



# FIRST RESOURCES LIMITED

## Unaudited Financial Statements for the Fourth Quarter (“4Q”) and Full Year Ended 31 December 2017

### PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

**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					
	FY 2017	FY 2016	Change	4Q 2017	4Q 2016	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	646,989	575,234	12.5%	180,790	175,224	3.2%
Cost of sales	(340,298)	(307,971)	10.5%	(94,786)	(79,677)	19.0%
<b>Gross profit</b>	<b>306,691</b>	<b>267,263</b>	<b>14.8%</b>	<b>86,004</b>	<b>95,547</b>	<b>(10.0%)</b>
(Losses)/gains arising from changes in fair value of biological assets	(2,382)	13,184	n.m.	(2,382)	13,184	n.m.
Selling and distribution costs	(47,627)	(41,747)	14.1%	(14,769)	(11,837)	24.8%
General and administrative expenses	(28,202)	(29,436)	(4.2%)	(8,637)	(8,886)	(2.8%)
Other operating expenses	(1,557)	(1,559)	(0.1%)	(413)	(361)	14.4%
<b>Profit from operations</b>	<b>226,923</b>	<b>207,705</b>	<b>9.3%</b>	<b>59,803</b>	<b>87,647</b>	<b>(31.8%)</b>
Gains on foreign exchange	4,845	208	n.m.	1,243	197	531.0%
Gains/(losses) on derivative financial instruments	139	289	(51.9%)	276	(787)	n.m.
Net financial expenses	(20,689)	(24,345)	(15.0%)	(4,722)	(5,810)	(18.7%)
Other non-operating (expenses)/income	(2,339)	(785)	198.0%	(1,997)	177	n.m.
<b>Profit before tax</b>	<b>208,879</b>	<b>183,072</b>	<b>14.1%</b>	<b>54,603</b>	<b>81,424</b>	<b>(32.9%)</b>
Tax expense	(63,645)	(51,279)	24.1%	(18,410)	(20,692)	(11.0%)
<b>Profit for the year/period</b>	<b>145,234</b>	<b>131,793</b>	<b>10.2%</b>	<b>36,193</b>	<b>60,732</b>	<b>(40.4%)</b>
<b>Profit attributable to:</b>						
Owners of the Company	137,700	125,373	9.8%	34,163	58,028	(41.1%)
Non-controlling interests	7,534	6,420	17.4%	2,030	2,704	(24.9%)
	<b>145,234</b>	<b>131,793</b>	<b>10.2%</b>	<b>36,193</b>	<b>60,732</b>	<b>(40.4%)</b>

n.m. – not meaningful

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

	Group					
	FY 2017	FY 2016	Change	4Q 2017	4Q 2016	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
<b>Profit for the year/period</b>	145,234	131,793	10.2%	36,193	60,732	(40.4%)
<b>Other comprehensive income:</b>						
<b>Items that will not be reclassified subsequently to profit or loss</b>						
Remeasurement losses on defined benefits plan	(2,081)	(12)	n.m.	(2,081)	(12)	n.m.
Income tax effect	520	22	n.m.	520	22	n.m.
	(1,561)	10	n.m.	(1,561)	10	n.m.
<b>Items that may be reclassified subsequently to profit or loss</b>						
Fair value gains/(losses) on cash flow hedges	46,358	(8,522)	n.m.	16,741	(28,528)	n.m.
Fair value (gains)/losses on cash flow hedges transferred to the income statement	(36,856)	21,866	n.m.	(12,172)	37,236	n.m.
Foreign currency translation adjustments	(14,234)	29,335	n.m.	(5,901)	(42,197)	(86.0%)
	(4,732)	42,679	n.m.	(1,332)	(33,489)	(96.0%)
Other comprehensive income for the year/period, net of tax	(6,293)	42,689	n.m.	(2,893)	(33,479)	(91.4%)
<b>Total comprehensive income for the year/period</b>	<b>138,941</b>	<b>174,482</b>	<b>(20.4%)</b>	<b>33,300</b>	<b>27,253</b>	<b>22.2%</b>
<b>Total comprehensive income attributable to:</b>						
Owners of the Company	132,016	166,915	(20.9%)	31,818	26,388	20.6%
Non-controlling interests	6,925	7,567	(8.5%)	1,482	865	71.3%
	<b>138,941</b>	<b>174,482</b>	<b>(20.4%)</b>	<b>33,300</b>	<b>27,253</b>	<b>22.2%</b>

n.m. – not meaningful

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

### Additional Information

	Group					
	FY 2017	FY 2016	Change	4Q 2017	4Q 2016	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
<b>EBITDA</b>						
Profit from operations	226,923	207,705	9.3%	59,803	87,647	(31.8%)
Depreciation and amortisation	62,825	56,824	10.6%	16,061	16,928	(5.1%)
Losses/(gains) arising from changes in fair value of biological assets	2,382	(13,184)	n.m.	2,382	(13,184)	n.m.
<b>EBITDA</b>	<b>292,130</b>	<b>251,345</b>	<b>16.2%</b>	<b>78,246</b>	<b>91,391</b>	<b>(14.4%)</b>
EBITDA margin	45.2%	43.7%		43.3%	52.2%	

