



First Resources

ANNUAL
REPORT
2023



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Corporate Profile

ESTABLISHED IN 1992 AND LISTED ON THE SINGAPORE EXCHANGE SINCE 2007, FIRST RESOURCES IS ONE OF THE LEADING PALM OIL PRODUCERS IN THE REGION, MANAGING OVER 200,000 HECTARES OF OIL PALM PLANTATIONS ACROSS THE RIAU, EAST KALIMANTAN AND WEST KALIMANTAN PROVINCES OF INDONESIA.

Our core business activities 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. This enables the Group to extract maximum value out of our

upstream plantation assets. Our products are sold to both local and international markets.

First Resources is committed to the production of sustainable palm oil. Our sustainability strategy is centred upon maximising output while minimising adverse environmental and social impact from our operations. We will constantly strengthen our sustainability framework through regular benchmarking against industry standards and best practices.

Mission, Vision and Values

First Resources' vision is to be a leading oil palm-focused agribusiness known for its excellence.

Our mission is:

- To continuously enhance shareholder value through growth and profitability
- To be an employer of choice with a high performance team geared towards business excellence
- To be an efficient producer with the highest levels of productivity and lowest cost of production
- To be an environmentally and socially responsible corporate citizen

The values that guide our behaviour, actions and decisions are Loyalty, Integrity, Diligence, Persistence and Care.

OUR CORE VALUES

LOYALTY

We are committed to growing our business and fulfilling our obligations to our stakeholders including our employees, business partners, customers, and shareholders.

INTEGRITY

We are guided by strong corporate governance and good business ethics to build a foundation of trust, reliability and honesty.

DILIGENCE

We are focused on delivering results and achieving our goals while maintaining high standards throughout our operations.

PERSISTENCE

We have a can-do attitude in facing challenges and we seek to achieve industry best practices in our operations.

CARE

We value relationships and we seek to establish long-term partnerships with our people, customers, suppliers and the communities we operate in.



Our Presence



213,421hectares of
oil palm plantations**45 - 90**FFB tonnes per hour
of mill capacity**PONTIANAK**
Regional Office**BALIKPAPAN**
Regional Office

Business Flow Chart

1 NURSERY CULTIVATION

Our palm oil seeds are produced in our dedicated seed garden. The seeds are cultivated in our pre-nurseries before they are transferred to our open field nurseries. Seedling development is closely supervised and a stringent culling process is observed.



1

2 FIELD PLANTING

After a year in the open field nurseries, seedlings in their best conditions are transplanted to the estates and classified as immature palms.



2

4 HARVESTING

Harvesting of FFB from the palms begin only when an appropriate number of fruitlets start detaching from the FFB, indicating optimal ripeness, which is critical in maximising CPO output and yield.



4

3 UPKEEP

For the first three years, immature palms undergo an intensive upkeep programme which involves fertilisation and weeding. The upkeep programme for mature palms is largely similar except for the lower frequency of certain upkeep work. Our research station provides specific agronomic recommendations based on trials and tests done on each block of plantation.



3

MILLING

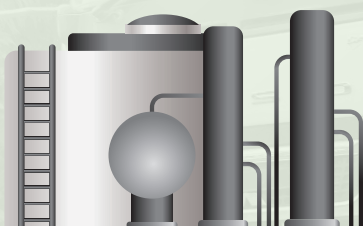
Harvested FFB are transported to our mills within a tight 24-hour window for milling. This ensures that the FFB is milled with minimal spoilage, another key control for maximising CPO output and yield. The milling process involves the separation of the fruitlets from the bunches and the crushing of the fruitlets to obtain CPO and PK.



5

PROCESSING

Through our refinery, fractionation, biodiesel and kernel crushing plants, the CPO and PK are processed into higher value palm-based products. This vertical integration enables the Group to extract maximum value out of our plantation assets.

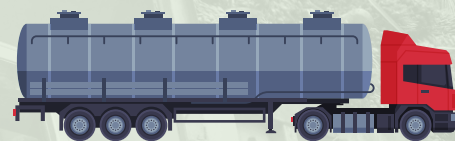
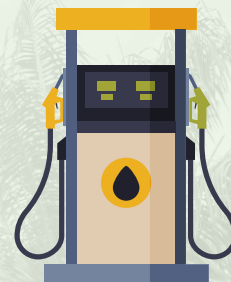


6

SALES TO CUSTOMERS

Our products are sold to both local and international markets. Our product offerings are:

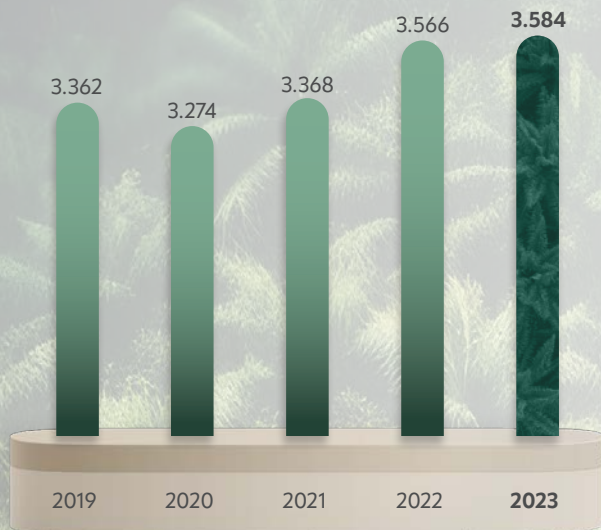
- Crude Palm Oil
- Refined Palm Oil Products
- Biodiesel
- Palm Kernel Products



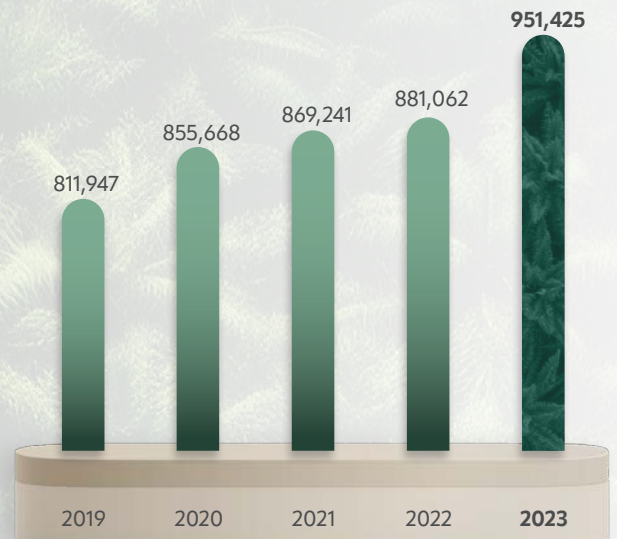
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Operational Highlights

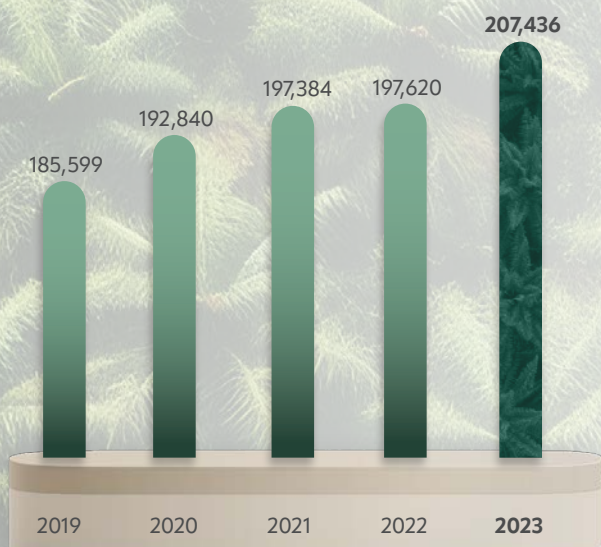
FINANCIAL YEAR	2019	2020	2021	2022	2023
Oil Palm Plantation Area (hectares)					
Total Planted Area	212,073	213,461	212,208	211,409	213,421
Mature	197,384	199,924	195,551	195,575	195,067
Immature	14,689	13,537	16,657	15,834	18,354
Nucleus Planted Area	181,065	182,029	178,733	175,563	177,930
Mature	167,124	169,106	162,560	160,095	159,608
Immature	13,941	12,923	16,173	15,468	18,322
Plasma Planted Area	31,008	31,432	33,475	35,846	35,491
Mature	30,260	30,818	32,991	35,480	35,459
Immature	748	614	484	366	32
Production Volume (tonnes)					
Total Fresh Fruit Bunches ("FFB")	3,362,364	3,273,584	3,367,668	3,566,191	3,584,486
Nucleus	3,009,424	2,903,800	2,940,434	3,055,203	3,070,683
Plasma	352,940	369,784	427,234	510,988	513,803
Crude Palm Oil ("CPO")	811,947	855,668	869,241	881,062	951,425
Palm Kernel ("PK")	185,599	192,840	197,384	197,620	207,436
Productivity					
FFB Yield per Mature Hectare (tonnes)	17.0	16.4	17.2	18.2	18.4
CPO Yield per Mature Hectare (tonnes)	3.9	3.8	3.9	4.1	4.2
CPO Extraction Rate (%)	23.1	23.2	22.7	22.3	22.7
PK Extraction Rate (%)	5.3	5.2	5.2	5.0	4.9



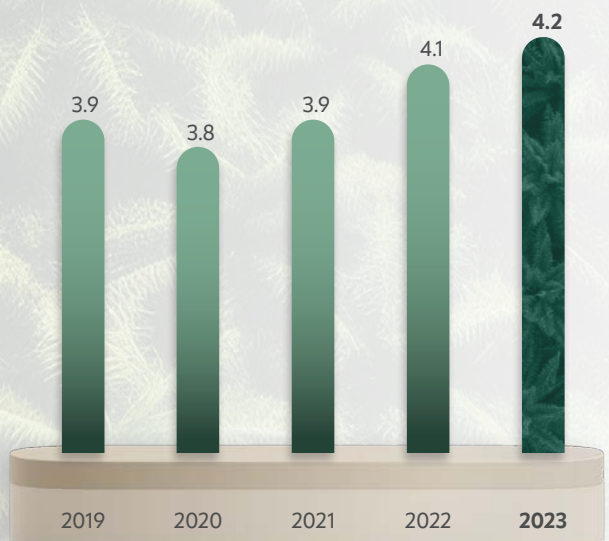
FRESH FRUIT BUNCHES PRODUCTION
(million tonnes)



CRUDE PALM OIL PRODUCTION
(tonnes)



PALM KERNEL PRODUCTION
(tonnes)



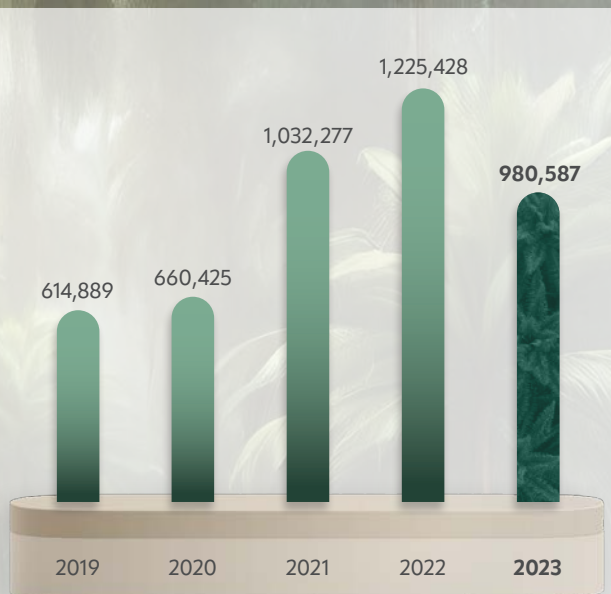
CPO YIELD
(tonnes/mature hectare)

Financial Highlights

FINANCIAL YEAR	2019	2020	2021	2022	2023
INCOME STATEMENT (US\$'000)					
Sales	614,889	660,425	1,032,277	1,225,428	980,587
Gross profit	227,160	292,398	461,569	629,315	363,038
Gain/(loss) arising from changes in fair value of biological assets	7,913	3,870	15,959	(11,475)	(1,137)
Profit from operations	154,577	190,006	244,987	417,882	198,057
EBITDA ⁽¹⁾	218,799	259,191	312,916	508,763	282,048
Profit before tax	131,201	156,839	245,988	427,510	196,990
Net profit attributable to owners of the Company	89,128	99,673	161,108	325,196	145,395
Underlying net profit ⁽²⁾	89,082	97,059	149,245	334,211	146,567
BALANCE SHEET (US\$'000)					
Total assets	1,708,936	1,785,917	1,873,602	1,832,725	1,774,844
Total liabilities	607,034	659,775	602,503	433,810	373,061
Total equity	1,101,902	1,126,142	1,271,099	1,398,915	1,401,783
Equity attributable to owners of the Company	1,044,312	1,063,573	1,197,144	1,309,666	1,303,404
FINANCIAL STATISTICS					
EBITDA margin (%)	35.6	39.2	30.3	41.5	28.8
Basic earnings per share (US cents) ⁽³⁾	5.63	6.30	10.21	20.65	9.28
Net gearing ratio (times) ⁽⁴⁾	0.28	0.22	0.02	(0.10)	0.05
EBITDA to interest coverage (times) ⁽⁵⁾	12.8	15.6	22.8	54.6	39.3
Net asset value per share (US\$) ⁽⁶⁾	0.66	0.67	0.76	0.83	0.83
Return on assets (%) ⁽⁷⁾	5.7	6.1	9.6	18.3	8.5
Return on equity (%) ⁽⁸⁾	9.0	9.5	14.3	25.9	11.1

Notes:

- (1) EBITDA = Profit from operations before depreciation, amortisation, expected credit losses and gains/(losses) arising from changes in fair value of biological assets
- (2) Underlying net profit = Net profit attributable to owners of the Company adjusted to exclude expected credit losses, net gains/(losses) arising from changes in fair value of biological assets and unquoted investment
- (3) Basic earnings per share = Net profit attributable to owners of the Company / Weighted average number of ordinary shares outstanding (excluding treasury shares) during the financial year
- (4) Net gearing ratio = Borrowings and debt securities less cash and bank balances / Total equity
- (5) EBITDA to interest coverage = EBITDA / Total interest and profit distribution paid or payable on borrowings and debt securities
- (6) Net asset value per share = Equity attributable to owners of the Company / Number of ordinary shares in issue (excluding treasury shares) at end of the financial year
- (7) Return on assets = Net profit for the year / Average total assets
- (8) Return on equity = Net profit attributable to owners of the Company / Average equity attributable to owners of the Company



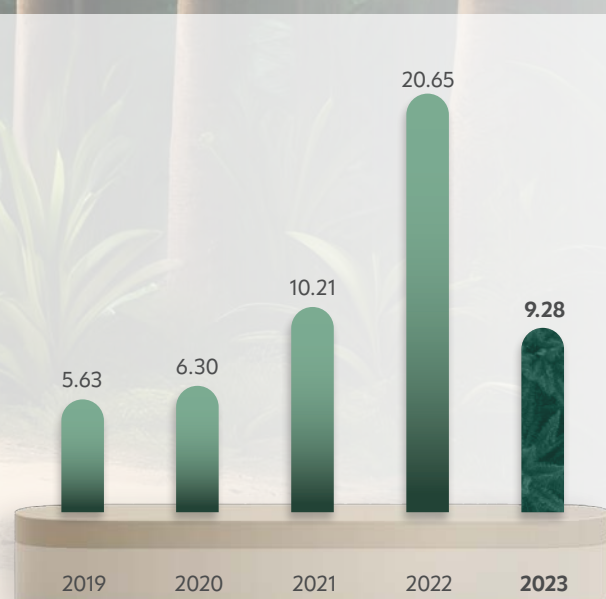
SALES
(US\$'000)



EBITDA
(US\$'000)



UNDERLYING NET PROFIT
(US\$'000)



BASIC EARNINGS PER SHARE
(US cents)

Message to Shareholders

FULL YEAR
ORDINARY DIVIDEND

6.20

SGD cents per share
Representing 50% of
underlying net profit

Dear Shareholders.

