



FIRST RESOURCES LIMITED

Company Registration No. 200415931M
(Incorporated in the Republic of Singapore)

Condensed Interim Financial Statements
For the six months and full year ended 31 December 2021

First Resources Limited and its Subsidiaries

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First Resources Limited and its Subsidiaries

Consolidated Income Statement

	Note	FY 2021 US\$'000	FY 2020 US\$'000	Change (%)	2H 2021 US\$'000	(Restated) 2H 2020 US\$'000	Change (%)
Sales	5	1,032,277	660,425	56.3%	619,370	382,213	62.0%
Cost of sales		(570,708)	(368,027)	55.1%	(331,116)	(203,898)	62.4%
Gross profit		461,569	292,398	57.9%	288,254	178,315	61.7%
Gain arising from changes in fair value of biological assets	15	15,959	3,870	312.4%	12,870	7,741	66.3%
Selling and distribution costs	6	(208,954)	(82,939)	151.9%	(103,017)	(52,011)	98.1%
General and administrative expenses		(31,910)	(26,818)	19.0%	(18,739)	(14,622)	28.2%
Other operating income		8,323	3,495	138.1%	9,572	4,711	103.2%
Profit from operations		244,987	190,006	28.9%	188,940	124,134	52.2%
Gain/(loss) on foreign exchange		266	(4,599)	n.m.	(6,181)	(5,254)	17.6%
Gain/(loss) on derivative financial instruments		10,622	(10,806)	n.m.	5,974	(10,552)	n.m.
Loss arising from changes in fair value of unquoted investment		–	(1,371)	(100.0%)	–	(1,371)	(100.0%)
Net financial expenses	7	(13,285)	(16,070)	(17.3%)	(6,061)	(7,494)	(19.1%)
Other non-operating income/(expenses)		3,398	(321)	n.m.	1,332	(429)	n.m.
Profit before tax		245,988	156,839	56.8%	184,004	99,034	85.8%
Tax expense	8	(69,547)	(49,450)	40.6%	(46,348)	(32,969)	40.6%
Profit for the year/period		176,441	107,389	64.3%	137,656	66,065	108.4%
Profit attributable to:							
Owners of the Company		161,108	99,673	61.6%	128,558	60,598	112.1%
Non-controlling interests		15,333	7,716	98.7%	9,098	5,467	66.4%
		176,441	107,389	64.3%	137,656	66,065	108.4%

n.m. – not meaningful

First Resources Limited and its Subsidiaries

Consolidated Statement of Comprehensive Income

	FY 2021 US\$'000	FY 2020 US\$'000	Change (%)	2H 2021 US\$'000	(Restated) 2H 2020 US\$'000	Change (%)
Profit for the year/period	176,441	107,389	64.3%	137,656	66,065	108.4%
Other comprehensive income:						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement gain/(loss) on defined benefits plan	3,900	(454)	n.m.	3,900	(454)	n.m.
	3,900	(454)	n.m.	3,900	(454)	n.m.
Items that may be reclassified subsequently to profit or loss						
Fair value loss on cash flow hedges	(52,536)	(55,403)	(5.2%)	(29,612)	(36,451)	(18.8%)
Fair value loss on cash flow hedges transferred to the income statement	76,047	26,215	190.1%	45,269	15,116	199.5%
Foreign currency translation	(16,258)	(14,854)	9.5%	28,756	24,320	18.2%
	7,253	(44,042)	n.m.	44,413	2,985	n.m.
Other comprehensive income for the year/period, net of tax	11,153	(44,496)	n.m.	48,313	2,531	n.m.
Total comprehensive income for the year/period	187,594	62,893	198.3%	185,969	68,596	171.1%
Total comprehensive income attributable to:						
Owners of the Company	173,185	56,084	208.8%	174,919	62,532	179.7%
Non-controlling interests	14,409	6,809	111.6%	11,050	6,064	82.2%
	187,594	62,893	198.3%	185,969	68,596	171.1%

First Resources Limited and its Subsidiaries

Balance Sheets

	Note	Group		Company	
		31 Dec 2021 US\$'000	31 Dec 2020 US\$'000	31 Dec 2021 US\$'000	31 Dec 2020 US\$'000
Non-current assets					
Bearer plants	12	518,478	559,232	–	–
Plasma receivables		32,863	59,047	–	–
Property, plant and equipment	13	415,301	433,473	1,551	2,273
Land use rights		42,474	46,763	–	–
Investment in subsidiaries		–	–	1,036,081	876,081
Goodwill	14	82,216	83,172	–	–
Other intangible assets		28,986	29,216	–	–
Derivative financial assets		2,127	–	2,127	–
Tax recoverable		68,687	77,787	–	–
Deferred tax assets		42,716	44,998	3	–
Other non-current assets		479	484	–	–
Total non-current assets		1,234,327	1,334,172	1,039,762	878,354
Current assets					
Biological assets	15	45,243	29,576	–	–
Plasma receivables		8,330	543	–	–
Inventories		100,106	102,825	–	–
Trade receivables		62,247	78,038	–	–
Other receivables		1,985	3,089	255	229
Derivative financial assets		635	4,209	–	–
Advances for purchase of property, plant and equipment		5,621	2,465	–	–
Other advances and prepayments		8,164	4,149	68	82
Prepaid taxes		25,426	31,746	–	–
Restricted cash balances	16	57	4,065	9	9
Cash and cash equivalents	16	381,461	191,040	9,061	18,649
Total current assets		639,275	451,745	9,393	18,969
Total assets		1,873,602	1,785,917	1,049,155	897,323

First Resources Limited and its Subsidiaries

Balance Sheets

		Group		Company	
	Note	31 Dec 2021	31 Dec 2020	31 Dec 2021	31 Dec 2020
		US\$'000	US\$'000	US\$'000	US\$'000
Current liabilities					
Trade payables		37,839	23,985	–	–
Other payables and accruals		46,957	40,767	2,510	2,255
Advances from customers		7,185	3,074	–	–
Loans and borrowings from financial institutions	17	114,896	85,221	113,642	83,340
Islamic medium term notes	17	–	99,441	–	99,441
Loan from subsidiary		–	–	240,000	–
Derivative financial liabilities		10,223	69,401	2,228	28,004
Provision for tax		46,195	26,637	–	57
Total current liabilities		263,295	348,526	358,380	213,097
Non-current liabilities					
Loans and borrowings from financial institutions	17	291,839	256,983	290,416	256,378
Derivative financial liabilities		–	3,974	–	3,974
Provision for post-employment benefits		36,746	34,636	–	–
Deferred tax liabilities		10,623	15,656	–	211
Total non-current liabilities		339,208	311,249	290,416	260,563
Total liabilities		602,503	659,775	648,796	473,660
Net assets		1,271,099	1,126,142	400,359	423,663
Equity					
Share capital	18	394,913	394,913	394,913	394,913
Treasury shares	18	(6,703)	(5,572)	(6,703)	(5,572)
Differences arising from restructuring transactions involving entities under common control		34,992	35,016	–	–
Other reserves	19	(96,254)	(105,121)	10,642	2,055
Retained earnings		870,196	744,337	1,507	32,267
Equity attributable to owners of the Company		1,197,144	1,063,573	400,359	423,663
Non-controlling interests		73,955	62,569	–	–
Total equity		1,271,099	1,126,142	400,359	423,663

