



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 2022

First Resources Limited and its Subsidiaries

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First Resources Limited and its Subsidiaries

Consolidated Income Statement

	Note	FY 2022 US\$'000	FY 2021 US\$'000	Change (%)	2H 2022 US\$'000	2H 2021 US\$'000	Change (%)
Sales	5	1,225,428	1,032,277	18.7%	690,217	619,370	11.4%
Cost of sales		(596,113)	(570,708)	4.5%	(355,952)	(331,116)	7.5%
Gross profit		629,315	461,569	36.3%	334,265	288,254	16.0%
(Loss)/gain arising from changes in fair value of biological assets	15	(11,475)	15,959	n.m.	865	12,870	(93.3%)
Selling and distribution costs	6	(162,782)	(208,954)	(22.1%)	(69,851)	(103,017)	(32.2%)
General and administrative expenses		(32,564)	(31,910)	2.0%	(17,439)	(18,739)	(6.9%)
Other operating (loss)/income		(4,612)	8,323	n.m.	(7,299)	9,572	n.m.
Profit from operations		417,882	244,987	70.6%	240,541	188,940	27.3%
Gain/(loss) on foreign exchange		15,194	266	n.m.	9,690	(6,181)	n.m.
Gain on derivative financial instruments		–	10,622	n.m.	–	5,974	n.m.
Net financial expenses	7	(7,268)	(13,285)	(45.3%)	(2,804)	(6,061)	(53.7%)
Other non-operating income		1,702	3,398	(49.9%)	654	1,332	(50.9%)
Profit before tax		427,510	245,988	73.8%	248,081	184,004	34.8%
Tax expense	8	(88,390)	(69,547)	27.1%	(45,826)	(46,348)	(1.1%)
Profit for the year/period		339,120	176,441	92.2%	202,255	137,656	46.9%
Profit attributable to:							
Owners of the Company		325,196	161,108	101.8%	197,237	128,558	53.4%
Non-controlling interests		13,924	15,333	(9.2%)	5,018	9,098	(44.8%)
		339,120	176,441	92.2%	202,255	137,656	46.9%

n.m. – not meaningful

First Resources Limited and its Subsidiaries

Consolidated Statement of Comprehensive Income

	FY 2022 US\$'000	FY 2021 US\$'000	Change (%)	2H 2022 US\$'000	2H 2021 US\$'000	Change (%)
Profit for the year/period	339,120	176,441	92.2%	202,255	137,656	46.9%
Other comprehensive income:						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement gain on defined benefits plan	2,402	3,900	(38.4%)	2,402	3,900	(38.4%)
	2,402	3,900	(38.4%)	2,402	3,900	(38.4%)
Items that may be reclassified subsequently to profit or loss						
Fair value gain/(loss) on cash flow hedges	23,540	(52,536)	n.m.	32,463	(29,612)	n.m.
Fair value (gain)/loss on cash flow hedges transferred to the income statement	(1,859)	76,047	n.m.	(48,673)	45,269	n.m.
Foreign currency translation	(140,817)	(16,258)	766.1%	(82,189)	28,756	n.m.
	(119,136)	7,253	n.m.	(98,399)	44,413	n.m.
Other comprehensive income for the year/period, net of tax	(116,734)	11,153	n.m.	(95,997)	48,313	n.m.
Total comprehensive income for the year/period	222,386	187,594	18.5%	106,258	185,969	(42.9%)
Total comprehensive income attributable to:						
Owners of the Company	216,173	173,185	24.8%	105,657	174,919	(39.6%)
Non-controlling interests	6,213	14,409	(56.9%)	601	11,050	(94.6%)
	222,386	187,594	18.5%	106,258	185,969	(42.9%)

First Resources Limited and its Subsidiaries

Balance Sheets

	Note	Group		Company	
		31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
Non-current assets					
Bearer plants	12	448,375	518,478	–	–
Plasma receivables		25,836	32,863	–	–
Property, plant and equipment	13	395,002	415,301	1,618	1,551
Land use rights		36,290	42,474	–	–
Investment in subsidiaries		–	–	964,058	1,036,081
Goodwill	14	74,575	82,216	–	–
Other intangible assets		26,208	28,986	–	–
Derivative financial assets		6,631	2,127	6,631	2,127
Tax recoverable		45,011	68,687	–	–
Deferred tax assets		32,003	42,716	217	3
Other non-current assets		434	479	–	–
Total non-current assets		1,090,365	1,234,327	972,524	1,039,762
Current assets					
Biological assets	15	30,191	45,243	–	–
Plasma receivables		3,587	8,330	–	–
Inventories		136,998	100,106	–	–
Trade receivables		77,342	62,247	–	–
Other receivables		6,734	1,985	332	255
Derivative financial assets		10,535	635	10,243	–
Advances for purchase of property, plant and equipment		1,587	5,621	–	–
Other advances and prepayments		10,836	8,164	79	68
Prepaid taxes		24,237	25,426	–	–
Restricted cash balances	16	6,523	57	–	9
Cash and cash equivalents	16	433,790	381,461	143,384	9,061
Total current assets		742,360	639,275	154,038	9,393
Total assets		1,832,725	1,873,602	1,126,562	1,049,155

