



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Second Quarter ("2Q") and Six Months ("6M") Ended 30 June 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					
	6M 2016	6M 2015 (Restated)	Change	2Q 2016	2Q 2015 (Restated)	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	248,485	215,066	15.5%	135,364	118,789	14.0%
Cost of sales	(157,268)	(106,638)	47.5%	(78,961)	(63,648)	24.1%
Gross profit	91,217	108,428	(15.9%)	56,403	55,141	2.3%
Selling and distribution costs	(20,475)	(9,856)	107.7%	(8,885)	(5,536)	60.5%
General and administrative expenses	(13,644)	(14,748)	(7.5%)	(7,267)	(7,138)	1.8%
Other operating expenses	(766)	(793)	(3.4%)	(386)	(392)	(1.5%)
Profit from operations	56,332	83,031	(32.2%)	39,865	42,075	(5.3%)
Gains/(losses) on foreign exchange	363	(2,876)	n.m.	(193)	(1,661)	(88.4%)
Gains on derivative financial instruments	734	-	n.m.	1,880	-	n.m.
Net financial expenses	(11,793)	(9,674)	21.9%	(5,661)	(5,009)	13.0%
Other non-operating expenses/(income)	(825)	(418)	97.4%	(402)	559	n.m.
Profit before tax	44,811	70,063	(36.0%)	35,489	35,964	(1.3%)
Tax expense	(12,057)	(19,204)	(37.2%)	(8,346)	(10,337)	(19.3%)
Profit for the period	32,754	50,859	(35.6%)	27,143	25,627	5.9%
Profit attributable to:						
Owners of the Company	31,488	49,320	(36.2%)	26,143	25,096	4.2%
Non-controlling interests	1,266	1,539	(17.7%)	1,000	531	88.3%
	32,754	50,859	(35.6%)	27,143	25,627	5.9%

n.m. – not meaningful

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

	Group					
	6M 2016	6M 2015 (Restated)	Change	2Q 2016	2Q 2015 (Restated)	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	32,754	50,859	(35.6%)	27,143	25,627	5.9%
Other comprehensive income:						
Items that may be reclassified subsequently to profit or loss						
Fair value gains/(losses) on cash flow hedges	31,314	(40,552)	n.m.	(12,152)	(6,267)	93.9%
Fair value (gains)/losses on cash flow hedges transferred to the income statement	(30,703)	43,204	n.m.	14,077	9,131	54.2%
Foreign currency translation adjustments	57,425	(76,763)	n.m.	9,528	(20,409)	n.m.
Income tax effect	(3,997)	4,243	n.m.	(736)	1,150	n.m.
Other comprehensive income for the period, net of tax	54,039	(69,868)	n.m.	10,717	(16,395)	n.m.
Total comprehensive income for the period	86,793	(19,009)	n.m.	37,860	9,232	310.1%
Total comprehensive income attributable to:						
Owners of the Company	83,373	(18,102)	n.m.	36,491	9,314	291.8%
Non-controlling interests	3,420	(907)	n.m.	1,369	(82)	n.m.
	86,793	(19,009)	n.m.	37,860	9,232	310.1%

n.m. – not meaningful

Additional Information

	Group					
	6M 2016	6M 2015 (Restated)	Change	2Q 2016	2Q 2015 (Restated)	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	56,332	83,031	(32.2%)	39,865	42,075	(5.3%)
Depreciation and amortisation	26,172	25,081	4.3%	12,870	12,601	2.1%
EBITDA	82,504	108,112	(23.7%)	52,735	54,676	(3.6%)
EBITDA margin	33.2%	50.3%		39.0%	46.0%	

