



FIRST RESOURCES LIMITED

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

Condensed Interim Financial Statements
For the six months ended 30 June 2023

First Resources Limited and its Subsidiaries

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First Resources Limited and its Subsidiaries

Consolidated Income Statement

	Note	1H2023 US\$'000	1H2022 US\$'000	Change %
Sales	5	448,795	535,211	(16.1%)
Cost of sales		(291,783)	(240,161)	21.5%
Gross profit		157,012	295,050	(46.8%)
Gain/(loss) arising from changes in fair value of biological assets	14	4,806	(12,340)	n.m.
Selling and distribution costs	6	(49,393)	(92,931)	(46.8%)
General and administrative expenses		(13,152)	(15,125)	(13.0%)
Other operating (expenses)/income		(2,880)	2,687	n.m.
Profit from operations		96,393	177,341	(45.6%)
(Loss)/gain on foreign exchange		(12,064)	5,504	n.m.
Loss on derivative financial instruments		(33)	–	n.m.
Net financial income/(expenses)	7	1,934	(4,464)	n.m.
Other non-operating income		6,627	1,048	532.3%
Profit before tax		92,857	179,429	(48.2%)
Tax expense	8	(18,846)	(42,564)	(55.7%)
Profit for the period		74,011	136,865	(45.9%)
Profit attributable to:				
Owners of the Company		71,467	127,959	(44.1%)
Non-controlling interests		2,544	8,906	(71.4%)
		74,011	136,865	(45.9%)

n.m. – not meaningful

First Resources Limited and its Subsidiaries

Consolidated Statement of Comprehensive Income

	1H2023 US\$'000	1H2022 US\$'000	Change %
Profit for the period	74,011	136,865	(45.9%)
Other comprehensive income:			
Items that may be reclassified subsequently to profit or loss			
Fair value gain/(loss) on cash flow hedges	13,679	(8,923)	n.m.
Fair value (gain)/loss on cash flow hedges transferred to the income statement	(5,697)	46,814	n.m.
Foreign currency translation	75,714	(58,628)	n.m.
Other comprehensive income for the period, net of tax	83,696	(20,737)	n.m.
Total comprehensive income for the period	157,707	116,128	35.8%
Total comprehensive income attributable to:			
Owners of the Company	153,325	110,516	38.7%
Non-controlling interests	4,382	5,612	(21.9%)
	157,707	116,128	35.8%

n.m. – not meaningful

First Resources Limited and its Subsidiaries

Balance Sheets

	Note	Group		Company	
		30 Jun 2023 US\$'000	31 Dec 2022 US\$'000	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
Non-current assets					
Bearer plants	12	471,982	448,375	–	–
Plasma receivables		41,924	25,836	–	–
Property, plant and equipment	13	476,840	395,002	1,567	1,618
Land use rights		23,135	36,290	–	–
Investment in subsidiaries		–	–	879,609	964,058
Goodwill		78,074	74,575	–	–
Other intangible assets		27,391	26,208	6	–
Derivative financial assets		4,744	6,631	4,744	6,631
Tax recoverable		42,013	45,011	–	–
Deferred tax assets		34,045	32,003	–	217
Other non-current assets		454	434	–	–
Total non-current assets		1,200,602	1,090,365	885,926	972,524
Current assets					
Biological assets	14	36,413	30,191	–	–
Plasma receivables		5,984	3,587	–	–
Inventories		137,080	136,998	–	–
Trade receivables		43,441	77,342	–	–
Other receivables		4,938	6,734	931	332
Derivative financial assets		19,268	10,535	9,111	10,243
Advances for purchase of property, plant and equipment		2,404	1,587	–	–
Other advances and prepayments		5,689	10,836	66	79
Prepaid taxes		47,555	24,237	–	–
Restricted cash balances	15	4,120	6,523	–	–
Cash and cash equivalents	15	282,263	433,790	73,469	143,384
Total current assets		589,155	742,360	83,577	154,038
Total assets		1,789,757	1,832,725	969,503	1,126,562