	Group					
	FY 2017	FY 2016	Change	4Q 2017	4Q 2016	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
<b>Underlying Net Profit</b>						
Profit for the year/period	145,234	131,793	10.2%	36,193	60,732	(40.4%)
Losses/(gains) arising from changes in fair value of biological assets	1,787	(9,887)	n.m.	1,787	(9,887)	n.m.
<b>Underlying net profit for the year/period</b>	<b>147,021</b>	<b>121,906</b>	<b>20.6%</b>	<b>37,980</b>	<b>50,845</b>	<b>(25.3%)</b>
<b>Underlying net profit attributable to:</b>						
Owners of the Company	139,487	115,486	20.8%	35,950	48,141	(25.3%)
Non-controlling interests	7,534	6,420	17.4%	2,030	2,704	(24.9%)
	<b>147,021</b>	<b>121,906</b>	<b>20.6%</b>	<b>37,980</b>	<b>50,845</b>	<b>(25.3%)</b>

**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 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
<b>ASSETS</b>				
<b>Non-current assets</b>				
Bearer plants	612,970	623,176	-	-
Plasma assets	96,459	80,159	-	-
Property, plant and equipment	337,478	328,618	5,487	6,758
Land use rights	49,947	40,584	-	-
Investment in subsidiaries	-	-	523,527	523,527
Goodwill	86,592	87,313	-	-
Other intangible assets	22,211	22,564	-	15
Available-for-sale unquoted investment	5,775	-	5,775	-
Derivative financial assets	1,290	-	1,290	-
Tax recoverable	36,820	40,586	-	-
Deferred tax assets	48,955	41,207	-	19
Loan to subsidiary	-	-	370,000	-
Other non-current assets	395	432	-	-
<b>Total non-current assets</b>	<b>1,298,892</b>	<b>1,264,639</b>	<b>906,079</b>	<b>530,319</b>
<b>Current assets</b>				
Biological assets	22,000	24,556	-	-
Inventories	66,908	78,203	-	-
Trade receivables	31,804	23,613	-	-
Other receivables	3,152	11,986	125	1,869
Derivative financial assets	4,327	1,933	-	-
Advances for purchase of property, plant and equipment	647	9,662	21	-
Other advances and prepayments	1,927	3,130	290	379
Prepaid taxes	22,447	23,584	-	-
Restricted cash balances	44,569	150,312	44,068	149,367
Cash and cash equivalents (Note A)	234,322	107,933	34,654	377,504
<b>Total current assets</b>	<b>432,103</b>	<b>434,912</b>	<b>79,158</b>	<b>529,119</b>
<b>Total assets</b>	<b>1,730,995</b>	<b>1,699,551</b>	<b>985,237</b>	<b>1,059,438</b>

Note A:

As at 31 December 2017, the Group has cash at bank amounting to US\$55.2 million (31 December 2016: US\$516.9 million) which have been netted against bank overdrafts as the Group has the legal rights to set off the cash at bank against the overdrafts, which are with the same banks.

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

	Group		Company	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
<b>LIABILITIES</b>				
<b>Current liabilities</b>				
Trade payables	28,428	26,056	49	60
Other payables and accruals	33,551	30,912	5,923	8,634
Advances from customers	1,424	660	-	-
Loans and borrowings from financial institutions	20,970	1,672	19,277	-
Islamic medium term notes	-	222,542	-	222,542
Derivative financial liabilities	1,799	101,329	75	99,294
Provision for tax	21,496	18,122	1,733	499
<b>Total current liabilities</b>	<b>107,668</b>	<b>401,293</b>	<b>27,057</b>	<b>331,029</b>
<b>Non-current liabilities</b>				
Loans and borrowings from financial institutions	229,536	1,346	227,484	-
Islamic medium term notes	245,785	222,291	245,785	222,291
Derivative financial liabilities	81,286	109,430	81,286	109,430
Provision for post-employment benefits	22,473	16,537	-	-
Deferred tax liabilities	22,055	22,471	795	-
<b>Total non-current liabilities</b>	<b>601,135</b>	<b>372,075</b>	<b>555,350</b>	<b>331,721</b>
<b>Total liabilities</b>	<b>708,803</b>	<b>773,368</b>	<b>582,407</b>	<b>662,750</b>
<b>Net assets</b>	<b>1,022,192</b>	<b>926,183</b>	<b>402,830</b>	<b>396,688</b>
<b>EQUITY</b>				
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	(386,582)	(382,271)	5,286	(2,595)
Retained earnings	928,558	833,515	2,631	4,370
<b>Equity attributable to owners of the Company</b>	<b>971,905</b>	<b>881,173</b>	<b>402,830</b>	<b>396,688</b>
Non-controlling interests	50,287	45,010	-	-
<b>Total equity</b>	<b>1,022,192</b>	<b>926,183</b>	<b>402,830</b>	<b>396,688</b>

### 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 Dec 2017			As at 31 Dec 2016		
	Secured	Unsecured	Total	Secured	Unsecured	Total
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Amount repayable in one year or less, or on demand	1,693	19,277	20,970	1,672	222,542	224,214
Amount repayable after one year	2,052	473,269	475,321	1,346	222,291	223,637
<b>Total</b>	<b>3,745</b>	<b>492,546</b>	<b>496,291</b>	<b>3,018</b>	<b>444,833</b>	<b>447,851</b>

#### 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 31 December 2016, the Group had bank loans and bank deposits amounting to US\$300.0 million respectively, which had been netted against each other as the Group had the legal rights to set off the deposits against the loans. Both the loans and deposits had the same maturity terms of less than one year from the end of the reporting period and were with the same bank. There are no such loans and deposits outstanding as at 31 December 2017.