FY2023 marked a year of price moderation, with average crude palm oil ("CPO") prices on a free-on-board Belawan basis declining to US\$900 per tonne from its historical high of US\$1,239 per tonne in FY2022, when government policies and the Russian-Ukraine conflict sent prices soaring on fears of supply chain disruptions and vegetable oil shortages. As CPO prices retreated from its peak, the overall performance of the palm oil industry in FY2023 also reflected this normalisation, with producers shifting their focus to production efficiency and yield enhancements to mitigate the impact of lower average selling prices.

During the year, Indonesia implemented a mandatory 35 per cent palm oil blend in biodiesel – its B35 programme – which is the highest mandatory mix of palm oil in biodiesel globally. We are optimistic that the country's commitment to its biodiesel policy will continue to bolster palm oil demand and prices. At the same time, the government's decision to maintain its Domestic Market Obligation (DMO) policy as a stabiliser of cooking oil prices in the domestic market will continue to put ongoing restrictions on exports. These two government policies have tightened the supply of palm oil in international markets and ensured that palm oil prices remain well-supported against other competing vegetable oils.

Palm oil production in Indonesia, the world's largest producer, has stagnated in recent years due to aging plantations and a lack of new plantings amid deforestation concerns. While the




situation may be somewhat alleviated with increased replanting efforts, it does not change the fact that the growth in oil palm areas will continue to decelerate, which will limit any potential increase in production volume growth going forward.

At the Group level, we continue to make concerted efforts to proactively maintain the favourable age profile and productivity of our plantation assets. A key measure has been the strategic decision to transition our existing rubber plantations to oil palm. Given the persistently challenging conditions in the rubber market, we decided to relinquish our modest foothold in the rubber industry and execute a prudent shift towards oil palm, a crop that has served us well over the years in terms of profitability. The replanting process involved in this strategic conversion has begun in 2023 and is anticipated to conclude within 2024.

Also of strategic importance was our acquisition of new plantation assets in December 2023. This acquisition, which comprises mills, plantations and unplanted land bank located in the Riau Province of Indonesia, represents a significant milestone in the Company's expansion strategy. Not only does it materially augment our plantation footprint, we also anticipate that the integration of these assets will yield operational synergies for the Group. Initiating the groundwork for this venture, we are starting the preparatory work necessary for replanting to be carried out over the next few years. We firmly believe that these assets have the potential to be high-yielding plantation assets with low production costs, thereby contributing to our overall performance and enhancing shareholder value in the ensuing years. With these steps, along with our ongoing replanting programme, we are optimistic about a boost in the Group's production volumes and yields in the years ahead.

Amid global market uncertainties, the Group will continue to monitor developments in the regulatory and macro environment, including geopolitical tensions in the Middle East and Eastern Europe, and their resulting impact on market demand and prices.



With the on-going replanting efforts, conversion from rubber to oil palm estates, and rejuvenation of the newly acquired assets, we are confident that the Group will be able to deliver credible volume and yield growth in the medium term.

FY2023 PERFORMANCE REVIEW

In FY2023, the Group achieved EBITDA of US\$282.0 million and underlying net profit of US\$146.6 million on the back of US\$980.6 million in sales. While FY2023 may pale in comparison to the exceptional FY2022, whose topline was driven to a record high of US\$1,225.4 million by unprecedentedly high average selling prices, it is noteworthy that when compared against FY2021, the underlying net profit for FY2023 held its ground respectably despite lower sales.

First Resources broke new records on the production front in FY2023, with FFB harvested reaching a new high of 3,584,486 tonnes, topping the previous year's record of 3,566,191 tonnes, and FFB yield strengthening to 18.4 tonnes per hectare in FY2023 as compared to 18.2 tonnes per hectare in FY2022. CPO yield rose from 4.1 tonnes per hectare in FY2022

Message to Shareholders

to 4.2 tonnes per hectare in FY2023, while CPO production expanded 8.0% year-on-year to 951,425 tonnes from a recovery in purchases of third-party crops during the year. With the on-going replanting efforts, conversion from rubber to oil palm estates, and rejuvenation of the newly acquired assets, we are confident that the Group will be able to deliver credible volume and yield growth in the medium term.

EBITDA per mature nucleus hectare remains our preferred performance metric, encapsulating the cash earnings derived from each productive nucleus hectare within our management. In FY2023, our plantations yielded EBITDA of US\$2,030 per hectare, a decrease from the US\$2,818 in FY2022, reflecting the softer average selling prices during the year. When compared against the current replacement cost of US\$5,000 to US\$6,000 per hectare and considering the enduring economic lifespan of oil palms of 25 years or more, the upstream oil palm business remains financially compelling and the main profit contributor for the Group.

Cash cost of production is pivotal in the determination of EBITDA and net profit. In FY2023, each tonne of nucleus CPO on ex-mill basis cost us approximately US\$327 to produce, higher than the US\$276 in FY2022. This uptick stems from the increase in fertilisation costs as we ramped up fertiliser application in line with improved weather conditions, as well as rising wages and the ongoing maintenance of our plantations and infrastructure. Looking forward, we remain steadfast in our endeavour to mitigate production cost pressures through operational efficiencies and yield enhancements.

The Group continues to generate strong cashflows from operations during the year. Even after funding the acquisition of plantation assets in December 2023, the Group's financial position remains robust, with gross gearing ratio at 0.17 times and cash and bank balance of US\$162.9 million as at 31 December 2023.

INVESTMENTS EXPECTED IN 2024

We have projected capital expenditure for FY2024 to be approximately US\$200 million, the bulk of which has been earmarked for expansion of our processing capabilities. On top of the ongoing maintenance of our immature oil palm plantations, we will also

be undertaking the replanting of oil palms across our existing estates and converting about 4,000 hectares of our rubber estates to oil palm cultivation. The remainder of the projected capital expenditure will be allocated to infrastructure improvements for plantation management, as well as the construction of a new CPO mill and the upgrading and maintenance of existing CPO mills.

Backed by a robust balance sheet, the Group has and will continually explore suitable opportunities for growth and investment as we seek to unlock more value for shareholders.

SUSTAINABILITY REVIEW

Sustainability has become part of our corporate culture and DNA and is a key consideration when we develop strategic growth plans for our Group. In 2023, we continued to improve on our sustainability efforts by aligning them with industry best practices and enhancing our community programmes.

First Resources officially launched our Sustainability Policy and declared our commitment to No Peat, No Deforestation and No Exploitation (NDPE) in 2015. Over the years, we have made steady progress to improve on our efforts, culminating in some notable results including the launch of a Sustainable Supply Chain Framework, which enabled us to achieve 100% traceability to mills since 2017, and 100% traceability to plantations for our own mills since 2020.

We are elated to share that in 2023, we have further achieved our target of 100% traceability to plantations for third-party mills. With that, First Resources has achieved full Traceability to Mill (TTM) and Traceability to Plantation (TTP). This milestone stands as a beacon of our sustained efforts and underscores our commitment in championing responsible and traceable supply chains.

In 2023, the Group received certification from the Roundtable on Sustainable Palm Oil ("RSPO") for one additional subsidiary, covering 3,838 hectares of plantations in East Kalimantan. This brings the total number of subsidiaries with RSPO certifications to nine, covering six mills and more than 63,000 hectares of plantations in the provinces of Riau and East Kalimantan, representing 36% of our nucleus

planted area. We remain committed to our previously expressed goal to achieve 100% RSPO certification by 2026.

The Group has made progress on our journey to address climate change by continuing to implement the recommendations of the Task Force on Climate-related Financial Disclosures (TCFD) to help us incorporate climate-related risks and opportunities into our strategy, risk management, and financial planning. During the year, we expanded the boundaries of our greenhouse gas ("GHG") emissions reporting to include all our operating units and have started adopting the use of GHG Protocol in the calculation of our Scope 1 and Scope 2 emissions.

In keeping with our commitment to keep our shareholders and the market abreast of our progress on the sustainability front, we have released our tenth sustainability report concurrently and in conjunction with this annual report. Do refer to the report for detailed information about our progress and targets for the coming year.

ACKNOWLEDGMENTS AND APPRECIATION

To thank shareholders for your unwavering support, the Board of Directors has proposed a final ordinary dividend of 3.70 Singapore cents per share in respect of FY2023. Together with the interim dividend of 2.50 Singapore cents per share, this brings the full-year ordinary dividend to 6.20 Singapore cents per share, representing 50% of underlying net profit and in line with our dividend policy to distribute up to 50% of the Group's underlying net profit annually.

Each year brings new challenges, but First Resources is able to overcome them because of the various groups of stakeholders who work closely with us to achieve favourable outcomes against all odds. Firstly, we want to thank our management team and all employees of First Resources for carrying out their roles to the best of their abilities. Secondly, we express gratitude to our business partners and community leaders for working together with us to achieve win-win outcomes in both business and social responsibilities.

Lastly, we want to express our appreciation to our fellow Directors on the Board for holding


us accountable to high standards of corporate governance and contributing their collective experience to guide the Group. In particular, we would like to express our deep gratitude to the late Mr Ong Beng Kee, our former Independent Director, who dedicated over 13 years of service on our Board before his recent passing. Our Group greatly benefitted from his wisdom and guidance over the years, and we extend our deepest condolences to his family. We will always cherish the valuable contributions he made, and our thoughts are with his loved ones during this difficult time.

CHANG SEE HIANG

Chairman and Independent Director

CILIANDBRA FANGIONO

Executive Director and Chief Executive Officer



During the year, we expanded the boundaries of our greenhouse gas ("GHG") emissions reporting to include all our operating units and have started adopting the use of GHG Protocol in the calculation of our Scope 1 and Scope 2 emissions.

Operational Review

PLANTATIONS AND PALM OIL MILLS

The Group achieved a new record for production in FY2023, harvesting a total of 3,584,486 tonnes of FFB and surpassing previous year's record of 3,566,191 tonnes. FFB harvested from nucleus plantations increased 0.5% to 3,070,683 tonnes in FY2023 from 3,055,203 tonnes in FY2022, while plasma plantations saw a 0.6% increase to 513,803 tonnes from 510,988 tonnes in FY2022. Our Riau plantations, the Group's core production contributor, accounted for 66% of total FFB nucleus production in FY2023, with the balance 34% coming from our plantations in West and East Kalimantan.

In terms of efficiency, our FFB blended yield per mature hectare strengthened to 18.4 tonnes from 18.2 tonnes in FY2022. This was contributed by 19.2 tonnes per hectare from our nucleus estates and 14.5 tonnes per hectare from our plasma estates in FY2023, compared to 19.1 tonnes per hectare and 14.4 tonnes per hectare respectively a year ago.

Additionally, oil extraction rate improved from 22.3% in FY2022 to 22.7% in FY2023, contributing to a rise in CPO yield from 4.1 tonnes per hectare in FY2022 to 4.2 tonnes per hectare in FY2023. Further aided by a recovery in purchases of third-party crops during the year, CPO production expanded 8.0% to 951,425 tonnes from 881,062 tonnes in FY2022 while palm kernel ("PK") production also saw a 5.0% increase to 207,436 tonnes from 197,620 tonnes in FY2022, with extraction rate dipping slightly to 4.9% from 5.0% in FY2022.

The Group's cash cost of production per tonne of nucleus CPO, on an ex-mill basis, came in at US\$327 per tonne in FY2023, an increase of 18.5% as compared to US\$276 per tonne in the preceding year.

REFINERY AND PROCESSING

The Group sold a total of 926,914 tonnes of processed products to both domestic and international markets in FY2023, a 12.5% decline from 1,058,830 tonnes in the preceding year. The range of processed products sold includes biodiesel, refined, bleached, deodorised ("RBD") palm oil, palm fatty acid distillate, RBD palm olein, RBD stearin, crude glycerine, palm kernel oil and palm kernel expeller.

Record Production Year



FFB HARVESTED

3,584,486
tonnes



CPO PRODUCTION

951,425
tonnes

UPSTREAM ASSETS

As of 31 December 2023, the Group's total plantation area under management stood at 213,421 hectares with a weighted average age of 14 years. 58% of these plantations are at the prime production age of eight to 17 years, while 17% are seven years and below. In line with our ongoing efforts to rejuvenate our older plantations, we replanted approximately 6,000 hectares of oil palms during 2023, including the conversion of 1,400 hectares of rubber plantations into oil palm. For 2024, we are expecting approximately 3,000 hectares of our nucleus plantations to come into maturity, which will contribute to production growth in the year ahead.

To accommodate the increasing production from our maturing plantations, we will be commencing the construction of our 20th CPO mill in 2024. We are committed to the ongoing enhancement and maintenance efforts for our existing CPO mills, aimed at optimising their operational efficiency.

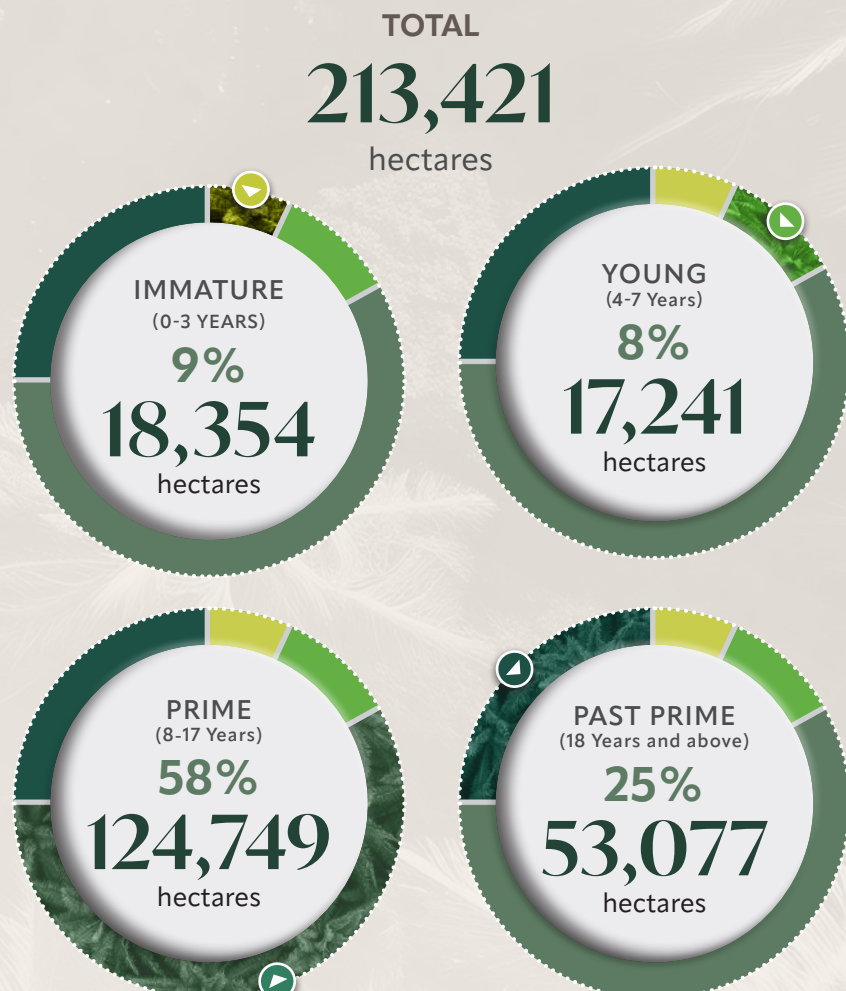
Moving forward, the Group remains focused on enhancing efficiencies in plantation management, maintenance of immature oil palms and revitalisation of older plantations, all while upholding rigorous sustainability standards.