First Resources Limited and its Subsidiaries

Balance Sheets

	Note	Group		Company	
		30 Jun 2023 US\$'000	31 Dec 2022 US\$'000	30 Jun 2023 US\$'000	31 Dec 2022 US\$'000
Current liabilities					
Trade payables		40,187	31,616	337	128
Other payables and accruals		35,286	49,114	1,090	3,516
Advances from customers		2,263	3,618	–	–
Loans and borrowings from financial institutions	16	104,781	93,314	118,168	91,180
Derivative financial liabilities		65	2,358	–	–
Provision for tax		6,290	18,953	–	–
Total current liabilities		188,872	198,973	119,595	94,824
Non-current liabilities					
Loans and borrowings from financial institutions	16	153,420	202,407	148,392	199,752
Provision for post-employment benefits		23,687	22,644	–	–
Deferred tax liabilities		11,969	9,786	276	–
Total non-current liabilities		189,076	234,837	148,668	199,752
Total liabilities		377,948	433,810	268,263	294,576
Net assets		1,411,809	1,398,915	701,240	831,986
Equity					
Share capital	17	394,913	394,913	394,913	394,913
Treasury shares	17	(17,552)	(14,700)	(17,552)	(14,700)
Other reserves	18	(100,063)	(181,927)	24,586	27,570
Retained earnings		1,040,887	1,111,380	299,293	424,203
Equity attributable to owners of the Company		1,318,185	1,309,666	701,240	831,986
Non-controlling interests		93,624	89,249	–	–
Total equity		1,411,809	1,398,915	701,240	831,986

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

	Attributable to owners of the Company						Total equity US\$'000
	Share capital US\$'000 (Note 17)	Treasury shares US\$'000 (Note 17)	Other reserves US\$'000 (Note 18)	Retained earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	
Group							
2023							
At 1 January 2023	394,913	(14,700)	(181,927)	1,111,380	1,309,666	89,249	1,398,915
Profit for the period	–	–	–	71,467	71,467	2,544	74,011
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	–	–	7,982	–	7,982	–	7,982
Foreign currency translation	–	–	73,876	–	73,876	1,838	75,714
Other comprehensive income for the period, net of tax	–	–	81,858	–	81,858	1,838	83,696
Total comprehensive income for the period	–	–	81,858	71,467	153,325	4,382	157,707
<u>Distributions to owners</u>							
Dividends paid	–	–	–	(141,960)	(141,960)	(6)	(141,966)
Buy-back of ordinary shares	–	(2,894)	–	–	(2,894)	–	(2,894)
Reissuance of treasury shares pursuant to employee share award scheme	–	42	5	–	47	–	47
<u>Changes in ownership interests in subsidiaries</u>							
Disposal of subsidiary	–	–	1	–	1	(1)	–
Total transactions with owners in their capacity as owners	–	(2,852)	6	(141,960)	(144,806)	(7)	(144,813)
At 30 June 2023	394,913	(17,552)	(100,063)	1,040,887	1,318,185	93,624	1,411,809

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 17)	Treasury shares US\$'000 (Note 17)	Other reserves US\$'000 (Note 18)	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)	(61,262)	870,196	1,197,144	73,955	1,271,099
Profit for the period	–	–	–	127,959	127,959	8,906	136,865
<u>Other comprehensive income</u>							
Net change in fair value of cash flow hedges	–	–	37,891	–	37,891	–	37,891
Foreign currency translation	–	–	(55,334)	–	(55,334)	(3,294)	(58,628)
Other comprehensive income for the period, net of tax	–	–	(17,443)	–	(17,443)	(3,294)	(20,737)
Total comprehensive income for the period	–	–	(17,443)	127,959	110,516	5,612	116,128
<u>Distributions to owners</u>							
Dividends paid	–	–	–	(57,831)	(57,831)	(617)	(58,448)
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	–	–	(9,970)	–	(9,970)	9,970	–
Total transactions with owners in their capacity as owners	–	17	(9,960)	(57,831)	(67,774)	9,353	(58,421)
At 30 June 2022	394,913	(6,686)	(88,665)	940,324	1,239,886	88,920	1,328,806