As at 31 December 2017, the Group has undrawn committed unsecured credit facilities available of US\$50.0 million, which may be utilised for the Group's general corporate purposes.

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

	<b>Group</b>			
	<b>FY 2017</b>	<b>FY 2016</b>	<b>4Q 2017</b>	<b>4Q 2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Cash flows from operating activities</b>				
Profit before tax	208,879	183,072	54,603	81,424
Adjustments for:				
Depreciation of bearer plants and property, plant and equipment	61,099	54,958	15,612	16,488
Amortisation of land use rights and intangible assets	1,726	1,866	449	440
Losses/(gains) on disposal of bearer plants and property, plant and equipment	2,879	(1,211)	2,513	(1,035)
Financial expenses	23,389	25,868	5,470	6,427
Interest income	(2,700)	(1,523)	(748)	(617)
(Gains)/losses on derivative financial instruments	(139)	(289)	(276)	787
Losses/(gains) arising from changes in fair value of biological assets	2,382	(13,184)	2,382	(13,184)
<b>Operating cash flows before changes in working capital</b>	<b>297,515</b>	<b>249,557</b>	<b>80,005</b>	<b>90,730</b>
Changes in working capital:				
Inventories	10,724	(8,390)	6,588	(6,669)
Receivables and other assets	4,304	10,719	1,717	7,127
Payables and other liabilities	10,912	10,094	5,309	(8,788)
Unrealised translation differences	(5,225)	(609)	(1,576)	(250)
<b>Cash flows generated from operations</b>	<b>318,230</b>	<b>261,371</b>	<b>92,043</b>	<b>82,150</b>
Financial expenses paid	(24,577)	(27,079)	(9,643)	(9,159)
Interest income received	3,474	1,458	1,539	595
Tax paid	(65,437)	(49,134)	(17,023)	(12,870)
<b>Net cash generated from operating activities</b>	<b>231,690</b>	<b>186,616</b>	<b>66,916</b>	<b>60,716</b>

**1(c) Statement of cash flows (continued)**

	Group			
	FY 2017	FY 2016	4Q 2017	4Q 2016
	US\$'000	US\$'000	US\$'000	US\$'000
<b>Cash flows from investing activities</b>				
Capital expenditure on bearer plants	(37,466)	(44,070)	(10,954)	(10,115)
Capital expenditure on property, plant and equipment	(47,370)	(28,094)	(14,519)	(9,056)
Decrease/(increase) in advances for purchase of property, plant and equipment	9,045	(6,280)	904	(2,394)
(Increase)/decrease in plasma assets	(998)	(3,380)	4,902	1,516
Additions to land use rights	(11,348)	(893)	(11,237)	(217)
Additions to other intangible assets	-	(28)	-	-
Additions to available-for-sale unquoted investment	(5,775)	-	(5,775)	-
Proceeds from disposal of bearer plants and property, plant and equipment	901	1,729	390	1,482
<b>Net cash used in investing activities</b>	<b>(93,011)</b>	<b>(81,016)</b>	<b>(36,289)</b>	<b>(18,784)</b>
<b>Cash flows from financing activities</b>				
Proceeds from bank loans	247,428	-	99,231	-
Repayment of bank loans	(833)	(27,677)	(833)	-
Payment of obligations under finance leases	(2,086)	(2,576)	(502)	(631)
Decrease/(increase) in restricted cash balances	105,743	(6,821)	37,653	(22,189)
Dividends paid	(42,932)	(22,690)	(190)	(191)
Repayment of Islamic medium term notes	(319,655)	-	(130,976)	-
<b>Net cash (used in)/generated from financing activities</b>	<b>(12,335)</b>	<b>(59,764)</b>	<b>4,383</b>	<b>(23,011)</b>
Net increase in cash and cash equivalents	126,344	45,836	35,010	18,921
Effect of exchange rate changes on cash and cash equivalents	45	172	(8)	(464)
Cash and cash equivalents, at the beginning of the financial year/period	107,933	61,925	199,320	89,476
<b>Cash and cash equivalents, at the end of the financial year/period (Note B)</b>	<b>234,322</b>	<b>107,933</b>	<b>234,322</b>	<b>107,933</b>
<u>Note B</u>				
Reconciliation of cash and cash equivalents:				
Cash at banks and on hand	111,322	91,023	111,322	91,023
Time deposits	123,000	16,910	123,000	16,910
<b>Cash and cash equivalents</b>	<b>234,322</b>	<b>107,933</b>	<b>234,322</b>	<b>107,933</b>
Restricted cash balances	44,569	150,312	44,569	150,312
<b>Cash and bank balances</b>	<b>278,891</b>	<b>258,245</b>	<b>278,891</b>	<b>258,245</b>