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 2016	31 Dec 2015 (Restated)	1 Jan 2015 (Restated)	30 Jun 2016	31 Dec 2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS					
Non-current assets					
Bearer plants	629,297	599,264	569,157	-	-
Plasma plantation receivables	72,927	59,832	59,206	-	-
Property, plant and equipment	337,496	325,111	338,415	7,343	7,978
Land use rights	41,929	40,153	46,139	-	-
Investment in subsidiaries	-	-	-	523,527	523,527
Goodwill	88,918	85,041	60,994	-	-
Other intangible assets	23,182	22,301	24,932	93	171
Derivative financial assets	1,948	-	-	-	-
Tax recoverable	39,902	37,626	13,431	-	-
Deferred tax assets	28,201	26,409	16,652	-	-
Other non-current assets	363	941	2,094	-	-
Total non-current assets	1,264,163	1,196,678	1,131,020	530,963	531,676
Current assets					
Biological assets	11,722	11,199	11,678	-	-
Inventories	68,087	67,903	48,563	-	-
Trade receivables	41,815	29,317	29,769	-	2,839
Other receivables	16,089	10,502	9,312	1,750	4,717
Derivative financial assets	1,953	79	-	-	-
Advances for purchase of plant, property and equipment	6,201	3,353	4,235	-	-
Other advances and prepayments	11,650	4,108	2,188	266	315
Prepaid taxes	51,348	39,660	29,926	-	-
Restricted cash balances	117,761	143,491	59,460	116,097	142,757
Cash and cash equivalents (Note A)	63,150	61,925	291,456	407,790	373,022
Total current assets	389,776	371,537	486,587	525,903	523,650
Total assets	1,653,939	1,568,215	1,617,607	1,056,866	1,055,326

Note A:

As at 30 June 2016, the Group has cash at bank amounting to US\$449.3 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	
	30 Jun 2016	31 Dec 2015 (Restated)	1 Jan 2015 (Restated)	30 Jun 2016	31 Dec 2015
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
LIABILITIES					
Current liabilities					
Trade payables	27,964	24,965	20,075	-	16
Other payables and accruals	27,517	25,763	36,884	7,696	8,405
Advances from customers	1,331	232	2,071	-	-
Loans and borrowings from financial institutions	29,304	28,667	10,946	-	-
Derivative financial liabilities	2,423	-	-	-	-
Provision for tax	8,571	11,718	18,315	78	164
Total current liabilities	97,110	91,345	88,291	7,774	8,585
Non-current liabilities					
Loans and borrowings from financial institutions	1,739	2,038	2,740	-	-
Islamic medium term notes	495,981	464,344	569,433	495,981	464,344
Derivative financial liabilities	170,188	199,955	91,198	168,868	199,955
Provision for post-employment benefits	14,483	13,649	13,413	-	-
Deferred tax liabilities	27,940	22,493	24,160	1,429	349
Total non-current liabilities	710,331	702,479	700,944	666,278	664,648
Total liabilities	807,441	793,824	789,235	674,052	673,233
Net assets	846,498	774,391	828,372	382,814	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	(371,913)	(423,798)	(315,356)	(14,927)	(14,513)
Retained earnings	746,897	729,940	674,245	2,828	1,693
Equity attributable to owners of the Company	804,913	736,071	788,818	382,814	382,093
Non-controlling interests	41,585	38,320	39,554	-	-
Total equity	846,498	774,391	828,372	382,814	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 30 Jun 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	29,304	-	29,304	23,167	5,500	28,667
Amount repayable after one year	1,739	495,981	497,720	2,038	464,344	466,382
Total	31,043	495,981	527,024	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 30 June 2016, the Group has bank loans and bank deposits amounting to US\$200.0 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			
	6M 2016	6M 2015 (Restated)	2Q 2016	2Q 2015 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before tax	44,811	70,063	35,489	35,964
Adjustments for:				
Depreciation of property, plant and equipment	25,258	24,120	12,410	12,120
Amortisation of land use rights and intangible assets	914	961	460	481
Gains on disposal of property, plant and equipment	(152)	(94)	(120)	(63)
Financial expenses	12,872	11,935	6,339	5,978
Interest income	(1,079)	(2,261)	(678)	(969)
Gains on derivative financial instruments	(734)	-	(1,880)	-
Operating cash flows before changes in working capital	81,890	104,724	52,020	53,511
Changes in working capital:				
Inventories	3,231	(18,394)	5,399	1,006
Receivables and other assets	(25,039)	(13,686)	(37,923)	(23,098)
Payables and other liabilities	3,440	6,301	(3,213)	(5,391)
Unrealised translation differences	(613)	7,010	682	2,463
Cash flows generated from operations	62,909	85,955	16,965	28,491
Financial expenses paid	(12,931)	(11,622)	(8,780)	(7,962)
Interest income received	1,068	2,469	617	1,195
Tax paid	(22,862)	(36,680)	(10,208)	(23,677)
Net cash generated from/(used in) operating activities	28,184	40,122	(1,406)	(1,953)

