Loans and borrowings from financial institutions	27,562	20,970	1,672	32,422	19,277
Islamic medium term notes	-	-	222,542	-	-
Derivative financial liabilities	1,503	1,799	101,329	-	75
Provision for tax	15,190	21,496	18,122	1,150	1,733
Total current liabilities	112,418	107,668	401,293	41,078	27,057
Non-current liabilities					
Loans and borrowings from financial institutions	118,099	229,536	1,346	114,003	227,484
Islamic medium term notes	241,130	245,785	222,291	241,130	245,785
Derivative financial liabilities	77,991	81,286	109,430	77,991	81,286
Provision for post-employment benefits	21,392	22,473	16,537	-	-
Deferred tax liabilities	16,103	22,055	22,471	618	795
Total non-current liabilities	474,715	601,135	372,075	433,742	555,350
Total liabilities	587,133	708,803	773,368	474,820	582,407
Net assets	931,499	1,022,192	926,183	433,998	402,830
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	(147,893)	(34,297)	(29,986)	15,534	5,286
Retained earnings	598,790	576,273	481,230	23,551	2,631
Equity attributable to owners of the Company	880,826	971,905	881,173	433,998	402,830
Non-controlling interests	50,673	50,287	45,010	-	-
Total equity	931,499	1,022,192	926,183	433,998	402,830

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

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

	Group					
	As at 30 Sep 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	1,230	26,332	27,562	1,693	19,277	20,970
Amount repayable after one year	4,096	355,133	359,229	2,052	473,269	475,321
Total	5,326	381,465	386,791	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 September 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			
	9M 2018	9M 2017	3Q 2018	3Q 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	155,749	154,276	58,339	49,618
Adjustments for:				
Depreciation of bearer plants and property, plant and equipment	49,011	45,487	15,978	15,653
Amortisation of land use rights and intangible assets	1,633	1,277	515	421
Losses/(gains) on disposal of bearer plants and property, plant and equipment	909	366	(36)	524
Financial expenses	14,958	17,919	4,399	5,781
Interest income	(1,956)	(1,952)	(376)	(639)
Losses/(gains) on derivative financial instruments	857	137	993	(36)
Operating cash flows before changes in working capital	221,161	217,510	79,812	71,322
Changes in working capital:				
Inventories	(20,989)	4,136	(3,067)	(13,947)
Receivables and other assets	(27,785)	2,587	(4,659)	4,468
Payables and other liabilities	7,493	5,603	(2,271)	10,047
Unrealised translation differences	(11,794)	(3,649)	(2,188)	(1,484)
Cash flows generated from operations	168,086	226,187	67,627	70,406
Financial expenses paid	(11,281)	(14,934)	(1,346)	(2,779)
Interest income received	1,911	1,935	212	645
Tax paid	(59,960)	(48,414)	(16,089)	(14,441)
Net cash generated from operating activities	98,756	164,774	50,404	53,831

1(c) Statement of cash flows (continued)

	Group			
	9M 2018	9M 2017	3Q 2018	3Q 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on bearer plants	(21,986)	(27,542)	(8,046)	(8,780)
Capital expenditure on property, plant and equipment	(36,882)	(32,851)	(19,598)	(16,237)
(Increase)/decrease in advances for purchase of property, plant and equipment	(8,704)	8,141	(8,096)	5,451
Decrease/(increase) in plasma receivables	4,409	(4,870)	1,345	(218)
Additions to land use rights	(783)	(111)	(783)	(7)
Additions to other intangible assets	(11)	-	(11)	-
Proceeds from disposal of bearer plants and property, plant and equipment	452	511	59	310
Net cash used in investing activities	(63,505)	(56,722)	(35,130)	(19,481)
Cash flows from financing activities				
Proceeds from bank loans	-	148,197	-	148,197
Repayment of bank loans	(107,500)	-	(7,392)	-
Payment of obligations under finance leases	(1,844)	(1,584)	(631)	(574)
(Increase)/decrease in restricted cash balances	(134)	68,090	(4,122)	49,981
Dividends paid	(80,740)	(42,742)	(15,132)	(15,368)
Repayment of Islamic medium term notes	-	(188,679)	-	(188,679)
Net cash used in financing activities	(190,218)	(16,718)	(27,277)	(6,443)
Net (decrease)/increase in cash and cash equivalents	(154,967)	91,334	(12,003)	27,907
Effect of exchange rate changes on cash and cash equivalents	(463)	53	270	(178)
Cash and cash equivalents, at the beginning of the financial period	234,322	107,933	90,625	171,591
Cash and cash equivalents, at the end of the financial period (Note B)	78,892	199,320	78,892	199,320
<u>Note B</u>				
Reconciliation of cash and cash equivalents:				
Cash at banks and on hand	78,892	179,307	78,892	179,307
Time deposits	-	20,013	-	20,013
Cash and cash equivalents	78,892	199,320	78,892	199,320
Restricted cash balances	44,703	82,222	44,703	82,222
Cash and bank balances	123,595	281,542	123,595	281,542