**1(d)(i) A statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year**

Group	----- Attributable to owners of the Company -----					Non-controlling interests	Total equity
	Share capital	Differences arising from restructuring transactions involving entities under common control	Other reserves	Retained earnings	Equity attributable to owners of the Company		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
At 1 Jan 2017	394,913	35,016	(382,271)	833,515	881,173	45,010	926,183
Profit for the year	-	-	-	137,700	137,700	7,534	145,234
<u>Other comprehensive income</u>							
Remeasurement gains on defined benefits plan	-	-	-	(1,373)	(1,373)	(188)	(1,561)
Net change in fair value of cash flow hedges	-	-	9,502	-	9,502	-	9,502
Foreign currency translation	-	-	(13,813)	-	(13,813)	(421)	(14,234)
Other comprehensive income for the year, net of tax	-	-	(4,311)	(1,373)	(5,684)	(609)	(6,293)
Total comprehensive income for the year	-	-	(4,311)	136,327	132,016	6,925	138,941
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(41,284)	(41,284)	(1,648)	(42,932)
<b>At 31 Dec 2017</b>	<b>394,913</b>	<b>35,016</b>	<b>(386,582)</b>	<b>928,558</b>	<b>971,905</b>	<b>50,287</b>	<b>1,022,192</b>
At 1 Jan 2016	394,913	35,016	(423,798)	729,940	736,071	38,320	774,391
Profit for the year	-	-	-	125,373	125,373	6,420	131,793
<u>Other comprehensive income</u>							
Remeasurement gains on defined benefits plan	-	-	-	15	15	(5)	10
Net change in fair value of cash flow hedges	-	-	13,344	-	13,344	-	13,344
Foreign currency translation	-	-	28,183	-	28,183	1,152	29,335
Other comprehensive income for the year, net of tax	-	-	41,527	15	41,542	1,147	42,689
Total comprehensive income for the year	-	-	41,527	125,388	166,915	7,567	174,482
<u>Distributions to owners</u>							
Dividends paid	-	-	-	(21,813)	(21,813)	(877)	(22,690)
<b>At 31 Dec 2016</b>	<b>394,913</b>	<b>35,016</b>	<b>(382,271)</b>	<b>833,515</b>	<b>881,173</b>	<b>45,010</b>	<b>926,183</b>

## 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 Oct 2017	394,913	35,016	(385,610)	895,768	940,087	48,995	989,082
Profit for the period	-	-	-	34,163	34,163	2,030	36,193
<u>Other comprehensive income</u>							
Remeasurement gains on defined benefits plan			-	(1,373)	(1,373)	(188)	(1,561)
Net change in fair value of cash flow hedges	-	-	4,569	-	4,569	-	4,569
Foreign currency translation	-	-	(5,541)	-	(5,541)	(360)	(5,901)
Other comprehensive income for the period, net of tax	-	-	(972)	(1,373)	(2,345)	(548)	(2,893)
Total comprehensive income for the period	-	-	(972)	32,790	31,818	1,482	33,300
<u>Distributions to owners</u>							
Dividends paid	-	-	-	-	-	(190)	(190)
<b>At 31 Dec 2017</b>	<b>394,913</b>	<b>35,016</b>	<b>(386,582)</b>	<b>928,558</b>	<b>971,905</b>	<b>50,287</b>	<b>1,022,192</b>
At 1 Oct 2016	394,913	35,016	(350,616)	775,472	854,785	44,336	899,121
Profit for the period	-	-	-	58,028	58,028	2,704	60,732
<u>Other comprehensive income</u>							
Remeasurement gains on defined benefits plan	-	-	-	15	15	(5)	10
Net change in fair value of cash flow hedges	-	-	8,708	-	8,708	-	8,708
Foreign currency translation	-	-	(40,363)	-	(40,363)	(1,834)	(42,197)
Other comprehensive income for the period, net of tax	-	-	(31,655)	15	(31,640)	(1,839)	(33,479)
Total comprehensive income for the period	-	-	(31,655)	58,043	26,388	865	27,253
<u>Distributions to owners</u>							
Dividends paid	-	-	-	-	-	(191)	(191)
<b>At 31 Dec 2016</b>	<b>394,913</b>	<b>35,016</b>	<b>(382,271)</b>	<b>833,515</b>	<b>881,173</b>	<b>45,010</b>	<b>926,183</b>

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

Company	Share capital	Other reserves	Retained earnings	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2017	394,913	(2,595)	4,370	396,688
Profit for the year	-	-	39,545	39,545
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	7,881	-	7,881
Total comprehensive income for the year	-	7,881	39,545	47,426
<u>Distributions to owners</u>				
Dividends paid	-	-	(41,284)	(41,284)
<b>At 31 Dec 2017</b>	<b>394,913</b>	<b>5,286</b>	<b>2,631</b>	<b>402,830</b>
At 1 Jan 2016	394,913	(14,513)	1,693	382,093
Profit for the year	-	-	24,490	24,490
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	11,918	-	11,918
Total comprehensive income for the year	-	11,918	24,490	36,408
<u>Distributions to owners</u>				
Dividends paid	-	-	(21,813)	(21,813)
<b>At 31 Dec 2016</b>	<b>394,913</b>	<b>(2,595)</b>	<b>4,370</b>	<b>396,688</b>
At 1 Oct 2017	394,913	2,727	1,920	399,560
Profit for the period	-	-	711	711
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	2,559	-	2,559
Total comprehensive income for the period	-	2,559	711	3,270
<b>At 31 Dec 2017</b>	<b>394,913</b>	<b>5,286</b>	<b>2,631</b>	<b>402,830</b>
At 1 Oct 2016	394,913	(11,228)	563	384,248
Profit for the period	-	-	3,807	3,807
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	8,633	-	8,633
Total comprehensive income for the period	-	8,633	3,807	12,440
<b>At 31 Dec 2016</b>	<b>394,913</b>	<b>(2,595)</b>	<b>4,370</b>	<b>396,688</b>