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

Company	Share capital US\$'000 (Note 17)	Treasury shares US\$'000 (Note 17)	Other reserves US\$'000 (Note 18)	Retained earnings US\$'000	Total equity US\$'000
2023					
At 1 January 2023	394,913	(14,700)	27,570	424,203	831,986
Profit for the period	–	–	–	17,050	17,050
<u>Other comprehensive income</u>					
Net change in fair value of cash flow hedges	–	–	(2,989)	–	(2,989)
Total comprehensive income for the period	–	–	(2,989)	17,050	14,061
<u>Distributions to owners</u>					
Dividends paid (Note 9)	–	–	–	(141,960)	(141,960)
Buy-back of ordinary shares	–	(2,894)	–	–	(2,894)
Reissuance of treasury shares pursuant to employee share award scheme	–	42	5	–	47
Total transactions with owners in their capacity as owners	–	(2,852)	5	(141,960)	(144,807)
At 30 June 2023	394,913	(17,552)	24,586	299,293	701,240
2022					
At 1 January 2022	394,913	(6,703)	10,642	1,507	400,359
Profit for the period	–	–	–	514,167	514,167
<u>Other comprehensive income</u>					
Net change in fair value of cash flow hedges	–	–	13,840	–	13,840
Total comprehensive income for the period	–	–	13,840	514,167	528,007
<u>Distributions to owners</u>					
Dividends paid (Note 9)	–	–	–	(57,831)	(57,831)
Reissuance of treasury shares pursuant to employee share award scheme	–	17	10	–	27
Total transactions with owners in their capacity as owners	–	17	10	(57,831)	(57,804)
At 30 June 2022	394,913	(6,686)	24,492	457,843	870,562

First Resources Limited and its Subsidiaries

Consolidated Cash Flow Statement

	1H2023 US\$'000	1H2022 US\$'000
Cash flows from operating activities		
Profit before tax	92,857	179,429
Adjustments for:		
Depreciation of bearer plants and property, plant and equipment	40,201	39,392
Amortisation of land use rights and other intangible assets	1,081	1,273
Gain on disposal of bearer plants and property, plant and equipment	(356)	(37)
Financial expenses	4,505	5,393
Interest income	(6,439)	(929)
(Gain)/loss arising from changes in fair value of biological assets	(4,806)	12,340
Loss on derivative financial instruments	33	–
Gain arising from changes in carrying value of plasma receivables	–	(3,901)
Gain on disposal of subsidiary	(4,086)	–
Operating cash flows before changes in working capital	122,990	232,960
Changes in working capital:		
Inventories	7,034	(123,147)
Receivables and other assets	38,946	(38,964)
Payables and other liabilities	(8,358)	(9,036)
Unrealised translation differences	13,350	(5,595)
Cash flows generated from operations	173,962	56,218
Financial expenses paid	(4,113)	(4,747)
Interest income received	5,684	865
Tax paid	(47,803)	(57,886)
Net cash generated from/(used in) operating activities	127,730	(5,550)
Cash flows from investing activities		
Capital expenditure on bearer plants	(12,534)	(8,396)
Capital expenditure on property, plant and equipment	(87,621)	(16,915)
Payment of advances for purchase of property, plant and equipment	(1,568)	(4,178)
Development costs on plasma receivables	(23,524)	(7,417)
Proceeds from plasma receivables	6,470	38,114
Additions to other intangible assets	(7)	–
Proceeds from disposal of bearer plants and property, plant and equipment	454	61
Proceeds from disposal of subsidiary, net of cash disposed of	22,295	–
Net cash (used in)/generated from investing activities	(96,035)	1,269

