



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Second Quarter (“2Q”) and Six Months (“6M”) Ended 30 June 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					
	6M 2019	6M 2018	Change	2Q 2019	2Q 2018	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	293,033	316,570	(7.4%)	143,428	181,011	(20.8%)
Cost of sales	(208,376)	(174,639)	19.3%	(97,005)	(102,394)	(5.3%)
Gross profit	84,657	141,931	(40.4%)	46,423	78,617	(41.0%)
Selling and distribution costs	(21,995)	(27,213)	(19.2%)	(12,943)	(14,784)	(12.5%)
General and administrative expenses	(13,839)	(13,871)	(0.2%)	(6,583)	(6,851)	(3.9%)
Other operating expenses	(1,028)	(1,056)	(2.7%)	(513)	(521)	(1.5%)
Profit from operations	47,795	99,791	(52.1%)	26,384	56,461	(53.3%)
Gains/(losses) on foreign exchange	228	6,271	(96.4%)	(326)	3,818	n.m.
(Losses)/gains on derivative financial instruments	(760)	136	n.m.	52	(178)	n.m.
Net financial expenses	(7,689)	(8,979)	(14.4%)	(3,832)	(4,723)	(18.9%)
Other non-operating income	1,238	191	548.2%	1,306	1,333	(2.0%)
Profit before tax	40,812	97,410	(58.1%)	23,584	56,711	(58.4%)
Tax expense	(10,421)	(29,568)	(64.8%)	(6,144)	(18,838)	(67.4%)
Profit for the period	30,391	67,842	(55.2%)	17,440	37,873	(54.0%)
Profit attributable to:						
Owners of the Company	29,255	63,667	(54.0%)	16,961	35,937	(52.8%)
Non-controlling interests	1,136	4,175	(72.8%)	479	1,936	(75.3%)
	30,391	67,842	(55.2%)	17,440	37,873	(54.0%)

n.m. – not meaningful

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

	Group					
	6M 2019	6M 2018	Change	2Q 2019	2Q 2018	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	30,391	67,842	(55.2%)	17,440	37,873	(54.0%)
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Fair value (losses)/gains on cash flow hedges	(4,517)	11,730	n.m.	(5,883)	(7,326)	(19.7%)
Fair value (gains)/losses on cash flow hedges transferred to the income statement	(79)	(3,312)	(97.6%)	3,608	10,533	(65.7%)
Foreign currency translation	31,581	(84,267)	n.m.	9,880	(62,052)	n.m.
Other comprehensive income for the period, net of tax	26,985	(75,849)	n.m.	7,605	(58,845)	n.m.
Total comprehensive income for the period	57,376	(8,007)	n.m.	25,045	(20,972)	n.m.
Total comprehensive income attributable to:						
Owners of the Company	55,028	(8,698)	n.m.	24,317	(20,147)	n.m.
Non-controlling interests	2,348	691	239.8%	728	(825)	n.m.
	57,376	(8,007)	n.m.	25,045	(20,972)	n.m.

n.m. – not meaningful

Additional Information

	Group					
	6M 2019	6M 2018	Change	2Q 2019	2Q 2018	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	47,795	99,791	(52.1%)	26,384	56,461	(53.3%)
Depreciation and amortisation	33,749	34,151	(1.2%)	16,367	17,481	(6.4%)
EBITDA	81,544	133,942	(39.1%)	42,751	73,942	(42.2%)
EBITDA margin	27.8%	42.3%		29.8%	40.8%	