1(c) Statement of cash flows (continued)

	Group			
	6M 2016	6M 2015 (Restated)	2Q 2016	2Q 2015 (Restated)
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on bearer plants	(20,340)	(41,867)	(11,125)	(18,061)
Capital expenditure on property, plant and equipment	(13,418)	(20,544)	(6,227)	(13,771)
Increase in advances for purchase of property, plant and equipment	(2,644)	(375)	(2,623)	(1,290)
Decrease/(increase) in plasma plantation receivables	25	1,079	559	(1,795)
Acquisition of land use rights	(671)	(34)	(671)	(9)
Acquisition of other intangible assets	-	(55)	-	(26)
Proceeds from disposal of property, plant and equipment	212	201	172	151
Net cash used in investing activities	(36,836)	(61,595)	(19,915)	(34,801)
Cash flows from financing activities				
Proceeds from bank loans	27,114	-	27,114	-
Repayment of bank loans	(27,490)	(7,711)	-	-
Payment of obligations under finance leases	(1,316)	(1,594)	(643)	(766)
Decrease/(increase) in restricted cash balances	25,730	(32,349)	(9,310)	(4,788)
Dividends paid	(14,686)	(27,659)	(14,686)	(27,659)
Net cash generated from/(used in) financing activities	9,352	(69,313)	2,475	(33,213)
Net increase/(decrease) in cash and cash equivalents	700	(90,786)	(18,846)	(69,967)
Effect of exchange rate changes on cash and cash equivalents	525	(1,298)	55	(236)
Cash and cash equivalents, at the beginning of the financial period	61,925	291,456	81,941	269,575
Cash and cash equivalents, at the end of the financial period (Note B)	63,150	199,372	63,150	199,372
<u>Note B</u>				
Reconciliation of cash and cash equivalents:				
Cash at banks and on hand	62,328	144,604	62,328	144,604
Time deposits	822	54,768	822	54,768
Cash and cash equivalents	63,150	199,372	63,150	199,372
Restricted cash balances	117,761	91,809	117,761	91,809
Cash and bank balances	180,911	291,181	180,911	291,181

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 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	-	-	-	31,488	31,488	1,266	32,754
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	509	-	509	-	509
Foreign currency translation	-	-	51,376	-	51,376	2,154	53,530
Other comprehensive income for the period, net of tax	-	-	51,885	-	51,885	2,154	54,039
Total comprehensive income for the period	-	-	51,885	31,488	83,373	3,420	86,793
<u>Contributions by and distributions to owners</u>							
Dividends paid	-	-	-	(14,531)	(14,531)	(155)	(14,686)
At 30 June 2016	394,913	35,016	(371,913)	746,897	804,913	41,585	846,498
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	-	-	-	49,320	49,320	1,539	50,859
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	2,664	-	2,664	-	2,664
Foreign currency translation	-	-	(70,086)	-	(70,086)	(2,446)	(72,532)
Other comprehensive income for the period, net of tax	-	-	(67,422)	-	(67,422)	(2,446)	(69,868)
Total comprehensive income for the period	-	-	(67,422)	49,320	(18,102)	(907)	(19,009)
<u>Contributions by and distributions to owners</u>							
Dividends paid	-	-	-	(27,338)	(27,338)	(321)	(27,659)
At 30 June 2015	394,913	35,016	(382,778)	696,227	743,378	38,326	781,704