First Resources Limited and its Subsidiaries

Balance Sheets

		Group		Company	
	Note	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
		US\$'000	US\$'000	US\$'000	US\$'000
Current liabilities					
Trade payables		31,616	37,839	128	–
Other payables and accruals		49,114	46,957	3,516	2,510
Advances from customers		3,618	7,185	–	–
Loans and borrowings from financial institutions	17	93,314	114,896	91,180	113,642
Loan from subsidiary		–	–	–	240,000
Derivative financial liabilities		2,358	10,223	–	2,228
Provision for tax		18,953	46,195	–	–
Total current liabilities		198,973	263,295	94,824	358,380
Non-current liabilities					
Loans and borrowings from financial institutions	17	202,407	291,839	199,752	290,416
Provision for post-employment benefits		22,644	36,746	–	–
Deferred tax liabilities		9,786	10,623	–	–
Total non-current liabilities		234,837	339,208	199,752	290,416
Total liabilities		433,810	602,503	294,576	648,796
Net assets		1,398,915	1,271,099	831,986	400,359
Equity					
Share capital	18	394,913	394,913	394,913	394,913
Treasury shares	18	(14,700)	(6,703)	(14,700)	(6,703)
Differences arising from restructuring transactions involving entities under common control		34,992	34,992	–	–
Other reserves	19	(216,919)	(96,254)	27,570	10,642
Retained earnings		1,111,380	870,196	424,203	1,507
Equity attributable to owners of the Company		1,309,666	1,197,144	831,986	400,359
Non-controlling interests		89,249	73,955	–	–
Total equity		1,398,915	1,271,099	831,986	400,359

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	
2022								
At 1 January 2022	394,913	(6,703)	34,992	(96,254)	870,196	1,197,144	73,955	1,271,099
Profit for the year	–	–	–	–	325,196	325,196	13,924	339,120
<u>Other comprehensive income</u>								
Remeasurement gain on defined benefits plan	–	–	–	–	1,967	1,967	435	2,402
Net change in fair value of cash flow hedges	–	–	–	21,681	–	21,681	–	21,681
Foreign currency translation	–	–	–	(132,671)	–	(132,671)	(8,146)	(140,817)
Other comprehensive income for the year, net of tax	–	–	–	(110,990)	1,967	(109,023)	(7,711)	(116,734)
Total comprehensive income for the year	–	–	–	(110,990)	327,163	216,173	6,213	222,386
<u>Distributions to owners</u>								
Dividends paid	–	–	–	–	(85,979)	(85,979)	(604)	(86,583)
Buy-back of ordinary shares	–	(8,014)	–	–	–	(8,014)	–	(8,014)
Reissuance of treasury shares pursuant to employee share award scheme	–	17	–	10	–	27	–	27
<u>Changes in ownership interests in subsidiaries</u>								
Increase in non-controlling interests without a change in control	–	–	–	(9,685)	–	(9,685)	9,685	–
Total transactions with owners in their capacity as owners	–	(7,997)	–	(9,675)	(85,979)	(103,651)	9,081	(94,570)
At 31 December 2022	394,913	(14,700)	34,992	(216,919)	1,111,380	1,309,666	89,249	1,398,915

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
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

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
2022					
At 1 January 2022	394,913	(6,703)	10,642	1,507	400,359
Profit for the year	–	–	–	508,675	508,675
<u>Other comprehensive income</u>					
Net change in fair value of cash flow hedges	–	–	16,918	–	16,918
Total comprehensive income for the year	–	–	16,918	508,675	525,593
<u>Distributions to owners</u>					
Dividends paid (Note 9)	–	–	–	(85,979)	(85,979)
Buy-back of ordinary shares	–	(8,014)	–	–	(8,014)
Reissuance of treasury shares pursuant to employee share award scheme	–	17	10	–	27
Total transactions with owners in their capacity as owners	–	(7,997)	10	(85,979)	(93,966)
At 31 December 2022	394,913	(14,700)	27,570	424,203	831,986
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

