



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the First Quarter Ended 31 March 2016

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		
	1Q 2016	1Q 2015 (Restated)	Change
	US\$'000	US\$'000	(%)
Sales	113,121	96,277	17.5%
Cost of sales	(78,307)	(42,989)	82.2%
Gross profit	34,814	53,288	(34.7%)
Selling and distribution costs	(11,590)	(4,320)	168.3%
General and administrative expenses	(6,377)	(7,610)	(16.2%)
Other operating expenses	(380)	(402)	(5.5%)
Profit from operations	16,467	40,956	(59.8%)
Gains/(losses) on foreign exchange	556	(1,215)	n.m.
Losses on derivative financial instruments	(1,146)	-	n.m.
Net financial expenses	(6,132)	(4,665)	31.4%
Other non-operating expenses	(423)	(977)	(56.7%)
Profit before tax	9,322	34,099	(72.7%)
Tax expense	(3,711)	(8,867)	(58.1%)
Profit for the period	5,611	25,232	(77.8%)
Profit attributable to:			
Owners of the Company	5,345	24,224	(77.9%)
Non-controlling interests	266	1,008	(73.6%)
	5,611	25,232	(77.8%)

n.m. – not meaningful

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

	Group		
	1Q 2016	1Q 2015 (Restated)	Change
	US\$'000	US\$'000	(%)
Profit for the period	5,611	25,232	(77.8%)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Fair value gains/(losses) on cash flow hedges	43,466	(34,285)	n.m.
Fair value (gains)/losses on cash flow hedges transferred to the income statement	(44,780)	34,073	n.m.
Foreign currency translation	47,897	(56,354)	n.m.
Income tax effect	(3,261)	3,093	n.m.
Other comprehensive income for the period, net of tax	43,322	(53,473)	n.m.
Total comprehensive income for the period	48,933	(28,241)	n.m.
Total comprehensive income attributable to:			
Owners of the Company	46,882	(27,416)	n.m.
Non-controlling interests	2,051	(825)	n.m.
	48,933	(28,241)	n.m.

n.m. – not meaningful

Additional Information

	Group		
	1Q 2016	1Q 2015 (Restated)	Change
	US\$'000	US\$'000	(%)
EBITDA			
Profit from operations	16,467	40,956	(59.8%)
Depreciation and amortisation	13,302	12,480	6.6%
EBITDA	29,769	53,436	(44.3%)
EBITDA margin	26.3%	55.5%	

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

	Group			Company	
	31 Mar 2016	31 Dec 2015 (Restated)	1 Jan 2015 (Restated)	31 Mar 2016	31 Dec 2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Bearer plants	618,015	599,264	569,157	-	-
Plasma plantation receivables	72,157	59,832	59,206	-	-
Property, plant and equipment	336,610	325,111	338,415	7,660	7,978
Land use rights	41,335	40,153	46,139	-	-
Investment in subsidiaries	-	-	-	523,527	523,527
Goodwill	88,275	85,041	60,994	-	-
Other intangible assets	23,091	22,301	24,932	132	171
Tax recoverable	44,924	37,626	13,431	-	-
Deferred tax assets	27,824	26,409	16,652	-	-
Other non-current assets	275	941	2,094	-	-
Total non-current assets	1,252,506	1,196,678	1,131,020	531,319	531,676
Current assets					
Biological assets	11,637	11,199	11,678	-	-
Inventories	73,034	67,903	48,563	-	-
Trade receivables	9,891	29,317	29,769	4,497	2,839
Other receivables	11,686	10,502	9,312	497	4,717
Derivative financial assets	43	79	-	-	-
Advances for purchase of plant, property and equipment	3,505	3,353	4,235	-	-
Other advances and prepayments	7,542	4,108	2,188	247	315
Prepaid taxes	41,663	39,660	29,926	-	-
Restricted cash balances	108,451	143,491	59,460	106,328	142,757
Cash and cash equivalents (Note A)	81,941	61,925	291,456	429,806	373,022
Total current assets	349,393	371,537	486,587	541,375	523,650
Total assets	1,601,899	1,568,215	1,617,607	1,072,694	1,055,326

Note A:

As at 31 March 2016, the Group has cash at bank amounting to US\$444.2 million (31 December 2015: US\$425.5 million) which have been netted against bank overdrafts as the Group has the legal rights to set off the cash at bank against the overdrafts, which are with the same bank.