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 2016	394,913	35,016	(382,261)	735,285	782,953	40,371	823,324
Profit for the period	-	-	-	26,143	26,143	1,000	27,143
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	1,823	-	1,823	-	1,823
Foreign currency translation	-	-	8,525	-	8,525	369	8,894
Other comprehensive income for the period, net of tax	-	-	10,348	-	10,348	369	10,717
Total comprehensive income for the period	-	-	10,348	26,143	36,491	1,369	37,860
<u>Contributions by and distributions to owners</u>							
Dividends paid	-	-	-	(14,531)	(14,531)	(155)	(14,686)
At 30 June 2016	394,913	35,016	(371,913)	746,897	804,913	41,585	846,498
At 1 Apr 2015 (As previously reported)	394,913	35,016	(461,585)	1,057,314	1,025,658	51,201	1,076,859
Cumulative effect of adopting amendments to FRS 16 and FRS 41	-	-	94,589	(358,845)	(264,256)	(12,472)	(276,728)
At 1 Apr 2015 (As restated)	394,913	35,016	(366,996)	698,469	761,402	38,729	800,131
Profit for the period	-	-	-	25,096	25,096	531	25,627
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	-	-	2,876	-	2,876	-	2,876
Foreign currency translation	-	-	(18,658)	-	(18,658)	(613)	(19,271)
Other comprehensive income for the period, net of tax	-	-	(15,782)	-	(15,782)	(613)	(16,395)
Total comprehensive income for the period	-	-	(15,782)	25,096	9,314	(82)	9,232
<u>Contributions by and distributions to owners</u>							
Dividends paid	-	-	-	(27,338)	(27,338)	(321)	(27,659)
At 30 June 2015	394,913	35,016	(382,778)	696,227	743,378	38,326	781,704

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	-	-	15,666	15,666
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	(414)	-	(414)
Total comprehensive income for the period	-	(414)	15,666	15,252
<u>Contributions by and distributions to owners</u>				
Dividends paid	-	-	(14,531)	(14,531)
At 30 Jun 2016	394,913	(14,927)	2,828	382,814
At 1 Jan 2015	394,913	(12,723)	3,115	385,305
Profit for the period	-	-	28,003	28,003
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	2,781	-	2,781
Total comprehensive income for the period	-	2,781	28,003	30,784
<u>Contributions by and distributions to owners</u>				
Dividends paid	-	-	(27,338)	(27,338)
At 30 Jun 2015	394,913	(9,942)	3,780	388,751
At 1 Apr 2016	394,913	(15,827)	16,350	395,436
Profit for the period	-	-	1,009	1,009
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	900	-	900
Total comprehensive income for the period	-	900	1,009	1,909
<u>Contributions by and distributions to owners</u>				
Dividends paid	-	-	(14,531)	(14,531)
At 30 Jun 2016	394,913	(14,927)	2,828	382,814
At 1 Apr 2015	394,913	(12,935)	3,244	385,222
Profit for the period	-	-	27,874	27,874
<u>Other comprehensive income</u>				
Net change in fair value of cash flow hedges	-	2,993	-	2,993
Total comprehensive income for the period	-	2,993	27,874	30,867
<u>Contributions by and distributions to owners</u>				
Dividends paid	-	-	(27,338)	(27,338)
At 30 Jun 2015	394,913	(9,942)	3,780	388,751

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

Other Reserves

	Group			
	As at			
	30 Jun 2016	31 Dec 2015 (Restated)	30 Jun 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	(24,719)	(25,228)	(20,774)	(23,438)
Foreign translation reserve	(328,699)	(380,075)	(343,509)	(273,423)
Total other reserves	(371,913)	(423,798)	(382,778)	(315,356)

	Company		
	As at		
	30 Jun 2016	31 Dec 2015	30 Jun 2015
	US\$'000	US\$'000	US\$'000
Gain on sale of treasury shares	10,322	10,322	10,322
Hedging reserve	(25,642)	(25,228)	(20,657)
Foreign translation reserve	393	393	393
Total other reserves	(14,927)	(14,513)	(9,942)

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's issued and paid up share capital in the three months ended 30 June 2016.

	Company	
	30 Jun 2016	30 Jun 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 30 June 2016 and 30 June 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 30 June 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 that 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\$87.8 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			
	6M 2016	6M 2015 (Restated)	2Q 2016	2Q 2015 (Restated)
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)	1.99	3.11	1.65	1.58
EPS - diluted (US cents)	1.99	3.11	1.65	1.58

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 2016	31 Dec 2015 (Restated)	30 Jun 2016	31 Dec 2015
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.51	0.46	0.24	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