Plantation Age Profile

As at 31 Dec 2023

WEIGHTED
AVERAGE AGE

14 years



Financial Review

First Resources delivered EBITDA of US\$282.0 million in FY2023 on the back of US\$980.6 million in sales. Underlying net profit, excluding expected credit losses and gains/(losses) from changes in fair value of biological assets, came in at US\$146.6 million. Overall performance reflected a moderation in market prices, with average CPO prices (FOB Indonesia basis) descending from its historical peak of US\$1,239 per tonne in FY2022 to US\$900 per tonne in FY2023. The impact of lower CPO prices was partially mitigated by an improvement in the overall sales volume achieved by the Group during the year. Notably, full-year earnings were impacted by US\$13.0 million of assets write-down relating to the conversion of rubber to oil palm plantations and US\$5.7 million of foreign exchange losses, both of which are non-cash in nature.

SALES, COST OF SALES AND GROSS PROFIT

Sales for the year declined 20.0% to US\$980.6 million, primarily due to weaker palm oil prices in FY2023. This was despite an increase in the Group's overall sales volume, with that of CPO and PK under the Plantations and Palm Oil Mills segment rising 16.4% and 4.7% to 1,004,361 tonnes and 208,915 tonnes respectively, while the sales volume of the Refinery and Processing segment slid 12.5% to 926,914 tonnes.

Cost of sales, comprising 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, increased 3.6% to US\$617.5 million from US\$596.1 million in FY2022.

Gross profit for the year was likewise affected by lower average selling prices and fell 42.3% to US\$363.0 million from US\$629.3 million in FY2022, with gross profit margin declining to 37.0% from 51.4% in FY2022.

CHANGES IN FAIR VALUE OF BIOLOGICAL ASSETS

The fair value of the Group's biological assets is determined based on the expected net cash inflows of the agricultural produce (i.e. FFB) growing on bearer plants. Any resultant gain or loss arising from changes in fair value is recognised in the income statement.

In FY2023, the Group recognised a loss of US\$1.1 million from changes in fair value of biological assets, significantly lower than the US\$11.5 million loss in FY2022. The larger loss recorded in FY2022 was mainly due to a more substantial decline in domestic FFB prices during FY2022 as compared to FY2023.

OPERATING EXPENSES

Total operating expenses decreased from US\$200.0 million in FY2022 to US\$163.8 million in FY2023, primarily due to a US\$55.6m reduction in export taxes and a US\$6.4 million loss from changes in carrying value of plasma receivables related to the conversion of rubber to oil palm plantations during the year.

NET FINANCIAL EXPENSES

The Group recorded a net financial income of US\$2.5 million in FY2023, as compared to net financial expenses of US\$7.3 million in FY2022. The improvement was largely attributable to higher interest income earned on cash and bank balances, as well as a reduction in financial expenses on lower gross borrowings.

EBITDA

Lower average selling prices, partially offset by the reduction in export taxes, saw EBITDA declining by 44.6% to US\$282.0 million in FY2023 from US\$508.8 million in FY2022. The Plantations and Palm Oil Mills segment continues to be the main earnings driver for the Group, mitigating the negative margin environment faced by the Refinery and Processing segment.

BALANCE SHEET

The Group's total assets declined from US\$1,832.7 million as at 31 December 2022 to US\$1,774.8 million as at 31 December 2023. Non-current assets increased by 25.6% to US\$1,369.3 million, mainly due to the acquisition of plantation assets in December 2023 and the Group's ongoing capital expenditure on oil palm plantations and other property, plant and equipment, partially offset by the depreciation of bearer plants and property, plant and equipment. Current assets, on the other hand, declined by US\$336.9 million to US\$405.5 million, mainly attributable to lower cash and bank balances, inventories and trade receivables, partially offset by higher prepaid taxes.

Following a net repayment of bank loans during the year, gross borrowings declined by US\$58.0 million to US\$237.7 million as at 31 December 2023. Correspondingly, this contributed to a 14.0% reduction in the Group's total liabilities to US\$373.1 million as at 31 December 2023 from US\$433.8 million as at 31 December 2022.

Taking into consideration the cash and bank balances of US\$162.9 million as at 31 December 2023, the Group is in a net borrowings position of US\$74.9 million compared to a net cash position of US\$144.6 million as at 31 December 2022.

EBITDA
US\$282.0
million

**UNDERLYING
NET PROFIT**
US\$146.6
million

CASH FLOWS

First Resources generated net cash of US\$315.4 million from its operating activities in FY2023 compared to US\$326.2 million in FY2022, reflecting the effects of lower average selling prices, partially offset by higher cash inflows from changes in working capital during the year.

Net cash used in investing activities amounted to US\$351.9 million in FY2023, up from US\$52.0 million in FY2022. The higher amount used in FY2023 included the cash consideration for the acquisition of plantation assets in December 2023 amounting to US\$122.7 million and the Group's ongoing capital investments in expanding its processing capabilities.

Net cash used in financing activities amounted to US\$286.7 million in FY2023 as compared to US\$217.5 million in FY2022. The increase was mainly due to the higher amount of dividends paid to shareholders in 2023 and the increase in restricted cash balances arising from the new Indonesian regulation requiring 30% of proceeds from export of certain natural resource products to be placed in designated domestic accounts for at least three months.

Overall, the Group registered a US\$323.3 million decrease in cash and cash equivalents during the year, bringing the Group's cash and cash equivalents to US\$111.0 million as at 31 December 2023.

Board of Directors



CHANG SEE HIANG

Chairman and Independent Director

Present directorships in other listed companies
Nil

Present principal commitments
Nil

Past directorships in other listed companies held over the preceding 5 years

Jardine Cycle & Carriage Limited
IHH Healthcare Berhad

Past principal commitments held over the preceding 5 years
Chang See Hiang & Partners



CILIANDRA FANGIONO

Executive Director and Chief Executive Officer

Present directorships in other listed companies
Nil

Present principal commitments
First Resources Limited

Past directorships in other listed companies held over the preceding 5 years

Nil

Past principal commitments held over the preceding 5 years
Nil

Mr Chang See Hiang was appointed to the Board on 1 March 2019 and last re-elected as a Director on 28 April 2022. Mr Chang has been an advocate and solicitor of the Supreme Court of Singapore since 1979 and is the Founder and Consultant of the law practice, Chang See Hiang & Partners.

Spanning across 1988 to 2017, Mr Chang was appointed to various appointments including (i) committee member of Singapore Turf Club; (ii) member of Appeal Advisory Panel under the Securities and Futures Act 2001 / Financial Advisers Act 2001 / Insurance Act 1966; (iii) Board member of the Casino Regulatory Authority of Singapore; and (iv) member of the Securities Industry Council.

Mr Chang graduated from the University of Singapore with a Bachelor of Law (Honours) degree.

Mr Ciliandra Fangiono was appointed to the Board on 18 April 2007 and last re-elected as a Director on 27 April 2023. He has been with the Group for more than a decade, playing a key role in charting its strategic directions. Under his leadership, the Group has expanded its plantation assets and has grown into an integrated player with its own processing capabilities. Prior to joining the Group, Mr Fangiono was at the Investment Banking Division of Merrill Lynch, Singapore, where he worked on mergers, acquisitions and fund-raising exercises by corporates in the region.

Mr Fangiono holds a Bachelor and a Masters of Arts (Economics) from Cambridge University, United Kingdom. At Cambridge, he was a Senior Scholar in Economics and was awarded the PriceWaterhouse Book Prize.



FANG ZHIXIANG

Executive Director and Deputy Chief Executive Officer

Present directorships in other listed companies
Nil

Present principal commitments
First Resources Limited

Past directorships in other listed companies held over the preceding 5 years
Nil

Past principal commitments held over the preceding 5 years
Nil



PETER HO KOK WAI

Independent Director

Present directorships in other listed companies
Allianz Malaysia Berhad
Hong Leong Industries Berhad
Hong Leong Capital Berhad
Guocoland (Malaysia) Berhad
PMB Technology Berhad

Present principal commitments
Nil

Past directorships in other listed companies held over the preceding 5 years
Sapura Resources Berhad
HPMT Holdings Berhad

Past principal commitments held over the preceding 5 years
Nil

Mr Fang Zhixiang (Sigih Fangiono) was appointed to the Board on 1 November 2014 and last re-elected as a Director on 28 April 2022. He joined the Group in 2002 and has held the position of Deputy Chief Executive Officer since 2007. As Deputy Chief Executive Officer, he is jointly responsible for the day-to-day management of the Group. In particular, he focuses on the management of plantations and palm oil mills, and manages the Group's corporate affairs.

Mr Fang began his career at PT Surya Dumai Industri Tbk as an Assistant Production Director. He graduated from Bronte College, Toronto, Canada.

Mr Peter Ho Kok Wai was appointed to the Board on 1 November 2019 and last re-elected as a Director on 27 April 2023. He forged his early career with Everett Pinto & Co., a central London firm of Chartered Accountants and qualified as a Chartered Accountant in 1984. Subsequently in 1987, Mr Peter Ho joined KPMG Kuala Lumpur where he progressed to Head of Department in 1992. He was transferred to KPMG Ipoh in 1993 to head the branch and was admitted as Partner in 1995. He was transferred back to KPMG Kuala Lumpur in 2005, where he had, at various times, headed the Technical Committee, Audit Function and Marketing Department. Mr Ho has more than 35 years of auditing experience in a wide range of companies including public listed companies and multinationals, with particular emphasis in manufacturing, distribution, plantation and financial services. He retired as Audit Partner from KPMG Malaysia in December 2014 after 27 years with the firm.

Mr Ho is a Member of the Malaysian Institute of Accountants, Fellow of the Institute of Chartered Accountants in England and Wales and a Member of the Malaysian Institute of Certified Public Accountants.

Board of Directors



WONG SU YEN

Independent Director

Present directorships in other listed companies

Yoma Strategic Holdings Ltd.
CSE Global Ltd

Present principal commitments

Bronze Phoenix Pte Ltd

Past directorships in other listed companies held over the preceding 5 years

Nera Telecommunications Ltd
Pegasus Asia

Past principal commitments held over the preceding 5 years
Nil

Ms Wong Su Yen was appointed to the Board on 15 May 2019 and last re-elected as a Director on 27 April 2023. She brings over 30 years of experience in driving business strategy, strategic talent development, organisational transformation, operations re-design and risk management, and has served on the Boards of multiple organisations in Australia, Asia and the United States. She was the first female Chairperson of the Singapore Institute of Directors (2020–2023) and currently serves as an independent director on the boards of CSE Global Ltd and Yoma Strategic Holdings Ltd.

Ms Wong is an Adjunct Associate Professor of Leadership at the National University of Singapore, and was previously the CEO of the Human Capital Leadership Institute. Prior to that, she was Chairman (Singapore) for Marsh & McLennan Companies and the Managing Director, Southeast Asia at Mercer. Before joining Mercer, she held various roles in leading strategy consulting firm, Oliver Wyman, and was the Asia Managing Partner for its Communications, Information and Entertainment practice.

Ms Wong holds a Bachelor of Arts (summa cum laude) in Music and Computer Science from Linfield University and a Master of Business Administration from the University of North Carolina at Chapel Hill. She is a Senior Accredited Director and Fellow of the Singapore Institute of Directors.



LUO DAN

Independent Director

Present directorships in other listed companies

Yeo Hiap Seng Limited

Present principal commitments

Nil

Past directorships in other listed companies held over the preceding 5 years

Nil

Past principal commitments held over the preceding 5 years
Fonterra Group

Ms Luo Dan was appointed to the Board on 1 January 2024. She has been a business leader at multinational companies in the consumer goods and dairy ingredients industries. From 2021 to 2023, Ms Luo served as the Director of Active Living at Fonterra Group, leading a global business unit focused on developing advanced ingredients to meet consumer needs in the health and wellness space.

Before her tenure at Fonterra, Ms Luo was the Managing Director of LEGO Singapore, a subsidiary of The LEGO Group. Prior to that, she worked at Heinz for over a decade in the US and the Asia Pacific region. At Heinz, she held various leadership positions including Managing Director of Heinz ASEAN, based in Singapore; and Managing Director of Heinz Long Fong Frozen Food in China.

Ms Luo is currently a director of Yeo Hiap Seng Limited, which is listed on the Singapore Exchange. She holds a Bachelor of Computer Science, Software from Wuhan University, China and a Master of Business Administration from IMD, Switzerland. In early 2020, she obtained a Certificate in Corporate Governance at INSEAD. She is also a member of the Singapore Institute of Directors.



MARY YEO CHOR GEK

Independent Director

Present directorships in other listed companies

Nil

Present principal commitments

UPS Asia Group Pte Ltd

Civil Aviation Authority of Singapore

Past directorships in other listed companies held over the preceding 5 years

Mapletree Industrial Trust Management Ltd. (as manager of Mapletree Industrial Trust)

Past principal commitments held over the preceding 5 years

Nil

Ms Mary Yeo Chor Gek was appointed to the Board on 1 January 2024. Ms Yeo is the Vice President, Global Strategic Partnership of UPS Asia Group, the world's largest package delivery company and a leading global provider of specialised transportation and logistics services. She joined UPS Asia Group in 1988 and has close to 38 years of experience in the transportation and logistics industry.

Ms Yeo is also a Board Member of the Civil Aviation Authority of Singapore and chairs its Audit and Risk Committee. She was formerly a Board Member of Mapletree Industrial Trust Management Ltd. (as manager of Mapletree Industrial Trust), where she served as the Lead Independent Director and chaired its Nominating and Remuneration Committee.

Ms Yeo was conferred the Public Service Medal (P.B.M) in 2014 for her contributions to Infocomm Development Authority of Singapore (now IMDA). In 2018, she was appointed as Justice of the Peace by the President of the Republic of Singapore. Ms Yeo holds a Master of Business Administration from the Northumbria University.