**1(d)(i) Statement of changes in equity (continued)****Other Reserves**

	Group		Company	
	As at		As at	
	31 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	US\$'000	US\$'000	US\$'000	US\$'000
Capital reserve	(29,096)	(29,096)	-	-
Revaluation reserve	279	279	-	-
Gain on sale of treasury shares	10,322	10,322	10,322	10,322
Hedging reserve	(2,382)	(11,884)	(5,429)	(13,310)
Foreign translation reserve	(365,705)	(351,892)	393	393
Total other reserves	(386,582)	(382,271)	5,286	(2,595)

**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 31 December 2017.

	Company	
	31 Dec 2017	31 Dec 2016
Number of issued shares excluding treasury shares and subsidiary holdings of the Company	1,584,072,969	1,584,072,969

There were no shares that may be issued upon conversion of any outstanding convertibles as at 31 December 2017 and 31 December 2016.

The Company did not hold any treasury shares and there were no subsidiary holdings as at 31 December 2017 and 31 December 2016.

**1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year**

The Company's total number of issued shares excluding treasury shares as at 31 December 2017 and 31 December 2016 were 1,584,072,969.

**1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on**

Not applicable.

**1(d)(v) A statement showing all sales, transfers, cancellation and/or use of subsidiary holdings as at the end of the current financial period reported on**

Not applicable.

**2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice**

The financial statements presented above have not been audited or reviewed by the Company's auditor.

**3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)**

Not applicable.

**4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied**

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements as at 31 December 2016 except for the new and revised standards which are effective for annual periods beginning on or after 1 January 2017.

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

Please refer to item 4 above.

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

	Group			
	FY 2017	FY 2016	4Q 2017	4Q 2016
Weighted average number of shares applicable to basic EPS computation	1,584,072,969	1,584,072,969	1,584,072,969	1,584,072,969
Weighted average number of shares based on fully diluted basis	1,584,072,969	1,584,072,969	1,584,072,969	1,584,072,969
EPS - basic (US cents)	8.69	7.91	2.16	3.66
EPS - diluted (US cents)	8.69	7.91	2.16	3.66

**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 Dec 2017	31 Dec 2016	31 Dec 2017	31 Dec 2016
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.61	0.56	0.25	0.25

8. A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:-
- any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and
  - any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on

## **REVIEW OF GROUP FINANCIAL PERFORMANCE BY BUSINESS SEGMENT**

### **SALES VOLUME**

	FY 2017	FY 2016	Change	4Q 2017	4Q 2016	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	708,213	660,994	7.1%	207,266	212,074	(2.3%)
- Palm kernel	166,813	151,300	10.3%	49,672	49,569	0.2%
Refinery and Processing	900,577	792,415	13.6%	263,783	230,693	14.3%

*Note: Sales volume include inter-segment sales*

### **SALES**

	FY 2017	FY 2016	Change	4Q 2017	4Q 2016	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	427,098	388,349	10.0%	122,056	133,440	(8.5%)
- Palm kernel	83,446	74,564	11.9%	25,728	27,297	(5.7%)
- Fresh fruit bunches	14,338	10,998	30.4%	3,698	3,276	12.9%
	524,882	473,911	10.8%	151,482	164,013	(7.6%)
Refinery and Processing	600,265	498,413	20.4%	169,530	156,946	8.0%
Inter-segment elimination	(478,158)	(397,090)	20.4%	(140,222)	(145,735)	(3.8%)
<b>Total Sales</b>	<b>646,989</b>	<b>575,234</b>	<b>12.5%</b>	<b>180,790</b>	<b>175,224</b>	<b>3.2%</b>

### **EBITDA**

	FY 2017	FY 2016	Change	4Q 2017	4Q 2016	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	272,040	256,850	5.9%	71,416	106,370	(32.9%)
Refinery and Processing	18,621	(1,336)	n.m.	4,655	(8,106)	n.m.
Inter-segment elimination	1,469	(4,169)	n.m.	2,175	(6,873)	n.m.
<b>Total EBITDA</b>	<b>292,130</b>	<b>251,345</b>	<b>16.2%</b>	<b>78,246</b>	<b>91,391</b>	<b>(14.4%)</b>

n.m. – not meaningful

## **8. Review of Group Performance (continued)**

### **REVIEW OF INCOME STATEMENT**

#### **Overview**

The Group recorded a net profit of US\$137.7 million in FY2017, up 9.8% against FY2016 and a 9.3% increase in profit from operations to US\$226.9 million. The stronger performance was mainly driven by higher palm oil prices and the Group's improved production volumes and yields as compared to the corresponding period last year.