	6M 2016	6M 2015	Change	2Q 2016	2Q 2015	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	281,732	317,871	(11.4%)	129,727	170,304	(23.8%)
- Palm kernel	63,780	73,521	(13.2%)	29,021	39,929	(27.3%)
Refinery and Processing	375,573	165,529	126.9%	179,676	123,681	45.3%

Note: Sales volume include inter-segment sales

SALES

	6M 2016	6M 2015	Change	2Q 2016	2Q 2015	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	152,827	193,919	(21.2%)	80,562	101,015	(20.2%)
- Palm kernel	26,473	28,696	(7.7%)	14,174	15,763	(10.1%)
- Fresh fruit bunches	4,538	3,693	22.9%	2,887	1,778	62.4%
	183,838	226,308	(18.8%)	97,623	118,556	(17.7%)
Refinery and Processing	218,996	100,105	118.8%	115,996	76,817	51.0%
Inter-segment elimination	(154,349)	(111,347)	38.6%	(78,255)	(76,584)	2.2%
Total Sales	248,485	215,066	15.5%	135,364	118,789	14.0%

8. Review of Group Performance (continued)

REVIEW OF GROUP FINANCIAL PERFORMANCE BY BUSINESS SEGMENT (continued)

EBITDA

	6M 2016	6M 2015	Change	2Q 2016	2Q 2015	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	81,101	111,918	(27.5%)	58,829	59,044	(0.4%)
Refinery and Processing	(4,133)	2,283	n.m	(7,210)	804	n.m
Inter-segment elimination	5,536	(6,089)	n.m	1,116	(5,172)	n.m
Total EBITDA	82,504	108,112	(23.7%)	52,735	54,676	(3.6%)

n.m. – not meaningful

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$31.5 million in 6M2016, down 36.2% against 6M2015 and a 32.2% decrease in profit from operations to US\$56.3 million, mainly due to the decline in production volumes and yields, as well as the effects of lower average selling prices.

For 2Q2016, net profit increased by 4.2% to US\$26.1 million while profit from operations declined by 5.3% to US\$39.9 million, mainly due to the decline in production volumes, partially offset by the improvement in average selling prices as compared to the corresponding period last year.

Sales

Sales increased by 15.5% to US\$248.5 million in 6M2016 and 14.0% to US\$135.4 million in 2Q2016, mainly driven by higher sales volumes from the Refinery and Processing segment. For 2Q2016, the increase in sales was also partly contributed by higher 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 47.5% to US\$157.3 million in 6M2016 and 24.1% to US\$79.0 million in 2Q2016, mainly due to the increase in purchases of palm oil products from third parties, as well as the effects from inventory drawdown.

Gross Profit

Gross profit decreased by 15.9% to US\$91.2 million in 6M2016 mainly due to the lower average selling prices. For 2Q2016, gross profit increased by 2.3% to US\$56.4 million, mainly due to the improvement in average selling prices.

Gross profit margin came in at 36.7% in 6M2016 as compared to 50.4% in the corresponding period last year. For 2Q2016, gross profit margin was at 41.7% as compared to 46.4% in 2Q2015. The lower gross profit margins in 2016 were mainly due to the increase in purchases of palm oil products from third parties, which typically results in a lower profit margin contribution.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly export taxes and freight charges, increased to US\$20.5 million in 6M2016 (6M2015: US\$9.9 million) and US\$8.9 million in 2Q2016 (2Q2015: US\$5.5 million), mainly due to the higher export taxes incurred from the imposition of the palm oil export levy since July 2015.

8. Review of Group Performance (continued)

REVIEW OF INCOME STATEMENT (continued)

EBITDA

The Group's EBITDA declined by 23.7% to US\$82.5 million in 6M2016, impacted by the lower production volumes and average selling prices. Average selling prices (ex-mill basis) of crude palm oil in 6M2016 fell by approximately US\$70 per tonne as compared to the corresponding period last year, partly due to the imposition of the palm oil export levy since July 2015. In 2Q2016, EBITDA fell marginally by 3.6% to US\$52.7 million as compared to 2Q2015.