TAN SEOW KHENG

Non-Executive Non-Independent Director

Present directorships in other listed companies

Nil

Present principal commitments

EWIS Development Pte Ltd

Past directorships in other listed companies held over the preceding 5 years

Nil

Past principal commitments held over the preceding 5 years

Nil

Mr Tan Seow Kheng was appointed to the Board on 1 November 2014 and last re-elected as a Director on 28 April 2022. His other appointments include serving as the General Manager of EWIS Development Pte Ltd, a company focused in property development in Singapore and Indonesia, as well as an Assistant Vice President of Marketing at Uniseraya Group, an Indonesian-based group principally involved in the timber and oil palm industry.

Mr Tan holds a Bachelor of Business Administration from the University of Wisconsin – Madison and has completed an Executive Diploma in Directorship awarded by the Singapore Management University.

Corporate Information

BOARD OF DIRECTORS

Chang See Hiang

Chairman and
Independent Director

Ciliandra Fangiono

Executive Director and
Chief Executive Officer

Fang Zhixiang

Executive Director and
Deputy Chief Executive Officer

Peter Ho Kok Wai

Independent Director

Wong Su Yen

Independent Director

Luo Dan

Independent Director

Mary Yeo Chor Gek

Independent Director

Tan Seow Kheng

Non-Executive Non-Independent
Director

AUDIT COMMITTEE

Peter Ho Kok Wai

(Chairman)

Mary Yeo Chor Gek**Tan Seow Kheng**

NOMINATING COMMITTEE

Chang See Hiang

(Chairman)

Ciliandra Fangiono**Wong Su Yen**

REMUNERATION COMMITTEE

Wong Su Yen

(Chairman)

Chang See Hiang**Luo Dan**

AUDITOR

Ernst & Young LLP

One Raffles Quay
North Tower, Level 18
Singapore 048583

Partner-In-Charge:**Vincent Toong**

(Appointed since financial year ended
31 December 2022)

SHARE REGISTRAR

**Boardroom Corporate &
Advisory Services Pte. Ltd.**

1 Harbourfront Avenue
#14-07

Keppel Bay Tower

Singapore 098632

Tel : +65 6536 5355

Fax : +65 6536 1360

COMPANY SECRETARY

Eunice Hooi Lai Fann

COMPANY REGISTRATION NUMBER

200415931M

PLACE & DATE OF INCORPORATION

Singapore, 9 December 2004

REGISTERED ADDRESS

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

Tel : +65 6602 0200

Fax : +65 6333 6711

STOCK EXCHANGE LISTING

Singapore Exchange Securities Trading
Limited

Corporate Governance

First Resources Limited (the "Company") is committed to maintaining high standards of corporate governance through transparency and effective disclosures.

This report sets out the Company's corporate governance practices for the financial year ended 31 December 2023, with specific reference to the Code of Corporate Governance 2018 issued by the Monetary Authority of Singapore on 6 August 2018 (the "2018 CG Code"). The Board is pleased to inform that the Company is substantially in compliance with the principles and provisions of the 2018 CG Code and reasons for any deviation are explained below.

BOARD MATTERS

Principle 1: The Board's Conduct of Affairs

The Board sets the strategic direction of the Company and its subsidiaries (the "Group") and is primarily responsible for the protection and enhancement of long-term shareholder value and returns. The Board also sets the tone for the Group in respect of ethics, values and organisational culture. The Board, supported by Management, establishes and maintains a sound risk management framework to effectively monitor and manage key risks and ensures necessary resources are in place to meet the Group's strategic objectives. It also oversees Management to ensure transparency and accountability to key stakeholder groups.

Board Approval

In addition to its statutory responsibilities, matters which specifically require the Board's approval are:

- (a) appointments/re-appointments of the Board of Directors, taking into consideration succession planning;
- (b) remuneration packages of the Executive Directors, Chief Executive Officer ("CEO") and Key Management Personnel ("KMP");
- (c) corporate strategies and business plans;
- (d) annual budgets, major funding proposals and investment or divestment plans;
- (e) material acquisition and disposal of assets;
- (f) the Group's financial results announcements;
- (g) adequacy of internal controls, risk management, financial reporting and compliance;
- (h) the assumption of corporate governance responsibilities;
- (i) shares issuances, dividends and any other returns to shareholders; and
- (j) matters involving a conflict of interest for the Directors and substantial shareholders.

The Board has delegated to Management the authority to approve transactions in the ordinary course of business within a set of approval matrix. Transactions falling outside this set of approval matrix would then be approved by the Board.

Corporate Governance

Conflicts of Interest

Each Director is required to promptly disclose any conflict or potential conflict of interest, whether direct or indirect, in relation to a transaction or proposed transaction with the Company or its subsidiaries, as soon as practicable after the relevant facts have come to his/her knowledge. Where a Director has a conflict or potential conflict of interest in relation to any matter, he/she is required to immediately declare his/her interest, recuse himself/herself and refrain from participating in any Board discussion on the matter, unless the Board is of the opinion that his/her presence and participation is necessary to enhance the efficacy of such discussion. Nonetheless, he/she would abstain from voting in relation to the conflict-related matter.

Board and Board Committees

The Board discharges its responsibilities either directly or indirectly through various committees comprising members of the Board. The Board has established three committees: (i) Audit Committee ("AC"); (ii) Nominating Committee ("NC"); and (iii) Remuneration Committee ("RC"). The duties, authorities and accountabilities of each Board Committee are set out in their respective terms of reference. The various Board Committees report their activities regularly to the Board. The effectiveness of each Board Committee is also constantly monitored to ensure their continued relevance. Further information on the roles and responsibilities as well as a summary of the activities of each of the AC, NC and RC are set out in this Corporate Governance Report.

As at the date of this report, the Board and the various Board Committees comprise the following members:

Name	Board	Audit Committee	Nominating Committee	Remuneration Committee
	Chairman and			
Chang See Hiang	Independent Director	–	Chairman	Member
Ciliandra Fangiono	Executive Director	–	Member	–
Fang Zhixiang	Executive Director	–	–	–
Peter Ho Kok Wai	Independent Director	Chairman	–	–
Wong Su Yen	Independent Director	–	Member	Chairman
Luo Dan ⁽¹⁾	Independent Director	–	–	Member
Yeo Chor Gek ⁽²⁾	Independent Director	Member	–	–
	Non-Executive			
Tan Seow Kheng	Non-Independent Director	Member	–	–

Notes:

⁽¹⁾ Ms Luo Dan was appointed as Independent Director and as a member of the RC on 1 January 2024.

⁽²⁾ Ms Yeo Chor Gek was appointed as Independent Director and as a member of the AC on 1 January 2024.

Board Meetings

Following the amendments to the SGX-ST Listing Rule 705(2) which took effect from 7 February 2020, the Company is no longer required to release the Group's unaudited financial statements on a quarterly basis. Notwithstanding this, the Company has decided to provide key financial and operational updates for the first and third quarters to supplement the release of its half year and full year financial reports. Correspondingly, the Board continues to conduct regular scheduled meetings on a quarterly basis to review and approve the information to be released, as well as receive other updates on the business activities of the Group. In addition to the quarterly scheduled meetings, ad-hoc meetings may also be convened as and when warranted by matters requiring the Board's attention. If necessary, Board meetings may be conducted by way of telephone or video conferencing.

Corporate Governance

as permitted under the Company's Constitution. Time is also set aside after Board meetings, for any discussion amongst the Non-Executive Directors (including Independent Directors) without the presence of Management.

In addition to the formal Board meetings, the Board also organises Board strategy meetings periodically for in-depth discussions on strategic issues and direction of the Group, wherein due consideration is also given to key material environmental, social and governance factors identified for the Group. Such Board strategy meetings, which may be held off-site, include presentations by key executives on the Group's key business focus and growth plans going forward, as well as strategic issues relating to specific business areas. From time to time, the Company also organises site visits for the Directors to better apprise them of the Group's business. Such visits also provide the Non-Executive Directors with an opportunity to interact and engage with the key executives of the Group.

The Directors' attendance at Board, Board Committee and general meetings during the financial year ended 31 December 2023 is set out as follows:

Name	Board Meeting		Audit Committee Meeting		Nominating Committee Meeting		Remuneration Committee Meeting		General Meeting	
	Number of Meetings									
	Held	Attended	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Chang See Hiang	4	4	–	–	1	1	1	1	1	1
Ciliandra Fangiono	4	4	–	–	1	1	–	–	1	1
Fang Zhixiang	4	4	–	–	–	–	–	–	1	1
Peter Ho Kok Wai	4	4	4	4	–	–	–	–	1	1
Wong Su Yen	4	4	–	–	1	1	1	1	1	1
Ong Beng Kee ⁽¹⁾	4	3	4	3	–	–	1	1	1	1
Tan Seow Kheng	4	4	4	4	–	–	–	–	1	1

Note:

⁽¹⁾ Mr Ong Beng Kee resigned as an Independent Director on 31 December 2023.

Directors' Induction, Training and Development

A formal letter of appointment, which sets out the Director's duties and obligations, is provided to each Director upon appointment. Orientation programmes such as briefings by Management and site visits are also organised for newly appointed Directors.

For newly appointed Directors who do not have prior experience as a director of a public listed company in Singapore, they will also attend the mandatory training courses organised by the Singapore Institute of Directors ("SID"). Where appropriate, Directors may also attend training courses conducted by other training institutions in areas such as accounting, legal or industry-specific knowledge, in connection with their duties. Both Ms Luo Dan and Ms Yeo Chor Gek, who were appointed subsequent to the financial year end, have prior experience as directors of public listed companies in Singapore. The new directors were provided with a letter of appointment and attended the orientation programme organised by the Company subsequent to their appointment.

Corporate Governance

During the financial year:

- (a) The external auditor, Ernst & Young LLP, regularly briefs the AC members on changes in accounting standards that affects the Group; and
- (b) The CEO regularly updates the Board on the business activities and strategies of the Group during Board meetings. Such updates would also include any significant developments and matters relating to environmental, social or other sustainability issues and risks affecting the Group.

The Directors may also attend other courses and seminars relevant to their Board duties at the Company's expense. These include programmes conducted by the SID, of which the Company is a corporate member.

Access to Information

Management has an on-going obligation to supply the Board with complete, adequate information in a timely manner. The Board is informed of all material events and transactions as and when they occur. The information that is provided by Management to the Board includes background or explanatory information relating to matters to be brought before the Board, including budgets, forecasts and financial statements. In respect of budgets, any material variances between the projections and actual results are also disclosed and explained. In addition, the Board has separate and independent access to the Company's Management at all times. Requests for information from the Board are dealt with promptly by Management.

As a general rule, Board papers are sent to Board members at least five working days before the Board meeting to afford the Directors sufficient time to review the Board papers prior to the meetings. For matters which require the Board's decision outside such meetings, Board papers will be circulated for the Board's consideration, with discussions and clarifications taking place between members of the Board and Management directly, before approval is granted.

Directors have separate and independent access to the Company Secretary. The Company Secretary (or her authorised nominee) attends all Board and Board Committee meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary assists the Chairman of the Board and the Chairman of each of the Board Committees and Management in the development of agendas for the various Board and Board Committee meetings. The appointment and removal of the Company Secretary are subject to the Board's approval.

Should Directors, whether as a group or individually, need independent professional advice to fulfil their duties, such advice may be obtained from external advisers and the cost of which will be borne by the Company.

Principle 2: Board Composition and Guidance

As at the date of this report, the Board comprises eight Directors of whom five are Independent Directors. Accordingly, majority of the Board is made up of Independent Directors. In relation to gender diversity, three out of the eight Directors are females. There were no alternate Directors appointed during the year.

Corporate Governance

Board Independence

The NC has assessed the independence of the Board members and took into consideration the relevant provisions of the 2018 CG Code and SGX-ST Listing Rule 210(5)(d)(i), (ii) and (iv).

The Board, through the NC, has assessed the independence of each of the Directors for the financial year under review. Based on the declarations of independence provided by each of the Independent Directors and taking into account the guidance under Provision 2.1 of the 2018 CG Code, Mr Tan Seow Kheng was determined as non-independent. Mr Tan Seow Kheng is considered non-independent as he is a candidate recommended by Infinite Capital Fund Limited ("Infinite Capital"), a substantial shareholder of the Company. The Board also took into consideration (1) Mr Tan Seow Kheng's past and present employment with Infinite Capital's affiliates; and that (2) Infinite Capital's affiliates have palm oil business and operate in the same industry as the Group. As CEO and Deputy CEO of the Company, both Mr Ciliandra Fangiono and Mr Fang Zhixiang are also considered non-independent by virtue of their employment with the Company. The NC has also assessed the independence of Mr Chang See Hiang, Mr Peter Ho Kok Wai, Ms Wong Su Yen, Ms Luo Dan and Ms Yeo Chor Gek and is of the view that they do not have any relationships and are not faced with any of the circumstances identified in the 2018 CG Code and SGX-ST Listing Rule 210(5)(d)(i), (ii) and (iv) which may affect their independent judgement and accordingly, they are deemed independent. Each member of the NC and the Board has recused himself or herself from the NC's and the Board's deliberations respectively on his or her own independence.

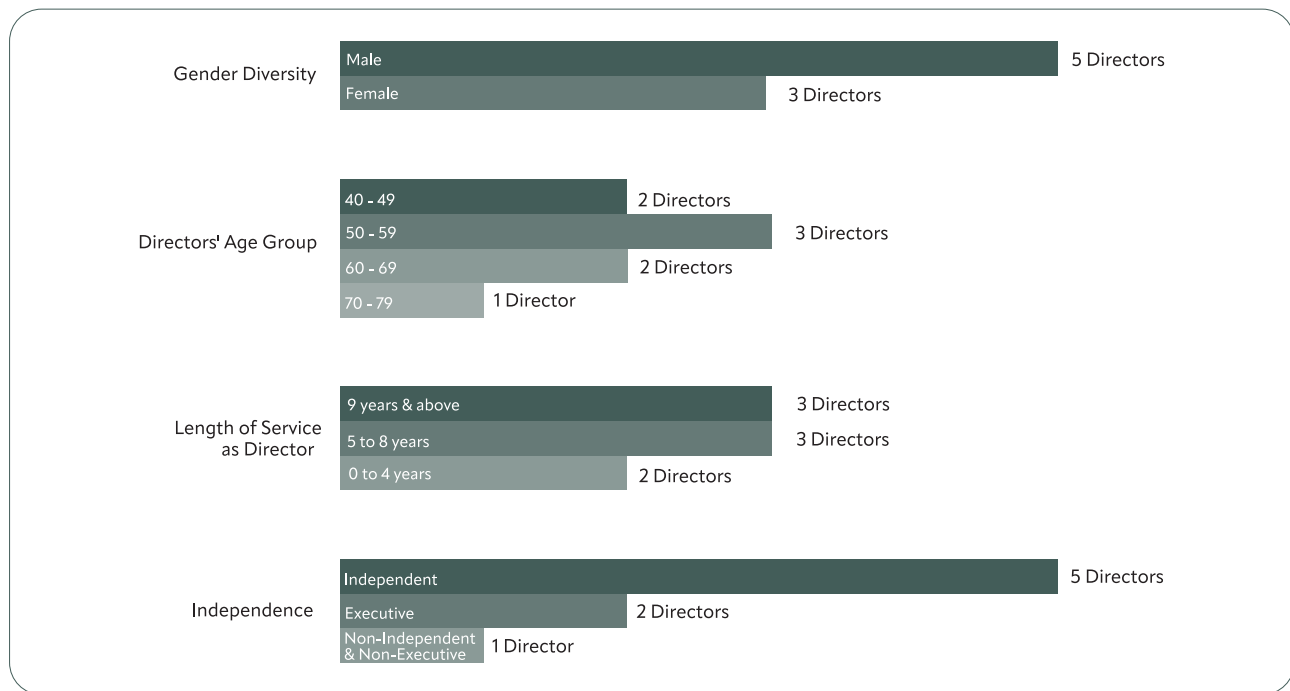
The Independent Directors make up a majority of the Board even though the Chairman of the Board (i) is an Independent Director; (ii) is not the CEO of the Company (or equivalent); (iii) is not an immediate family member of the CEO; (iv) does not have close family ties with the CEO (i.e. a familial relationship between two parties which extends beyond immediate family members and could influence the impartiality of the Chairman) as determined by the NC; and (v) is not part of the Management team.