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

	Group			Company	
	31 Mar 2016	31 Dec 2015 (Restated)	1 Jan 2015 (Restated)	31 Mar 2016	31 Dec 2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES					
Current liabilities					
Trade payables	30,783	24,965	20,075	38	16
Other payables and accruals	27,007	25,763	36,884	11,045	8,405
Advances from customers	1,673	232	2,071	-	-
Loans and borrowings from financial institutions	1,852	28,667	10,946	-	-
Derivative financial liabilities	2,790	-	-	-	-
Provision for tax	8,255	11,718	18,315	158	164
Total current liabilities	72,360	91,345	88,291	11,241	8,585
Non-current liabilities					
Loans and borrowings from financial institutions	1,493	2,038	2,740	-	-
Islamic medium term notes	509,644	464,344	569,433	509,644	464,344
Derivative financial liabilities	156,010	199,955	91,198	156,010	199,955
Provision for post-employment benefits	14,491	13,649	13,413	-	-
Deferred tax liabilities	24,577	22,493	24,160	363	349
Total non-current liabilities	706,215	702,479	700,944	666,017	664,648
Total liabilities	778,575	793,824	789,235	677,258	673,233
Net assets	823,324	774,391	828,372	395,436	382,093
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	(382,261)	(423,798)	(315,356)	(15,827)	(14,513)
Retained earnings	735,285	729,940	674,245	16,350	1,693
Equity attributable to owners of the Company	782,953	736,071	788,818	395,436	382,093
Non-controlling interests	40,371	38,320	39,554	-	-
Total equity	823,324	774,391	828,372	395,436	382,093

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 31 Mar 2016			As at 31 Dec 2015		
	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	1,852	-	1,852	23,167	5,500	28,667
Amount repayable after one year	1,493	509,644	511,137	2,038	464,344	466,382
Total	3,345	509,644	512,989	25,205	469,844	495,049

Details of any collateral

The secured borrowings are collateralised by certain of the Group's bearer plants, land use rights and property, plant and equipment.

As at 31 March 2016, the Group has bank loans and bank deposits amounting to US\$400.0 million (31 December 2015: US\$200.0 million) respectively, which have been netted against each other as the Group has the legal rights to set off the deposits against the loans. Both the loans and deposits have the same maturity terms of less than one year from the end of the reporting period and are with the same bank.

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	
	1Q 2016	1Q 2015 (Restated)
	US\$'000	US\$'000
Cash flows from operating activities		
Profit before tax	9,322	34,099
Adjustments for:		
Depreciation of bearer plants and property, plant and equipment	12,848	12,000
Amortisation of land use rights and intangible assets	454	480
Gains on disposal of property, plant and equipment	(32)	(31)
Financial expenses	6,533	5,957
Interest income	(401)	(1,292)
Losses on derivative financial instruments	1,146	-
Operating cash flows before changes in working capital	29,870	51,213
Changes in working capital:		
Inventories	(2,168)	(19,400)
Receivables and other assets	12,884	9,412
Payables and other liabilities	6,653	11,692
Unrealised translation differences	(1,468)	4,650
Cash flows generated from operations	45,771	57,567
Financial expenses paid	(4,151)	(3,660)
Interest income received	451	1,274
Tax paid	(12,654)	(13,003)
Net cash generated from operating activities	29,417	42,178

1(c) Statement of cash flows (continued)

	Group	
	1Q 2016	1Q 2015 (Restated)
	US\$'000	US\$'000
Cash flows from investing activities		
Capital expenditure on bearer plants	(9,215)	(23,806)
Capital expenditure on property, plant and equipment	(7,191)	(6,773)
(Increase)/decrease in advances for purchase of property, plant and equipment	(21)	915
(Increase)/decrease in plasma plantation receivables	(534)	2,874
Acquisition of land use rights	-	(25)
Acquisition of other intangible assets	-	(29)
Proceeds from disposal of property, plant and equipment	40	50
Net cash used in investing activities	(16,921)	(26,794)
Cash flows from financing activities		
Repayment of bank loans	(27,317)	(7,814)
Payment of obligations under finance leases	(673)	(828)
Decrease/(increase) in restricted cash balances	35,040	(27,561)
Net cash generated from/(used in) financing activities	7,050	(36,203)
Net increase/(decrease) in cash and cash equivalents	19,546	(20,819)
Effect of exchange rate changes on cash and cash equivalents	470	(1,062)
Cash and cash equivalents, at the beginning of the financial period	61,925	291,456
Cash and cash equivalents, at the end of the financial period (Note B)	81,941	269,575
<u>Note B</u>		
Reconciliation of cash and cash equivalents:		
Cash at banks and on hand	81,670	97,546
Time deposits	271	172,029
Cash and cash equivalents	81,941	269,575
Restricted cash balances	108,451	87,021
Cash and bank balances	190,392	356,596