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 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Bearer plants	627,670	613,020	-	-
Plasma receivables	57,420	46,401	-	-
Property, plant and equipment	342,300	327,403	3,874	4,517
Land use rights	46,425	45,892	-	-
Investment in subsidiaries	-	-	727,081	481,587
Goodwill	82,960	81,013	-	-
Other intangible assets	20,970	20,515	-	-
Unquoted investment at FVTPL	5,775	5,775	5,775	5,775
Derivative financial assets	-	1,028	-	1,028
Tax recoverable	60,812	45,328	-	-
Deferred tax assets	60,453	54,702	-	-
Loan to subsidiary	-	-	124,125	367,410
Other non-current assets	486	369	-	-
Total non-current assets	1,305,271	1,241,446	860,855	860,317
Current assets				
Biological assets	17,596	17,183	-	-
Plasma receivables	1,511	4,525	-	-
Inventories	86,841	97,562	-	-
Trade receivables	38,749	37,392	-	-
Other receivables	2,900	3,425	316	313
Derivative financial assets	778	2,882	211	994
Advances for purchase of property, plant and equipment	27,516	18,870	-	-
Other advances and prepayments	4,071	3,515	316	359
Prepaid taxes	45,325	44,338	-	-
Restricted cash balances	46,495	44,540	43,598	42,718
Cash and cash equivalents *	43,559	55,359	860	4,028
Total current assets	315,341	329,591	45,301	48,412
Total assets	1,620,612	1,571,037	906,156	908,729

* As at 30 June 2019, the Group has bank overdrafts amounting to US\$69.5 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 Jun 2019	31 Dec 2018	30 Jun 2019	31 Dec 2018
	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES				
Current liabilities				
Trade payables	32,220	28,468	127	40
Other payables and accruals	25,765	31,317	2,314	3,934
Advances from customers	1,661	2,927	-	-
Loans and borrowings from financial institutions	69,962	30,111	45,716	27,582
Islamic medium term notes	144,774	-	144,774	-
Derivative financial liabilities	53,869	921	53,588	-
Provision for tax	8,274	21,244	786	900
Total current liabilities	336,525	114,988	247,305	32,456
Non-current liabilities				
Loans and borrowings from financial institutions	95,247	109,817	90,711	106,795
Islamic medium term notes	96,453	241,073	96,453	241,073
Derivative financial liabilities	28,773	79,580	28,773	79,580
Provision for post-employment benefits	22,681	21,490	-	-
Deferred tax liabilities	20,765	18,074	581	528
Total non-current liabilities	263,919	470,034	216,518	427,976
Total liabilities	600,444	585,022	463,823	460,432
Net assets	1,020,168	986,015	442,333	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	(89,346)	(115,119)	7,824	12,507
Retained earnings	623,368	617,355	39,596	40,877
Equity attributable to owners of the Company	963,951	932,165	442,333	448,297
Non-controlling interests	56,217	53,850	-	-
Total equity	1,020,168	986,015	442,333	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 Jun 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	2,167	212,569	214,736	2,529	27,582	30,111
Amount repayable after one year	4,536	187,164	191,700	3,022	347,868	350,890
Total	6,703	399,733	406,436	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 June 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.

Subsequent to 30 June 2019, the Group has obtained additional committed unsecured credit facilities of US\$230.0 million, which is available to be drawn down from February to June 2020 and 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			
	6M 2019	6M 2018	2Q 2019	2Q 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	40,812	97,410	23,584	56,711
Adjustments for:				
Depreciation of bearer plants and property, plant and equipment	32,683	33,033	15,830	16,925
Amortisation of land use rights and intangible assets	1,066	1,118	537	556
(Gains)/losses on disposal of bearer plants and property, plant and equipment	(128)	945	(58)	153
Financial expenses	8,544	10,559	4,286	5,421
Interest income	(855)	(1,580)	(454)	(698)
Losses/(gains) on derivative financial instruments	760	(136)	(52)	178
Operating cash flows before changes in working capital	82,882	141,349	43,673	79,246
Changes in working capital:				
Inventories	13,255	(17,922)	9,073	(4,189)
Receivables and other assets	(4,685)	(23,126)	(21,755)	(28,462)
Payables and other liabilities	(3,595)	9,764	(10,493)	(825)
Unrealised translation differences	(1,809)	(9,606)	74	(7,597)
Cash flows generated from operations	86,048	100,459	20,572	38,173
Financial expenses paid	(8,314)	(9,935)	(6,934)	(7,922)
Interest income received	836	1,699	459	733
Tax paid	(38,405)	(43,871)	(16,457)	(27,785)
Net cash generated from/(used in) operating activities	40,165	48,352	(2,360)	3,199