For 4Q2017, net profit decreased by 41.1% to US\$34.2 million while profit from operations was down by 31.8% to US\$59.8 million, impacted by lower average selling prices.

Excluding the effect of the losses arising from changes in fair value of biological assets, the underlying net profit for the Group would have increased by 20.8% and decreased by 25.3% for FY2017 and 4Q2017 respectively.

#### **Sales**

Sales increased by 12.5% to US\$647.0 million in FY2017, driven by a combination of higher average selling prices and sales volumes. For 4Q2017, sales grew by 3.2% to US\$180.8 million, mainly due to the higher sales volumes.

#### **Cost of Sales**

Cost of sales comprise mainly harvesting costs, plantation maintenance costs, plantation general expenses and processing costs, as well as fresh fruit bunches and other palm oil products purchased from plasma farmers or third parties. The Group's cost of sales increased by 10.5% to US\$340.3 million in FY2017 and 19.0% to US\$94.8 million in 4Q2017, mainly due to the higher operating costs from the Group's increased mature plantation hectareage.

#### **Gross Profit**

Gross profit increased by 14.8% to US\$306.7 million in FY2017 mainly due to the higher average selling prices and sales volumes. For 4Q2017, gross profit decreased by 10.0% to US\$86.0 million, mainly due to the lower average selling prices.

Gross profit margin came in at 47.4% in FY2017 as compared to 46.5% in the corresponding period last year, aided by the higher average selling prices. For 4Q2017, gross profit margin was at 47.6% as compared to 54.5% in 4Q2016, reflecting the effects of the lower average selling prices.

#### **(Losses)/Gains Arising From Changes in Fair Value of Biological Assets**

The Group recognised losses arising from changes in fair value of biological assets amounting to US\$2.4 million in FY2017 and 4Q2017, as compared to gains of US\$13.2 million in the corresponding periods last year. The fair value of biological assets as at the balance sheet date is determined based on the expected net cash inflows of the agricultural produce (i.e. FFB) growing on bearer plants. The fair value losses recorded in 2017 was mainly due to the lower FFB price, partially offset by the higher projected harvest quantities used in the valuation as compared to the previous year.

#### **Selling and Distribution costs**

Selling and distribution expenses increased to US\$47.6 million in FY2017 (FY2016: US\$41.7 million) and US\$14.8 million in 4Q2017 (4Q2016: US\$11.8 million), mainly due to the higher freight charges and export taxes incurred.

#### **EBITDA**

The Group's EBITDA increased by 16.2% to US\$292.1 million in FY2017, driven by the higher average selling prices and production volumes. For 4Q2017, EBITDA decreased by 14.4% to US\$78.2 million, mainly due to the lower average selling prices.

## 8. Review of Group Performance (continued)

### **REVIEW OF INCOME STATEMENT (continued)**

#### **Depreciation and Amortisation**

Depreciation and amortisation increased by 10.6% to US\$62.8 million in FY2017, largely due to the higher depreciation from the Group's increased mature plantation hectarage, CPO mills and other property, plant and equipment. For 4Q2017, depreciation and amortisation expenses decreased by 5.1% to US\$16.1 million.

#### **Gains on Foreign Exchange**

The Group recorded gains on foreign exchange of US\$4.8 million in FY2017 (FY2016: US\$0.2 million) and US\$1.2 million in 4Q2017 (4Q2016: US\$0.2 million). The gains on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

#### **Gains/(Losses) on Derivative Financial Instruments**

The Group recorded gains on derivative financial instruments of US\$0.1 million in FY2017 (FY2016: US\$0.3 million) and US\$0.3 million in 4Q2017 (4Q2016: losses of US\$0.8 million). These arose primarily from financial instruments entered into by the Group to hedge its exposure to commodity price and foreign currency movements during the course of its business.

#### **Net Financial Expenses**

Net financial expenses comprise interest expenses after deducting interest income.

Net financial expenses amounted to US\$20.7 million in FY2017 (FY2016: US\$24.3 million) and US\$4.7 million in 4Q2017 (4Q2016: US\$5.8 million). The lower net financial expenses as compared to the corresponding periods last year were mainly due to the decrease in interest expenses from the repayment of the Islamic medium term notes ("IMTN") in July and December 2017 which were partially refinanced using bank loans, as well as the higher interest income earned on cash and bank balances.

The following table reflects the computation of net financial expenses:

	<b>FY 2017</b>	<b>FY 2016</b>	<b>4Q 2017</b>	<b>4Q 2016</b>
	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
Interest expenses and amortisation on loans and borrowings from financial institutions	2,908	1,828	1,631	384
Profit distribution and amortisation on Islamic medium term notes	20,481	24,040	3,839	6,043
	<b>23,389</b>	<b>25,868</b>	<b>5,470</b>	<b>6,427</b>
Interest income	(2,700)	(1,523)	(748)	(617)
<b>Net financial expenses</b>	<b>20,689</b>	<b>24,345</b>	<b>4,722</b>	<b>5,810</b>

#### **Tax Expense and Net profit**

Tax expenses for the Group came in at US\$63.6 million in FY2017 (FY2016: US\$51.3 million) and US\$18.4 million in 4Q2017 (4Q2016: US\$20.7 million), along with the higher/lower taxable income of the Group. In addition, the higher effective tax rates in 2017 also included the effects of withholding tax expense on income received from foreign jurisdictions as well as adjustments in respect of prior years.

