



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Third Quarter (“3Q”) and Nine Months (“9M”) Ended 30 September 2019

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 2019	9M 2018	Change	3Q 2019	3Q 2018	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	430,648	487,997	(11.8%)	137,615	171,427	(19.7%)
Cost of sales	(282,443)	(262,579)	7.6%	(74,067)	(87,940)	(15.8%)
Gross profit	148,205	225,418	(34.3%)	63,548	83,487	(23.9%)
Selling and distribution costs	(34,349)	(42,722)	(19.6%)	(12,354)	(15,509)	(20.3%)
General and administrative expenses	(21,155)	(21,442)	(1.3%)	(7,316)	(7,571)	(3.4%)
Other operating expenses	(1,549)	(1,550)	(0.1%)	(521)	(494)	5.5%
Profit from operations	91,152	159,704	(42.9%)	43,357	59,913	(27.6%)
Gains on foreign exchange	842	10,144	(91.7%)	614	3,873	(84.1%)
(Losses)/gains on derivative financial instruments	(596)	(857)	(30.5%)	164	(993)	n.m.
Net financial expenses	(11,881)	(13,002)	(8.6%)	(4,192)	(4,023)	4.2%
Other non-operating income/ (expenses)	570	(240)	n.m.	(668)	(431)	55.0%
Profit before tax	80,087	155,749	(48.6%)	39,275	58,339	(32.7%)
Tax expense	(20,392)	(46,728)	(56.4%)	(9,971)	(17,160)	(41.9%)
Profit for the period	59,695	109,021	(45.2%)	29,304	41,179	(28.8%)
Profit attributable to:						
Owners of the Company	57,126	102,662	(44.4%)	27,871	38,995	(28.5%)
Non-controlling interests	2,569	6,359	(59.6%)	1,433	2,184	(34.4%)
	59,695	109,021	(45.2%)	29,304	41,179	(28.8%)

n.m. – not meaningful

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

	Group					
	9M 2019	9M 2018	Change	3Q 2019	3Q 2018	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	59,695	109,021	(45.2%)	29,304	41,179	(28.8%)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Fair value (losses)/gains on cash flow hedges	(7,016)	8,077	n.m.	(2,499)	(3,653)	(31.6%)
Fair value losses on cash flow hedges transferred to the income statement	2,651	2,071	28.0%	2,730	5,383	(49.3%)
Foreign currency translation	30,044	(128,744)	n.m.	(1,537)	(44,477)	(96.5%)
Other comprehensive income for the period, net of tax	25,679	(118,596)	n.m.	(1,306)	(42,747)	(96.9%)
Total comprehensive income for the period	85,374	(9,575)	n.m.	27,998	(1,568)	n.m.
Total comprehensive income attributable to:						
Owners of the Company	81,374	(10,934)	n.m.	26,346	(2,236)	n.m.
Non-controlling interests	4,000	1,359	194.3%	1,652	668	147.3%
	85,374	(9,575)	n.m.	27,998	(1,568)	n.m.

n.m. – not meaningful

Additional Information

	Group					
	9M 2019	9M 2018	Change	3Q 2019	3Q 2018	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	91,152	159,704	(42.9%)	43,357	59,913	(27.6%)
Depreciation and amortisation	52,155	50,644	3.0%	18,406	16,493	11.6%
EBITDA	143,307	210,348	(31.9%)	61,763	76,406	(19.2%)
EBITDA margin	33.3%	43.1%		44.9%	44.6%	