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

Group	Attributable to owners of the Company							Total equity US\$'000
	Share capital US\$'000 (Note 18)	Treasury shares US\$'000 (Note 18)	Differences arising from restructuring transactions involving entities under common control US\$'000	Other reserves US\$'000 (Note 19)	Retained earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	
2021								
At 1 January 2021	394,913	(5,572)	35,016	(105,121)	744,337	1,063,573	62,569	1,126,142
Profit for the year	–	–	–	–	161,108	161,108	15,333	176,441
<u>Other comprehensive income</u>								
Remeasurement gain on defined benefits plan	–	–	–	–	3,210	3,210	690	3,900
Net change in fair value of cash flow hedges	–	–	–	23,511	–	23,511	–	23,511
Foreign currency translation	–	–	–	(14,644)	–	(14,644)	(1,614)	(16,258)
Other comprehensive income for the year, net of tax	–	–	–	8,867	3,210	12,077	(924)	11,153
Total comprehensive income for the year	–	–	–	8,867	164,318	173,185	14,409	187,594
<u>Distributions to owners</u>								
Dividends paid	–	–	–	–	(38,459)	(38,459)	(3,023)	(41,482)
Buy-back of ordinary shares	–	(1,131)	–	–	–	(1,131)	–	(1,131)
<u>Changes in ownership interests in subsidiaries</u>								
Decrease in differences arising from restructuring transaction among entities under common control	–	–	(24)	–	–	(24)	–	(24)
Total transactions with owners in their capacity as owners	–	(1,131)	(24)	–	(38,459)	(39,614)	(3,023)	(42,637)
At 31 December 2021	394,913	(6,703)	34,992	(96,254)	870,196	1,197,144	73,955	1,271,099

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

Group	Attributable to owners of the Company							
	Share capital US\$'000 (Note 18)	Treasury shares US\$'000 (Note 18)	Differences arising from restructuring transactions involving entities under common control US\$'000	Other reserves US\$'000 (Note 19)	Retained earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
2020								
At 1 January 2020	394,913	–	35,016	(62,040)	676,423	1,044,312	57,590	1,101,902
Profit for the year	–	–	–	–	99,673	99,673	7,716	107,389
<u>Other comprehensive income</u>								
Remeasurement (loss)/gain on defined benefits plan	–	–	–	–	(508)	(508)	54	(454)
Net change in fair value of cash flow hedges	–	–	–	(29,188)	–	(29,188)	–	(29,188)
Foreign currency translation	–	–	–	(13,893)	–	(13,893)	(961)	(14,854)
Other comprehensive income for the year, net of tax	–	–	–	(43,081)	(508)	(43,589)	(907)	(44,496)
Total comprehensive income for the year	–	–	–	(43,081)	99,165	56,084	6,809	62,893
<u>Distributions to owners</u>								
Dividends paid	–	–	–	–	(31,251)	(31,251)	(1,830)	(33,081)
Buy-back of ordinary shares	–	(5,572)	–	–	–	(5,572)	–	(5,572)
Total transactions with owners in their capacity as owners	–	(5,572)	–	–	(31,251)	(36,823)	(1,830)	(38,653)
At 31 December 2020	394,913	(5,572)	35,016	(105,121)	744,337	1,063,573	62,569	1,126,142

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

Company	Share capital US\$'000 (Note 18)	Treasury shares US\$'000 (Note 18)	Other reserves US\$'000 (Note 19)	Retained earnings US\$'000	Total equity US\$'000
2021					
At 1 January 2021	394,913	(5,572)	2,055	32,267	423,663
Profit for the year	–	–	–	7,699	7,699
<u>Other comprehensive income</u>					
Net change in fair value of cash flow hedges	–	–	8,587	–	8,587
Total comprehensive income for the year	–	–	8,587	7,699	16,286
<u>Distributions to owners</u>					
Dividends paid (Note 9)	–	–	–	(38,459)	(38,459)
Buy-back of ordinary shares	–	(1,131)	–	–	(1,131)
Total transactions with owners in their capacity as owners	–	(1,131)	–	(38,459)	(39,590)
At 31 December 2021	394,913	(6,703)	10,642	1,507	400,359
2020					
At 1 January 2020	394,913	–	9,696	36,633	441,242
Profit for the year	–	–	–	26,885	26,885
<u>Other comprehensive income</u>					
Net change in fair value of cash flow hedges	–	–	(7,641)	–	(7,641)
Total comprehensive income for the year	–	–	(7,641)	26,885	19,244
<u>Distributions to owners</u>					
Dividends paid (Note 9)	–	–	–	(31,251)	(31,251)
Buy-back of ordinary shares	–	(5,572)	–	–	(5,572)
Total transactions with owners in their capacity as owners	–	(5,572)	–	(31,251)	(36,823)
At 31 December 2020	394,913	(5,572)	2,055	32,267	423,663