As at the date of this report, Non-Executive Directors make up a majority of the Board as the Company has a total of eight Board members, of whom five are Independent Directors, one is a Non-Executive Non-Independent Director and two are Executive Directors.

Board Diversity

The Board has put in place a Board Diversity Policy which sets out the approach in determining the optimal composition of the Board to avoid groupthink and foster constructive debate. All Board appointments are made based on merit, in the context of the skills, experience, gender, independence and knowledge which the Board as a whole requires to be effective.

Corporate Governance



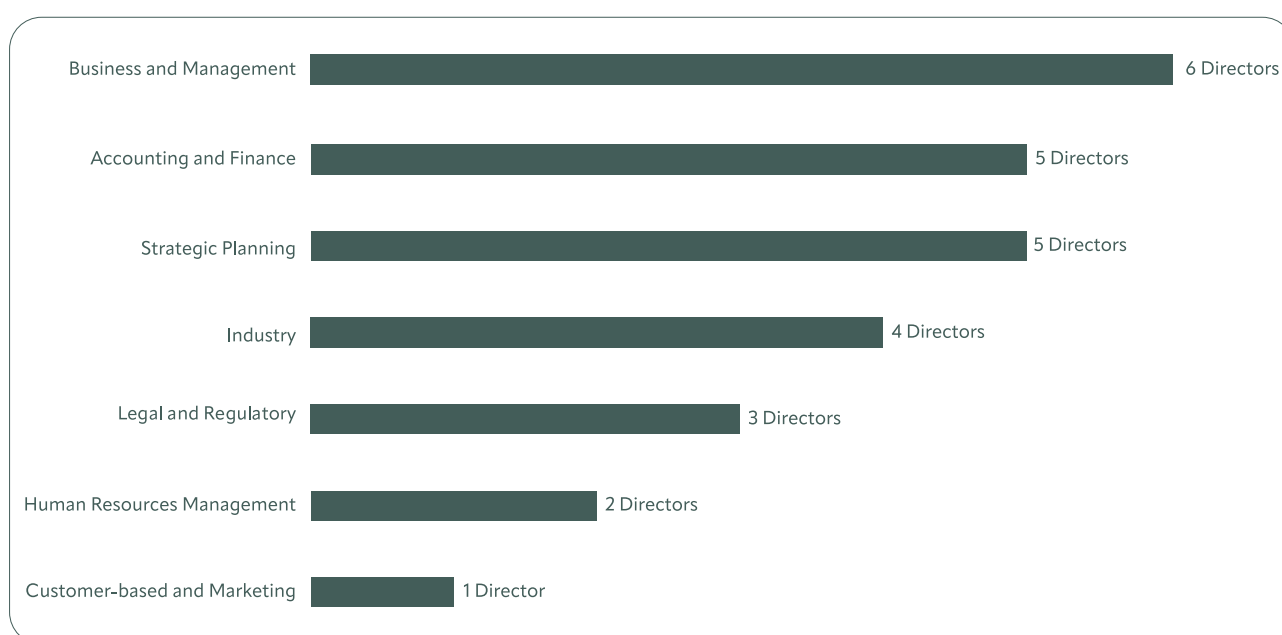
The NC noted the recommendation of the Council for Board Diversity ("CBD") for listed companies to have 25% female representation on their boards by 2025 and 30% by 2030. As at the date of this report, the Board has achieved 37.5% female representation, ahead of CBD's recommendation of 25% by 2025 and 30% by 2030.

Recognising that gender is an important aspect of diversity, the NC aims to ensure that the Board continues to have at least 25% female representation by 2025 and 30% female representation by 2030 through the following approach:

- If an existing female Board member resigns or retires, the replacement Board member must also be a female unless the female representation ratio exceeds CBD's recommended thresholds;
- Any search firm engaged to assist the Board or the NC in identifying candidates for appointment to the Board will be specifically directed to include female candidates;
- When seeking to identify a new Director for appointment to the Board, the NC will request female candidates to be fielded for consideration; and
- At least one female Director continues to be appointed to the NC.

Corporate Governance

A core competency matrix is used to help identify the gaps to be filled for the Board. The core competency matrix classifies the skills, knowledge and professional experience of existing Directors into several broad categories such as industry knowledge; financial markets; regulation, compliance and/or government relations; leadership; cybersecurity and technology; environmental, social and governance. The current Board comprises of members with the following core competencies:



In order to maintain or enhance its balance and diversity, the Board would continue to take the following steps:

- annual review by the NC to assess if the existing attributes and core competencies of the Board are complementary and relevant to the Group's risk profile, business operations and future business strategies in order to enhance the efficacy of the Board; and
- annual evaluation by the Directors of the skill sets the other Directors possess, with a view to understanding the range of expertise which may be lacking by the Board.

The NC would consider the results of these exercises whilst ensuring that diversity is a key criterion before putting forth its recommendation for the appointment of new Directors and/or the re-appointment of incumbent Directors.

A review of the size and composition of the Board (and Board Committees) was also undertaken by the Company at year-end to ensure alignment with the needs of the Group and the objectives set out in the Board Diversity Policy. The Board, taking into consideration the views of the NC, is satisfied that the current size and composition of the Board (and Board Committees) meets the criteria in the Board Diversity Policy and possesses the necessary competencies, expertise and knowledge to lead the Group effectively. The Company remains committed to implementing the Board Diversity Policy and any further progress made towards the implementation of such policy will be disclosed in future Corporate Governance Reports, as appropriate.

Corporate Governance

Board Guidance

The Non-Executive and Independent Directors contribute to the board process by monitoring and reviewing Management's performance. For the financial year under review, the Non-Executive and Independent Directors have constructively challenged Management's proposals and decisions and reviewed Management's performance. They have unrestricted access to Management for any information that they may require to discharge their oversight function effectively. As Non-Executive and Independent Directors constitute a majority of the Board, objectivity on such deliberations is assured.

Meeting of Directors without Management

The Non-Executive Directors (including Independent Directors) are free to meet without the presence of Management or Executive Directors at Board meetings. The Chairman of the Board, who is also a Non-Executive Director, would provide feedback to the CEO on any concerns or feedback raised by the Non-Executive Directors during such meetings.

Principle 3: Chairman and Chief Executive Officer

The Company has a separate Chairman and CEO to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The division of roles and responsibilities between the Chairman and CEO has been set out in writing by the Board.

The Chairman of the Company is Mr Chang See Hiang. Mr Chang, who is a Non-Executive Independent Director, is not related to the CEO. As the Chairman, he bears primary responsibility for leading the Board to ensure its effectiveness on all aspects of its role including setting the agenda for Board meetings with input from Management. The Chairman also exercises control over the quality, quantity and timeliness of information flow between the Board and Management to encourage constructive relations within the Board and between the Board and Management. To promote a culture of openness and debate at the Board, he ensures that adequate time is available for discussion of all agenda items, in particular, strategic issues, and also facilitates the effective contribution of the Non-Executive Directors. At the AGM and other shareholder meetings, he plays a pivotal role in fostering constructive dialogue between shareholders, the Board and Management. The Chairman also promotes high standards of corporate governance for the Company, with the support of the Board, Company Secretary and Management.

The CEO, Mr Ciliandra Fangiono, drives the business strategies of the Company as set by the Board and manages the day-to-day business operations together with the other executive officers of the Company.

Provision 3.3 of the 2018 CG Code requires a lead independent director to be appointed in situations where the Chairman is conflicted and especially when the Chairman is not independent. Given that the roles of the Chairman and CEO are held by separate individuals and the Board Chairman is independent, no lead independent director is required to be appointed.

Principle 4: Board Membership

As at the date of this report, the NC comprises Mr Chang See Hiang as Chairman, Mr Ciliandra Fangiono and Ms Wong Su Yen as members. The majority of the NC, including the Chairman, is independent. The NC met once during the financial year under review.

Corporate Governance

The NC is guided by its terms of reference which sets out its responsibilities and is in line with the 2018 CG Code. These include:

- (a) reviewing the structure, size and composition of the Board and Board Committees;
- (b) identifying candidates and reviewing all nominations for the appointment or re-appointment of the Directors and CEO, and determining the selection criteria;
- (c) reviewing succession plans for the Chairman, Directors, CEO and KMP;
- (d) evaluating the performance of the Board, its Board Committees and each individual Director and proposing objective performance criteria for Board's approval;
- (e) reviewing annually if a Director is independent pursuant to the guidelines set forth in the 2018 CG Code and SGX-ST Listing Rules;
- (f) evaluating if a Director is able to and has been adequately carrying out his or her duties as a Director when the Director concerned holds multiple board representations; and
- (g) reviewing training and professional development programmes for the Board.

Continuous Board Renewal and Succession Planning

The Company has started the progressive renewal of the Board since 2018 to replace some of the Directors who had served on the Board for more than nine years, taking into consideration board diversity in these appointments. In this regard, Mr Ong Beng Kee had stepped down as an Independent Director on 31 December 2023 as part of the board renewal process. The Company also appointed two new Independent Directors subsequent to the financial year end. As at the date of this report, there are no Independent Directors with a tenure of more than nine years.

When considering new appointments, the Board, through the NC, considers core competencies such as legal, accounting, business acumen, executive remuneration expertise, familiarity with regulatory requirements and knowledge of risk management, audit and internal controls, while taking into account the Board Diversity Policy.

All Directors, including the CEO, are required to submit themselves for re-election at regular intervals and at least once every three years. In recommending a Director for re-election to the Board, the NC will consider, amongst other things, the individual's competencies, commitment and contribution to the Board. After assessing the performance and contribution of the retiring Directors, the NC has recommended the re-election of (i) Mr Fang Zhixiang and Mr Tan Seow Kheng who are due to retire pursuant to Regulation 103 of the Company's Constitution; and (ii) Ms Luo Dan and Ms Yeo Chor Gek pursuant to Regulation 109 of the Company's Constitution, at the forthcoming AGM. The Board has accepted these recommendations.

The NC will seek to refresh the Board membership progressively and in an orderly manner, for long-term continuity and stability, taking into account the nine-year rule as set out in the SGX-ST Listing Rule 210(5)(d)(iv).

Nomination and Selection of Directors

The NC is responsible for identifying candidates and reviewing all nominations for the appointment and re-appointment of Directors and Board Committee members. When the need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the NC will source for new candidates with the desired competencies. External help may be engaged to source for potential candidates if considered necessary.

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Where required, the NC may also tap on its networking contacts to assist with identifying and shortlisting of candidates. Directors and Management may also make recommendations. The NC will meet shortlisted candidates for an interview before making its recommendation to the Board for consideration and approval. For the recent appointments of Ms Luo Dan and Ms Yeo Chor Gek, the Company has used the Singapore Institute of Directors' portal to advertise the Board opportunities.

When reviewing a nomination for a proposed Board appointment, the NC will consider the following criteria:

- (a) a determination of the candidate's independence;
- (b) the qualifications and expertise required or expected of a new Board member taking into account the current size, structure, composition, skills and competencies of the Board;
- (c) gender and age diversity;
- (d) whether the candidate would have adequate time to discharge his or her duties having regard to his or her other board appointments and principal commitments; and
- (e) other prescribed factors under the Board Diversity Policy.

Review of Directors' Independence

The NC conducts an annual review of each Director's independence and takes into consideration the relevant provisions in the 2018 CG Code and SGX-ST Listing Rules. The NC has ascertained that, save for Mr Ciliandra Fangiono, Mr Fang Zhixiang and Mr Tan Seow Kheng, all Directors are considered independent according to these criteria. Directors must also immediately report any changes in their external appointments which may affect their independence.

Directors' Time Commitment

The NC believes that setting a maximum number of listed company board representations would not be meaningful as the contributions of the Directors should be best assessed through qualitative factors such as their attendance and time commitment to the affairs of the Company. The NC would continue to review from time to time the board representations and other principal commitments of each Director to ensure that the Directors continue to meet the demands of the Group and are able to discharge their duties adequately.

In respect of the financial year under review, the NC was of the view that each Director has given sufficient time and attention to the affairs of the Company and has been able to discharge his or her duties as Director effectively. The NC noted that based on the attendance of Board and Board Committee meetings during the financial year under review, all the Directors were able to participate in such meetings to carry out their duties. The NC is satisfied that all the Directors have been able to and had adequately carried out their duties notwithstanding their other principal commitments and multiple directorships, where applicable.

Key Information on Directors

Profiles and key information of individual Directors, including their directorships in other listed companies and principal commitments, both present and those held over the preceding five years, are disclosed under the "Board of Directors" section of this Annual Report. In addition, additional information on Directors seeking re-election is also included within the Notice of AGM.

Corporate Governance

Principle 5: Board Performance

Board Evaluation

The NC undertakes a process to assess the effectiveness of the Board and its Board Committees. Directors are requested to complete Board and Board Committee Evaluation Questionnaires to assess the overall effectiveness of the Board and Board Committees. To ensure confidentiality, the Company Secretary compiles the Directors' responses to the Board Evaluation Questionnaires on a collective basis and presents the results to the NC. The results of the evaluation exercise are considered by the NC which then makes recommendations to the Board aimed at helping the Board and Board Committees to discharge their duties more effectively. The Board Chairman, who is also the Chairman of the NC, will act on the results of the performance evaluation and in consultation with the NC propose, where appropriate, new members to be appointed to the Board or seek the resignation of existing members.

The NC, having reviewed the performance of the Board in terms of its roles and responsibilities and the conduct of its affairs as a whole, is of the view that the Board and Board Committees have operated efficiently, the Board has met its performance objectives and each Director has contributed to the overall effectiveness of the Board in the financial year under review.

No external consultant was involved in the Board and Board Committee Evaluation process for the financial year under review.

Board Performance Criteria

The NC had extracted salient recommendations from the 2018 CG Code and incorporated these recommendations into the Board and Board Committee Evaluation Questionnaires. The performance of the Board was reviewed as a whole, focusing on factors such as board composition, board conduct of affairs, internal controls and risk management, board accountability, communication with top management and standards of conduct. The NC also considered whether the Directors have reasonable understanding of the Group's business and the industry as well as the Directors' working relationship with the other members of the Board. These performance criteria shall not change from year to year, and where circumstances deem it necessary for any of the criteria to be changed, the NC and the Board shall justify its decision for the change.