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 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Bearer plants	605,799	613,020	-	-
Plasma receivables	57,508	46,401	-	-
Property, plant and equipment	374,130	327,403	3,558	4,517
Land use rights	48,492	45,892	-	-
Investment in subsidiaries	-	-	751,081	481,587
Goodwill	82,767	81,013	-	-
Other intangible assets	20,909	20,515	-	-
Unquoted investment at FVTPL	5,775	5,775	5,775	5,775
Derivative financial assets	398	1,028	398	1,028
Tax recoverable	75,543	45,328	-	-
Deferred tax assets	60,410	54,702	-	-
Loan to subsidiary	-	-	124,125	367,410
Other non-current assets	484	369	-	-
Total non-current assets	1,332,215	1,241,446	884,937	860,317
Current assets				
Biological assets	17,555	17,183	-	-
Plasma receivables	1,341	4,525	-	-
Inventories	91,508	97,562	-	-
Trade receivables	21,005	37,392	-	-
Other receivables	2,606	3,425	337	313
Derivative financial assets	673	2,882	162	994
Advances for purchase of property, plant and equipment	31,154	18,870	-	-
Other advances and prepayments	6,219	3,515	1,600	359
Prepaid taxes	40,393	44,338	-	-
Restricted cash balances	48,235	44,540	45,348	42,718
Cash and cash equivalents *	77,257	55,359	2,693	4,028
Total current assets	337,946	329,591	50,140	48,412
Total assets	1,670,161	1,571,037	935,077	908,729

* As at 30 September 2019, the Group has bank overdrafts amounting to US\$105.0 million (31 December 2018: US\$57.1 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 2019	31 Dec 2018	30 Sep 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade payables	20,439	28,468	32	40
Other payables and accruals	32,715	31,317	5,373	3,934
Advances from customers	3,557	2,927	-	-
Loans and borrowings from financial institutions	112,735	30,111	90,062	27,582
Islamic medium term notes	143,204	-	143,204	-
Derivative financial liabilities	55,520	921	55,435	-
Provision for tax	7,540	21,244	787	900
Total current liabilities	375,710	114,988	294,893	32,456
Non-current liabilities				
Loans and borrowings from financial institutions	87,152	109,817	82,670	106,795
Islamic medium term notes	95,401	241,073	95,401	241,073
Derivative financial liabilities	29,996	79,580	29,996	79,580
Provision for post-employment benefits	23,150	21,490	-	-
Deferred tax liabilities	19,857	18,074	490	528
Total non-current liabilities	255,556	470,034	208,557	427,976
Total liabilities	631,266	585,022	503,450	460,432
Net assets	1,038,895	986,015	431,627	448,297
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	(90,871)	(115,119)	8,115	12,507
Retained earnings	644,082	617,355	28,599	40,877
Equity attributable to owners of the Company	983,140	932,165	431,627	448,297
Non-controlling interests	55,755	53,850	-	-
Total equity	1,038,895	986,015	431,627	448,297

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 2019			As at 31 Dec 2018		
	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	1,737	254,202	255,939	2,529	27,582	30,111
Amount repayable after one year	4,482	178,071	182,553	3,022	347,868	350,890
Total	6,219	432,273	438,492	5,551	375,450	381,001

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 2019, 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. The Group also has additional committed unsecured credit facilities of US\$230.0 million available for drawdown from February to June 2020, which may be utilised for the partial or full refinancing of the Islamic medium term notes due in June 2020 as well as the Group's general corporate purposes.

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

	Group			
	9M 2019	9M 2018	3Q 2019	3Q 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	80,087	155,749	39,275	58,339
Adjustments for:				
Depreciation of bearer plants and property, plant and equipment	50,557	49,011	17,874	15,978
Amortisation of land use rights and intangible assets	1,598	1,633	532	515
Losses/(gains) on disposal of bearer plants and property, plant and equipment	1,142	909	1,270	(36)
Financial expenses	13,124	14,958	4,580	4,399
Interest income	(1,243)	(1,956)	(388)	(376)
Losses/(gains) on derivative financial instruments	596	857	(164)	993
Operating cash flows before changes in working capital	145,861	221,161	62,979	79,812
Changes in working capital:				
Inventories	8,400	(20,989)	(4,855)	(3,067)
Receivables and other assets	3,984	(27,785)	8,669	(4,659)
Payables and other liabilities	(8,318)	7,493	(4,723)	(2,271)
Unrealised translation differences	18	(11,794)	1,827	(2,188)
Cash flows generated from operations	149,945	168,086	63,897	67,627
Financial expenses paid	(10,024)	(11,281)	(1,710)	(1,346)
Interest income received	1,208	1,911	372	212
Tax paid	(52,914)	(59,960)	(14,509)	(16,089)
Net cash generated from operating activities	88,215	98,756	48,050	50,404