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 31 Dec 2017 (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)	-	-	-
At 31 Dec 2017 (As restated)	394,913	35,016	(34,297)	576,273	971,905	50,287	1,022,192
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	-	-	-	102,662	102,662	6,359	109,021
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	10,148	-	10,148	-	10,148
Foreign currency translation	-	-	(123,744)	-	(123,744)	(5,000)	(128,744)
Other comprehensive income for the period, net of tax	-	-	(113,596)	-	(113,596)	(5,000)	(118,596)
Total comprehensive income for the period	-	-	(113,596)	102,662	(10,934)	1,359	(9,575)
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(79,767)	(79,767)	(973)	(80,740)
At 30 Sep 2018	394,913	35,016	(147,893)	598,790	880,826	50,673	931,499
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	-	-	-	103,537	103,537	5,504	109,041
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	4,933	-	4,933	-	4,933
Foreign currency translation	-	-	(8,272)	-	(8,272)	(61)	(8,333)
Other comprehensive income for the period, net of tax	-	-	(3,339)	-	(3,339)	(61)	(3,400)
Total comprehensive income for the period	-	-	(3,339)	103,537	100,198	5,443	105,641
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(41,284)	(41,284)	(1,458)	(42,742)
At 30 Sep 2017	394,913	35,016	(33,325)	543,483	940,087	48,995	989,082

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

Group	----- Attributable to owners of the Company -----					Non-controlling interests	Total equity
	Share capital	Differences arising from restructuring transactions involving entities under common control	Other reserves	Retained earnings	Equity attributable to owners of the Company		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
At 1 Jul 2018	394,913	35,016	(106,662)	574,192	897,459	50,740	948,199
Profit for the period	-	-	-	38,995	38,995	2,184	41,179
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	1,730	-	1,730	-	1,730
Foreign currency translation	-	-	(42,961)	-	(42,961)	(1,516)	(44,477)
Other comprehensive income for the period, net of tax	-	-	(41,231)	-	(41,231)	(1,516)	(42,747)
Total comprehensive income for the period	-	-	(41,231)	38,995	(2,236)	668	(1,568)
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(14,397)	(14,397)	(735)	(15,132)
At 30 Sep 2018	394,913	35,016	(147,893)	598,790	880,826	50,673	931,499
At 1 Jul 2017 (As previously reported)	394,913	35,016	(369,408)	878,478	938,999	48,223	987,222
Effects of adopting SFRS(I) 1	-	-	352,285	(352,285)	-	-	-
At 1 Jul 2017 (As restated)	394,913	35,016	(17,123)	526,193	938,999	48,223	987,222
Profit for the period	-	-	-	31,905	31,905	2,081	33,986
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	1,302	-	1,302	-	1,302
Foreign currency translation	-	-	(17,504)	-	(17,504)	(556)	(18,060)
Other comprehensive income for the period, net of tax	-	-	(16,202)	-	(16,202)	(556)	(16,758)
Total comprehensive income for the period	-	-	(16,202)	31,905	15,703	1,525	17,228
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(14,615)	(14,615)	(753)	(15,368)
At 30 Sep 2017	394,913	35,016	(33,325)	543,483	940,087	48,995	989,082

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 31 Dec 2017 (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	-	-	103,277	103,277
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	10,248	-	10,248
Total comprehensive income for the period	-	10,248	103,277	113,525
<u>Distributions to owners</u>				
Dividends paid	-	-	(79,767)	(79,767)
At 30 Sep 2018	394,913	15,534	23,551	433,998
At 1 Jan 2017	394,913	(2,595)	4,370	396,688
Profit for the period	-	-	38,834	38,834
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	5,322	-	5,322
Total comprehensive income for the period	-	5,322	38,834	44,156
<u>Distributions to owners</u>				
Dividends paid	-	-	(41,284)	(41,284)
At 30 Sep 2017	394,913	2,727	1,920	399,560
At 1 Jul 2018	394,913	14,808	24,551	434,272
Profit for the period	-	-	13,397	13,397
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	726	-	726
Total comprehensive income for the period	-	726	13,397	14,123
<u>Distributions to owners</u>				
Dividends paid	-	-	(14,397)	(14,397)
At 30 Sep 2018	394,913	15,534	23,551	433,998
At 1 Jul 2017	394,913	(22)	3,243	398,134
Profit for the period	-	-	13,292	13,292
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	2,749	-	2,749
Total comprehensive income for the period	-	2,749	13,292	16,041
<u>Distributions to owners</u>				
Dividends paid	-	-	(14,615)	(14,615)
At 30 Sep 2017	394,913	2,727	1,920	399,560