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	US\$'000	US\$'000
At 1 Jan 2016 (As previously reported)	394,913	35,016	(532,116)	1,097,570	995,383	50,033	1,045,416
Cumulative effect of adopting amendments to FRS 16 and FRS 41	-	-	108,318	(367,630)	(259,312)	(11,713)	(271,025)
At 1 Jan 2016 (As restated)	394,913	35,016	(423,798)	729,940	736,071	38,320	774,391
Profit for the period	-	-	-	5,345	5,345	266	5,611
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	(1,314)	-	(1,314)	-	(1,314)
Foreign currency translation	-	-	42,851	-	42,851	1,785	44,636
Other comprehensive income for the period, net of tax	-	-	41,537	-	41,537	1,785	43,322
Total comprehensive income for the period	-	-	41,537	5,345	46,882	2,051	48,933
At 31 Mar 2016	394,913	35,016	(382,261)	735,285	782,953	40,371	823,324

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

Group	----- Attributable to owners of the Company -----					Non-controlling interests (Restated)	Total equity (Restated)
	Share capital	Differences arising from restructuring transactions involving entities under common control	Other reserves (Restated)	Retained earnings (Restated)	Equity attributable to owners of the Company (Restated)		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2015 (As previously reported)	394,913	35,016	(396,366)	1,029,626	1,063,189	52,561	1,115,750
Cumulative effect of adopting amendments to FRS 16 and FRS 41	-	-	81,010	(355,381)	(274,371)	(13,007)	(287,378)
At 1 Jan 2015 (As restated)	394,913	35,016	(315,356)	674,245	788,818	39,554	828,372
Profit for the period	-	-	-	24,224	24,224	1,008	25,232
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	(212)	-	(212)	-	(212)
Foreign currency translation	-	-	(51,428)	-	(51,428)	(1,833)	(53,261)
Other comprehensive income for the period, net of tax	-	-	(51,640)	-	(51,640)	(1,833)	(53,473)
Total comprehensive income for the period	-	-	(51,640)	24,224	(27,416)	(825)	(28,241)
At 31 Mar 2015	394,913	35,016	(366,996)	698,469	761,402	38,729	800,131

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 2016	394,913	(14,513)	1,693	382,093
Profit for the period	-	-	14,657	14,657
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	(1,314)	-	(1,314)
Total comprehensive income for the period	-	(1,314)	14,657	13,343
At 31 Mar 2016	394,913	(15,827)	16,350	395,436
At 1 Jan 2015	394,913	(12,723)	3,115	385,305
Profit for the period	-	-	129	129
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	(212)	-	(212)
Total comprehensive income for the period	-	(212)	129	(83)
At 31 Mar 2015	394,913	(12,935)	3,244	385,222

Other Reserves

	Group			
	As at			
	31 Mar 2016	31 Dec 2015 (Restated)	31 Mar 2015 (Restated)	1 Jan 2015 (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	(26,542)	(25,228)	(23,650)	(23,438)
Foreign translation reserve	(337,224)	(380,075)	(324,851)	(273,423)
Total other reserves	(382,261)	(423,798)	(366,996)	(315,356)

	Company		
	As at		
	31 Mar 2016	31 Dec 2015	31 Mar 2015
	US\$'000	US\$'000	US\$'000
Gain on sale of treasury shares	10,322	10,322	10,322
Hedging reserve	(26,542)	(25,228)	(23,650)
Foreign translation reserve	393	393	393
Total other reserves	(15,827)	(14,513)	(12,935)

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 also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares 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

There were no changes to the Company issued and paid up share capital in the three months ended 31 March 2016.

	Company	
	31 Mar 2016	31 Mar 2015
Number of issued shares excluding treasury shares	1,584,072,969	1,584,072,969

The Company did not hold any treasury shares and there were no shares that may be issued upon conversion of any outstanding convertibles as at 31 March 2016 and 31 March 2015.

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 31 March 2016 and 31 December 2015 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.

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 2015 except for the new and revised standards which are effective for annual periods beginning on or after 1 January 2016.