1(c) Statement of cash flows (continued)

	Group			
	9M 2019	9M 2018	3Q 2019	3Q 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on bearer plants	(14,975)	(21,986)	(3,629)	(8,046)
Capital expenditure on property, plant and equipment	(49,348)	(36,882)	(26,097)	(19,598)
Increase in advances for purchase of property, plant and equipment	(11,876)	(8,704)	(3,716)	(8,096)
(Increase)/decrease in plasma receivables	(7,361)	4,409	(1,337)	1,345
Additions to land use rights	(3,153)	(783)	(2,694)	(783)
Additions to other intangible assets	-	(11)	-	(11)
Proceeds from disposal of bearer plants and property, plant and equipment	170	452	27	59
Net cash used in investing activities	(86,543)	(63,505)	(37,446)	(35,130)
Cash flows from financing activities				
Proceeds from bank loans	79,666	-	41,953	-
Repayment of bank loans	(20,625)	(107,500)	(6,875)	(7,392)
Payment of obligations under finance leases	(2,585)	(1,844)	(872)	(631)
Increase in restricted cash balances	(3,695)	(134)	(1,740)	(4,122)
Dividends paid	(32,513)	(80,740)	(9,271)	(15,132)
Proceeds from equity contribution by non-controlling interests	19	-	-	-
Net cash generated from/(used in) financing activities	20,267	(190,218)	23,195	(27,277)
Net increase/(decrease) in cash and cash equivalents	21,939	(154,967)	33,799	(12,003)
Effect of exchange rate changes on cash and cash equivalents	(41)	(463)	(101)	270
Cash and cash equivalents at the beginning of the financial period	55,359	234,322	43,559	90,625
Cash and cash equivalents at the end of the financial period	77,257	78,892	77,257	78,892
Add: Restricted cash balances	48,235	44,703	48,235	44,703
Total cash and bank balances	125,492	123,595	125,492	123,595

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 2019	394,913	35,016	(115,119)	617,355	932,165	53,850	986,015
Profit for the period	-	-	-	57,126	57,126	2,569	59,695
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	(4,365)	-	(4,365)	-	(4,365)
Foreign currency translation	-	-	28,613	-	28,613	1,431	30,044
Other comprehensive income for the period, net of tax	-	-	24,248	-	24,248	1,431	25,679
Total comprehensive income for the period	-	-	24,248	57,126	81,374	4,000	85,374
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(30,399)	(30,399)	(2,114)	(32,513)
<u>Changes in ownership interests in subsidiaries</u>							
Equity contribution by non-controlling interests	-	-	-	-	-	19	19
Total transactions with owners in their capacity as owners	-	-	-	(30,399)	(30,399)	(2,095)	(32,494)
At 30 Sep 2019	394,913	35,016	(90,871)	644,082	983,140	55,755	1,038,895
At 1 Jan 2018	394,913	35,016	(34,297)	574,367	969,999	50,287	1,020,286
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)
Total transactions with owners in their capacity as owners	-	-	-	(79,767)	(79,767)	(973)	(80,740)
At 30 Sep 2018	394,913	35,016	(147,893)	597,262	879,298	50,673	929,971

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 2019	394,913	35,016	(89,346)	623,368	963,951	56,217	1,020,168
Profit for the period	-	-	-	27,871	27,871	1,433	29,304
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	231	-	231	-	231
Foreign currency translation	-	-	(1,756)	-	(1,756)	219	(1,537)
Other comprehensive income for the period, net of tax	-	-	(1,525)	-	(1,525)	219	(1,306)
Total comprehensive income for the period	-	-	(1,525)	27,871	26,346	1,652	27,998
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(7,157)	(7,157)	(2,114)	(9,271)
Total transactions with owners in their capacity as owners	-	-	-	(7,157)	(7,157)	(2,114)	(9,271)
At 30 Sep 2019	394,913	35,016	(90,871)	644,082	983,140	55,755	1,038,895
At 1 Jul 2018	394,913	35,016	(106,662)	572,664	895,931	50,740	946,671
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)
Total transactions with owners in their capacity as owners	-	-	-	(14,397)	(14,397)	(735)	(15,132)
At 30 Sep 2018	394,913	35,016	(147,893)	597,262	879,298	50,673	929,971