First Resources Limited and its Subsidiaries

Consolidated Cash Flow Statement

	FY 2022 US\$'000	FY 2021 US\$'000	2H 2022 US\$'000	2H 2021 US\$'000
Cash flows from operating activities				
Profit before tax	427,510	245,988	248,081	184,004
Adjustments for:				
Depreciation of bearer plants and property, plant and equipment	76,343	81,636	36,951	40,298
Amortisation of land use rights and other intangible assets	2,475	2,519	1,202	1,269
Gain on disposal of bearer plants and property, plant and equipment	(92)	(1,956)	(55)	(1,796)
Write-off of bearer plants and property, plant and equipment	1,288	25	1,288	–
Financial expenses	10,569	14,710	5,176	6,848
Interest income	(3,301)	(1,425)	(2,372)	(787)
Provision for/(write-back of) expected credit losses	588	(267)	588	(267)
Loss/(gain) arising from changes in fair value of biological assets	11,475	(15,959)	(865)	(12,870)
Gain on derivative financial instruments	–	(10,622)	–	(5,974)
(Gain)/loss arising from changes in carrying value of plasma receivables	(1,757)	(10,508)	2,144	(10,508)
Operating cash flows before changes in working capital	525,098	304,141	292,138	200,217
Changes in working capital:				
Inventories	(50,341)	1,422	72,806	18,470
Receivables and other assets	(20,238)	21,275	18,726	(25,614)
Payables and other liabilities	(9,833)	30,492	(797)	34,910
Unrealised translation differences	(18,491)	(725)	(12,896)	6,148
Cash flows generated from operations	426,195	356,605	369,977	234,131
Financial expenses paid	(9,303)	(14,610)	(4,556)	(7,152)
Interest income received	3,249	1,404	2,384	780
Tax paid	(93,979)	(51,209)	(36,093)	(20,522)
Net cash generated from operating activities	326,162	292,190	331,712	207,237
Cash flows from investing activities				
Capital expenditure on bearer plants	(19,168)	(14,790)	(10,772)	(7,434)
Capital expenditure on property, plant and equipment	(57,514)	(30,751)	(37,823)	(15,709)
Payment of advances for purchase of property, plant and equipment	(1,679)	(5,604)	(277)	(2,374)
Development costs on plasma receivables	(17,346)	(14,337)	(9,929)	(11,143)
Proceeds from plasma receivables	43,623	61,682	5,509	53,095
Additions to other intangible assets	(26)	(311)	(26)	(311)
Proceeds from disposal of intangible assets	–	140	–	140
Proceeds from disposal of bearer plants and property, plant and equipment	134	2,639	73	2,434
Net cash (used in)/generated from investing activities	(51,976)	(1,332)	(53,245)	18,698

First Resources Limited and its Subsidiaries

Consolidated Cash Flow Statement

	FY 2022 US\$'000	FY 2021 US\$'000	2H 2022 US\$'000	2H 2021 US\$'000
Cash flows from financing activities				
Proceeds from bank loans	–	147,580	–	147,580
Repayment of bank loans	(114,375)	(84,167)	(54,375)	(56,667)
Payment of obligations under leases liabilities	(2,017)	(2,262)	(1,151)	(1,057)
Repayment of Islamic medium term notes	–	(122,699)	–	(122,699)
(Increase)/decrease in restricted cash balances	(6,466)	4,008	6,230	13,333
Dividends paid	(86,583)	(41,482)	(28,135)	(16,832)
Buy-back of ordinary shares	(8,014)	(1,131)	(8,014)	(707)
Net cash used in financing activities	(217,455)	(100,153)	(85,445)	(37,049)
Net increase in cash and cash equivalents	56,731	190,705	193,022	188,886
Effect of exchange rate changes on cash and cash equivalents	(4,402)	(284)	(2,816)	623
Cash and cash equivalents at the beginning of the financial year/period	381,461	191,040	243,584	191,952
Cash and cash equivalents at the end of the financial year/period	433,790	381,461	433,790	381,461

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 7 Temasek Boulevard, #24-01, Suntec Tower One, Singapore 038987.

These condensed interim financial statements as at and for the six months and financial year ended 31 December 2022 (“2H2022” and “FY2022”) comprise the Company and its subsidiaries (collectively, the “Group”).