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 Group adopted the amendments to FRS 16 and FRS 41 with effect from 1 January 2016. Under the amendments, biological assets that meet the definition of bearer plants will no longer be within the scope of FRS 41. Instead, bearer plants will be measured under FRS 16 at accumulated cost (before maturity) using the cost model (after maturity). The amendments also require that agricultural produce growing on bearer plants will remain within the scope of FRS 41 to be measured at fair value less costs to sell. We have applied these amendments retrospectively.

Based on the adoption of these amendments on 1 January 2016, the Group's total assets and deferred tax liabilities decreased by US\$358.7 million and US\$87.7 million respectively, with a corresponding decrease to total equity of US\$271.0 million.

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	
	1Q 2016	1Q 2015 (Restated)
Weighted average number of shares applicable to basic EPS computation	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
EPS - basic (US cents)	0.34	1.53
EPS - diluted (US cents)	0.34	1.53

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	
	31 Mar 2016	31 Dec 2015 (Restated)	31 Mar 2016	31 Dec 2015
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.49	0.46	0.25	0.24

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

	1Q 2016	1Q 2015	Change
	Tonne	Tonne	%
Plantations and Palm Oil Mills			
- Crude palm oil	152,005	147,567	3.0%
- Palm kernel	34,759	33,592	3.5%
Refinery and Processing	195,897	41,848	368.1%

Note: Sales volume include inter-segment sales

SALES

	1Q 2016	1Q 2015	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills			
- Crude palm oil	72,265	92,904	(22.2%)
- Palm kernel	12,299	12,933	(4.9%)
- Fresh fruit bunches	1,651	1,915	(13.8%)
	86,215	107,752	(20.0%)
Refinery and Processing	103,000	23,288	342.3%
Inter-segment elimination	(76,094)	(34,763)	118.9%
Total Sales	113,121	96,277	17.5%

EBITDA

	1Q 2016	1Q 2015	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	22,272	52,874	(57.9%)
Refinery and Processing	3,077	1,479	108.0%
Inter-segment elimination	4,420	(917)	n.m.
Total EBITDA	29,769	53,436	(44.3%)

n.m. – not meaningful

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$5.3 million in 1Q2016, a decrease of 77.9% as compared to the corresponding period last year, with a 59.8% decline in profit from operations to US\$16.5 million. The decline in profit from operations was mainly due to the lower average selling prices of palm based products, as well as the decline in production volumes and yields.

Average selling prices (ex-mill basis) of crude palm oil fell by approximately US\$150 per tonne, mainly due to the lower market prices as compared to the corresponding period last year and the imposition of the palm oil export levy since July 2015.

Sales

Sales increased by 17.5% to US\$113.1 million in 1Q2016, mainly driven by higher sales volumes from the Refinery and Processing segment, partially offset by the effects of 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 82.2% to US\$78.3 million in 1Q2016, mainly due to the increase in purchases of palm oil products from third parties.

Gross Profit

Gross profit decreased by 34.7% to US\$34.8 million in 1Q2016 and gross profit margin came in at 30.8% as compared to 55.3% in 1Q2015. The lower gross profit margin was mainly due to the lower average selling prices, as well as the increase in purchases of palm oil products from third parties.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly export taxes and freight charges, increased to US\$11.6 million in 1Q2016 (1Q2015: US\$4.3 million), mainly due to the higher export taxes incurred from the imposition of the palm oil export levy since July 2015.

General and Administrative expenses

General and administrative expenses declined by 16.2% to US\$6.4 million in 1Q2016, mainly due to lower accruals for employee related costs and other expenses.

EBITDA

The Group's EBITDA decreased by 44.3% to US\$29.8 million in 1Q2016, impacted by the lower average selling prices of palm based products.

Gains/(Losses) on Foreign Exchange

The Group recorded gains on foreign exchange of US\$0.6 million in 1Q2016 as compared to losses on foreign exchange of US\$1.2 million in 1Q2015. The gains/(losses) on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT (continued)

Losses on Derivative Financial Instruments

The Group recorded losses on derivative financial instruments of US\$1.1 million in 1Q2016. These arose primarily from financial instruments entered into by the Group to hedge its exposure to commodity price movements during the course of its business.

Net Financial Expenses

Net financial expenses comprise interest expenses after deducting interest income. Net financial expenses totaled US\$6.1 million in 1Q2016, an increase of 31.4% from 1Q2015, mainly due to the increase in interest expenses from working capital loans as well as the lower interest income earned on cash and bank balances.