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 2019	394,913	12,507	40,877	448,297
Profit for the period	-	-	18,121	18,121
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	(4,392)	-	(4,392)
Total comprehensive income for the period	-	(4,392)	18,121	13,729
<u>Distributions to owners</u>				
Dividends paid	-	-	(30,399)	(30,399)
Total transactions with owners in their capacity as owners	-	-	(30,399)	(30,399)
At 30 Sep 2019	394,913	8,115	28,599	431,627
At 1 Jan 2018	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)
Total transactions with owners in their capacity as owners	-	-	(79,767)	(79,767)
At 30 Sep 2018	394,913	15,534	23,551	433,998
At 1 Jul 2019	394,913	7,824	39,596	442,333
Profit for the period	-	-	(3,840)	(3,840)
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	291	-	291
Total comprehensive income for the period	-	291	(3,840)	(3,549)
<u>Distributions to owners</u>				
Dividends paid	-	-	(7,157)	(7,157)
Total transactions with owners in their capacity as owners	-	-	(7,157)	(7,157)
At 30 Sep 2019	394,913	8,115	28,599	431,627
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)
Total transactions with owners in their capacity as owners	-	-	(14,397)	(14,397)
At 30 Sep 2018	394,913	15,534	23,551	433,998

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

Other Reserves

Group	As at		
	30 Sep 2019	31 Dec 2018	30 Sep 2018
	US\$'000	US\$'000	US\$'000
Capital reserve	(29,096)	(29,096)	(29,096)
Revaluation reserve	279	279	279
Gain on sale of treasury shares	10,322	10,322	10,322
Hedging reserve	(2,573)	1,792	7,766
Foreign translation reserve	(69,803)	(98,416)	(137,164)
Total other reserves	(90,871)	(115,119)	(147,893)

Company	As at		
	30 Sep 2019	31 Dec 2018	30 Sep 2018
	US\$'000	US\$'000	US\$'000
Gain on sale of treasury shares	10,322	10,322	10,322
Hedging reserve	(2,600)	1,792	4,819
Foreign translation reserve	393	393	393
Total other reserves	8,115	12,507	15,534

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 2019.

	Company	
	30 Sep 2019	30 Sep 2018
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 2019 and 30 September 2018.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 September 2019 and 30 September 2018.

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 2019 and 31 December 2018 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 accounting policies and methods of computation applied by the Group and Company are consistent with those used in the previous financial year except for the new and revised standards that are effective for annual periods beginning on or after 1 January 2019. The adoption of these standards has no significant impact to the Group and the Company.

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

Please refer to item 4 above.

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

	Group			
	9M 2019	9M 2018	3Q 2019	3Q 2018
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)	3.61	6.48	1.76	2.46
EPS - diluted (US cents)	3.61	6.48	1.76	2.46

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 Sep 2019 US\$	31 Dec 2018 US\$	30 Sep 2019 US\$	31 Dec 2018 US\$
Net asset value per ordinary share	0.62	0.59	0.27	0.28

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:-**
- (a) **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**
- (b) **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 2019	9M 2018	Change	3Q 2019	3Q 2018	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	596,218	615,312	(3.1%)	227,843	241,973	(5.8%)
- Palm kernel	130,891	145,546	(10.1%)	52,062	51,811	0.5%
Refinery and Processing	834,864	755,063	10.6%	271,576	284,792	(4.6%)

Note: Sales volume include inter-segment sales

SALES

	9M 2019	9M 2018	Change	3Q 2019	3Q 2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	278,712	342,211	(18.6%)	103,413	127,054	(18.6%)
- Palm kernel	38,194	60,077	(36.4%)	13,730	18,335	(25.1%)
- Fresh fruit bunches	11,019	9,972	10.5%	3,887	3,060	27.0%
	327,925	412,260	(20.5%)	121,030	148,449	(18.5%)
Refinery and Processing	414,209	465,907	(11.1%)	129,380	164,740	(21.5%)
Inter-segment elimination	(311,486)	(390,170)	(20.2%)	(112,795)	(141,762)	(20.4%)
Total Sales	430,648	487,997	(11.8%)	137,615	171,427	(19.7%)