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 2022 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 2022.

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 2022. 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 2021.

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 2022	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
Sales:				
External customers	153,755	1,071,673	–	1,225,428
Inter-segment	692,015	–	(692,015)	–
Total sales	845,770	1,071,673	(692,015)	1,225,428
Results:				
EBITDA	451,111	55,695	1,957	508,763
Depreciation and amortisation	(71,308)	(7,510)	–	(78,818)
Loss arising from changes in fair value of biological assets	(11,475)	–	–	(11,475)
Provision for expected credit losses	(588)	–	–	(588)
Profit from operations	367,740	48,185	1,957	417,882
Gain on foreign exchange				15,194
Net financial expenses				(7,268)
Other non-operating income				1,702
Profit before tax				427,510

5. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

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)

2H 2022	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
Sales:				
External customers	133,350	556,867	–	690,217
Inter-segment	349,274	–	(349,274)	–
Total sales	482,624	556,867	(349,274)	690,217
Results:				
EBITDA	253,265	(2,475)	27,627	278,417
Depreciation and amortisation	(34,470)	(3,683)	–	(38,153)
Gain arising from changes in fair value of biological assets	865	–	–	865
Provision for expected credit losses	(588)	–	–	(588)
Profit from operations	219,072	(6,158)	27,627	240,541
Gain on foreign exchange				9,690
Net financial expenses				(2,804)
Other non-operating income				654
Profit before tax				248,081

Notes to the Condensed Interim Financial Statements

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

(b) Disaggregation of revenue

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

	Group			
	FY 2022 US\$'000	FY 2021 US\$'000	2H 2022 US\$'000	2H 2021 US\$'000
Crude palm oil	143,352	108,110	127,182	71,037
Palm kernel	2,240	–	2,240	–
Fresh fruit bunches	8,163	6,564	3,928	3,680
Processed palm based products	1,071,673	917,603	556,867	544,653
	1,225,428	1,032,277	690,217	619,370

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:

	Group			
	FY 2022 US\$'000	FY 2021 US\$'000	2H 2022 US\$'000	2H 2021 US\$'000
Singapore	510,357	406,143	326,972	246,687
Indonesia	462,268	424,546	232,441	262,648
China	79,088	155,649	30,551	90,564
Others	173,715	45,939	100,253	19,471
	<u>1,225,428</u>	<u>1,032,277</u>	<u>690,217</u>	<u>619,370</u>

(c) A breakdown of sales

	FY 2022 US\$'000	Group FY 2021 US\$'000	Change %
Sales reported for first half year	535,211	412,907	29.6%
Profit after tax before deducting non-controlling interests reported for first half year	136,865	38,785	252.9%
Sales reported for second half year	690,217	619,370	11.4%
Profit after tax before deducting non-controlling interests reported for second half year	202,255	137,656	46.9%

(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

	Group			
	FY 2022 US\$'000	FY 2021 US\$'000	2H 2022 US\$'000	2H 2021 US\$'000
Export taxes	103,047	154,824	32,563	73,641
Freight charges	48,044	48,348	30,188	26,446
Depreciation of property, plant and equipment	751	824	364	394
Others	10,940	4,958	6,736	2,536
	<u>162,782</u>	<u>208,954</u>	<u>69,851</u>	<u>103,017</u>

First Resources Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

7. Net financial expenses

	Group			
	FY 2022	FY 2021	2H 2022	2H 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	10,569	10,522	5,176	5,187
Profit distribution and amortisation on Islamic medium term notes	–	4,188	–	1,661
	10,569	14,710	5,176	6,848
Interest income	(3,301)	(1,425)	(2,372)	(787)
	7,268	13,285	2,804	6,061

8. Tax expense

The major components of tax expense in the consolidated income statement for the six months and financial years ended 31 December 2022 and 2021 are as follows:

	Group			
	FY 2022	FY 2021	2H 2022	2H 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax	80,454	73,198	31,017	44,501
Deferred tax	7,936	(6,599)	14,809	(99)
Withholding tax	–	2,948	–	1,946
	88,390	69,547	45,826	46,348

Notes to the Condensed Interim Financial Statements

9. Dividends

	Group and Company	
	FY2022	FY2021
	US\$'000	US\$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
- Final tax exempt (one-tier) dividend for 2021: 5.10 Singapore cents (2020: 2.00 Singapore cents) per share	57,831	23,800
- Interim tax exempt (one-tier) dividend for 2022: 2.50 Singapore cents (2021: 1.25 Singapore cents) per share	28,148	14,659
	85,979	38,459
	85,979	38,459