Gains/(Losses) on Foreign Exchange

The Group recorded gains on foreign exchange of US\$0.4 million in 6M2016 (6M2015: losses of US\$2.9 million) and losses of US\$0.2 million in 2Q2016 (2Q2015: losses of US\$1.7 million). The gains/(losses) on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

Gains on Derivative Financial Instruments

The Group recorded gains on derivative financial instruments of US\$0.7 million in 6M2016 (6M2015: nil) and US\$1.9 million in 2Q2016 (2Q2015: nil). 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 amounted to US\$11.8 million in 6M2016 (6M2015: US\$9.7 million) and US\$5.7 million in 2Q2016 (2Q2015: US\$5.0 million). The higher net financial expenses as compared to the corresponding periods last year were 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:

	6M 2016	6M 2015	2Q 2016	2Q 2015
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	918	46	362	-
Profit distribution and amortisation on Islamic medium term notes	11,954	11,889	5,977	5,978
	12,872	11,935	6,339	5,978
Interest income	(1,079)	(2,261)	(678)	(969)
Net financial expenses	11,793	9,674	5,661	5,009

Tax Expense and Net profit

Tax expenses came in at US\$12.1 million in 6M2016 (6M2015: US\$19.2 million) and US\$8.3 million in 2Q2016 (2Q2015: US\$10.3 million), along with the lower taxable income of the Group in 6M2016 and 2Q2016.

As a result of the foregoing, profit attributable to owners of the Company decreased by 36.2% to US\$31.5 million in 6M2016 and increased by 4.2% to US\$26.1 million in 2Q2016.

8. Review of Group Performance (continued)

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,568.2 million as at 31 December 2015 to US\$1,653.9 million as at 30 June 2016. Non-current assets increased by US\$67.5 million to US\$1,264.2 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 increased by 4.9% to US\$389.8 million, mainly due to the increase in trade receivables and prepaid taxes, partially offset by the reduction in cash and bank balances.

Total liabilities of the Group increased by 1.7% from US\$793.8 million as at 31 December 2015 to US\$807.4 million as at 30 June 2016.

Gross borrowings increased by US\$32.0 million to US\$527.0 million as at 30 June 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\$346.1 million as at 30 June 2016, with net gearing at 0.41x (31 December 2015: 0.37x).

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$28.2 million from its operating activities in 6M2016 as compared to US\$40.1 million in 6M2015, mainly due to the lower production volumes and average selling prices. In 2Q2016, net cash used in operating activities amounted to US\$1.4 million as compared to US\$2.0 million in 2Q2015.

Net cash used in investing activities amounted to US\$36.8 million in 6M2016 (6M2015: US\$61.6 million) and US\$19.9 million in 2Q2016 (2Q2015: US\$34.8 million), primarily relating to the Group's lower capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment.

Net cash generated from financing activities in 6M2016 amounted to US\$9.4 million as compared to net cash used of US\$69.3 million in 6M2015. The higher cash generated from financing activities in 6M2016 included a reduction in restricted cash balances of US\$25.7 million compared to an increase of US\$32.3 million in 6M2015, as well as a reduction in the amount of dividends paid in 6M2016. For 2Q2016, net cash generated from financing activities amounted to US\$2.5 million as compared to net cash used of US\$33.2 million in 2Q2015, mainly due to proceeds from bank loan of US\$27.1 million in 2Q2016 and a reduction in the amount of dividends paid as compared to the corresponding period last year.

Overall, the Group registered an increase in cash and cash equivalents of US\$0.7 million in 6M2016, bringing the Group's cash and bank balances to US\$180.9 million as at 30 June 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

While higher palm oil prices in 2Q2016 contributed to the improvement in our financial performance, prices have subsequently moderated but remain supported by the restocking of palm oil by importing countries in recent weeks. In the longer-term, the Indonesian biodiesel mandate and underlying demand growth from emerging markets continue to underpin the positive outlook of the palm oil industry.

First Resources expects 2H2016 production volumes to recover from 1H2016, in line with the seasonal upswing and the gradual easing of the El Nino impact. However, as El Nino conditions in 2015 was one of the strongest ever experienced by the industry, the Group still expects full year 2016 production to be lower than the preceding year. Going forward, the Group's production output will continue to be supported by its young plantation maturity profile.

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

16 September 2016.

(d) Books closure date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 2 September 2016 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 1 September 2016 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 1 September 2016 will be entitled to the interim dividend.

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. 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 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

12 August 2016