EBITDA

	9M 2019	9M 2018	Change	3Q 2019	3Q 2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	125,832	202,890	(38.0%)	58,748	73,413	(20.0%)
Refinery and Processing	8,662	10,401	(16.7%)	5,620	4,527	24.1%
Inter-segment elimination	8,813	(2,943)	n.m.	(2,605)	(1,534)	69.8%
Total EBITDA	143,307	210,348	(31.9%)	61,763	76,406	(19.2%)

n.m. – not meaningful

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$57.1 million in 9M2019, a 44.4% decline against 9M2018 and a 42.9% decrease in profit from operations to US\$91.2 million. The lower net profit and profit from operations were mainly driven by the effects of weaker palm oil prices, partially offset by higher sales volumes.

For 3Q2019, net profit decreased by 28.5% to US\$27.9 million while profit from operations decreased by 27.6% to US\$43.4 million, mainly due to weaker palm oil prices.

Sales

Sales declined by 11.8% to US\$430.6 million in 9M2019 as a result of the lower average selling prices, partially offset by higher sales volumes. For 3Q2019, sales decreased by 19.7% to US\$137.6 million mainly due to the 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 7.6% to US\$282.4 million in 9M2019 from the higher sales volumes. For 3Q2018, cost of sales decreased by 15.8% to US\$74.1 million, contributed by the lower sales volumes and plantation maintenance costs.

Gross Profit

Gross profit declined by 34.3% to US\$148.2 million in 9M2019 and 23.9% to US\$63.5 million in 3Q2019, mainly driven by the lower average selling prices.

Gross profit margin came in at 34.4% in 9M2019 (9M2018: 46.2%) and 46.2% in 3Q2019 (3Q2018: 48.7%), reflecting the impact of the lower average selling prices. In addition, the lower margin in 9M2019 also included the impact from increased purchases of palm oil products from third parties.

Selling and Distribution costs

Selling and distribution expenses decreased to US\$34.3 million in 9M2019 (9M2018: US\$42.7 million) and US\$12.4 million in 3Q2019 (3Q2018: US\$15.5 million), mainly due to lower export taxes.

EBITDA

The Group's EBITDA fell by 31.9% to US\$143.3 million in 9M2019 and 19.2% to US\$61.8 million in 3Q2019, mainly impacted by the lower average selling prices.

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT (continued)

Depreciation and Amortisation

Depreciation and amortisation increased by 3.0% to US\$52.2 million in 9M2019 and 11.6% to US\$18.4 million in 3Q2019, 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\$0.8 million in 9M2019 (9M2018: US\$10.1 million) and US\$0.6 million in 3Q2019 (3Q2018: US\$3.9 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\$0.6 million in 9M2019 (9M2018: US\$0.9 million) and gains of US\$0.2 million in 3Q2019 (3Q2018: losses of US\$1.0 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

	9M 2019	9M 2018	Change	3Q 2019	3Q 2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest expenses and amortisation on loans and borrowings from financial institutions	4,034	5,868	(31.3%)	1,517	1,336	13.5%
Profit distribution and amortisation on Islamic medium term notes	9,090	9,090	-	3,063	3,063	-
	13,124	14,958	(12.3%)	4,580	4,399	4.1%
Interest income	(1,243)	(1,956)	(36.5%)	(388)	(376)	3.2%
Net financial expenses	11,881	13,002	(8.6%)	4,192	4,023	4.2%

Net financial expenses decreased by 8.6% to US\$11.9 million in 9M2019, mainly due to the reduction in interest expenses from a US\$100.0 million prepayment of bank loans in 2Q2018, partially offset by lower interest income earned on cash and bank balances. For 3Q2019, net financial expenses amounted to US\$4.2 million, an increase of 4.2% from the corresponding period last year.