1(c) Statement of cash flows (continued)

	Group			
	6M 2019	6M 2018	2Q 2019	2Q 2018
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on bearer plants	(11,346)	(13,940)	(6,491)	(8,553)
Capital expenditure on property, plant and equipment	(23,251)	(17,284)	(12,472)	(9,478)
(Increase)/decrease in advances for purchase of property, plant and equipment	(8,160)	(608)	(6,327)	131
(Increase)/decrease in plasma receivables	(6,024)	3,064	(2,632)	1,168
Additions to land use rights	(459)	-	(207)	-
Proceeds from disposal of bearer plants and property, plant and equipment	143	393	68	373
Net cash used in investing activities	(49,097)	(28,375)	(28,061)	(16,359)
Cash flows from financing activities				
Proceeds from bank loans	37,713	4,892	37,713	4,892
Repayment of bank loans	(13,750)	(105,000)	(6,875)	(102,500)
Payment of obligations under finance leases	(1,713)	(1,213)	(931)	(658)
(Increase)/decrease in restricted cash balances	(1,955)	3,988	(2,268)	(5,627)
Dividends paid	(23,242)	(65,608)	(23,242)	(65,370)
Proceeds from equity contribution by non-controlling interests	19	-	19	-
Net cash (used in)/generated from financing activities	(2,928)	(162,941)	4,416	(169,263)
Net decrease in cash and cash equivalents	(11,860)	(142,964)	(26,005)	(182,423)
Effect of exchange rate changes on cash and cash equivalents	60	(733)	129	(564)
Cash and cash equivalents at the beginning of the financial period	55,359	234,322	69,435	273,612
Cash and cash equivalents at the end of the financial period	43,559	90,625	43,559	90,625
Add: Restricted cash balances	46,495	40,581	46,495	40,581
Total cash and bank balances	90,054	131,206	90,054	131,206

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	-	-	-	29,255	29,255	1,136	30,391
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	(4,596)	-	(4,596)	-	(4,596)
Foreign currency translation	-	-	30,369	-	30,369	1,212	31,581
Other comprehensive income for the period, net of tax	-	-	25,773	-	25,773	1,212	26,985
Total comprehensive income for the period	-	-	25,773	29,255	55,028	2,348	57,376
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(23,242)	(23,242)	-	(23,242)
<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	-	-	-	(23,242)	(23,242)	19	(23,223)
At 30 Jun 2019	394,913	35,016	(89,346)	623,368	963,951	56,217	1,020,168
At 1 Jan 2018	394,913	35,016	(34,297)	574,367	969,999	50,287	1,020,286
Profit for the period	-	-	-	63,667	63,667	4,175	67,842
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	8,418	-	8,418	-	8,418
Foreign currency translation	-	-	(80,783)	-	(80,783)	(3,484)	(84,267)
Other comprehensive income for the period, net of tax	-	-	(72,365)	-	(72,365)	(3,484)	(75,849)
Total comprehensive income for the period	-	-	(72,365)	63,667	(8,698)	691	(8,007)
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(65,370)	(65,370)	(238)	(65,608)
Total transactions with owners in their capacity as owners	-	-	-	(65,370)	(65,370)	(238)	(65,608)
At 30 Jun 2018	394,913	35,016	(106,662)	572,664	895,931	50,740	946,671

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 2019	394,913	35,016	(96,702)	629,649	962,876	55,470	1,018,346
Profit for the period	-	-	-	16,961	16,961	479	17,440
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	(2,275)	-	(2,275)	-	(2,275)
Foreign currency translation	-	-	9,631	-	9,631	249	9,880
Other comprehensive income for the period, net of tax	-	-	7,356	-	7,356	249	7,605
Total comprehensive income for the period	-	-	7,356	16,961	24,317	728	25,045
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(23,242)	(23,242)	-	(23,242)
<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	-	-	-	(23,242)	(23,242)	19	(23,223)
At 30 Jun 2019	394,913	35,016	(89,346)	623,368	963,951	56,217	1,020,168
At 1 Apr 2018	394,913	35,016	(50,578)	602,097	981,448	51,565	1,033,013
Profit for the period	-	-	-	35,937	35,937	1,936	37,873
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	3,207	-	3,207	-	3,207
Foreign currency translation	-	-	(59,291)	-	(59,291)	(2,761)	(62,052)
Other comprehensive income for the period, net of tax	-	-	(56,084)	-	(56,084)	(2,761)	(58,845)
Total comprehensive income for the period	-	-	(56,084)	35,937	(20,147)	(825)	(20,972)
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(65,370)	(65,370)	-	(65,370)
Total transactions with owners in their capacity as owners	-	-	-	(65,370)	(65,370)	-	(65,370)
At 30 Jun 2018	394,913	35,016	(106,662)	572,664	895,931	50,740	946,671