Individual Director Evaluation

Individual Director self-assessment is also conducted to provide performance feedback which can help individuals to evaluate their own skills and performance as Directors. The Board is cognizant that individual Director evaluations are an important complement to the evaluation of the Board's overall performance. The results of the individual Director self-assessment are compiled by the Company Secretary and discussed by the NC.

The assessment of the CEO's performance is undertaken by the Board and the results are reviewed by the NC and Board. Feedback is provided to the CEO by the NC Chairman who will also report the same to the Board.

Corporate Governance

REMUNERATION MATTERS

Principle 6: Procedures for Developing Remuneration Policies

As at the date of this report, the RC comprises Ms Wong Su Yen as Chairman, Mr Chang See Hiang and Ms Luo Dan as members. All three members are Independent Directors. Ms Luo Dan was appointed subsequent to the financial year end. The Board considers that Ms Wong Su Yen, who has many years of experience in senior management positions and on various boards dealing with remuneration issues, is well qualified to chair the RC.

The RC is guided by its terms of reference which sets out its responsibilities and is in line with the 2018 CG Code. These include:

- (a) recommending to the Board the fee framework for Non-Executive Directors;
- (b) recommending to the Board the framework of remuneration for Executive Directors and KMP (who are not Directors);
- (c) determining and setting specific remuneration packages (such as salaries, bonuses, long-term incentive awards and other incentive awards or benefits-in-kind) for each of the Executive Directors and KMP in accordance with the approved remuneration framework and ensuring that an appropriate proportion of their remuneration is structured so as to link rewards to corporate and individual performance;
- (d) approving the total bonus pool for distribution to employees for each year;
- (e) administering share plans that may be established from time to time for the Directors and KMP;
- (f) reviewing the remuneration packages of employees who are related to any Executive Directors, the CEO and substantial or controlling shareholders; and
- (g) reviewing the Company's obligations to ensure that contracts of service of the Executive Directors and KMP contain fair and reasonable termination clauses which are not overly generous.

The RC, when required, has access to expert advice both within and outside the Company on remuneration of directors.

Principle 7: Level and Mix of Remuneration

Principle 8: Disclosure on Remuneration

Non-Executive Directors' Remuneration

The framework for determining Non-Executive Directors' fees for the financial year ended 31 December 2023 was the same as that for the previous financial year and is set out as follows:

- (a) a single base fee of S\$75,000 for serving as Non-Executive Director;
- (b) additional fee of S\$25,000 for serving as Chairman of the Board of Directors; and

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(c) additional fee for serving as Chairman/Member on the following Board Committees:

Type of Committee	Chairman's Fee	Member's Fee
Audit Committee	S\$20,000	S\$15,000
Nominating Committee	S\$15,000	S\$10,000
Remuneration Committee	S\$15,000	S\$10,000

The Directors' fees are paid wholly in cash. In determining the quantum of Directors' fees, factors such as frequency of meetings, effort and time spent, responsibilities of Directors and the need to pay competitive fees to retain, attract and motivate the Directors, are taken into account. The Non-Executive Directors are not overcompensated to the extent that their independence is compromised. No Director is involved in deciding his or her own remuneration.

No remuneration consultants were engaged for the financial year under review. The RC may seek professional advice from remuneration consultants on remuneration matters, as and when necessary.

The following table shows the Directors' fees recommended by the Board for the financial year ended 31 December 2023, which will be tabled for shareholders' approval at the forthcoming AGM:

Name	Directors' Fee Proposed
Chang See Hiang	S\$125,000
Peter Ho Kok Wai	S\$95,000
Wong Su Yen	S\$100,000
Ong Beng Kee	S\$100,000
Tan Seow Kheng	S\$90,000
Total	S\$510,000

The following table shows the Directors' fees for the financial year ended 31 December 2022, which were paid in the year ended 31 December 2023:

Name	Directors' Fee Paid
Chang See Hiang	S\$125,000
Peter Ho Kok Wai	S\$95,000
Wong Su Yen	S\$100,000
Ong Beng Kee	S\$100,000
Tan Seow Kheng	S\$90,000
Total	S\$510,000

Executive Directors' and KMP's Remuneration

The CEO and Deputy CEO, both being Executive Directors, do not receive Directors' fees and are on service contracts which are subject to review by the RC and endorsed by the Board. Their contracts do not contain any onerous removal clauses.

The following table shows the remuneration of the Executive Directors (who are also the CEO and Deputy CEO) paid in the year ended 31 December 2023:

Name	Fixed Salary	Variable Cash Bonus	Total Remuneration
Ciliandra Fangiono (CEO)	41%	59%	S\$2,057,000
Fang Zhixiang (Deputy CEO)	41%	59%	S\$1,637,000

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In setting remuneration packages, the RC takes into consideration the prevailing market conditions as well as the relevant comparative remuneration and employment conditions within the industry. The remuneration package for the CEO, Deputy CEO and KMP consists of both fixed and variable components. The variable component in the form of bonus is determined based on the performance of the individual employee and the Group's performance in the relevant financial year. This is to align their interests with those of the shareholders and link rewards to corporate and individual performance. For the purpose of assessing the performance of the Executive Directors and KMP, key performance indicators comprising both quantitative and qualitative factors are set out at the beginning of each year and reviewed at the end of the financial year. The Company does not have any contractual provisions which allow it to reclaim incentive components of remuneration from Executive Directors and KMP as such provisions may have a negative impact on attracting and retaining talent in the Company.

The Company has in place a share option scheme and a share award scheme known as the First Resources Employee Share Option Scheme 2020 ("ESOS") and First Resources Employee Share Award Scheme 2020 ("ESAS") respectively (collectively known as the "Schemes"), details of which are disclosed in the Directors' Statement. The Schemes are administered by the Remuneration Committee.

During the financial year under review, awards comprising 422,700 ordinary shares have been granted under the ESAS to certain employees (who are not Directors) of the Group. One-third of the shares granted during the financial year shall vest in each of the months of April 2024, 2025 and 2026. Upon vesting, the participants have the flexibility to choose to receive the vested shares or the aggregate market price of such vested shares (defined under the ESAS rules to be determined based on the average of the last dealt prices for a share for a period of five consecutive market days immediately prior to the relevant vesting date) in cash in lieu of the allotment of new shares or transfer of existing shares held as treasury shares. Where applicable, the shares vested will be included in the disclosure of the remuneration of the top five KMP based on the open market price of the shares on vesting date or the value of the cash received in lieu of shares. Details of the movement in share awards during the year ended 31 December 2023, together with the vesting schedule for the share awards outstanding, are disclosed in the Directors' Statement.

The following table shows the remuneration of the top five KMP (who are not Directors or the CEO of the Company) paid in the year ended 31 December 2023:

Name	Fixed Salary	Variable Cash Bonus	Share-based Incentive*	Remuneration Band
Executive A	55%	42%	3%	S\$750,000 – S\$1,000,000
Executive B	50%	44%	6%	S\$500,000 – S\$750,000
Executive C	48%	38%	14%	S\$500,000 – S\$750,000
Executive D	71%	29%	–	S\$250,000 – S\$500,000
Executive E	60%	37%	3%	S\$250,000 – S\$500,000

* Relates to ESAS shares that vested on 17 April 2023, based on the open market price of the shares on vesting date or the value of the cash received in lieu of shares.

The total remuneration of the top five KMP (who are not Directors or the CEO of the Company) paid in the year ended 31 December 2023 amounted to S\$2,634,000.

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The Company believes that it may not be in the best interest of the Company to disclose the remuneration of KMP on an individually named basis as recommended by the 2018 CG Code, as such disclosure may affect its ability to motivate, retain and nurture employees. The Company would like to elaborate on the reasons for not disclosing the names of the individual KMP as follows:

- (a) Given the competitive business environment which the Group operates in, the Company faces significant competition for talent in the plantation sector and it had not disclosed the names of the KMP in order to minimise potential staff movement and undue disruptions to its senior management team and business operations, which would not be in the best interests of shareholders.
- (b) In view of the long-term nature of the plantation business, it is imperative for the Company to ensure the stability and continuity of its business led by a competent and experienced senior management team and disclosure of the remuneration of KMP on an individually named basis would make it difficult to retain and attract talented management staff on a long term basis.

Other than this, the Company has complied with the rest of the disclosure requirements under Provision 8.1 of the 2018 CG Code.

There were no termination, retirement and post-employment benefits paid to Directors and the top five KMP in the year ended 31 December 2023.

Remuneration of Employees who are Immediate Family Members of a Director or the CEO

Mr Ciliandra Fangiono and Mr Fang Zhixiang are brothers and their remuneration is set out in the Executive Directors' remuneration table above. Other than this disclosure, there are no other employees within the Group who are substantial shareholders of the Company, or are immediate family members of a Director, the CEO or a substantial shareholder of the Company, and whose remuneration exceeds S\$100,000 during the year.

ACCOUNTABILITY AND AUDIT

Principle 9: Risk Management and Internal Controls

Risk Management

The Board is responsible for governing risks and ensuring that Management maintains a sound system of risk management and internal controls to safeguard shareholders' interests and the Company's assets. This includes determining the nature and extent of the significant risks which the Company is willing to undertake in achieving its strategic objectives. Assisted by the AC, the Board reviews the adequacy of the Group's risk management process to ensure that robust risk management and internal control systems are in place to manage risks in a way that is aligned with the Group's risk tolerance. The Company has put in place a Group Risk Management Framework ("GRM Framework") to enhance its risk management process. The GRM Framework lays out the processes for the identification of key risks within the business and assessment of the operating effectiveness of the Company's internal controls. It also outlines the Group's risk tolerance levels for different categories of risk, providing guidance to Management on key risk parameters. As part of the GRM Framework, the Company maintains a risk register which identifies the key risks of the Group as well as the corresponding internal controls and action plans in place to manage or mitigate those risks. These include financial, operational, compliance (including sanctions-related risks) and information technology risks, as well as sustainability risks relating to material environmental and social issues identified for the Group. The risk register is maintained and reviewed by Management on a regular basis taking into account changes in market conditions and the Group's activities. The overall findings and recommendations from the risk assessment exercise are reported to the AC annually.

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The Company has identified and reviewed its key risks to assess the adequacy and effectiveness of the Company's risk management and internal control systems, specifically on financial, operational, compliance (including sanctions-related risks) and information technology risks. As part of the risk management process, material sustainability issues, including climate-related risks and other concerns relating to environmental and social factors are also taken into consideration in the identification of key operational risks for the Group. Apart from the Group's risk management process, key business risks are thoroughly assessed by Management and each significant transaction is comprehensively analysed so that Management understands the risks involved before the transaction is embarked on. Additionally, internal controls and due diligence processes have been put in place to ensure sanctions compliance by the Company and protect its interests in relation to any sanctions-related risks. The Board, through the AC, will continuously identify, review and monitor the key risks, control measures and management actions as part of the risk management process, which also incorporates sustainability risk management.

Some of these risks are discussed in Note 40 "Financial Risk Management Objectives and Policies" in the Financial Statements of this Annual Report.

Internal Controls

The Company's internal auditors conduct independent reviews of the adequacy and effectiveness of the Company's internal controls, including financial, operational, compliance and information technology controls addressing the key risks identified in the overall risk management framework of the Group. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the AC. The AC also reviews the effectiveness of the actions taken by Management on the recommendations made by the internal auditors in this respect.

In the course of the statutory audit, the Company's external auditors will highlight any material internal control weaknesses which have come to their attention in the course of carrying out their audit procedures, which are designed primarily to enable them to express their opinion on the financial statements. Such material internal control weaknesses noted during their audit, and recommendations, if any, by the external auditors are reported to the AC.

The Board has received assurance from the CEO and Vice President of Finance that the financial records have been properly maintained and the financial statements for the year ended 31 December 2023 give a true and fair view of the Company's operations and finances. The Vice President of Finance undertakes the functional duties and responsibilities equivalent to the role of a Chief Financial Officer.

The Board has also received assurance from the CEO and other KMP that the risk management system and internal controls (including financial, operational, compliance and information technology controls) of the Company were adequate and effective as at 31 December 2023.

Based on the internal controls established and maintained by the Company, work performed by the internal and external auditors and reviews performed by Management, as well as the assurances set out above, the Board, with the concurrence of the AC, is of the view that the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) were adequate and effective as at 31 December 2023 to address risks which the Company considers relevant and material to its operations.

The system of risk management and internal controls provides reasonable, but not absolute, assurance that the Company will not be adversely affected by any event that could be reasonably foreseen as it strives to achieve its business objectives. However, the Board also notes that no system of risk management and internal controls could provide absolute assurance in this regard, or absolute assurance against the occurrence of material errors, poor judgment in decision making, human error, losses, fraud or other irregularities. The process of reviewing and

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strengthening the Company's control environment is an evolving process. When controls should be enhanced, the Board and Management will take action to rectify and strengthen the internal controls and risk management systems. The Board and Management will continue to devote resources and expertise towards improving its internal policies and procedures to maintain a high level of governance and internal controls.

Principle 10: Audit Committee

As at the date of this report, the AC comprises Mr Peter Ho Kok Wai as Chairman, Ms Yeo Chor Gek and Mr Tan Seow Kheng as members, the majority of whom, including the Chairman, are independent. Ms Yeo Chor Gek was appointed subsequent to the financial year end. The Audit Committee met four times during the financial year under review.

The majority of the AC, including the Chairman, has accounting or related financial management expertise or experience. The Board is of the view that the members of the AC are appropriately qualified to discharge their responsibilities. None of the AC members were previous partners or directors of the Company's external auditor, Ernst & Young LLP ("EY"), within the last two years or hold any financial interest in the external auditor.

The AC is guided by its terms of reference which sets out its responsibilities and is in line with the 2018 CG Code. These include:

- assisting the Board of Directors in the discharge of its responsibilities on financial and accounting matters;
- reviewing the audit plans, scope of work, results and quality of audits carried out by the external and internal auditors;
- reviewing the co-operation given by Management to the external and internal auditors;
- reviewing significant financial reporting issues and judgements relating to financial statements for each financial year and the auditor's report before submission to the Board of Directors for approval;
- reviewing the integrity of any financial information presented to shareholders;
- reviewing the risk management framework and providing oversight of the risk management processes and activities to mitigate and manage risks at acceptable levels determined by the Board of Directors;
- reviewing the assurances provided by Management on the financial records and financial statements and regarding the adequacy and effectiveness of the Company's risk management system and internal controls;
- reviewing the adequacy and effectiveness of the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) via reviews carried out by the internal auditors, and taking into consideration the external auditors' findings arising from their annual audit;
- reviewing and monitoring the Company's risk of becoming subject to, or violating, any sanctions law, as well as the adequacy and effectiveness of control measures addressing any sanctions-related risks;
- reviewing the nature and extent of non-audit services provided by the external auditors yearly to determine their independence;
- recommending to the Board of Directors the appointment and re-appointment of the external auditors and approving their compensation and terms of engagement;

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- meeting with the external and internal auditors without the presence of the Company's Management annually;
- reviewing the adequacy, effectiveness and independence of the internal audit function, including ensuring that it is adequately resourced and has the appropriate standing within the Company;
- reviewing the appointment, remuneration and resignation of the Head of Internal Audit;
- reviewing interested person transactions;
- reviewing potential conflicts of interest, if any; and
- investigating any matter within its terms of reference.

During the financial year, the AC has carried out the above duties as provided in their terms of reference.