10. Earnings per ordinary share

	FY 2022	FY 2021	Group	
			2H 2022	2H 2021
Weighted average number of shares applicable to basic EPS computation ('000)	1,574,952	1,577,824	1,572,865	1,577,573
Weighted average number of shares based on fully diluted basis ('000)	1,574,952	1,577,824	1,572,865	1,577,573
EPS - basic (US cents)	20.65	10.21	12.54	8.15
EPS - diluted (US cents)	20.65	10.21	12.54	8.15
	20.65	10.21	12.54	8.15

11. Net asset value

	Group		Company	
	31 Dec 2022	31 Dec 2021	31 Dec 2022	31 Dec 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Net asset value per ordinary share	0.83	0.76	0.53	0.25
	0.83	0.76	0.53	0.25

12. Bearer plants

During the six months ended 31 December 2022, additions to bearer plants amounted to US\$12.1 million (2H2021: US\$8.8 Million).

13. Property, plant and equipment

During the six months ended 31 December 2022, additions to property, plant and equipment amounted to US\$43.6 million (2H2021: US\$17.5 Million).

14. Goodwill

	Group	
	2022 US\$'000	2021 US\$'000
Cost		
At 1 January	82,216	83,172
Exchange differences	(7,641)	(956)
	74,575	82,216
At 31 December	74,575	82,216

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	
	2022 US\$'000	2021 US\$'000
PT Borneo Ketapang Permai Group	4,222	4,655
PT Kalimantan Green Persada Group	8,255	9,101
PT Gerbang Sawit Indah	7,395	8,153
Lynhurst Group	28,335	31,239
PT Falcon Agri Persada	26,341	29,040
Others	27	28
	74,575	82,216
	74,575	82,216

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:

	2022	2021
Terminal growth rate	3%	3%
Pre-tax discount rate	12%	9%
Projected average CPO price	US\$1,065/tonne	US\$1,062/tonne
	US\$1,065/tonne	US\$1,062/tonne

The value in use is determined using a discounted cash flow model based on cash flow projections covering a period of 10 years (2021: 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 2022 and 2021.

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	
	2022	2021
	US\$'000	US\$'000
Fair value		
At 1 January	45,243	29,576
(Loss)/gain arising from changes in fair value of biological assets	(11,475)	15,959
Exchange differences	(3,577)	(292)
	<hr/>	<hr/>
At 31 December	30,191	45,243
	<hr/> <hr/>	<hr/> <hr/>

16. Cash and bank balances

	Group	
	31 Dec 2022	31 Dec 2021
	US\$'000	US\$'000
Cash at banks and on hand	433,790	381,461
Restricted cash balances	6,523	57
	<hr/>	<hr/>
	440,313	381,518
	<hr/> <hr/>	<hr/> <hr/>

As at 31 December 2022, the Group has bank overdrafts amounting to US\$269.3 million (31 December 2021: US\$25.5 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 2022	31 Dec 2021
	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	2,134	1,254
Unsecured	91,180	113,642
 <u>Amount repayable after one year</u>		
Secured	2,655	1,423
Unsecured	199,752	290,416
	<hr/>	<hr/>
	295,721	406,735
	<hr/> <hr/>	<hr/> <hr/>

17. Borrowings and debt securities (cont'd)

As at 31 December 2022, the Group has undrawn committed unsecured credit facilities available of US\$50.0 million (31 December 2021: 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			
	2022		2021	
	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	
	2022	2021
Issued shares excluding treasury shares and subsidiary holdings ('000)		
At 1 January	1,577,066	1,578,150
Buy-back of ordinary shares	(7,928)	(1,084)
Reissued pursuant to employee share award scheme	17	–
At 31 December	1,569,155	1,577,066

The total number of issued shares excluding treasury shares as at 31 December 2022 was 1,569,154,669 (31 December 2021: 1,577,065,969).

There were no shares that may be issued upon conversion of any outstanding convertibles as at 31 December 2022 and 31 December 2021.

There were no subsidiary holdings as at 31 December 2022 and 31 December 2021.

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

(b) Treasury shares

	Group and Company			
	2022		2021	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
At 1 January	7,007	6,703	5,923	5,572
Buy-back of ordinary shares	7,928	8,014	1,084	1,131
Reissued pursuant to employee share award scheme	(17)	(17)	–	–
At 31 December	14,918	14,700	7,007	6,703

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

As at 31 December 2022, there were 14,918,300 (31 December 2021: 7,007,000) treasury shares, representing 0.95% (31 December 2021: 0.44%) of the total number of issued shares excluding treasury shares.