First Resources Limited and its Subsidiaries

Consolidated Cash Flow Statement

	FY 2021 US\$'000	FY 2020 US\$'000	2H 2021 US\$'000	(Restated) 2H 2020 US\$'000
Cash flows from operating activities				
Profit before tax	245,988	156,839	184,004	99,034
Adjustments for:				
Depreciation of bearer plants and property, plant and equipment	81,637	71,869	40,299	35,882
Amortisation of land use rights and other intangible assets	2,519	2,423	1,269	1,204
Gain on disposal of bearer plants and property, plant and equipment	(1,931)	(410)	(1,796)	(303)
Financial expenses	14,710	17,374	6,848	8,129
Interest income	(1,425)	(1,304)	(787)	(635)
Write-back of expected credit losses	(267)	(1,237)	(267)	(1,237)
Gain arising from changes in fair value of biological assets	(15,959)	(3,870)	(12,870)	(7,741)
(Gain)/loss on derivative financial instruments	(10,622)	10,806	(5,974)	10,552
Loss arising from changes in fair value of unquoted investment	–	1,371	–	1,371
Gain arising from changes in carrying value of plasma receivables	(10,508)	(4,676)	(10,508)	(4,676)
Operating cash flows before changes in working capital	304,142	249,185	200,218	141,580
Changes in working capital:				
Inventories	1,422	(21,453)	18,470	(14,642)
Receivables and other assets	21,275	(22,910)	(25,614)	(39,558)
Payables and other liabilities	30,492	20,811	34,910	22,342
Unrealised translation differences	(726)	4,898	6,147	4,997
Cash flows generated from operations	356,605	230,531	234,131	114,719
Financial expenses paid	(14,610)	(17,238)	(7,152)	(7,684)
Interest income received	1,404	1,413	780	644
Tax paid	(51,209)	(22,320)	(20,522)	(7,673)
Net cash generated from operating activities	292,190	192,386	207,237	100,006
Cash flows from investing activities				
Capital expenditure on bearer plants	(14,790)	(14,159)	(7,434)	(4,442)
Capital expenditure on property, plant and equipment	(30,751)	(53,935)	(15,709)	(26,708)
Payment of advances for purchase of property, plant and equipment	(5,604)	(2,385)	(2,374)	786
Development costs on plasma receivables	(14,337)	(14,491)	(11,143)	(8,084)
Proceeds from plasma receivables	61,682	47,602	53,095	45,502
Additions to land use rights	–	(399)	–	(166)
Additions to other intangible assets	(311)	–	(311)	–
Proceeds from disposal of intangible assets	140	–	140	–
Proceeds from disposal of bearer plants and property, plant and equipment	2,639	626	2,434	456
Net cash (used in)/generated from investing activities	(1,332)	(37,141)	18,698	7,344

First Resources Limited and its Subsidiaries

Consolidated Cash Flow Statement

	FY 2021 US\$'000	FY 2020 US\$'000	2H 2021 US\$'000	(Restated) 2H 2020 US\$'000
Cash flows from financing activities				
Proceeds from bank loans	147,580	227,900	147,580	–
Repayment of bank loans	(84,167)	(50,417)	(56,667)	(22,917)
Payment of obligations under leases liabilities	(2,262)	(3,005)	(1,057)	(1,426)
Repayment of Islamic medium term notes	(122,699)	(198,020)	(122,699)	–
Decrease/(Increase) in restricted cash balances	4,008	38,924	13,333	(2,377)
Dividends paid	(41,482)	(33,081)	(16,832)	(13,443)
Buy-back of ordinary shares	(1,131)	(5,572)	(707)	(4,178)
Net cash used in financing activities	(100,153)	(23,271)	(37,049)	(44,341)
Net increase in cash and cash equivalents	190,705	131,974	188,886	63,009
Effect of exchange rate changes on cash and cash equivalents	(284)	44	623	669
Cash and cash equivalents at the beginning of the financial year/period	191,040	59,022	191,952	127,362
Cash and cash equivalents at the end of the financial year/period	381,461	191,040	381,461	191,040

1. Corporate information

First Resources Limited (the “Company”) is a limited liability company, which is incorporated and domiciled in the Republic of Singapore and is listed on the Singapore Exchange Securities Trading Limited (“SGX-ST”).

The Company’s immediate and ultimate holding company is Eight Capital Inc., which is incorporated in the British Virgin Islands.

The registered office and principal place of business of the Company is located at 8 Temasek Boulevard, #36-02, Suntec Tower Three, Singapore 038988.

These condensed interim financial statements as at and for the six months and financial year ended 31 December 2021 (“2H2021” and “FY2021”) comprise the Company and its subsidiaries (collectively, the “Group”).

Where applicable, the comparatives presented for the corresponding six months ended 31 December 2020 (“2H2020”) have been restated to take into account the fair valuation of biological assets and amortisation of land use rights in the six months ended 30 June 2020 so as to be comparable with 2H2021.

The principal activities of the Company are those of investment holding, general trading and the provision of technical assistance to its subsidiaries.

The principal activities of the Group include cultivating oil palms, harvesting the fresh fruit bunches (“FFB”) and milling them into crude palm oil (“CPO”) and palm kernel (“PK”). In addition to plantations and palm oil mills, the Group through its refinery, fractionation, biodiesel and kernel crushing plants, processes its CPO and PK into higher value palm based products such as biodiesel, refined, bleached and deodorised (“RBD”) olein, RBD stearin, palm kernel oil and palm kernel expeller, which are sold to both local and international markets.

2. Basis of preparation

The condensed interim consolidated financial statements for the six months and financial year ended 31 December 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the six months ended 30 June 2021.

The accounting policies adopted are consistent with those of the previous financial year which were prepared in accordance with SFRS(I)s, except for the adoption of new and amended standards as set out in Note 2.1.

The condensed interim consolidated financial statements are presented in United States Dollar (“USD” or “US\$”) and all values are rounded to the nearest thousand (“US\$’000”), except when otherwise indicated.

2.1 New and amended standards adopted by the Group

The accounting policies and methods of computation applied are consistent with those of the previous financial year except for the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2021. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

3. Significant accounting judgements and estimates

The preparation of the condensed interim consolidated financial statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of revenues, expenses, assets and liabilities. Uncertainty about these assumptions and estimates could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in the future periods.

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2020.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future periods affected.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in a material adjustment to the carrying amounts of assets and liabilities within the next financial period are disclosed below.

(a) Biological assets

The Group carries its biological assets at fair value less costs to sell, with changes in fair value being recognised in profit or loss. The determination of the fair value of the biological assets requires the use of estimates on the projected harvest quantities and market price of FFB as at the balance sheet date, net of harvesting costs and estimated costs to sell. The key assumptions used to determine the fair value of the biological assets are further disclosed in Note 22(c).

(b) Impairment of non-financial assets

The Group assesses whether there are any indicators of impairment for all non-financial assets at each reporting date.

Goodwill and other intangible assets with indefinite useful lives are tested for impairment annually and at other times when such indicators exist. Other non-financial assets are tested for impairment when there are indicators that the carrying amounts may not be recoverable. An impairment exists when the carrying value of an asset or cash-generating unit exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use.

The value in use calculation is based on a discounted cash flow model. Management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are disclosed in Note 14.

3. Significant accounting judgements and estimates (cont'd)

(c) **Allowance for expected credit losses ("ECL")**

(i) ECL on plasma receivables and financial guarantees provided for plasma bank loans

The Group computes expected credit loss for plasma receivables and the financial guarantees provided for plasma bank loans using the general approach. Loss allowance for 12-month ECL is recognised, which represents the consequences and probabilities of possible defaults. In calculating the expected credit loss rates, the Group considers the difference in credit spreads between the interest rate on loans provided by banks to the plasma farmers and the Indonesian Government bond yield rates, and adjusts for forward-looking information as well as reasonable forecasts of future economic conditions and interest rates.

(ii) ECL on trade receivables

The Group provides for lifetime expected credit losses for its trade receivables using a provision matrix. The provision rates are determined based on the Group's historical observed default rates analysed in accordance to days past due by grouping of customers based on company size and payment mode. The calculation of the expected credit losses also incorporates forward looking information such as forecasts of economic conditions in the industry that the customers operate in.