As a result of the foregoing, profit attributable to owners of the Company increased by 9.8% to US\$137.7 million in FY2017 and decreased by 41.1% to US\$34.2 million in 4Q2017.



## **8. Review of Group Performance (continued)**

### **REVIEW OF BALANCE SHEET**

Total assets of the Group increased by 1.9% from US\$1,699.6 million as at 31 December 2016 to US\$1,731.0 million as at 31 December 2017. Non-current assets increased by 2.7% to US\$1,298.9 million, mainly contributed by the Group's capital expenditure on oil palm plantations, palm oil mills, other property, plant and equipment and land use rights. The Group's current assets decreased by US\$2.8 million to US\$432.1 million, mainly due to the lower inventories from a net drawdown in inventory volumes and advances for purchase of plant and equipment, partially offset by higher cash and bank balances.

Total liabilities of the Group declined by 8.3% from US\$773.4 million as at 31 December 2016 to US\$708.8 million as at 31 December 2017. Current liabilities decreased by US\$293.6 million, mainly due to the settlement of the Ringgit-denominated IMTN in July and December 2017, together with the corresponding cross currency swaps entered into with financial institutions to swap the IMTN indebtedness effectively into USD liabilities. Non-current liabilities rose by US\$229.1 million, primarily due to the drawdown of bank loans for the partial refinancing of the IMTN.

Gross borrowings increased by US\$48.4 million to US\$496.3 million as at 31 December 2017 (31 December 2016: US\$447.9 million), mainly due to the foreign currency revaluation of the Ringgit-denominated IMTN and drawdown of bank loans, partially offset by the repayment of IMTN during 2017.

Taking into consideration the increase in cash and bank balances during the year, net borrowings increased from US\$189.6 million as at 31 December 2016 to US\$217.4 million as at 31 December 2017, with net gearing at 0.21x (31 December 2016: 0.20x).

### **REVIEW OF CASH FLOW STATEMENT**

The Group generated net cash of US\$231.7 million from its operating activities in FY2017 as compared to US\$186.6 million in FY2016, mainly contributed by the higher average selling prices and sales volumes. In 4Q2017, net cash generated from operating activities amounted to US\$66.9 million as compared to US\$60.7 million in 4Q2016, mainly due to the changes in working capital from inventories.

Net cash used in investing activities amounted to US\$93.0 million in FY2017 (FY2016: US\$81.0 million) and US\$36.3 million in 4Q2017 (4Q2016: US\$18.8 million), primarily relating to the Group's capital expenditure on oil palm plantations, palm oil mills, other property, plant and equipment and land use rights.

Net cash used in financing activities in FY2017 amounted to US\$12.3 million as compared to US\$59.8 million in FY2016. For 4Q2017, net cash generated from financing activities amounted to US\$4.4 million as compared to net cash used in financing activities of US\$23.0 million in 4Q2016. The lower cash used in financing activities in FY2017 and 4Q2017 were mainly due to the proceeds from bank loans and decreases in restricted cash balances, partially offset by the repayment of IMTN.

Overall, the Group registered an increase in cash and cash equivalents of US\$126.3 million in FY2017, bringing the Group's cash and bank balances to US\$278.9 million as at 31 December 2017.

## **9. Where a forecast, or a prospect statement, has been previously disclosed to shareholders, any variance between it and the actual results**

Not applicable.

**10. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the group operates and any known factors or events that may affect the group in the next reporting period and the next 12 months**

The Group's operational performance in 2017 was boosted by yield recovery from El Nino effects and increase in mature hectareage. Looking ahead, the Group anticipates its production volume growth to extend into 2018 from continued yield recovery and contribution from newly mature plantations.

While higher industry production volumes and competition from other edible oils are expected to influence palm oil prices, improving crude oil prices and potential domestic demand growth in Indonesia from its biodiesel mandate policy may lend some support to prices.

In the longer term, the fundamentals of the palm oil industry remains favourable, underpinned by expected demand growth from the rising consumption of vegetable oils in emerging markets and biofuel usage. In addition, the sharply reduced pace of new plantings in recent years will lead to an eventual slow-down in global supply growth of palm oil, which is expected to be supportive of prices in the long run.

In view of the proposed special dividend for FY2017 that has been recommended by the Board for payment in May 2018, the Group expects its effective tax rate in 2018 to be higher due to the effects of withholding tax expense payable on the increased dividend income to be received by the Company from its foreign subsidiaries.

**11. Dividends**

**(a) Current financial period reported on**

**Any dividend declared for the current financial period reported on?**

Yes.

<b>Name of Dividend</b>	Interim dividend	Proposed final dividend	Proposed special dividend
<b>Dividend Type</b>	Cash	Cash	Cash
<b>Dividend Amount per Share</b>	1.25 Singapore cents	2.15 Singapore cents	3.40 Singapore cents
<b>Tax Rate</b>	Tax-exempt, one-tier	Tax-exempt, one-tier	Tax-exempt, one-tier

**(b) Corresponding period of the immediately preceding financial year**

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

Yes.