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	-	-	21,961	21,961
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	(4,683)	-	(4,683)
Total comprehensive income for the period	-	(4,683)	21,961	17,278
<u>Distributions to owners</u>				
Dividends paid	-	-	(23,242)	(23,242)
Total transactions with owners in their capacity as owners	-	-	(23,242)	(23,242)
At 30 Jun 2019	394,913	7,824	39,596	442,333
At 1 Jan 2018	394,913	5,286	41	400,240
Profit for the period	-	-	89,880	89,880
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	9,522	-	9,522
Total comprehensive income for the period	-	9,522	89,880	99,402
<u>Distributions to owners</u>				
Dividends paid	-	-	(65,370)	(65,370)
Total transactions with owners in their capacity as owners	-	-	(65,370)	(65,370)
At 30 Jun 2018	394,913	14,808	24,551	434,272
At 1 Apr 2019	394,913	10,122	57,666	462,701
Profit for the period	-	-	5,172	5,172
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	(2,298)	-	(2,298)
Total comprehensive income for the period	-	(2,298)	5,172	2,874
<u>Distributions to owners</u>				
Dividends paid	-	-	(23,242)	(23,242)
Total transactions with owners in their capacity as owners	-	-	(23,242)	(23,242)
At 30 Jun 2019	394,913	7,824	39,596	442,333
At 1 Apr 2018	394,913	11,826	14,075	420,814
Profit for the period	-	-	75,846	75,846
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	2,982	-	2,982
Total comprehensive income for the period	-	2,982	75,846	78,828
<u>Distributions to owners</u>				
Dividends paid	-	-	(65,370)	(65,370)
Total transactions with owners in their capacity as owners	-	-	(65,370)	(65,370)
At 30 Jun 2018	394,913	14,808	24,551	434,272

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

Other Reserves

Group	As at		
	30 Jun 2019	31 Dec 2018	30 Jun 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	(2,804)	1,792	6,036
Foreign translation reserve	(68,047)	(98,416)	(94,203)
Total other reserves	(89,346)	(115,119)	(106,662)

Company	As at		
	30 Jun 2019	31 Dec 2018	30 Jun 2018
	US\$'000	US\$'000	US\$'000
Gain on sale of treasury shares	10,322	10,322	10,322
Hedging reserve	(2,891)	1,792	4,093
Foreign translation reserve	393	393	393
Total other reserves	7,824	12,507	14,808

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 2019.

	Company	
	30 Jun 2019	30 Jun 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 June 2019 and 30 June 2018.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 30 June 2019 and 30 June 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 June 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			
	6M 2019	6M 2018	2Q 2019	2Q 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)	1.85	4.02	1.07	2.27
EPS - diluted (US cents)	1.85	4.02	1.07	2.27

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 2019 US\$	31 Dec 2018 US\$	30 Jun 2019 US\$	31 Dec 2018 US\$
Net asset value per ordinary share	0.61	0.59	0.28	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

	6M 2019	6M 2018	Change	2Q 2019	2Q 2018	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	368,375	373,339	(1.3%)	183,575	191,471	(4.1%)
- Palm kernel	78,829	93,735	(15.9%)	34,307	46,767	(26.6%)
Refinery and Processing	563,288	470,271	19.8%	269,367	269,542	(0.1%)