Further information about the allowance for expected credit losses is disclosed in Note 20.

(d) **Taxes**

Uncertainties exist with respect to the interpretation of complex tax regulations and the amount and timing of future taxable income. Given the wide range of international business relationships and the long-term nature and complexity of existing contractual agreements, differences arising between the actual results and the assumptions made, or future changes to such assumptions, could necessitate future adjustments to tax provisions and recoverables already recorded. The Group establishes tax provisions and recoverables based on reasonable estimates, for possible consequences of audits by the tax authorities of the respective countries in which it operates. The amount of such provisions and recoverables are based on various factors, such as experience of previous tax audits and differing interpretations of tax regulations by the taxable entity and the relevant tax authority. Such differences of interpretation may arise on a wide variety of issues depending on the conditions prevailing in the respective Group company's domicile.

3. Significant accounting judgements and estimates (cont'd)

(e) Deferred taxes

Deferred tax assets are recognised for all unused tax losses to the extent that it is probable that taxable profit will be available against which the losses can be utilised. Significant management judgement is required to determine the amount of deferred tax assets that can be recognised, based upon the likely timing and level of future taxable profits together with future tax planning strategies.

Where taxable profits are expected in the foreseeable future, deferred tax assets are recognised on the unutilised tax losses.

4. Seasonality of operations

The peak crop season for oil palm falls within the second half of the year, which typically leads to higher production volumes of fresh fruit bunches, crude palm oil and palm kernel available for further processing at the Group's downstream processing facilities as compared to the first half of the year.

5. Segment and revenue information

For management reporting purposes, the Group is organised into business units based on their products, and has two reportable segments as follows:

(i) Plantations and Palm Oil Mills

Plantations and palm oil mills segment is principally involved in the cultivation and maintenance of oil palm plantations and operation of palm oil mills.

(ii) Refinery and Processing

Refinery and processing segment markets and sells processed palm based products produced from the refinery, fractionation and biodiesel plants and other downstream processing facilities.

Management monitors the operating results of its business units separately for the purpose of making decisions about resource allocation and performance assessment. Segment performance is evaluated based on EBITDA, which is not measured differently from EBITDA computed using the consolidated financial statements. Group financing (including finance costs) and income taxes are managed on a group basis and are not allocated to operating segments.

Transfer prices between operating segments are on an arm's length basis in a manner similar to transactions with third parties.

5. Segment and revenue information (cont'd)

(a) Reportable segments

FY 2021	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
Sales:				
External customers	114,674	917,603	–	1,032,277
Inter-segment	527,420	–	(527,420)	–
Total sales	642,094	917,603	(527,420)	1,032,277
Results:				
EBITDA	252,257	69,554	(8,895)	312,916
Depreciation and amortisation	(76,380)	(7,775)	–	(84,155)
Gain arising from changes in fair value of biological assets	15,959	–	–	15,959
Write-back of expected credit losses	267	–	–	267
Profit from operations	192,103	61,779	(8,895)	244,987
Gain on foreign exchange				266
Gain on derivative financial instruments				10,622
Net financial expenses				(13,285)
Other non-operating income				3,398
Profit before tax				245,988

5. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

FY 2020	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
Sales:				
External customers	20,415	640,010	–	660,425
Inter-segment	524,187	–	(524,187)	–
Total sales	544,602	640,010	(524,187)	660,425
Results:				
EBITDA	235,829	31,456	(8,094)	259,191
Depreciation and amortisation	(67,212)	(7,080)	–	(74,292)
Gain arising from changes in fair value of biological assets	3,870	–	–	3,870
Write-back of expected credit losses	1,237	–	–	1,237
Profit from operations	173,724	24,376	(8,094)	190,006
Loss on foreign exchange				(4,599)
Loss on derivative financial instruments				(10,806)
Net financial expenses				(16,070)
Loss arising from changes in fair value of unquoted investment				(1,371)
Other non-operating expenses				(321)
Profit before tax				156,839

5. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

2H 2021	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
Sales:				
External customers	74,717	544,653	–	619,370
Inter-segment	303,421	–	(303,421)	–
Total sales	378,138	544,653	(303,421)	619,370
Results:				
EBITDA	168,291	43,733	5,346	217,370
Depreciation and amortisation	(37,771)	(3,796)	–	(41,567)
Gain arising from changes in fair value of biological assets	12,870	–	–	12,870
Write-back of expected credit losses	267	–	–	267
Profit from operations	143,657	39,937	5,346	188,940
Loss on foreign exchange				(6,181)
Gain on derivative financial instruments				5,974
Net financial expenses				(6,061)
Other non-operating income				1,332
Profit before tax				184,004

5. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

2H 2020	(Restated) Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	(Restated) Total US\$'000
Sales:				
External customers	14,565	367,648	–	382,213
Inter-segment	275,601	–	(275,601)	–
Total sales	290,166	367,648	(275,601)	382,213
Results:				
EBITDA	131,351	21,519	(628)	152,242
Depreciation and amortisation	(33,485)	(3,601)	–	(37,086)
Gain arising from changes in fair value of biological assets	7,741	–	–	7,741
Write-back of expected credit losses	1,237	–	–	1,237
Profit from operations	106,844	17,918	(628)	124,134
Loss on foreign exchange				(5,254)
Loss on derivative financial instruments				(10,552)
Net financial expenses				(7,494)
Loss arising from changes in fair value of unquoted investment				(1,371)
Other non-operating expenses				(429)
Profit before tax				99,034

(b) Disaggregation of revenue

The Group derives revenue from the transfer of goods at a point in time for the following products:

	Group			
	FY 2021 US\$'000	FY 2020 US\$'000	2H 2021 US\$'000	2H 2020 US\$'000
Crude palm oil	108,110	8,840	71,037	8,248
Palm kernel	–	1,425	–	1,340
Fresh fruit bunches	6,564	10,150	3,680	4,977
Processed palm based products	917,603	640,010	544,653	367,648
	1,032,277	660,425	619,370	382,213

Notes to the Condensed Interim Financial Statements

5. Segment and revenue information (cont'd)

(b) Disaggregation of revenue (cont'd)

The Group operates primarily in Singapore and Indonesia.