Apart from the duties listed above, the AC shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on the Company's results of operations and/or financial position. Each member of the AC shall abstain from voting on any resolution in respect of matters in which he/she is interested.

The AC keeps abreast of the changes to accounting standards and issues that may have a direct impact on the financial statements by referring to the best practices and guidance in the Guidebook for Audit Committee in Singapore and the reports issued from time to time in relation to the Financial Reporting Surveillance Programme administered by the Accounting and Corporate Regulatory Authority. During the year under review, the AC was also briefed on the changes in accounting standards that would impact the Group's consolidated financial statements by the external auditors at the AC meetings.

In the review of the financial statements, the AC has considered and reviewed the significant financial reporting issues and judgements relating to financial statements. The following significant matters impacting the financial statements were discussed with Management and the external auditors and were reviewed by the AC:

Significant matters	How the AC reviewed these matters and what decisions were made
Goodwill Impairment	<p>The AC considered the approach and methodology applied in performing the annual goodwill impairment assessment. The AC also reviewed the key assumptions used in the discounted cash flow model such as pre-tax discount rate, projected crude palm oil price and terminal growth rate.</p> <p>Goodwill impairment was also an area of focus for the external auditor, who has included this item as a key audit matter in its audit report for the financial year ended 31 December 2023.</p>
Recoverability of Deferred Tax Assets	<p>The AC considered the appropriateness of the accounting treatment in relation to the recognition of deferred tax assets, which took into consideration the forecast of future profitability in determining recoverability of the deferred tax assets through taxable income in future years.</p> <p>Deferred tax assets was also an area of focus for the external auditor, who has included this item as a key audit matter in its audit report for the financial year ended 31 December 2023.</p>

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Following the review, the AC recommended to the Board to approve the financial statements for the financial year ended 31 December 2023.

The AC has full access to and co-operation of Management. The AC also has full discretion to invite any Director or executive officer to attend its meetings and has been given adequate resources to discharge its functions. During the year, the AC met with the external and internal auditors without the presence of Management.

In line with the SGX-ST Listing Rule 1207(6), the AC has undertaken a review of the nature and extent of all non-audit services provided by the external auditors during the financial year and is satisfied that such services have not, in the AC's opinion, compromised the independence of the external auditors. It was noted that the fees for non-audit services did not exceed 50% of the aggregate amount of audit fees paid/payable to EY in 2023. The aggregate amount and breakdown of the audit and non-audit fees paid/payable to the external auditors is found in Note 7 "General and Administrative Expenses" in the Financial Statements of this Annual Report.

In reviewing the performance of the external auditors and formulating its recommendation on the re-appointment of EY for the financial year ending 31 December 2024, the AC had considered the overall adequacy and quality of the firm's resources, the experience and expertise of the audit partners and other senior members of the engagement team, and the efficiency and effectiveness of the engagement team in carrying out its work. The AC had also considered the quality of audit services rendered, scope of audit plan and audit findings presented during the year, as well as the information provided by EY under the Audit Quality Indicators Disclosure Framework. On this basis, the AC recommended the re-appointment of EY at the upcoming AGM.

The Company is in compliance with the requirements under SGX-ST Listing Manual Rules 712 and 715(1) on the appointment of the same auditing firm in Singapore to audit its accounts and the accounts of its Singapore incorporated subsidiaries and Rule 715(2) of the SGX-ST Listing Manual on the appointment of a suitable auditing firm for its significant foreign incorporated subsidiaries. The Company does not have any significant associated companies.

The Company has put in place a whistle-blowing policy, endorsed by the AC, which provides for a mechanism by which employees and any external stakeholders of the Group may, in confidence, raise concerns about possible unethical conduct and improprieties in financial reporting or other matters. The objective of this policy is to encourage the reporting of such matters in good faith, with the confidence that employees and other persons making such reports will be treated fairly and, to the extent possible, protected from reprisal. All information received is treated with confidentiality and anonymous reporting is accepted for protecting the identity and interest of all whistle-blowers. The AC is responsible for the oversight and monitoring of the whistle-blowing policy and ensuring that it is properly administered with the assistance of the Head of IA.

The Company neither tolerates nor condones any actions taken against any employee or other person in retaliation for raising a compliance or integrity issue, and may institute disciplinary action against any party found to have taken such retaliatory action against whistle-blowers.

Whistle-blowing reports may be received by the Internal Audit function on behalf of the AC. The Internal Audit function will conduct an initial review of the reports received and recommend for remedial, disciplinary or other corrective actions to be taken by the Company. A summary of the investigations conducted is reported to the AC for its attention on a monthly basis. Whistle-blowing matters, where substantiated and material, are reported to the AC immediately.

The AC ensures that independent investigations and appropriate follow-up actions are carried out, where applicable. Details of the Group's whistle-blowing policy, including the different avenues for reporting, have been made available to all employees and on the Company's website.

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External stakeholders wishing to report or raise any such concerns about the Company may do so via audit.comm@first-resources.com.

Any complaint that relates to or concerns a Director or senior management of the Company may also be reported directly to the AC Chairman via audit.comm.chairman@first-resources.com.

Internal Audit

The Company has established an in-house Internal Audit ("IA") function that is independent of the activities that it audits. The Head of IA reports directly to the Audit Committee and administratively to the CEO. The Head of IA is a Certified Internal Auditor and Indonesia Internal Audit Practitioner under the Institute of Internal Auditors ("IIA") and has more than 20 years of working experience in internal audit, accounting, finance and external audit.

The IA function adopts the International Standards for the Professional Practice of Internal Auditing (the IIA Standards) issued by the Institute of Internal Auditors.

To ensure that audits are performed effectively, the Company employs suitably qualified professional staff with the relevant experience. The AC is satisfied that the in-house IA function is adequately resourced and has the appropriate standing within the Company. On an annual basis, the AC has also reviewed and is satisfied with the adequacy and effectiveness of the IA function and that the IA function has maintained its independence from the activities that they audit.

The IA function adopts a risk-based approach in formulating the annual audit plan which aligns its activities to the key risks across the Group's business. The reviews performed by the internal auditors are aimed at assisting the Board in evaluating the adequacy and effectiveness of risk management, internal controls and governance processes.

During the year, the IA function conducted its audit reviews based on the annual audit plan which was approved by the AC. The annual audit plan also incorporates the audit of key risk areas identified under the GRM Framework. Each quarter, the IA function would submit a report to the AC on the key audit findings and actions to be taken by Management on such findings. Key findings are also highlighted at AC meetings for discussion and follow-up actions. The AC monitors the timely and proper implementation of the required corrective, preventive or improvement measures to be undertaken by Management.

SHAREHOLDER RIGHTS AND ENGAGEMENT

Principle 11: Shareholder Rights and Conduct of General Meetings

Principle 12: Engagement with Shareholders

Principle 13: Engagement with Stakeholders

Disclosure of Information on a Timely Basis

The Company is committed to treat all shareholders fairly and equitably, through open and non-discriminatory communication. The Company keeps its shareholders adequately informed of the changes in its business performance and prospects which may materially affect the price or value of the Company's shares.

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The Company ensures that all material and price sensitive information which may affect the price or value of the Company's shares is disseminated to the public on a comprehensive, accurate and timely basis via SGXNet and not selectively disclosed.

Following the amendments to the SGX-ST Listing Rule 705(2), which took effect from 7 February 2020, the Company is no longer required to release the Group's unaudited financial statements on a quarterly basis. The Board had, after due deliberation, decided not to continue with quarterly reporting of the Group's financial results and instead, release financial reports on a half-yearly basis with effect from the financial year ended 31 December 2020.

To supplement the half year and full year financial reports which will continue in the format prescribed by the SGX-ST Listing Manual, the Company has been providing key financial and operational updates for the Group's first and third quarter performance.

The Board provides shareholders with a comprehensive and balanced assessment of the Group's performance, position and prospects on a half year and full year basis when it releases its results through the SGXNet and the Company's website.

Financial results for the first half of the year are released no later than 45 days from the end of the period. Annual financial results for the full year are released within 60 days from the financial year-end.

Other price-sensitive information is disseminated to shareholders through announcements via SGXNet, press releases and the Company's website.

The Company also observes obligations of continuing disclosure under the SGX-ST Listing Manual. The Company has received signed undertakings from all its Directors and executive officers pursuant to Rule 720(1) of the SGX-ST Listing Manual.

Conduct of General Meetings

The Company's AGM for the financial year ended 31 December 2023 will be conducted in physical mode.

At each AGM, the CEO delivers a presentation to update shareholders on the Group's performance over the past year. Shareholders are given the opportunity to submit questions and concerns to the Directors, Management and external auditors in advance of the AGM. All substantial and relevant questions received from shareholders by the question submission deadline will be addressed by the Company via SGXNet and on our corporate website. At each general meeting, each distinct issue is proposed as a separate resolution.

The Company's Constitution allows a shareholder to appoint up to two proxies to attend and vote in the shareholder's place at the general meetings of shareholders. Pursuant to the introduction of the multiple proxies regime under the Singapore Companies (Amendment) Act 2014, indirect investors who hold the Company's shares through a nominee company or custodian bank or through a CPF agent bank may attend and vote at each general meeting of shareholders. Voting in absentia by mail, facsimile or email is currently not permitted to ensure proper authentication of the identity of shareholders and their voting intent.

Voting at general meetings of shareholders are conducted by poll thereby allowing all shareholders present or represented at the meeting to vote on a one share, one vote basis.

Corporate Governance

The Company conducts electronic poll voting for all the resolutions to be passed at general meetings for greater transparency in the voting process. An independent scrutineer firm is also present to validate the votes for each general meeting. The results of all votes for and against each resolution are tallied and instantaneously displayed at the meeting. The voting results are announced via SGXNet and on the Company's website following each general meeting.

The Company Secretary prepares minutes of general meetings which include the Company's responses to the questions received from shareholders. These minutes are made available to shareholders via SGXNet and on the Company's website.

Stakeholders Engagement

The Company has a dedicated Investor Relations ("IR") team which focuses on maintaining frequent interactions with the investment community in the form of meetings, investor roadshows, conference calls and results briefings. During the financial year under review, the IR team engaged more than 60 Singapore and foreign investors via conference calls and/or meetings.

In addition, our IR team attends to queries or concerns from the investment community in a timely manner. Feedback and views received from them are also conveyed to Management by the IR team. The IR team is contactable at investor@first-resources.com.

The Company conducts quarterly briefings with analysts by making reference to the half-yearly financial reports and/or operational and financial updates which are released via the SGXNet and posted on our corporate website. At such briefings, Management, together with the IR team, openly communicates the Group's financial and operational performances, business growth strategies as well as developments and initiatives on the sustainability front. The IR team also provides regular updates to the Board and Management on analysts' consensus estimates.

Apart from the SGXNet, the investment community can also access announcements, half-yearly financial reports, annual reports, investor presentations, operational and financial updates and other corporate information on the dedicated Investor Relations section of our corporate website at www.first-resources.com. Our announcements are also disseminated by electronic mail to our subscribers in the form of news alerts, allowing investors to keep abreast of our latest performance and developments.

In recent years, sustainability-related topics have generated much interest from the investment community. The IR team works closely with the Group's Sustainability team to communicate the implementation progress of our Policy on Sustainable Palm Oil, as well as related developments and new initiatives, to our stakeholders. In keeping with our commitment to keep our shareholders and the market abreast of the Group's progress on the sustainability front, we have concurrently published on our corporate website our sustainability report for the financial year ended 31 December 2023, which is to be read in conjunction with this Annual Report.

Dividend Policy

The Company strives to provide sustainable dividend payments to our shareholders, while remaining committed to an optimal capital structure and maintaining flexibility to pursue growth. In considering the level of dividend payments, the Board takes into consideration the Company's cash flow, capital expenditure plan, working capital requirements, general financial condition and other factors deemed relevant by the Board. Whilst interim dividends are declared and approved by the Board at each half year, final dividends are recommended by the Board at each year-end for shareholders' approval at the AGM. For the financial year ended 31 December 2023, the Board has proposed a final dividend of 3.70 Singapore cents per share, which brings the full year ordinary dividend to 6.20 Singapore cents per share, translating to an annual dividend payout ratio of 50% of the Group's underlying net profit.

Corporate Governance

First Resources' dividend policy is to distribute up to 50% of the Group's underlying net profit annually. The Board will review the dividend policy from time to time and reserves the right to modify, amend and update the policy.

ADDITIONAL INFORMATION

Code of Conduct

The Company has a Code of Conduct which serves as a general guideline for Management and employees in conducting their duties and responsibilities ethically. It outlines corporate values and ethical standards which are in line with the Group's vision and mission. Areas covered under the Code of Conduct include professionalism and work ethics, conflict of interest, political impartiality, anti-corruption and zero tolerance on fraud. All our employees will also have to comply with applicable country laws, regulations and legal requirements. Any breach of the Code of Conduct can result in disciplinary action in accordance with the prevailing laws and regulations as well as termination of employment. The Code of Conduct is disseminated to our employees, suppliers and other business partners.

Dealing in Securities

The Company has adopted and issued an internal compliance code on securities transactions, which provides guidance and internal regulations pertaining to dealings in the Company's securities by the Company, its Directors and officers of the Group.

According to the Company's internal compliance code, the Company, its Directors and officers of the Group are prohibited from dealing in the Company's securities during the "closed period", which is defined as follows:

- the period commencing two weeks before the announcement of the Company's operational and financial updates for the first and third quarters of its financial year and ending immediately after the release of the announcement of the relevant operational and financial updates; and
- the period commencing one month before the announcement of the Company's half year and full year financial statements (in the format per Appendix 7.2 of the SGX-ST Listing Manual) and ending immediately after the announcement of the relevant financial statements.

Directors and officers are also advised to adhere to the following at all times:

- (a) observe insider trading laws and not to deal in the Company's securities while in possession of any unpublished material price-sensitive information; and
- (b) not to deal in the Company's securities on short-term considerations.

In addition, Directors are required to report to the Company Secretary within two business days whenever they deal in the Company's securities and the latter will make the necessary announcements in accordance with the requirements of the SGX-ST Listing Manual.

Interested Person Transactions

To ensure that interested person transactions are conducted on normal commercial terms and will not be prejudicial to the interests of the Company and its minority shareholders, the Company has adopted internal guidelines and procedures for the review and approval of transactions with interested persons. All transactions with interested persons are monitored closely and reported in a timely manner to the AC for its review.

Corporate Governance

Shareholders have approved the renewal of the interested person transactions mandate ("IPT Mandate") at the AGM on 27 April 2023. The IPT Mandate defines the threshold limits and review procedures for the transactions with interested persons carried out by the Group. Pursuant to the IPT Mandate, the Company also maintains a register of all such interested person transactions, which includes information pertinent to the evaluation of the interested person transactions.