During the six months ended 31 December 2022, the Company acquired 7,928,700 shares (2H2021: 650,900 shares) in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was US\$8,014,000 (2H2021: US\$707,000) 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 2022 and 2021.

19. Other reserves

The composition of other reserves is as follows:

	Group		Company	
	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000	31 Dec 2022 US\$'000	31 Dec 2021 US\$'000
Capital reserve	(38,781)	(29,096)	–	–
Revaluation reserve	279	279	–	–
Gain on sale of treasury shares	10,332	10,322	10,332	10,322
Hedging reserve	14,985	(6,696)	16,845	(73)
Foreign translation reserve	(203,734)	(71,063)	393	393
	(216,919)	(96,254)	27,570	10,642

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	
	2022	2021	2022	2021
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January	418	721	1,274	1,384
Charge/(credit) for the year	42	(294)	327	(94)
Exchange differences	(41)	(9)	(136)	(16)
At 31 December	419	418	1,465	1,274

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

	Group	
	Trade receivables	
	2022	2021
	US\$'000	US\$'000
At 1 January	539	452
Charge for the year	219	121
Write off against credit impaired trade receivables	–	(34)
At 31 December	758	539

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 2022	31 Dec 2021
	US\$'000	US\$'000
Capital commitments in respect of property, plant and equipment	31,967	3,256

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 2022				
Assets measured at fair value:				
<u>Non-financial assets</u>				
Biological assets	–	–	30,191	30,191
<u>Financial assets</u>				
Derivative financial assets	–	17,166	–	17,166
Liabilities measured at fair value:				
<u>Financial liabilities</u>				
Derivative financial liabilities	2,322	36	–	2,358

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

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

Group 31 December 2021	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	–	–	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)

(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 2022				
Biological assets	30,191	Income approach	Projected harvest quantities	219,000 tonnes
			Market price of FFB	US\$121/tonne –US\$167/tonne
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

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.

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 2022 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 2022	FY 2021	Change	2H 2022	2H 2021	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	863,019	911,239	(5.3%)	518,932	453,391	14.5%
- Palm kernel	199,614	213,530	(6.5%)	111,243	110,893	0.3%
Refinery and Processing	1,058,830	1,171,795	(9.6%)	601,025	630,778	(4.7%)

Note: Sales volume include inter-segment sales

SALES

	FY 2022	FY 2021	Change	2H 2022	2H 2021	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	725,344	522,245	38.9%	437,390	311,911	40.2%
- Palm kernel	112,263	113,285	(0.9%)	41,306	62,547	(34.0%)
- Fresh fruit bunches	8,163	6,564	24.4%	3,928	3,680	6.7%
	845,770	642,094	31.7%	482,624	378,138	27.6%
Refinery and Processing	1,071,673	917,603	16.8%	556,867	544,653	2.2%
Inter-segment elimination	(692,015)	(527,420)	31.2%	(349,274)	(303,421)	15.1%
Total Sales	1,225,428	1,032,277	18.7%	690,217	619,370	11.4%

EBITDA

	FY 2022	FY 2021	Change	2H 2022	2H 2021	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	451,111	252,257	78.8%	253,265	168,291	50.5%
Refinery and Processing	55,695	69,554	(19.9%)	(2,475)	43,733	n.m.
Inter-segment elimination	1,957	(8,895)	n.m.	27,627	5,346	416.8%
Total EBITDA	508,763	312,916	62.6%	278,417	217,370	28.1%

n.m. – not meaningful

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

UNDERLYING NET PROFIT

	FY 2022	FY 2021	Change	2H 2022	2H 2021	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the year/period attributable to owners of the Company	325,196	161,108	101.8%	197,237	128,558	53.4%
Provision for/(write-back of) expected credit losses	485	(194)	n.m.	485	(194)	n.m.
Loss/(gain) arising from changes in fair value of biological assets	8,530	(11,669)	n.m.	(1,095)	(9,260)	(88.2%)
Underlying net profit attributable to owners of the Company	334,211	149,245	123.9%	196,627	119,104	65.1%

REVIEW OF INCOME STATEMENT

Overview

The Group posted a net profit of US\$325.2 million in FY2022, an increase of 101.8% against FY2021, with a 70.6% increase in profit from operations to US\$417.9 million. The Group's better financial results in FY2022 were lifted by the stronger palm oil prices, partially offset by lower sales volumes.