First Resources Limited and its Subsidiaries**Consolidated Cash Flow Statement**

	1H2023 US\$'000	1H2022 US\$'000
Cash flows from financing activities		
Repayment of bank loans	(40,288)	(60,000)
Payment of obligations under leases liabilities	(1,708)	(866)
Decrease/(increase) in restricted cash balances	2,403	(12,696)
Dividends paid	(141,966)	(58,448)
Buy-back of ordinary shares	(2,894)	–
Net cash used in financing activities	(184,453)	(132,010)
Net decrease in cash and cash equivalents	(152,758)	(136,291)
Effect of exchange rate changes on cash and cash equivalents	1,231	(1,586)
Cash and cash equivalents at the beginning of the financial period	433,790	381,461
Cash and cash equivalents at the end of the financial period	282,263	243,584

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 ended 30 June 2023 (“1H2023”) 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 ended 30 June 2023 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 annual financial statements for the year ended 31 December 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 2023. 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 year ended 31 December 2022.

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 interim period are discussed 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 20(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.

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.

There have been no significant changes to the assumptions used in assessing the Group's expected credit losses since the previous financial year and no expected credit losses have been recognised during the six months ended 30 June 2023 and 2022.

(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.

5. Segment and revenue information (cont'd)

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.

(a) Reportable segments

1H2023	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
Sales:				
External customers	109,637	339,158	–	448,795
Inter-segment	266,594	–	(266,594)	–
Total sales	376,231	339,158	(266,594)	448,795
Results:				
EBITDA	151,520	(24,022)	5,371	132,869
Depreciation and amortisation	(37,481)	(3,801)	–	(41,282)
Gain arising from changes in fair value of biological assets	4,806	–	–	4,806
Profit from operations	118,845	(27,823)	5,371	96,393
Loss on foreign exchange				(12,064)
Loss on derivative financial instruments				(33)
Net financial income				1,934
Other non-operating income				6,627
Profit before tax				92,857

Notes to the Condensed Interim Financial Statements

5. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

1H2022	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
Sales:				
External customers	20,405	514,806	–	535,211
Inter-segment	342,741	–	(342,741)	–
Total sales	363,146	514,806	(342,741)	535,211
Results:				
EBITDA	197,846	58,170	(25,670)	230,346
Depreciation and amortisation	(36,838)	(3,827)	–	(40,665)
Loss arising from changes in fair value of biological assets	(12,340)	–	–	(12,340)
Profit from operations	148,668	54,343	(25,670)	177,341
Gain on foreign exchange				5,504
Net financial expenses				(4,464)
Other non-operating income				1,048
Profit before tax				179,429

(b) Disaggregation of revenue

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

	Group	
	1H2023 US\$'000	1H2022 US\$'000
Crude palm oil	104,359	16,171
Palm kernel	2,139	–
Fresh fruit bunches	3,139	4,234
Processed palm based products	339,158	514,806
	448,795	535,211

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	
	1H2023	1H2022
	US\$'000	US\$'000
Singapore	115,542	183,385
Indonesia	242,470	229,827
Europe	49,521	40,277
China	24,253	48,537
Others	17,009	33,185
	448,795	535,211
	448,795	535,211

6. Selling and distribution costs

	Group	
	1H2023	1H2022
	US\$'000	US\$'000
Export taxes	20,245	70,484
Freight charges	24,864	17,856
Depreciation of property, plant and equipment	378	387
Others	3,906	4,204
	49,393	92,931
	49,393	92,931

7. Net finance (income)/expenses

	Group	
	1H2023	1H2022
	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	4,505	5,393
Interest income	(6,439)	(929)
	(1,934)	4,464
	(1,934)	4,464

First Resources Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

8. Tax expense

The major components of tax expense for the financial periods ended 30 June 2023 and 2022 are as follows:

	Group	
	1H2023	1H2022
	US\$'000	US\$'000
Current income tax	19,735	49,437
Deferred tax	(889)	(6,873)
	18,846	42,564
	18,846	42,564

9. Dividends

	Group	
	1H2023	1H2022
	US\$'000	US\$'000
Declared and paid during the six-month period:		
<i>Dividends on ordinary shares:</i>		
- Final tax exempt (one-tier) dividend for 2022: 12.00 Singapore cents (2021: 5.10 Singapore cents) per share	141,960	57,831
	141,960	57,831

10. Earnings per ordinary share

	Group	
	1H2023	1H2022
Weighted average number of shares applicable to basic EPS computation ('000)	1,567,769	1,577,073
Weighted average number of shares based on fully diluted basis ('000)	1,567,769	1,577,073
EPS - basic (US cents)	4.56	8.11
EPS - diluted (US cents)	4.56	8.11
	4.56	8.11

11. Net asset value

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Net asset value per ordinary share	0.84	0.83	0.45	0.53
	0.84	0.83	0.45	0.53

First Resources Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

12. Bearer plants

During the six months ended 30 June 2023, additions to bearer plants amounted to US\$13.1 million (1H2022: US\$9.5 million).

13. Property, plant and equipment

During the six months ended 30 June 2023, additions to property, plant and equipment amounted to US\$91.9 million (1H2022: US\$23.8 million).

14. Biological assets

Biological assets relate to agricultural produce growing on bearer plants, which is referred to as FFB, with the following movements in carrying value:

	Group	
	2023	2022
	US\$'000	US\$'000
Fair value		
At 1 January	30,191	45,243
Gain/(loss) arising from changes in fair value of biological assets	4,806	(12,340)
Exchange differences	1,416	(1,430)
	<hr/>	<hr/>
At 30 June	36,413	31,473
	<hr/> <hr/>	<hr/> <hr/>

15. Cash and bank balances

	Group	
	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000
Cash at banks and on hand	282,263	433,790
Restricted cash balances	4,120	6,523
	<hr/>	<hr/>
	286,383	440,313
	<hr/> <hr/>	<hr/> <hr/>

As at 30 June 2023, the Group has bank overdrafts amounting to US\$133.6 million (31 December 2022: US\$269.3 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.

16. Borrowings and debt securities

	Group	
	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	2,066	2,134
Unsecured	102,715	91,180
 <u>Amount repayable after one year</u>		
Secured	5,028	2,655
Unsecured	148,392	199,752
	258,201	295,721

As at 30 June 2023, the Group has undrawn committed unsecured credit facilities available of US\$50.0 million (31 December 2022: US\$50.0 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.

17. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2023		2022	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
Issued and fully paid ordinary shares				
At 1 January and 30 June	1,584,073	394,913	1,584,073	394,913

17. Share capital and treasury shares

(a) *Share capital*

	Group and Company	
	2023	2022
Issued shares excluding treasury shares and subsidiary holdings ('000)		
At 1 January	1,569,155	1,577,066
Buy-back of ordinary shares	(2,747)	–
Reissued pursuant to employee share award scheme	41	17
At 30 June	1,566,449	1,577,083

The total number of issued shares excluding treasury shares as at 30 June 2023 was 1,566,448,669 (30 June 2022: 1,577,083,369) and that as at 31 December 2022 was 1,569,154,669.

There were no shares that may be issued upon conversion of any outstanding convertibles as at 30 June 2023 and 30 June 2022.

There were no subsidiary holdings as at 30 June 2023 and 30 June 2022.

(b) *Treasury shares*

	Group and Company			
	2023		2022	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
At 1 January	14,918	14,700	7,007	6,703
Buy-back of ordinary shares	2,747	2,894	–	–
Reissued pursuant to employee share award scheme	(41)	(42)	(17)	(17)
At 30 June	17,624	17,552	6,990	6,686

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

(b) Treasury shares (cont'd)

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

As at 30 June 2023, there were 17,624,300 (30 June 2022: 6,989,600) treasury shares, representing 1.11% (30 June 2022: 0.44%) of the total number of issued shares excluding treasury shares.