Note: Sales volume include inter-segment sales

SALES

	6M 2019	6M 2018	Change	2Q 2019	2Q 2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	175,299	215,157	(18.5%)	90,308	108,147	(16.5%)
- Palm kernel	24,464	41,742	(41.4%)	9,835	17,072	(42.4%)
- Fresh fruit bunches	7,132	6,912	3.2%	3,311	3,608	(8.2%)
	206,895	263,811	(21.6%)	103,454	128,827	(19.7%)
Refinery and Processing	284,829	301,167	(5.4%)	140,117	172,737	(18.9%)
Inter-segment elimination	(198,691)	(248,408)	(20.0%)	(100,143)	(120,553)	(16.9%)
Total Sales	293,033	316,570	(7.4%)	143,428	181,011	(20.8%)

EBITDA

	6M 2019	6M 2018	Change	2Q 2019	2Q 2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	67,084	129,477	(48.2%)	34,854	60,983	(42.8%)
Refinery and Processing	3,042	5,874	(48.2%)	3,049	6,583	(53.7%)
Inter-segment elimination	11,418	(1,409)	n.m.	4,848	6,376	(24.0%)
Total EBITDA	81,544	133,942	(39.1%)	42,751	73,942	(42.2%)

n.m. – not meaningful

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$29.3 million in 6M2019, a decline of 54.0% against 6M2018 and a 52.1% decrease in profit from operations to US\$47.8 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 2Q2019, net profit decreased by 52.8% to US\$17.0 million while profit from operations decreased by 53.3% to US\$26.4 million, mainly due to weaker palm oil prices.

Sales

Sales dipped by 7.4% to US\$293.0 million in 6M2019 as a result of the lower average selling prices, partially offset by higher sales volumes. For 2Q2019, sales decreased by 20.8% to US\$143.4 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 19.3% to US\$208.4 million in 6M2019, mainly due to the higher sales volumes of palm based products. For 2Q2019, cost of sales decreased by 5.3% to US\$97.0 million from the lower sales volumes.

Gross Profit

Gross profit declined by 40.4% to US\$84.7 million in 6M2019 and 41.0% to US\$46.4 million in 2Q2019, mainly driven by the lower average selling prices.

Gross profit margin came in at 28.9% in 6M2019 (6M2018: 44.8%) and 32.4% in 2Q2019 (2Q2018: 43.4%), reflecting the effects of the lower average selling prices. In addition, the lower margin in 6M2019 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\$22.0 million in 6M2019 (6M2018: US\$27.2 million) and US\$12.9 million in 2Q2019 (2Q2018: US\$14.8 million), mainly due to lower export taxes.

EBITDA

The Group's EBITDA decreased by 39.1% to US\$81.5 million in 6M2019 and 42.2% to US\$42.8 million in 2Q2019, mainly impacted by the lower average selling prices.

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT (continued)

Gains/(Losses) on Foreign Exchange

The Group recorded gains on foreign exchange of US\$0.2 million in 6M2019 (6M2018: US\$6.3 million) and losses of US\$0.3 million in 2Q2019 (2Q2018: gains of US\$3.8 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\$0.8 million in 6M2019 (6M2018: gains of US\$0.1 million) and gains of US\$0.1 million in 2Q2019 (2Q2018: losses of US\$0.2 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 amounted to US\$7.7 million in 6M2019 (6M2018: US\$9.0 million) and US\$3.8 million in 2Q2019 (2Q2018: US\$4.7 million). The lower net financial expenses as compared to the corresponding periods last year were mainly due to the reduction in interest expenses from repayment of bank loans, partially offset by lower interest income earned on cash and bank balances.

The following table reflects the computation of net financial expenses:

	6M 2019	6M 2018	Change	2Q 2019	2Q 2018	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Interest expenses and amortisation on loans and borrowings from financial institutions	2,517	4,532	(44.5%)	1,256	2,391	(47.5%)
Profit distribution and amortisation on Islamic medium term notes	6,027	6,027	-	3,030	3,030	-
	8,544	10,559	(19.1%)	4,286	5,421	(20.9%)
Interest income	(855)	(1,580)	(45.9%)	(454)	(698)	(35.0%)
Net financial expenses	7,689	8,979	(14.4%)	3,832	4,723	(18.9%)

Tax Expense and Net profit

Tax expense decreased to US\$10.4 million in 6M2019 (6M2018: US\$29.6 million) and US\$6.1 million in 2Q2019 (2Q2018: US\$18.8 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 54.0% to US\$29.3 million in 6M2019 and 52.8% to US\$17.0 million in 2Q2019.