Tax Expense and Net profit

Tax expense came in at US\$20.4 million in 9M2019 (9M2018: US\$46.7 million) and US\$10.0 million in 3Q2019 (3Q2018: US\$17.2 million), along with the lower taxable income of the Group.

As a result of the foregoing, profit attributable to owners of the Company decreased by 44.4% to US\$57.1 million in 9M2019 and 28.5% to US\$27.9 million in 3Q2019.

8. Review of Group Performance (continued)

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,571.0 million as at 31 December 2018 to US\$1,670.2 million as at 30 September 2019. Non-current assets increased by 7.3% to US\$1,332.2 million, mainly due to the appreciation of Indonesian Rupiah (“IDR”) against United States Dollar (“USD”) during the period as well as the Group’s capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment. This was partially offset by the depreciation of bearer plants and property, plant and equipment. The Group’s current assets increased by 2.5% to US\$337.9 million, mainly contributed by the higher cash and bank balances and advances for purchase of property, plant and equipment, partially offset by lower trade receivables and inventories.

Total liabilities of the Group increased by 7.9% from US\$585.0 million as at 31 December 2018 to US\$631.3 million as at 30 September 2019, mainly from the increase in gross borrowings.

Gross borrowings increased by US\$57.5 million to US\$438.5 million as at 30 September 2019 (31 December 2018: US\$381.0 million), primarily due to a net drawdown of bank loans.

Taking into consideration the increase in cash and bank balances during the period, net borrowings increased from US\$281.1 million as at 31 December 2018 to US\$313.0 million as at 30 September 2019, with net gearing at 0.30x (31 December 2018: 0.29x).

As at 30 September 2019, the Group was in a net current liabilities position of US\$37.8 million, which included the Islamic medium term notes due in June 2020 that can be refinanced using the US\$230.0 million of committed unsecured credit facilities obtained by the Company during 3Q2019.

The Group’s total equity increased by US\$52.9 million from US\$986.0 million as at 31 December 2018 to US\$1,038.9 million as at 30 September 2019, partly contributed by the foreign currency translation gains arising from the appreciation of IDR against USD during the period.

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$88.2 million from its operating activities in 9M2019 as compared to US\$98.8 million in 9M2018, mainly due to the lower average selling prices, partially offset by the effects of a net inventory drawdown in 9M2019 as compared to an inventory build-up in 9M2018, as well as changes in working capital. In 3Q2019, net cash generated from operating activities amounted to US\$48.1 million as compared to US\$50.4 million in 3Q2018, mainly driven by the lower average selling prices, partially offset by changes in working capital.

Net cash used in investing activities amounted to US\$86.5 million in 9M2019 (9M2018: US\$63.5 million) and US\$37.4 million in 3Q2019 (3Q2018: US\$35.1 million), primarily relating to the Group’s capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment.

Net cash generated from financing activities amounted to US\$20.3 million in 9M2019 and US\$23.2 million in 3Q2019, as compared to net cash used in financing activities of US\$190.2 million in 9M2018 and US\$27.3 million in 3Q2018. The net cash generated in 2019 mainly arose from drawdown of bank loans partially offset by dividends paid, while the net cash used in 2018 included repayment of bank loans and higher amounts of dividends paid.

Overall, the Group registered an increase in cash and cash equivalents of US\$21.9 million in 9M2019, bringing the Group’s cash and bank balances to US\$125.5 million as at 30 September 2019.

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 production has picked up seasonally in 3Q2019, which is shaping up to be the peak production quarter as output for 4Q2019 is expected to taper off from the third quarter.

Continued concerns over slower palm oil supply growth, coupled with Indonesia's B30 biodiesel mandate in 2020, may have contributed to the recovery in palm oil prices in recent weeks.

The Group believes the long-term fundamentals of the palm oil industry remains positive on tighter global supplies amidst continued consumption growth from importing countries and strong biodiesel demand from Indonesia.

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 or recommended, a statement to that effect and the reason(s) for the decision

No dividend has been declared or recommended for the current financial period as the Company generally considers dividend distribution on a half-yearly basis.

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.	118	6,914
Associates of Ciliandra Fangiono & Fang Zhixiang	-	220
Total	118	7,134

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 2019 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
12 November 2019