The following table presents sales based on the geographical location of the customers:

	FY 2021	FY 2020	Group 2H 2021	2H 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore	406,143	238,925	246,687	111,403
Indonesia	424,546	227,923	262,648	139,807
China	155,649	73,930	90,564	57,472
Others	45,939	119,647	19,471	73,531
	1,032,277	660,425	619,370	382,213

(c) A breakdown of sales

	FY 2021	Group FY 2020	Change %
	US\$'000	US\$'000	
Sales reported for first half year	412,907	278,212	48.4%
Profit after tax before deducting non-controlling interests reported for first half year	38,785	41,324	(6.1%)
Sales reported for second half year	619,370	382,213	62.0%
Profit after tax before deducting non-controlling interests reported for second half year	137,656	66,065	108.4%

(d) Factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

6. Selling and distribution costs

	FY 2021	FY 2020	Group 2H 2021	2H 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Export taxes	154,824	28,274	73,641	19,468
Freight charges	48,348	48,587	26,446	29,507
Depreciation of property, plant and equipment	824	742	394	418
Others	4,958	5,336	2,536	2,618
	208,954	82,939	103,017	52,011

First Resources Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

7. Net financial expenses

	Group			
	FY 2021	FY 2020	2H 2021	2H 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	10,522	9,228	5,187	5,560
Profit distribution and amortisation on Islamic medium term notes	4,188	8,146	1,661	2,569
	14,710	17,374	6,848	8,129
Interest income	(1,425)	(1,304)	(787)	(635)
	13,285	16,070	6,061	7,494

8. Tax expense

The major components of tax expense in the consolidated income statement for the six months and financial years ended 31 December 2021 and 2020 are as follows:

	Group			
	FY 2021	FY 2020	2H 2021	(Restated) 2H 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax	73,198	35,603	44,501	23,898
Deferred tax	(6,599)	9,845	(99)	5,887
Withholding tax	2,948	4,002	1,946	3,184
	69,547	49,450	46,348	32,969

Notes to the Condensed Interim Financial Statements

9. Dividends

	Group and Company	
	FY2021 US\$'000	FY2020 US\$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
- Final tax exempt (one-tier) dividend for 2020: 2.00 Singapore cents (2019: 1.725 Singapore cents) per share	23,800	19,638
- Interim tax exempt (one-tier) dividend for 2021: 1.25 Singapore cents (2020: 1.00 Singapore cents) per share	14,659	11,613
	38,459	31,251

10. Earnings per ordinary share

	Group			(Restated)
	FY 2021	FY 2020	2H 2021	2H 2020
Weighted average number of shares applicable to basic EPS computation ('000)	1,577,824	1,581,726	1,577,573	1,563,575
Weighted average number of shares based on fully diluted basis ('000)	1,577,824	1,581,726	1,577,573	1,563,575
EPS - basic (US cents)	10.21	6.30	8.15	3.88
EPS - diluted (US cents)	10.21	6.30	8.15	3.88

11. Net asset value

	Group		Company	
	31 Dec 2021 US\$'000	31 Dec 2020 US\$'000	31 Dec 2021 US\$'000	31 Dec 2020 US\$'000
Net asset value per ordinary share	0.76	0.67	0.25	0.27

12. Bearer plants

During the six months ended 31 December 2021, additions to bearer plants amounted to US\$8.8 million (2H2020: US\$6.3 Million).

13. Property, plant and equipment

During the six months ended 31 December 2021, additions to property, plant and equipment amounted to US\$17.5 million (2H2020: US\$26.8 Million).

14. Goodwill

	Group	
	2021 US\$'000	2020 US\$'000
Cost		
At 1 January	83,172	84,393
Exchange differences	(956)	(1,221)
	82,216	83,172
At 31 December	82,216	83,172

Impairment testing of goodwill

Goodwill arising from business combinations is allocated to individual cash-generating units ("CGU") for the purpose of impairment testing. The carrying amounts of goodwill allocated to each CGU are as follows:

	Group	
	2021 US\$'000	2020 US\$'000
PT Borneo Ketapang Permai Group	4,655	4,709
PT Kalimantan Green Persada Group	9,101	9,207
PT Gerbang Sawit Indah	8,153	8,248
Lynhurst Group	31,239	31,602
PT Falcon Agri Persada	29,040	29,378
Others	28	28
	82,216	83,172
	82,216	83,172

The recoverable amounts of the CGUs have been determined based on value in use calculations using cash flow projections from financial budgets approved by management. The key assumptions used in the calculations are as follows:

	2021	2020
Terminal growth rate	3%	3%
Pre-tax discount rate	9%	9%
Projected average CPO price	US\$1,062/tonne	US\$722/tonne
	US\$1,062/tonne	US\$722/tonne

The value in use is determined using a discounted cash flow model based on cash flow projections covering a period of 10 years (2020: 10 years), with cash flows beyond the projected periods extrapolated using the estimated terminal growth rate.

Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amount of the goodwill for each of the CGU to materially exceed their recoverable amount. Accordingly, no impairment loss was recognised for goodwill as at 31 December 2021 and 2020.

First Resources Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

15. Biological assets

Biological assets relate to agricultural produce growing on bearer plants, which is referred to as FFB.

	Group	
	2021	2020
	US\$'000	US\$'000
Fair value		
At 1 January	29,576	25,952
Gain arising from changes in fair value of biological assets	15,959	3,870
Exchange differences	(292)	(246)
	<hr/>	<hr/>
At 31 December	45,243	29,576
	<hr/> <hr/>	<hr/> <hr/>

16. Cash and bank balances

	Group	
	31 Dec 2021	31 Dec 2020
	US\$'000	US\$'000
Cash at banks and on hand	381,461	191,040
Restricted cash balances	57	4,065
	<hr/>	<hr/>
	381,518	195,105
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2021, the Group has bank overdrafts amounting to US\$25.5 million (31 December 2020: US\$172.3 million) which have been netted against cash at banks as the Group has the legal rights to set off the overdrafts against the cash at banks, which are with the same banks.

17. Borrowings and debt securities

	Group	
	31 Dec 2021	31 Dec 2020
	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	1,254	1,881
Unsecured	113,642	182,781
 <u>Amount repayable after one year</u>		
Secured	1,423	605
Unsecured	290,416	256,378
	<hr/>	<hr/>
	406,735	441,645
	<hr/> <hr/>	<hr/> <hr/>

17. Borrowings and debt securities (cont'd)

As at 31 December 2021, the Group has undrawn committed unsecured credit facilities available of US\$100.0 million (31 December 2020: US\$100.0 million), which may be utilised for the Group's general corporate purposes.

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.

18. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2021		2020	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
Issued and fully paid ordinary shares				
At 1 January and 31 December	1,584,073	394,913	1,584,073	394,913

	Group and Company	
	2021	2020
Issued shares excluding treasury shares and subsidiary holdings ('000)		
At 1 January	1,578,150	1,584,073
Buy-back of ordinary shares	(1,084)	(5,923)
At 31 December	1,577,066	1,578,150

The total number of issued shares excluding treasury shares as at 31 December 2021 was 1,577,065,969 (31 December 2020: 1,578,150,469).

There were no shares that may be issued upon conversion of any outstanding convertibles as at 31 December 2021 and 31 December 2020.

There were no subsidiary holdings as at 31 December 2021 and 31 December 2020.