During the six months ended 30 June 2023, the Company acquired 2,747,400 (1H2022: nil) shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was US\$2,894,000 (1H2022: nil) and this was presented as a component within shareholders' equity.

41,400 (1H2022: 17,400) treasury shares were reissued pursuant to the Company's employee share award scheme during the six months ended 30 June 2023.

18. Other reserves

The composition of other reserves is as follows:

	Group		Company	
	30 Jun 2023	31 Dec 2022	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Differences arising from restructuring transactions involving entities under common control	34,993	34,992	–	–
Capital reserve	(38,781)	(38,781)	–	–
Revaluation reserve	279	279	–	–
Gain on sale of treasury shares	10,337	10,332	10,337	10,332
Hedging reserve	22,967	14,985	13,856	16,845
Foreign translation reserve	(129,858)	(203,734)	393	393
	(100,063)	(181,927)	24,586	27,570

19. 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	
	30 Jun 2023	31 Dec 2022
	US\$'000	US\$'000
Capital commitments in respect of property, plant and equipment	129,498	31,967

20. 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				
30 June 2023				
Assets measured at fair value:				
<u>Non-financial assets</u>				
Biological assets	–	–	36,413	36,413
<u>Financial assets</u>				
Derivative financial assets	3,655	20,357	–	24,012
Liabilities measured at fair value:				
<u>Financial liabilities</u>				
Derivative financial liabilities	–	33	–	33

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

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

Group	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
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
	=====	=====	=====	=====

20. 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
30 June 2023				
Biological assets	36,413	Income approach	Projected harvest quantities	294,000 tonnes
			Market price of FFB	US\$113/tonne –US\$161/tonne

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

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 14.

(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.

20. 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.

21. Subsequent events

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

1. **Review**

The condensed interim consolidated balance sheet of First Resources Limited and its subsidiaries as at 30 June 2023 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 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

	1H2023	1H2022	Change
	Tonne	Tonne	%
Plantations and Palm Oil Mills			
- Crude palm oil	436,076	344,087	26.7%
- Palm kernel	88,637	88,371	0.3%
Refinery and Processing	445,020	457,805	(2.8%)

Note: Sales volume include inter-segment sales

SALES

	1H2023	1H2022	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills			
- Crude palm oil	338,777	287,954	17.6%
- Palm kernel	34,314	70,957	(51.6%)
- Fresh fruit bunches	3,140	4,235	(25.9%)
	376,231	363,146	3.6%
Refinery and Processing	339,158	514,806	(34.1%)
Inter-segment elimination	(266,594)	(342,741)	(22.2%)
Total Sales	448,795	535,211	(16.1%)

EBITDA

	1H2023	1H2022	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	151,520	197,846	(23.4%)
Refinery and Processing	(24,022)	58,170	n.m.
Inter-segment elimination	5,371	(25,670)	n.m.
Total EBITDA	132,869	230,346	(42.3%)

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

UNDERLYING NET PROFIT

	1H2023	1H2022	Change
	US\$'000	US\$'000	%
Profit for the period attributable to the owners of the Company	71,467	127,959	(44.1%)
(Gain)/loss arising from changes in fair value of biological assets	(3,749)	9,625	n.m.
Underlying net profit attributable to owners of the Company	67,718	137,584	(50.8%)

n.m. – not meaningful

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$71.5 million in 1H2023, a decline of 44.1% as compared to the corresponding period last year, with a 45.6% decrease in profit from operations to US\$96.4 million. The lower net profit and profit from operations in 1H2023 were mainly driven by the effects of weaker palm oil prices, partially offset by higher sales volumes of palm based products.