<b>Name of Dividend</b>	Interim dividend	Final dividend
<b>Dividend Type</b>	Cash	Cash
<b>Dividend Amount per Share</b>	0.625 Singapore cents	2.375 Singapore cents
<b>Tax Rate</b>	Tax-exempt, one-tier	Tax-exempt, one-tier

**(c) Date payable**

Payment of the proposed final and special dividends, if approved by the members at the Annual General Meeting to be held on 30 April 2018, will be made on 17 May 2018.

**11. Dividends (continued)**

**(d) Books closure date**

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 11 May 2018 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 10 May 2018 will be registered to determine shareholders' entitlements to the proposed final and special dividends. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 May 2018 will be entitled to the proposed final and special dividends.

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

Not applicable.

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

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

**14. 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.

**PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT**

**15. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year**

	<b>Plantations and Palm Oil Mills</b>	<b>Refinery and Processing</b>	<b>Elimination</b>	<b>Total</b>
<b>FY 2017</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>	<b>US\$'000</b>
<b>Sales:</b>				
External customers	46,724	600,265	-	646,989
Inter-segment	478,158	-	(478,158)	-
<b>Total sales</b>	<b>524,882</b>	<b>600,265</b>	<b>(478,158)</b>	<b>646,989</b>
<b>Results:</b>				
<b>EBITDA</b>	<b>272,040</b>	<b>18,621</b>	<b>1,469</b>	<b>292,130</b>
Depreciation and amortisation	(55,134)	(7,691)	-	(62,825)
Losses arising from changes in fair value of biological assets	(2,382)	-	-	(2,382)
<b>Profit from operations</b>	<b>214,524</b>	<b>10,930</b>	<b>1,469</b>	<b>226,923</b>
Gains on foreign exchange				4,845
Gains on derivative financial instruments				139
Net financial expenses				(20,689)
Other non-operating expenses				(2,339)
<b>Profit before tax</b>				<b>208,879</b>

15. **Segmented revenue and results for business or geographical segments (continued)**

	Plantations and Palm Oil Mills	Refinery and Processing	Elimination	Total
FY 2016	US\$'000	US\$'000	US\$'000	US\$'000
<b>Sales:</b>				
External customers	76,821	498,413	-	575,234
Inter-segment	397,090	-	(397,090)	-
<b>Total sales</b>	<b>473,911</b>	<b>498,413</b>	<b>(397,090)</b>	<b>575,234</b>
<b>Results:</b>				
<b>EBITDA</b>	<b>256,850</b>	<b>(1,336)</b>	<b>(4,169)</b>	<b>251,345</b>
Depreciation and amortisation	(48,559)	(8,265)	-	(56,824)
Gains arising from changes in fair value of biological assets	13,184	-	-	13,184
<b>Profit/(loss) from operations</b>	<b>221,475</b>	<b>(9,601)</b>	<b>(4,169)</b>	<b>207,705</b>
Gains on foreign exchange				208
Gains on derivative financial instruments				289
Net financial expenses				(24,345)
Other non-operating expenses				(785)
<b>Profit before tax</b>				<b>183,072</b>

16. **In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments**

Not applicable.

17. **A breakdown of sales**

	Group		
	FY 2017	FY 2016	Change
	US\$'000	US\$'000	%
Sales reported for first half year	328,751	248,485	32.3%
Profit after tax before deducting non-controlling interests reported for first half year	75,055	32,754	129.1%
Sales reported for second half year	318,238	326,749	(2.6%)
Profit after tax before deducting non-controlling interests reported for second half year	70,179	99,039	(29.1%)

**18. A breakdown of the total annual dividend (in dollar value) for the issuer's latest full year and its previous full year**

	FY 2017		FY 2016	
	S\$'000	US\$'000 equivalent	S\$'000	US\$'000 equivalent
Ordinary – Interim (paid)	19,801	14,615	9,900	7,282
Ordinary – Final (paid)	-	-	37,622	26,669
Ordinary – Final (proposed)	34,058	25,473*	-	-
Ordinary – Special (proposed)	53,858	40,283*	-	-
<b>Total</b>	<b>107,717</b>	<b>80,371</b>	<b>47,522</b>	<b>33,951</b>

\* Based on SGD/USD exchange rate of 1.3370.

**19. Disclosure of person occupying a managerial position in the issuer or any of its principal subsidiaries who is a relative of a director or chief executive officer or substantial shareholder of the issuer pursuant to Rule 704(13) in the format below. If there are no such persons, the issuer must make an appropriate negative statement**

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ciliandra Fangiono	41	Brother of Fang Zhixiang (Director and Deputy Chief Executive Officer)	Director and Chief Executive Officer since 2007 - Responsible for overall management and strategic initiatives of the Group	No change
Fang Zhixiang	40	Brother of Ciliandra Fangiono (Director and Chief Executive Officer)	Deputy Chief Executive Officer since 2007 - Responsible for the Group's daily operations, including new plantations development Director since 2014	No change

**BY ORDER OF THE BOARD**

**Ciliandra Fangiono**  
Director and Chief Executive Officer  
26 February 2018