18. Share capital and treasury shares (cont'd)

(b) Treasury shares

	Group and Company			
	2021		2020	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
At 1 January	5,923	5,572	–	–
Buy-back of ordinary shares	1,084	1,131	5,923	5,572
At 31 December	7,007	6,703	5,923	5,572

Treasury shares relate to ordinary shares of the Company that is held by the Company.

As at 31 December 2021, there were 7,007,000 (31 December 2020: 5,922,500) treasury shares, representing 0.44% (31 December 2020: 0.38%) of the total number of issued shares excluding treasury shares.

During the six months ended 31 December 2021, the Company acquired 650,900 shares (2H2020: 4,534,000 shares) in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was US\$707,000 (2H2020: US\$4,178,000) and this was presented as a component within shareholders' equity. There were no treasury shares sold, transferred, cancelled, used nor issued pursuant to the Company's employee share option scheme and share award scheme during the six months ended 31 December 2021 and 2020.

19. Other reserves

The composition of other reserves is as follows:

	Group		Company	
	31 Dec 2021 US\$'000	31 Dec 2020 US\$'000	31 Dec 2021 US\$'000	31 Dec 2020 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	(6,696)	(30,207)	(73)	(8,660)
Foreign translation reserve	(71,063)	(56,419)	393	393
	(96,254)	(105,121)	10,642	2,055

Notes to the Condensed Interim Financial Statements

20. Expected credit losses

The movements in the allowance for expected credit losses of plasma receivables and financial guarantees provided for plasma bank loans are as follows:

	Group			
	Plasma receivables		Financial guarantees	
	2021	2020	2021	2020
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January	721	2,119	1,384	684
(Credit)/charge for the year	(294)	(1,421)	(94)	655
Exchange differences	(9)	23	(16)	45
At 31 December	418	721	1,274	1,384

The movement in allowance for expected credit losses of trade receivables is as follows:

	Group	
	Trade receivables	
	2021	2020
	US\$'000	US\$'000
At 1 January	452	923
Charge/(credit) for the year	121	(471)
Write off against credit impaired trade receivables	(34)	–
At 31 December	539	452

21. Commitments

Capital commitments

Significant capital expenditure contracted for as at the end of the reporting periods but not recognised in the financial statements are as follows:

	Group	
	31 Dec 2021	31 Dec 2020
	US\$'000	US\$'000
Capital commitments in respect of property, plant and equipment	3,256	16,041

22. Fair value of assets and liabilities

(a) Fair value hierarchy

The Group categorises fair value measurements using a fair value hierarchy that is dependent on the valuation inputs used as follows:

- Level 1 – Quoted prices (unadjusted) in active markets for identical assets or liabilities that the Group can access at the measurement date,
- Level 2 – Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, and
- Level 3 – Unobservable inputs for the asset or liability.

Fair value measurements that use inputs of different hierarchy levels are categorised in its entirety in the same level of the fair value hierarchy as the lowest level input that is significant to the entire measurement.

(b) Assets and liabilities measured at fair value

The following table shows an analysis of each class of assets and liabilities measured at fair value at the end of the reporting period:

	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Group				
31 December 2021				
Assets measured at fair value:				
<u>Non-financial assets</u>				
Biological assets	–	–	45,243	45,243
<u>Financial assets</u>				
Derivative financial assets	–	2,762	–	2,762
Liabilities measured at fair value:				
<u>Financial liabilities</u>				
Derivative financial liabilities	–	10,223	–	10,223

22. Fair value of assets and liabilities (cont'd)

(b) Assets and liabilities measured at fair value (cont'd)

Group 31 December 2020	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Assets measured at fair value:				
<u>Non-financial assets</u>				
Biological assets	–	–	29,576	29,576
<u>Financial assets</u>				
Derivative financial assets	1	4,208	–	4,209
Liabilities measured at fair value:				
<u>Financial liabilities</u>				
Derivative financial liabilities	–	73,375	–	73,375

22. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements

(i) Information about significant unobservable inputs used in Level 3 fair value measurements

The following table shows the information about fair value measurements using significant unobservable inputs (Level 3):

Description	Fair value US\$'000	Valuation techniques	Unobservable inputs	Range
31 December 2021				
Biological assets	45,243	Income approach	Projected harvest quantities	228,000 tonnes
			Market price of FFB	US\$165/tonne –US\$229/tonne
31 December 2020				
Biological assets	29,576	Income approach	Projected harvest quantities	227,000 tonnes
			Market price of FFB	US\$111/tonne –US\$155/tonne

For biological assets, changes in projected harvest quantities and market price of FFB will result in directionally similar changes in fair value measurement.

(ii) Movements in Level 3 assets measured at fair value

The movements in biological assets measured at fair value are disclosed in Note 15.

(iii) Valuation policies and procedures

Fair value of biological assets

To determine the fair value of biological assets, the income approach has been adopted by the Group as being the most appropriate valuation technique. Under the income approach, the expected cash flows from the agricultural produce on the bearer plants are estimated based on the projected harvest quantities and the market price of FFB, net of harvesting costs and estimated costs to sell. The price of the FFB is largely dependent on the prevailing market prices of crude palm oil and palm kernel.

Management reviews the appropriateness of the fair valuation methodologies and assumptions adopted and also evaluates the appropriateness and reliability of the inputs used in the valuations.

22. Fair value of assets and liabilities (cont'd)

(c) Level 3 fair value measurements (cont'd)

(iii) Valuation policies and procedures (cont'd)

Fair value of biological assets (cont'd)

Significant changes in fair value measurements from period to period are evaluated by management for reasonableness. Key drivers of the changes are identified and assessed for reasonableness against relevant information from independent sources, or internal sources if necessary and appropriate.

(d) Assets and liabilities not carried at fair value but for which fair value is disclosed

The following table shows an analysis of the assets and liabilities not measured at fair value but for which fair value is disclosed:

	Fair value measurements at the end of the reporting period using				Carrying amount US\$'000
	Quoted prices in active market for identical instruments (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000	
Group					
31 December 2020					
Liabilities					
Islamic medium term notes	–	101,617	–	101,617	99,441

Determination of fair value

The fair value of the Islamic medium term notes as disclosed in the table above are estimated by reference to the latest transacted prices during the financial year ended 31 December 2020.

23. Subsequent events

There are no known subsequent events which have led to adjustments to this set of interim financial statements.