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

Other Reserves

Group	As at			
	30 Sep 2018	31 Dec 2017 (Restated)	30 Sep 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	7,766	(2,382)	(6,951)	(11,884)
Foreign translation reserve	(137,164)	(13,420)	(7,879)	393
Total other reserves	(147,893)	(34,297)	(33,325)	(29,986)

Company	As at		
	30 Sep 2018	31 Dec 2017	30 Sep 2017
	US\$'000	US\$'000	US\$'000
Gain on sale of treasury shares	10,322	10,322	10,322
Hedging reserve	4,819	(5,429)	(7,988)
Foreign translation reserve	393	393	393
Total other reserves	15,534	5,286	2,727

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State the number of shares that may be issued on conversion of all the outstanding convertibles, if any, against the total number of issued shares excluding treasury shares and subsidiary holdings of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year. State also the number of shares held as treasury shares and the number of subsidiary holdings, if any, and the percentage of the aggregate number of treasury shares and subsidiary holdings held against the total number of shares outstanding in a class that is listed as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year.

There were no changes to the Company's issued and paid up share capital in the three months ended 30 September 2018.

	Company	
	30 Sep 2018	30 Sep 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 September 2018 and 30 September 2017.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 September 2018 and 30 September 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 September 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			
	9M 2018	9M 2017	3Q 2018	3Q 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)	6.48	6.54	2.46	2.01
EPS - diluted (US cents)	6.48	6.54	2.46	2.01

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

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

	Group		Company	
	30 Sep 2018	31 Dec 2017 (Restated)	30 Sep 2018	31 Dec 2017
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.56	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

	9M 2018	9M 2017	Change	3Q 2018	3Q 2017	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	615,312	500,947	22.8%	241,973	187,511	29.0%
- Palm kernel	145,546	117,141	24.2%	51,811	42,635	21.5%
Refinery and Processing	755,063	636,794	18.6%	284,792	193,458	47.2%

Note: Sales volume include inter-segment sales

SALES

	9M 2018	9M 2017	Change	3Q 2018	3Q 2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	342,211	305,042	12.2%	127,054	107,971	17.7%
- Palm kernel	60,077	57,718	4.1%	18,335	18,118	1.2%
- Fresh fruit bunches	9,972	10,640	(6.3%)	3,060	3,848	(20.5%)
	412,260	373,400	10.4%	148,449	129,937	14.2%
Refinery and Processing	465,907	430,735	8.2%	164,740	120,841	36.3%
Inter-segment elimination	(390,170)	(337,936)	15.5%	(141,762)	(113,330)	25.1%
Total Sales	487,997	466,199	4.7%	171,427	137,448	24.7%

EBITDA

	9M 2018	9M 2017	Change	3Q 2018	3Q 2017	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	202,890	200,624	1.1%	73,413	71,352	2.9%
Refinery and Processing	10,401	13,966	(25.5%)	4,527	2,863	58.1%
Inter-segment elimination	(2,943)	(706)	316.9%	(1,534)	(5,057)	(69.7%)
Total EBITDA	210,348	213,884	(1.7%)	76,406	69,158	10.5%

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a marginal decline of 0.8% in net profit to US\$102.7 million in 9M2018 with a 4.4% decrease in profit from operations to US\$159.7 million.

For 3Q2018, net profit increased by 22.2% to US\$39.0 million while profit from operations increased by 12.9% to US\$59.9 million. The increases were mainly driven by higher production volumes, partially offset by the effects of weaker palm oil prices.

Sales

Sales increased by 4.7% to US\$488.0 million in 9M2018. For 3Q2018, sales grew by 24.7% to US\$171.4 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 increased by 7.0% to US\$262.6 million in 9M2018. For 3Q2018, cost of sales increased by 33.0% to US\$87.9 million, mainly due to the higher sales volumes as well as the higher operating costs from the Group's increased mature plantation hectareage.

Gross Profit

Gross profit increased by 2.1% to US\$225.4 million in 9M2018. For 3Q2018, gross profit increased by 17.1% to US\$83.5 million, mainly due to the higher sales volumes.

Gross profit margin came in at 46.2% in 9M2018 (9M2017: 47.3%) and 48.7% in 3Q2018 (3Q2017: 51.9%), impacted by the lower average selling prices.

Selling and Distribution costs

Selling and distribution expenses increased to US\$42.7 million in 9M2018 (9M2017: US\$32.9 million) and US\$15.5 million in 3Q2018 (3Q2017: US\$11.4 million), mainly due to the higher freight charges and export taxes incurred.