For 2H2022, net profit was up by 53.4% to US\$197.2 million while profit from operations increased by 27.3% to US\$240.5 million from a combination of higher average selling prices and sales volumes.

Excluding the expected credit losses and (loss)/gain arising from changes in fair value of biological assets, the underlying net profit for the Group would have increased by 123.9% and 65.1% for FY2022 and 2H2022 respectively.

Sales

Driven by the higher average selling prices, sales grew by 18.7% to US\$1,225.4 million and 11.4% to US\$690.2 million in FY2022 and 2H2022 respectively. For 2H2022, the topline was also boosted by the higher sales volumes from inventory drawdown even though on a full-year basis, there was still a net build-up in inventory during FY2022.

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 4.5% to US\$596.1 million and 7.5% to US\$356.0 million in FY2022 and 2H2022 respectively.

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

REVIEW OF INCOME STATEMENT (CONT'D)

Gross Profit

Gross profit improved by 36.3% to US\$629.3 million in FY2022 with gross profit margin coming in at 51.4% (FY2021: 44.7%). For 2H2022, gross profit improved by 16.0% to US\$334.3 million with gross profit margin of 48.4% (2H2021: 46.5%). The Group's gross profitability and margins in 2022 were mainly boosted by the higher average selling prices achieved.

(Loss)/Gain arising from changes in Fair Value of Biological Assets

The Group recognised a loss arising from changes in fair value of biological assets amounting to US\$11.5 million in FY2022 (FY2021: gain of US\$16.0 million) and a gain of US\$0.9 million in 2H2022 (2H2021: US\$12.9 million). The fair value loss recorded in FY2022 was mainly attributable to the lower domestic FFB prices used in the valuation as compared to the previous year.

Selling and Distribution costs

Selling and distribution expenses decreased by 22.1% to US\$162.8 million in FY2022 (FY2021: US\$209.0 million) and 32.2% to US\$69.9 million in 2H2022 (2H2021: US\$103.0 million), mainly due to the temporary suspension of Indonesian export levies from mid-July to mid-November 2022.

EBITDA

The Group's EBITDA increased by 62.6% to US\$508.8 million in FY2022, primarily boosted by the higher average selling prices. For 2H2022, EBITDA grew by 28.1% to US\$278.4 million in 2H2022, driven by a combination of higher average selling prices and sales volumes.

Gain/(Loss) on Foreign Exchange

The Group recorded gains on foreign exchange of US\$15.2 million in FY2022 (FY2021: US\$0.3 million) and US\$9.7 million in 2H2022 (2H2021: loss of US\$6.2 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 on Derivative Financial Instruments

The Group recorded gains on derivative financial instruments of US\$10.6 million in FY2021 and US\$6.0 million in 2H2021. 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. There were no gains/losses on derivative financial instruments accounted for at fair value through profit or loss in FY2022 and 2H2022.

Net Financial Expenses

The Group's net financial expenses declined by 45.3% to US\$7.3 million in FY2022 (FY2021: US\$13.3 million) and 53.7% to US\$2.8 million in 2H2022 (2H2021: US\$6.1 million), mainly due to the reduction in financial expenses from the Islamic medium term notes which were fully repaid in October 2021, as well as the higher interest income earned on cash and bank balances.

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

REVIEW OF INCOME STATEMENT (CONT'D)

Tax Expense and Net Profit

The Group recorded tax expense of US\$88.4 million in FY2022 (FY2021: US\$69.5 million) and US\$45.8 million in 2H2022 (2H2021: US\$46.3 million), along with the higher taxable income of the Group.

As a result of the foregoing, profit attributable to owners of the Company increased by 101.8% to US\$325.2 million in FY2022 and 53.4% to US\$197.2 million in 2H2022.

REVIEW OF BALANCE SHEET

Total assets of the Group decreased from US\$1,873.6 million as at 31 December 2021 to US\$1,832.7 million as at 31 December 2022. Non-current assets decreased by 11.7% to US\$1,090.4 million, mainly due to the depreciation of bearer plants and property, plant and equipment as well as the weakening of Indonesia Rupiah ("IDR") against United States Dollar ("USD") during the year, partially offset by the Group's capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment. The Group's current assets increased by 16.1% to US\$742.4 million, mainly contributed by the higher cash and bank balances, inventories and trade receivables, partially offset by the lower biological assets.

Total liabilities of the Group decreased by 28.0% from US\$602.5 million as at 31 December 2021 to US\$433.8 million as at 31 December 2022, mainly due to the reduction in gross borrowings.