First Resources Limited and its Subsidiaries

Other information required under Appendix 7.2 of the SGX-ST Listing Rules

1. Review

The condensed interim consolidated balance sheet of First Resources Limited and its subsidiaries as at 31 December 2021 and the related condensed interim consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period and financial year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

REVIEW OF GROUP FINANCIAL PERFORMANCE BY BUSINESS SEGMENT

SALES VOLUME

	FY 2021	FY 2020	Change	2H 2021	2H 2020	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	911,239	870,433	4.7%	453,391	468,606	(3.2%)
- Palm kernel	213,530	195,634	9.1%	110,893	105,035	5.6%
Refinery and Processing	1,171,795	1,078,105	8.7%	630,778	602,455	4.7%

Note: Sales volume include inter-segment sales

SALES

	FY 2021	FY 2020	Change	2H 2021	2H 2020	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	522,245	471,174	10.8%	311,911	249,817	24.9%
- Palm kernel	113,285	63,278	79.0%	62,547	35,372	76.8%
- Fresh fruit bunches	6,564	10,150	(35.3%)	3,680	4,977	(26.1%)
	642,094	544,602	17.9%	378,138	290,166	30.3%
Refinery and Processing	917,603	640,010	43.4%	544,653	367,648	48.1%
Inter-segment elimination	(527,420)	(524,187)	0.6%	(303,421)	(275,601)	10.1%
Total Sales	1,032,277	660,425	56.3%	619,370	382,213	62.0%

EBITDA

	FY 2021	FY 2020	Change	2H 2021	2H 2020	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	252,257	235,829	7.0%	168,291	131,351	28.1%
Refinery and Processing	69,554	31,456	121.1%	43,733	21,519	103.2%
Inter-segment elimination	(8,895)	(8,094)	9.9%	5,346	(628)	n.m.
Total EBITDA	312,916	259,191	20.7%	217,370	152,242	42.8%

n.m. – not meaningful

2. Review of performance of the Group (cont'd)

UNDERLYING NET PROFIT

	FY 2021	FY 2020	Change	2H 2021	(Restated) 2H 2020	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the year/period attributable to owners of the Company	161,108	99,673	61.6%	128,558	60,598	112.1%
Write-back of expected credit losses	(194)	(966)	(79.9%)	(194)	(966)	(79.9%)
Gain arising from changes in fair value of biological assets	(11,669)	(3,019)	286.5%	(9,260)	(6,038)	53.4%
Loss arising from changes in fair value of unquoted investment	–	1,371	(100.0%)	–	1,371	(100.0%)
Underlying net profit attributable to owners of the Company	149,245	97,059	53.8%	119,104	54,965	116.7%

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$161.1 million in FY2021, an increase of 61.6% against FY2020, with a 28.9% increase in profit from operations to US\$245.0 million. The Group's better financial results in FY2021 were boosted by the stronger palm oil prices and sales volumes, partially offset by higher export taxes from the progressive export levy structure implemented in Indonesia since December 2020.

For 2H2021, net profit was up by 112.1% to US\$128.6 million while profit from operations increased by 52.2% to US\$188.9 million from a combination of higher average selling prices and sales volumes.

Excluding the expected credit losses and gains/(losses) arising from changes in fair value of biological assets and unquoted investment, the underlying net profit for the Group would have increased by 53.8% and 116.7% for FY2021 and 2H2021 respectively.

Sales

Driven by the higher average selling prices and stronger sales volumes, sales grew by 56.3% to US\$1,032.3 million and 62.0% to US\$619.4 million in FY2021 and 2H2021 respectively.

Cost of Sales

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, plantation general expenses and processing costs, as well as FFB and other palm oil products purchased from plasma farmers or third parties. The Group's cost of sales increased by 55.1% to US\$570.7 million and 62.4% to US\$331.1 million in FY2021 and 2H2021 respectively. The increases were mainly due to the higher sales volumes as well as the increased purchases of FFB and other palm oil products from third parties.

2. Review of performance of the Group (cont'd)

REVIEW OF INCOME STATEMENT (CONT'D)

Gross Profit

Gross profit improved by 57.9% to US\$461.6 million in FY2021 with gross profit margin coming in at 44.7% (FY2020: 44.3%). For 2H2021, gross profit improved by 61.7% to US\$288.3 million with gross profit margin of 46.5% (2H2020: 46.7%). The Group's gross profitability was boosted by the higher average selling prices, whilst margins were flattish due to the impact of increased purchases of palm oil products from third parties.

Gain arising from changes in Fair Value of Biological Assets

The Group recognised gains arising from changes in fair value of biological assets amounting to US\$16.0 million in FY2021 (FY2020: US\$3.9 million) and US\$12.9 million in 2H2021 (2H2020: US\$7.7 million). The fair value gains recorded in FY2021 and 2H2021 were mainly attributable to the higher FFB price used in the valuation as compared to the previous year.

Selling and Distribution costs

Selling and distribution expenses increased by 151.9% to US\$209.0 million in FY2021 (FY2020: US\$82.9 million) and 98.1% to US\$103.0 million in 2H2021 (2H2020: US\$52.0 million), mainly due to the higher export taxes from the progressive export levy structure implemented in Indonesia since December 2020.

General and Administrative expenses

General and administrative expenses increased by 19.0% to US\$31.9 million in FY2021 (FY2020: US\$26.8 million) and 28.2% to US\$18.7 million in 2H2021 (2H2020: US\$14.6 million), mainly due to higher accruals for employee related costs.

EBITDA

The Group's EBITDA increased by 20.7% to US\$312.9 million in FY2021 and 42.8% to US\$217.4 million in 2H2021, primarily boosted by the higher average selling prices and sales volumes, partially offset by the effect from the higher export taxes.

Depreciation and Amortisation

Depreciation and amortisation increased to US\$84.2 million in FY2021 (FY2020: US\$74.3 million) and US\$41.6 million in 2H2021 (2H2020: US\$37.1 million), largely due to the higher depreciation from the Group's additions to palm oil mills and other property, plant and equipment.

Gain/(loss) on Foreign Exchange

The Group recorded a gain on foreign exchange of US\$0.3 million in FY2021 (FY2020: loss of US\$4.6 million) and a loss of US\$6.2 million in 2H2021 (2H2020: US\$5.3 million). The gain/loss on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

Gain/(loss) on Derivative Financial Instruments

The Group recorded gains on derivative financial instruments of US\$10.6 million in FY2021 (FY2020: loss of US\$10.8 million) and US\$6.0 million in 2H2021 (2H2020: loss of US\$10.6 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.

2. **Review of performance of the Group (cont'd)**

REVIEW OF INCOME STATEMENT (CONT'D)

Net Financial Expenses

The Group's net financial expenses reduced by 17.3% to US\$13.3 million in FY2021 (FY2020: US\$16.1 million) and 19.1% to US\$6.1 million in 2H2021 (2H2020: US\$7.5 million), mainly due to the reduction in financial expenses from repayment of Islamic medium term notes, partially offset by the increase in interest expenses from drawdown of bank loans.