Excluding the effect of the gain/(loss) arising from changes in fair value of biological assets, the underlying net profit for the Group would have decreased by 50.8% to US\$67.7 million in 1H2023.

Sales

Sales dipped by 16.1% to US\$448.8 million in 1H2023, primarily due to the lower average selling prices, partially offset by the higher sales volumes as compared to the same period last year, during which there was a large build-up in inventory.

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 21.5% to US\$291.8 million, mainly due to the higher sales volumes.

Gross Profit

Gross profit declined by 46.8% to US\$157.0 million in 1H2023 with gross profit margin coming in at 35.0% (1H2022: 55.1%), reflecting the effects of the lower average selling prices.

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

The Group recognised a gain arising from changes in fair value of biological assets amounting to US\$4.8 million in 1H2023, as compared to a loss of US\$12.3 million in the same period last year. The fair value gain recorded in 1H2023 was mainly attributable to the higher projected harvest quantities used in the valuation as compared to 31 December 2022 whilst the loss last year was mainly due to the lower FFB prices used in the valuation as compared to 31 December 2021.

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

REVIEW OF INCOME STATEMENT (CONT'D)

Selling and Distribution costs

Selling and distribution expenses decreased by 46.8% to US\$49.4 million in 1H2023 (1H2022: US\$92.9 million), mainly due to the lower export taxes.

General and Administrative expenses

General and administrative decreased by 13.0% to US\$13.2 million in 1H2023 (1H2022: US\$15.1 million), mainly due to lower accruals for employee related costs.

EBITDA

The Group's EBITDA declined by 42.3% to US\$132.9 million in 1H2023, mainly attributed to the effect from the lower average selling prices, partially offset by the reduction in export taxes.

(Loss)/gain on Foreign Exchange

The Group recorded a loss on foreign exchange of US\$12.1 million in 1H2023 as compared to a gain of US\$5.5 million in 1H2022. These arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

Net Financial Income/(expenses)

The Group recorded a net financial income of US\$1.9 million in 1H2023 as compared to a net financial expenses of US\$4.5 million in 1H2022, mainly due to the higher interest income earned on cash and bank balances, as well as the reduction in financial expenses on lower gross borrowings.

Tax Expense and Net Profit

Tax expense decreased to US\$18.8 million in 1H2023 (1H2022: US\$42.6 million), along with the lower taxable income of the Group.

As a result of the foregoing, profit attributable to owners of the Company came in at US\$71.5 million in 1H2023 as compared to US\$128.0 million in 1H2022.

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

REVIEW OF BALANCE SHEET

Total assets of the Group decreased slightly by 2.3% from US\$1,832.7 million as at 31 December 2022 to US\$1,789.8 million as at 30 June 2023. Non-current assets increased by 10.1% to US\$1,200.6 million, mainly due to the Group's capital expenditure on oil palm plantations and other property, plant and equipment as well as the appreciation of Indonesian Rupiah ("IDR") against United States Dollar ("USD") during the period, partially offset by the depreciation of bearer plants and property, plant and equipment. The Group's current assets decreased by US\$153.2 million to US\$589.2 million as at 30 June 2023, mainly contributed by the lower cash and bank balances and trade receivables, partially offset by the higher prepaid taxes and derivative financial assets.

Total liabilities of the Group decreased by 12.9% from US\$433.8 million as at 31 December 2022 to US\$377.9 million as at 30 June 2023, mainly due to the reduction in gross borrowings.

Gross borrowings decreased by US\$37.5 million to US\$258.2 million as at 30 June 2023 (31 December 2022: US\$295.7 million), mainly due to the repayment of bank loans during the period.

Taking into consideration the cash and bank balances of US\$286.4 million (31 December 2022: US\$440.3 million), the Group continues to be in a net cash position of US\$28.2 million as at 30 June 2023 (31 December 2022: US\$144.6 million).