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\$1,620.6 million as at 30 June 2019. Non-current assets increased by 5.1% to US\$1,305.3 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 depreciation of bearer plants and property, plant and equipment. The Group’s current assets decreased by 4.3% to US\$315.3 million, mainly contributed by the lower inventories and cash and bank balances, partially offset by the increase in advances for purchase of property, plant and equipment.

Total liabilities of the Group increased from US\$585.0 million as at 31 December 2018 to US\$600.4 million as at 30 June 2019, mainly from the increase in gross borrowings.

Gross borrowings increased by US\$25.4 million to US\$406.4 million as at 30 June 2019 (31 December 2018: US\$381.0 million), primarily due to a net drawdown of bank loans.

Taking into consideration the decrease in cash and bank balances during the period, net borrowings increased from US\$281.1 million as at 31 December 2018 to US\$316.4 million as at 30 June 2019, with net gearing at 0.31x (31 December 2018: 0.29x).

As at 30 June 2019, the Group was in a net current liabilities position of US\$21.2 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 subsequent to 30 June 2019.

The Group’s total equity increased by US\$34.2 million from US\$986.0 million as at 31 December 2018 to US\$1,020.2 million as at 30 June 2019, partly contributed by the foreign currency translation gains from the appreciation of IDR against USD during the period.

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$40.2 million from its operating activities in 6M2019 as compared to US\$48.4 million in 6M2018, mainly due to the lower average selling prices, partially offset by the effects of a net inventory drawdown in 6M2019 as compared to an inventory build-up in 6M2018. In 2Q2019, net cash used in operating activities amounted to US\$2.4 million as compared to net cash generated from operating activities of US\$3.2 million in 2Q2018, mainly driven by the lower average selling prices.

Net cash used in investing activities amounted to US\$49.1 million in 6M2019 (6M2018: US\$28.4 million) and US\$28.1 million in 2Q2019 (2Q2018: US\$16.4 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\$2.9 million in 6M2019 as compared to US\$162.9 million in 6M2018. For 2Q2019, the Group generated net cash of US\$4.4 million from financing activities as compared to net cash used of US\$169.3 million in 2Q2018. The higher cash used in financing activities during 6M2018 and 2Q2018 included prepayment of bank loans amounting to US\$100.0 million and a higher amount of dividends paid in 2Q2018 as compared to the current year.

Overall, the Group registered a decrease in cash and cash equivalents of US\$11.9 million in 6M2019, bringing the Group’s cash and bank balances to US\$90.1 million as at 30 June 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

Palm oil prices continued to be weighed down by uncertainties in the macro environment brought on by the ongoing US-China trade tensions as well as pressures from other competing vegetable oils. However, CPO price affordability and Indonesia's biodiesel mandate is expected to be supportive of demand.

Looking ahead, the Group expects production to pick up seasonally in the second half of the year.

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	0.625 Singapore cents
Tax Rate	1-tier tax-exempt

(b) Corresponding period of the immediately preceding financial year

Any dividend declared for the corresponding period of the immediately preceding financial year?

Yes.

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount per Share	1.25 Singapore cents
Tax Rate	1-tier tax-exempt

(c) Date payable

12 September 2019.

(d) Books closure date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 6 September 2019 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 5 September 2019 will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 5 September 2019 will be entitled to the interim dividend.

12. If no dividend has been declared or recommended, a statement to that effect and the reason(s) for the decision

Not applicable.

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

Name of Interested Person	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
	US\$'000	US\$'000
Associates of Eight Capital Inc.	118	4,791
Associates of Ciliandra Fangiono & Fang Zhixiang	-	148
Total	118	4,939

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 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
14 August 2019