Tax Expense and Net Profit

Tax expense increased to US\$69.5 million in FY2021 (FY2020: US\$49.5 million) and US\$46.3 million in 2H2021 (2H2020: US\$33.0 million), along with the higher taxable income of the Group. In addition, the effective tax rate for the year remained higher than the corporate tax rates in the countries where the Group operates as it included the effects of tax losses generated by entities in lower tax jurisdictions and withholding tax expense on income received from foreign subsidiaries.

As a result of the foregoing, profit attributable to owners of the Company increased by 61.6% to US\$161.1 million in FY2021 and 112.1% to US\$128.6 million in 2H2021.

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,785.9 million as at 31 December 2020 to US\$1,873.6 million as at 31 December 2021. Non-current assets decreased by 7.5% to US\$1,234.3 million, mainly due to the reduction in plasma receivables and depreciation of bearer plants and property, plant and equipment, partially offset by the Group's capital expenditure on oil palm plantations, palm oil mills, kernel crushing plants and other property, plant and equipment during the year. The Group's current assets increased by 41.5% to US\$639.3 million, mainly contributed by the higher cash and bank balances, biological assets and plasma receivables, partially offset by lower trade receivables and prepaid taxes.

Total liabilities of the Group decreased by 8.7% from US\$659.8 million as at 31 December 2020 to US\$602.5 million as at 31 December 2021, mainly due to the reduction in gross borrowings.

Gross borrowings decreased by US\$34.9 million to US\$406.7 million as at 31 December 2021 (31 December 2020: US\$441.6 million), mainly due to the repayment of Islamic medium term notes, partially offset by a net drawdown of bank loans during the year.

Taking into consideration the increase in cash and bank balances during the year, net borrowings declined from US\$246.5 million as at 31 December 2020 to US\$25.2 million as at 31 December 2021, with net gearing at 0.02x (31 December 2020: 0.22x).

Equity attributable to owners of the Company increased by 12.6% from US\$1,063.6 million as at 31 December 2020 to US\$1,197.1 million as at 31 December 2021, mainly contributed by the Group's profits generated during the year, partially offset by dividends paid to shareholders.

2. Review of performance of the Group (cont'd)

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$292.2 million from its operating activities in FY2021 as compared to US\$192.4 million in FY2020. In 2H2021, net cash generated from operating activities amounted to US\$207.2 million as compared to US\$100.0 million in 2H2020. The higher cash generated from operating activities in 2021 were mainly contributed by the higher average selling prices and sales volumes, partially offset by the impact of higher export taxes on earnings.

Net cash used in investing activities amounted to US\$1.3 million in FY2021 (FY2020: US\$37.1 million), primarily relating to the Group's capital expenditure on oil palm plantations, palm oil mills, kernel crushing plants and other property, plant and equipment, partially offset by proceeds from plasma receivables. For 2H2021, net cash generated from investing activities amounted to US\$18.7 million as compared to US\$7.3 million in 2H2020. The lower net cash used in investing activities in FY2021 and 2H2021 were mainly due to a reduction in capital expenditure on property, plant and equipment as well as an increase in proceeds from plasma receivables as compared to the preceding year.

Net cash used in financing activities amounted to US\$100.2 million (FY2020: US\$23.3 million) and US\$37.0 million in 2H2021 (2H2020: US\$44.3 million). The net cash used in financing activities during FY2021 and FY2020 primarily relate to repayment of Islamic medium term notes and dividends paid, partially offset by a net drawdown of bank loans.

Overall, the Group registered an increase in cash and cash equivalents of US\$190.7 million in FY2021, bringing the Group's cash and bank balances to US\$381.5 million as at 31 December 2021.

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

Not applicable.

4. 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 operating period and the next 12 months

Palm oil prices rallied to record highs in the second half of 2021, fuelled by lower-than-expected supplies from key producing regions Malaysia and Indonesia, higher global energy prices and Indonesia's continued commitment to its biodiesel mandate.

In the near-term, global vegetable oil supplies remain tight due to weather influences impacting production of palm oil and other soft oils, as well as continuing labour shortages at the Malaysian palm oil plantations. This is further exacerbated by export supply disruptions from Indonesia's new Domestic Market Obligation (DMO) policy enforcing palm oil exporters to sell 20% of their export volumes domestically at a stipulated price.

While the near-term supply tightness has been supportive of palm oil price, its relative pricing against other competing oils and the pace of supply recovery in the rest of the year will exert an influence on the direction of palm oil prices going forward.

5. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim dividend	Proposed final dividend
Dividend Type	Cash	Cash
Dividend Amount per Share	1.25 Singapore cents	5.10 Singapore cents
Tax Rate	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.

Name of Dividend	Interim dividend	Final dividend
Dividend Type	Cash	Cash
Dividend Amount per Share	1.00 Singapore cents	2.00 Singapore cents
Tax Rate	Tax-exempt, one-tier	Tax-exempt, one-tier

(c) Date payable

Payment of the proposed final dividend, if approved by the members at the Annual General Meeting to be held on 28 April 2022, will be made on 19 May 2022.

(d) Record date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 10 May 2022 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to 5.00 p.m. on 9 May 2022 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 9 May 2022 will be entitled to the proposed final dividend.

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

Not applicable.

Other information required under Appendix 7.2 of the SGX-ST Listing Rules

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

	FY 2021		FY 2020	
	S\$'000	US\$'000 equivalent	S\$'000	US\$'000 equivalent
Ordinary – Interim (paid)	19,721	14,659	15,823	11,613
Ordinary – Final (paid)	–	–	31,563	23,800
Ordinary – Final (proposed)	80,430	59,516*	–	–
Total	100,151	74,175	47,386	35,413

* Based on USD/SGD exchange rate of 1.3514.

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

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		US\$'000	US\$'000
Eight Capital Advisors Pte. Ltd.	Associate of Eight Capital Inc.	–	340
PT Surya Dumai Industri	Associate of Ciliandra Fangiono & Fang Zhixiang	–	300
PT Riau Agung Karya Abadi	Associate of Ciliandra Fangiono & Fang Zhixiang	3,233	10,109
PT Marsam Citra Adi Perkasa	Associate of Ciliandra Fangiono & Fang Zhixiang	3,814	9,998
PT Ketapang Hijau Lestari	Associate of Ciliandra Fangiono & Fang Zhixiang	2,289	6,469
PT Borneo Bhakti Sejahtera	Associate of Ciliandra Fangiono & Fang Zhixiang	3,772	5,334
Prinsep Management Limited	Associate of Ciliandra Fangiono & Fang Zhixiang	4,901	–
Total		18,009	32,550

Other information required under Appendix 7.2 of the SGX-ST Listing Rules

9. Confirmation that the issuer has procured Undertakings from all its Directors and Executive Officers (In the format set out in Appendix 7.7) under Rule 720(1)

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

10. Disclosures of persons occupying managerial positions who are related to a director, CEO or substantial shareholder

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	45	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	44	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
25 February 2022