The following table reflects the computation of net financial expenses:

	1Q 2016	1Q 2015	Change
	US\$'000	US\$'000	%
Interest expenses and amortisation on loans and borrowings from financial institutions	556	46	1,108.7%
Profit distribution and amortisation on Islamic medium term notes	5,977	5,911	1.1%
	6,533	5,957	9.7%
Interest income	(401)	(1,292)	(69.0%)
Net financial expenses	6,132	4,665	31.4%

Tax Expense and Net Profit

Tax expense decreased by 58.1% to US\$3.7 million along with the lower taxable income of the Group in 1Q2016. The higher effective tax rate of the Group in 1Q2016 as compared to the corresponding period last year included the effects of non-deductible expenses.

As a result of the foregoing, profit attributable to owners of the Company decreased by 77.9% to US\$5.3 million in 1Q2016.

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,568.2 million as at 31 December 2015 to US\$1,601.9 million as at 31 March 2016. Non-current assets increased by US\$55.8 million to US\$1,252.5 million, mainly due to the strengthening of Indonesian Rupiah against United States Dollar ("USD") during the period, as well as the Group's capital expenditure on bearer plants and property, plant and equipment. The Group's current assets decreased by 6.0% to US\$349.4 million, mainly due to the reduction in cash and bank balances and trade receivables.

Total liabilities of the Group decreased by 1.9% from US\$793.8 million as at 31 December 2015 to US\$778.6 million as at 31 March 2016.

Gross borrowings increased by US\$17.9 million to US\$513.0 million as at 31 March 2016 (31 December 2015: US\$495.0 million), mainly due to the foreign currency revaluation of the Ringgit-denominated Islamic medium term notes ("IMTN"). The increase in carrying value of the IMTN is broadly offset by the change in fair value of the cross currency swaps entered into with financial institutions to swap the Ringgit-denominated IMTN indebtedness effectively into USD liabilities.

Taking into consideration the reduction in cash and bank balances during the period, net borrowings increased from US\$289.6 million as at 31 December 2015 to US\$322.6 million as at 31 March 2016, with net gearing at 0.39x (31 December 2015: 0.37x).

8. Review of Group Performance (continued)

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$29.4 million from its operating activities in 1Q2016, compared to US\$42.2 million in 1Q2015, mainly due to the lower average selling prices of palm based products.

Net cash used in investing activities amounted to US\$16.9 million in 1Q2016 (1Q2015: US\$26.8 million), primarily relating to the Group's continued capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment.

Net cash generated from financing activities in 1Q2016 amounted to US\$7.1 million, as compared to net cash used in financing activities of US\$36.2 million in 1Q2015. These included the effects of a reduction in restricted cash balances of US\$35.0 million in 1Q2016 and an increase in restricted cash balances of US\$27.6 million in the corresponding period last year.

Overall, the Group registered an increase in cash and cash equivalents of US\$19.5 million in 1Q2016, bringing the Group's cash and bank balances to US\$190.4 million as at 31 March 2016.

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 recovery in palm oil prices has been largely driven by concerns over the impact from prolonged dry weather last year, which is suppressing industry-wide production. The recent higher prices is expected to improve our financial performance as compared to 1Q2016. While palm oil prices continue to be influenced by prices of other competing oils and the low crude oil price, the Group expects the Indonesian biodiesel mandate and demand from the emerging economies to support palm oil prices.

On the production front, the Group expects its production to continue to be impacted by the lagged effects of the dry weather in 2015, such that overall production in 2016 is expected to be lower than the preceding year. The Group will continue to focus on strengthening its operational efficiencies and keeping costs low.

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.

11. Dividends (continued)

(c) Date payable

Not applicable.

(d) Books closure date

Not applicable.

12. If no dividend has been declared/recommendeded, 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

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

14. Negative Confirmation by the Board pursuant to Rule 705(5) of the Listing Manual

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 first quarter ended 31 March 2016 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Ming Seong
Chairman

Ciliandra Fangiono
Director and Chief Executive Officer

15. Confirmation of Directors and Executive Officers' Undertakings pursuant to Rule 720(1) of the Listing Manual

The Company hereby confirms that it has procured undertakings from its directors and executive officers under Rule 720(1) of the Listing Manual.

BY ORDER OF THE BOARD

Ciliandra Fangiono
Director and Chief Executive Officer
13 May 2016