Gross borrowings decreased by US\$111.0 million to US\$295.7 million as at 31 December 2022 (31 December 2021: US\$406.7 million), mainly due to the repayment of banks loans during the year.

Taking into consideration the increase in cash and bank balances during the year, the Group is now in a net cash position of US\$144.6 million as at 31 December 2022 compared to its net borrowings position of US\$25.2 million as at 31 December 2021.

Equity attributable to owners of the Company increased by 9.4% from US\$1,197.1 million as at 31 December 2021 to US\$1,309.7 million as at 31 December 2022, mainly contributed by the Group's profits generated, partially offset by dividends paid to shareholders and foreign currency translation losses from the depreciation of IDR against USD during the year.

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

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$326.2 million from its operating activities in FY2022 as compared to US\$292.2 million in FY2021. In 2H2022, net cash generated from operating activities amounted to US\$331.7 million as compared to US\$207.2 million in 2H2021. The higher cash generated from operating activities in 2022 were mainly contributed by the higher average selling prices achieved.

Net cash used in investing activities amounted to US\$52.0 million in FY2022 (FY2021: US\$1.3 million), primarily relating to the Group's capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment, partially offset by proceeds from plasma receivables. For 2H2022, net cash used in investing activities amounted to US\$53.2 million as compared to cash generated of US\$18.7 million in 2H2021. The higher net cash used in investing activities in FY2022 and 2H2022 were mainly due to an increase in capital expenditure on bearer plants and other property, plant and equipment, as well as a decrease in proceeds from plasma receivables as compared to the preceding year.

Net cash used in financing activities amounted to US\$217.5 million in FY2022 (FY2021: US\$100.2 million) and US\$85.4 million in 2H2022 (2H2021: US\$37.0 million). The net cash used in financing activities during 2022 primarily relate to repayment of amortising bank loans and dividends paid, whilst that in 2021 also included a drawdown of bank loans for repayment of Islamic medium term notes.

Overall, the Group registered an increase in cash and cash equivalents of US\$56.7 million in FY2022, bringing the Group's cash and bank balances to US\$433.8 million as at 31 December 2022.

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 touched new highs in the first half of 2022, owing to the tightening of global vegetable oil supplies from the Russia-Ukraine war and Indonesia's temporary export ban.

While CPO prices have since moderated following the lifting of the export ban mid last year, the government's ongoing measures to ensure the affordability and sufficiency of cooking oil within Indonesia has continued to restrict the availability of global palm oil supplies in recent months. On the demand front, Indonesia's higher B35 biodiesel mandate in 2023 should remain supportive of domestic palm oil consumption demand in the year ahead.

Whilst remaining cautiously optimistic that our performance for FY2023 will remain strong vis-a-vis historical levels, the Group expects its average selling prices and profitability to moderate in the near-term due to the high base effect from the record high palm oil prices seen in 2022.

Amid the global market uncertainties, the Group will closely monitor developments in the regulatory and macro environment, including the geopolitical situation in the Black Sea and the reopening of China, which 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	2.50 Singapore cents	12.00 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	1.25 Singapore cents	5.10 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 27 April 2023, will be made on 15 May 2023.

(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 2023 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 2023 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 2023 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 2022		FY 2021	
	S\$'000	US\$'000 equivalent	S\$'000	US\$'000 equivalent
Ordinary – Interim (paid)	39,407	28,148	19,721	14,659
Ordinary – Final (paid)	–	–	80,431	57,831
Ordinary – Final (proposed)	188,299	139,999*	–	–
Total	227,706	168,147	100,152	72,490

* Based on USD/SGD exchange rate of 1.3450.

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.	–	342
PT Surya Dumai Industri	Associate of Ciliandra Fangiono & Fang Zhixiang	–	301
PT Riau Agung Karya Abadi	Associate of Ciliandra Fangiono & Fang Zhixiang	446	12,498
PT Marsam Citra Adi Perkasa	Associate of Ciliandra Fangiono & Fang Zhixiang	–	7,779
PT Ketapang Hijau Lestari	Associate of Ciliandra Fangiono & Fang Zhixiang	–	13,985
PT Borneo Bhakti Sejahtera	Associate of Ciliandra Fangiono & Fang Zhixiang	–	69,008
PT Fajar Niaga Berjaya	Associate of Ciliandra Fangiono & Fang Zhixiang	364	–
Total		810	103,913

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	46	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	45	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
1 March 2023