General and Administrative expenses

General and administrative expenses increased to US\$21.4 million in 9M2018 (9M2017: US\$19.6 million) and US\$7.6 million in 3Q2018 (3Q2017: US\$6.5 million), largely due to the higher accruals for employee related costs and other administrative expenses incurred.

EBITDA

The Group's EBITDA dipped marginally by 1.7% to US\$210.3 million in 9M2018. For 3Q2018, EBITDA increased by 10.5% to US\$76.4 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)

Gains on Foreign Exchange

The Group recorded gains on foreign exchange of US\$10.1 million in 9M2018 (9M2017: US\$3.6 million) and US\$3.9 million in 3Q2018 (3Q2017: US\$1.7 million). The gains 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\$0.9 million in 9M2018 (9M2017: US\$0.1 million) and US\$1.0 million in 3Q2018 (3Q2017: gains of US\$36,000). 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\$13.0 million in 9M2018 (9M2017: US\$16.0 million) and US\$4.0 million in 3Q2018 (3Q2017: US\$5.1 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:

	9M 2018	9M 2017	3Q 2018	3Q 2017
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	5,868	1,277	1,336	1,027
Profit distribution and amortisation on Islamic medium term notes	9,090	16,642	3,063	4,754
	14,958	17,919	4,399	5,781
Interest income	(1,956)	(1,952)	(376)	(639)
Net financial expenses	13,002	15,967	4,023	5,142

Tax Expense and Net profit

Tax expense came in at US\$46.7 million in 9M2018 (9M2017: US\$45.2 million) and US\$17.2 million in 3Q2018 (3Q2017: US\$15.6 million), including 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 marginally by 0.8% to US\$102.7 million in 9M2018 and increased by 22.2% to US\$39.0 million in 3Q2018.

8. Review of Group Performance (continued)

REVIEW OF BALANCE SHEET

Total assets of the Group decreased from US\$1,731.0 million as at 31 December 2017 to US\$1,518.6 million as at 30 September 2018. Non-current assets decreased by US\$102.5 million to US\$1,196.4 million, mainly due to the weakening of Indonesian Rupiah (“IDR”) 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 25.4% to US\$322.2 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 17.2% from US\$708.8 million as at 31 December 2017 to US\$587.1 million as at 30 September 2018, mainly from the reduction in gross borrowings.

Gross borrowings decreased by US\$109.5 million to US\$386.8 million as at 30 September 2018 (31 December 2017: US\$496.3 million), primarily due to the repayment of bank loans amounting to US\$107.5 million during the period.

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\$263.2 million as at 30 September 2018, with net gearing at 0.28x (31 December 2017: 0.21x).

The Group’s total equity declined by 8.9% from US\$1,022.2 million as at 31 December 2017 to US\$931.5 million as at 30 September 2018, mainly attributable to the foreign currency translation loss arising from the depreciation of IDR against USD during the period.

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$98.8 million from its operating activities in 9M2018 as compared to US\$164.8 million in 9M2017, mainly due to the changes in working capital from trade receivables and inventories. In 3Q2018, net cash generated from operating activities amounted to US\$50.4 million as compared to US\$53.8 million in 3Q2017.

Net cash used in investing activities amounted to US\$63.5 million in 9M2018 (9M2017: US\$56.7 million) and US\$35.1 million in 3Q2018 (3Q2017: US\$19.5 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\$190.2 million in 9M2018 (9M2017: US\$16.7 million) and US\$27.3 million in 3Q2018 (3Q2017: US\$6.4 million). The higher cash used in financing activities during 9M2018 included repayment of bank loans amounting to US\$107.5 million and a higher amount of dividends paid as compared to the corresponding period last year. Conversely, the lower cash used in financing activities during 9M2017 and 3Q2017 were mainly due to proceeds from bank loans of US\$148.2 million and decreases in restricted cash balances, partially offset by the repayment of IMTN of US\$188.7 million.

Overall, the Group registered a decrease in cash and cash equivalents of US\$155.0 million in 9M2018, bringing the Group’s cash and bank balances to US\$123.6 million as at 30 September 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

Palm oil prices had been weak in 3Q2018 and are expected to remain volatile in response to macro developments such as the US-China trade tensions as well as changes to the import and export tax structures in consuming and producing countries.

On the biofuel front, demand for palm oil is expected to be supported by the extension of Indonesia's biodiesel policy together with the favourable spread between gasoil and palm oil prices, which has resulted in palm-based biodiesel becoming more economically viable.

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/recommended, 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

	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)
Name of Interested Person	US\$'000	US\$'000
Associates of Eight Capital Inc.	8,448	4,210
Associates of Ciliandra Fangiono & Fang Zhixiang	96	121
Total	8,544	4,331

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

We, Lim Ming Seong and Ciliandra Fangiono, being two directors of First Resources Limited (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the third quarter ended 30 September 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
9 November 2018