Equity attributable to owners of the Company increased marginally by 0.7% from US\$1,309.7 million as at 31 December 2022 to US\$1,318.2 million as at 30 June 2023, mainly contributed by the Group's profits generated and foreign currency translation gains from appreciation of IDR against USD during the period, partially offset by the dividends paid to shareholders.

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash from operating activities of US\$127.7 million in 1H2023 as compared to net cash used of US\$5.6 million in the same period last year, mainly attributed to the large build-up in inventory and increase in trade receivables outstanding during 1H2022.

Net cash used in investing activities amounted to US\$96.0 million in 1H2023, mainly relating to the Group's capital expenditure on oil palm plantations and other property, plant and equipment, partially offset by proceeds from disposal of subsidiary. In 1H2022, the Group generated net cash of US\$1.3 million from investing activities, mainly contributed by the proceeds received from plasma receivables, partially offset by its capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment. The higher amounts used in investing activities during 1H2023 can primarily be attributed to the Group's ongoing capital investments in expanding its processing capabilities.

Net cash used in financing activities during 1H2023 amounted to US\$184.5 million, as compared to US\$132.0 million in 1H2022. The increase in cash used in financing activities was mainly due to the higher amount of final dividends paid to shareholders in 1H2023 as compared to 1H2022.

Overall, the Group registered a decrease in cash and cash equivalents of US\$152.8 million in 1H2023, bringing the Group's cash and cash equivalents to US\$282.3 million as at 30 June 2023.

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

Not applicable.

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

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

Against the record high palm oil prices seen in the first half of last year, CPO prices have moderated to come in lower in the first half of 2023.

Looking ahead, prices in the near to mid-term are expected to be influenced by the geopolitical situation in the Black Sea, as well as the anticipated weather impact of El Nino on the output of palm and other competing oils. Nonetheless, the fundamentals of the palm oil industry remain supported by Indonesia's B35 biodiesel mandate and Domestic Market Obligation ("DMO") policy, which are expected to continue driving domestic demand and consumption, limiting the country's palm oil export volumes.

On the production front, the Group expects production to pick up seasonally in the second half of the year.

5. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount per Share	2.50 Singapore cents
Tax Rate	1-tier tax-exempt

(b) Corresponding period of the immediately preceding financial year

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

Yes.

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount per Share	2.50 Singapore cent
Tax Rate	1-tier tax-exempt

(c) Date payable

7 September 2023.

5. Dividends (cont'd)

(d) Record date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 1 September 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 31 August 2023 will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 31 August 2023 will be entitled to the interim 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. 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.	–	240
PT Surya Dumai Industri	Associate of Ciliandra Fangiono & Fang Zhixiang	–	153
PT Riau Agung Karya Abadi	Associate of Ciliandra Fangiono & Fang Zhixiang	88	4,635
PT Marsam Citra Adi Perkasa	Associate of Ciliandra Fangiono & Fang Zhixiang	–	8,556
PT Ketapang Hijau Lestari	Associate of Ciliandra Fangiono & Fang Zhixiang	–	7,418
PT Borneo Bhakti Sejahtera	Associate of Ciliandra Fangiono & Fang Zhixiang	–	32,312
PT Setia Agro Utama	Associate of Ciliandra Fangiono & Fang Zhixiang	10	–
PT Fajar Niaga Berjaya	Associate of Ciliandra Fangiono & Fang Zhixiang	9,147	–
Total		9,245	53,314

8. Negative Confirmation by the Board Pursuant to Rule 705(5)

We, Chang See Hiang and Ciliandra Fangiono, being two directors of First Resources Limited (the “Company”), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the six months ended 30 June 2023 to be false or misleading in any material aspect.

Chang See Hiang
Chairman

Ciliandra Fangiono
Director and Chief Executive Officer

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.

BY ORDER OF THE BOARD

Ciliandra Fangiono
Director and Chief Executive Officer
11 August 2023