Details of interested person transactions for the financial year ended 31 December 2023 as required under Rule 907 of the SGX-ST Listing Manual are set out as follows:

Name of interested person	Nature of relationship	Aggregate value of all interested person transactions during the financial year 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.	–	477
PT Surya Dumai Industri	Associate of Ciliandra Fangiono & Fang Zhixiang	–	303
PT Riau Agung Karya Abadi	Associate of Ciliandra Fangiono & Fang Zhixiang	428	10,343
PT Marsam Citra Adi Perkasa	Associate of Ciliandra Fangiono & Fang Zhixiang	–	27,367
PT Ketapang Hijau Lestari	Associate of Ciliandra Fangiono & Fang Zhixiang	–	15,819
PT Borneo Bhakti Sejahtera	Associate of Ciliandra Fangiono & Fang Zhixiang	–	46,261
PT Fajar Niaga Berjaya	Associate of Ciliandra Fangiono & Fang Zhixiang	14,026	–

The AC has reviewed, and is satisfied that the transactions are conducted at arm's length and on terms that are fair and reasonable. The AC and the Board of Directors are satisfied that the terms of the above transactions are not prejudicial to the interests of the Company or its minority shareholders.

Corporate Governance

Material Contracts

Save as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interests of the CEO, any Director or controlling shareholder, which are either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2022.

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Directors' Statement

The directors are pleased to present their statement to the members together with the audited consolidated financial statements of First Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2023.

OPINION OF THE DIRECTORS

In the opinion of the directors,

- (i) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are drawn up so as to give a true and fair view of the financial position of the Group and of the Company as at 31 December 2023 and the financial performance, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date; and
- (ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

DIRECTORS

The directors of the Company in office at the date of this statement are:

Chang See Hiang
Ciliandra Fangiono
Fang Zhixiang
Peter Ho Kok Wai
Wong Su Yen
Luo Dan
Yeo Chor Gek
Tan Seow Kheng

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

Neither at the end of nor at any time during the financial year was the Company a party to any arrangement whose objects are, or one of whose objects is, to enable the directors of the Company to acquire benefits by means of the acquisition of shares or debentures of the Company or any other body corporate.

Directors' Statement

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings, required to be kept under Section 164 of the Singapore Companies Act 1967 (the "Act"), an interest in shares of the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

Name of director	Direct interest			Deemed interest		
	As at 01.01.2023	As at 31.12.2023	As at 21.01.2024	As at 01.01.2023	As at 31.12.2023	As at 21.01.2024
<i>Ordinary shares of the Company</i>						
Ciliandra Fangiono	–	–	–	– (1)	– (1)	– (1)
Fang Zhixiang	–	–	–	– (1)	– (1)	– (1)
Tan Seow Kheng	30,000	30,000	30,000	–	–	–

Note:

⁽¹⁾ Eight Capital Inc. ("Eight Capital") directly holds 1,043,966,230 shares in the Company and Eight Capital Trustees Pte Ltd ("ECTPL") holds the entire share capital of Eight Capital as trustee of the Eight Capital Master Trust (the "Trust"), which is a discretionary family trust and subject to the terms of the Trust. The Trust is held for the benefit of the Eight Capital Sub Trust which is held for the benefit of its beneficiaries, including but not limited to Ciliandra Fangiono, Fang Zhixiang, and their respective children and remoter issue. The proportionate interest of each beneficiary cannot be determined.

Except as disclosed in this statement, no director who held office at the end of the financial year had interests in shares of the Company, or of related corporations, either at the beginning of the financial year or at the end of the financial year.

SHARE OPTION SCHEME AND SHARE AWARD SCHEME

The Company has in place a share option scheme and a share award scheme known as the First Resources Employee Share Option Scheme 2020 and the First Resources Employee Share Award Scheme 2020 respectively (collectively known as the "Schemes"). The two Schemes are administered by the Remuneration Committee ("RC"), comprising Messrs Wong Su Yen, Chang See Hiang and Luo Dan. Salient details of the two Schemes are as follows:

(a) First Resources Employee Share Option Scheme 2020

- (i) The First Resources Employee Share Option Scheme 2020 (the "ESOS") was approved on 1 June 2020. Confirmed employees (including Directors¹) of the Group who have attained the age of 21 years are eligible to participate in the ESOS (collectively known as the "Eligible Participants").

Persons who are Directors and employees of the Group's Associated Companies², the Company's parent company and the subsidiaries of the Company's parent company, as well as Controlling Shareholders³ and their Associates⁴, shall not be eligible to participate in the ESOS.

Directors' Statement

SHARE OPTION SCHEME AND SHARE AWARD SCHEME (CONT'D)

(a) *First Resources Employee Share Option Scheme 2020 (cont'd)*

- (ii) The aggregate number of new shares issued and issuable and/or transferred and transferable in respect of all options granted under the ESOS, and under any other share-based incentive schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.
- (iii) Options may be granted from time to time during the year when the ESOS is in force, except that, having regard to the Company's internal compliance code on securities transactions, no option shall be granted during the period of two weeks before the announcement of the Company's operational and financial updates for the first and third quarters of its financial year, and one month before the announcement of the Company's half year and full year financial statements. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant options may only be made on or after the second market day on which such announcement is released.
- (iv) No options have been granted to the Eligible Participants under the ESOS since the commencement of the ESOS till the end of the financial year ended 31 December 2023.

(b) *First Resources Employee Share Award Scheme 2020*

- (i) The First Resources Employee Share Award Scheme 2020 (the "ESAS") was approved on 1 June 2020. The RC would at its discretion and on a free-of-charge basis, grant awards which represent a specified number of fully paid shares in the share capital of the Company or its equivalent cash value or combinations thereof. The awards will vest only after satisfactory completion of certain conditions. Upon the vesting of an award, the Company shall do any one or more of the following:
 - allot new ordinary shares credited as fully paid;
 - purchase and transfer existing shares (whether held as treasury shares or otherwise); and/or
 - pay the aggregate Market Price⁵ of such shares in cash.
- (ii) Confirmed employees (including Directors¹) of the Group who have attained the age of 21 years are eligible to participate in the ESAS (collectively known as the "Eligible Participants").

Persons who are Directors and employees of the Group's Associated Companies², the Company's parent company and the subsidiaries of the Company's parent company, as well as Controlling Shareholders³ and their Associates⁴, shall not be eligible to participate in the ESAS.

- (iii) The aggregate number of new shares which may be issued and/or transferred pursuant to awards granted under the ESAS, when added to the total number of shares issued and issuable and/or transferred and transferable in respect of any other share-based incentive schemes of the Company, shall not exceed fifteen per cent. (15%) of the total number of issued shares of the Company (excluding treasury shares and subsidiary holdings) on the day preceding the date of the relevant grant.

Directors' Statement

SHARE OPTION SCHEME AND SHARE AWARD SCHEME (CONT'D)

(b) First Resources Employee Share Award Scheme 2020 (cont'd)

- (iv) Awards may be granted from time to time during the year when the ESAS is in force, except that, having regard to the Company's internal compliance code on securities transactions, no award shall be granted during the period of two weeks before the announcement of the Company's operational and financial updates for the first and third quarters of its financial year, and one month before the announcement of the Company's half year and full year financial statements. In addition, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is made, offers to grant awards may only be made on or after the second market day on which such announcement is released.
- (v) During the financial year, awards comprising 422,700 ordinary shares have been granted under the ESAS to certain employees (who are not Directors) of the Group. One-third of the shares granted during the financial year shall vest in each of the months of April 2024, 2025 and 2026. Upon vesting, the participants have the flexibility to choose to receive the vested shares or the aggregate Market Price⁵ of such vested shares in cash in lieu of the allotment of new shares or transfer of existing shares held as treasury shares.
- (vi) Details of the movement in share awards outstanding under the ESAS during the financial year are as follows:

Year of grant	As at 01.01.2023	Movement during the year			As at 31.12.2023
		Granted	Vested	Lapsed	
2021	121,200	–	(60,600)	–	60,600
2022	256,200	–	(85,400)	–	170,800
2023	–	422,700	–	–	422,700
	377,400	422,700	(146,000)	–	654,100

- (vii) Vesting schedule for the share awards outstanding under the ESAS as at 31 December 2023 is as follows:

Year of grant	Vesting month			Total
	April 2024	April 2025	April 2026	
2021	60,600	–	–	60,600
2022	85,400	85,400	–	170,800
2023	140,900	140,900	140,900	422,700
	286,900	226,300	140,900	654,100

- (viii) Since the commencement of the ESAS till the end of the financial year ended 31 December 2023, no participants have received 5% or more of the total number of awards available under the ESAS and no awards have been granted to Directors of the Company.

Directors' Statement

SHARE OPTION SCHEME AND SHARE AWARD SCHEME (CONT'D)

(b) *First Resources Employee Share Award Scheme 2020 (cont'd)*

Notes:

- ¹ Directors refer to Executive and Non-Executive Directors of the Company.
- ² Associated Company refers to a company in which at least twenty per cent. (20%) but no more than fifty per cent. (50%) of its shares are held by the Company or the Group.
- ³ Controlling Shareholder refers to a person who (a) holds directly or indirectly fifteen per cent. (15%) or more of the total number of issued shares (excluding treasury shares and subsidiary holdings) in the Company (unless the SGX-ST determines otherwise); or (b) in fact exercises control over the Company, as defined under the Listing Manual.
- ⁴ Associate in relation to:
 - (a) any Director, chief executive officer, Substantial Shareholder or Controlling Shareholder (being an individual) means (i) his immediate family; (ii) the trustees of any trust of which he or his immediate family is a beneficiary or, in the case of a discretionary trust, is a discretionary object; and (iii) any company in which he and his immediate family together (directly or indirectly) have an interest of thirty per cent. (30%) or more;
 - (b) a Substantial Shareholder or a Controlling Shareholder (being a company) means any other company which is its subsidiary or holding company or is a subsidiary of such holding company or one of the equity of which it and/or such other company or companies taken together (directly or indirectly) have an interest of thirty per cent. (30%) or more.
- ⁵ Market Price in relation to the ESAS refer to the average of the last dealt prices for a share determined by reference to the daily list published by the SGX-ST for a period of five (5) consecutive Market Days⁶ immediately prior to the relevant date of vesting, provided always that in the case of a Market Day on which the shares are not traded on the SGX-ST, the last dealt price for shares on such Market Day shall be deemed to be the last dealt price of the shares on the immediately preceding Market Day on which the shares were traded, rounded to the nearest whole cent in the event of fractional prices.
- ⁶ Market Day refers to a day on which the SGX-ST is open for securities trading.

AUDIT COMMITTEE

The Audit Committee ("AC") carried out its functions in accordance with Section 201B (5) of the Act, including the following:

- assisting the Board of Directors in the discharge of its responsibilities on financial and accounting matters;
- reviewing the audit plans, scope of work, results and quality of audits carried out by the external and internal auditors;
- reviewing the co-operation given by Management to the external and internal auditors;

Directors' Statement

AUDIT COMMITTEE (CONT'D)

- reviewing significant financial reporting issues and judgements relating to financial statements for each financial year and the auditor's report before submission to the Board of Directors for approval;
- reviewing the integrity of any financial information presented to shareholders;
- reviewing the risk management framework and providing oversight of the risk management processes and activities to mitigate and manage risks at acceptable levels determined by the Board of Directors;
- reviewing the assurances provided by Management on the financial records and financial statements and regarding the adequacy and effectiveness of the Company's risk management system and internal controls;
- reviewing the adequacy and effectiveness of the Company's system of risk management and internal controls (including financial, operational, compliance and information technology controls) via reviews carried out by the internal auditors, and taking into consideration the external auditors' findings arising from their annual audit;
- reviewing and monitoring the Company's risk of becoming subject to, or violating, any sanctions law, as well as the adequacy and effectiveness of control measures addressing any sanctions-related risks;
- reviewing the nature and extent of non-audit services provided by the external auditors yearly to determine their independence;
- recommending to the Board of Directors the appointment and re-appointment of the external auditors and approving their compensation and terms of engagement;
- meeting with the external and internal auditors without the presence of the Company's Management annually;
- reviewing the adequacy, effectiveness and independence of the internal audit function, including ensuring that it is adequately resourced and has the appropriate standing within the Company;
- reviewing the appointment, remuneration and resignation of the Head of Internal Audit;
- reviewing interested person transactions;
- reviewing potential conflicts of interest, if any; and
- investigating any matter within its terms of reference.

The AC, having reviewed all non-audit services provided by the external auditors to the Group, is satisfied that the nature and extent of such services would not compromise the independence of the external auditors. The AC has also conducted a review of interested person transactions.

During the financial year, the AC convened four meetings and had also met with the external and internal auditors without the presence of the Company's management.

Further details regarding the AC are disclosed in the Corporate Governance Report.

Directors' Statement

AUDITOR

Ernst & Young LLP has expressed its willingness to accept re-appointment as auditor.

On behalf of the Board of Directors,

Chang See Hiang
Director

Ciliandra Fangiono
Director

Singapore
26 March 2024

Independent Auditor's Report

For the financial year ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST RESOURCES LIMITED

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS

Opinion

We have audited the financial statements of First Resources Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and the Company as at 31 December 2023, the statements of changes in equity of the Group and the Company and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and notes to the financial statements, including material accounting policy information.

In our opinion, the accompanying consolidated financial statements of the Group, the balance sheet and the statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Companies Act 1967 (the "Act") and Singapore Financial Reporting Standards (International) ("SFRS(I)") so as to give a true and fair view of the consolidated financial position of the Group and the financial position of the Company as at 31 December 2023 and of the consolidated financial performance, consolidated changes in equity and consolidated cash flows of the Group and changes in equity of the Company for the year ended on that date.

Basis for Opinion

We conducted our audit in accordance with Singapore Standards on Auditing ("SSAs"). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Group in accordance with the Accounting and Corporate Regulatory Authority ("ACRA") Code of Professional Conduct and Ethics for Public Accountants and Accounting Entities ("ACRA Code") together with the ethical requirements that are relevant to our audit of the financial statements in Singapore, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the ACRA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Key Audit Matters

Key audit matters are those matters that, in our professional judgement, were of most significance in our audit of the financial statements of the current year.

These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. For each matter below, our description of how our audit addressed the matter is provided in that context.

We have fulfilled our responsibilities described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report, including in relation to these matters. Accordingly, our audit included the performance of procedures designed to respond to our assessment of the risks of material misstatement of the financial statements. The results of our audit procedures, including the procedures performed to address the matters below, provide the basis for our audit opinion on the accompanying financial statements.

Independent Auditor's Report

For the financial year ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST RESOURCES LIMITED (CONT'D)

REPORT ON THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

Key Audit Matters (cont'd)

Goodwill Impairment

As at 31 December 2023, goodwill is carried at US\$76.1 million which represents 6% of the total non-current assets and 5% of total equity. As part of the requirement under SFRS(I) 1-36 to assess goodwill impairment annually, management has prepared a discounted cash flow model to determine the recoverable value of the goodwill using the value in use method. The audit procedures over management's annual impairment test were significant to our audit because the assessment process is complex, involved significant management judgement and estimates, and is based on a number of key assumptions as disclosed in Note 17 to the financial statements.

Given the complexity, we have engaged our internal valuation specialists to assist us in reviewing the appropriateness of the methodology and the reasonableness of certain key predictive assumptions used by management such as pre-tax discount rate, projected crude palm oil ("CPO") price, terminal growth rate and forecasted exchange rate. We also compared operational assumptions, such as projected capital expenditures, fresh fruit bunches ("FFB") yield and cost of production, against historical data to assess their reasonableness. We considered the robustness of management's budgeting process by comparing the actual results versus previously forecasted figures. Further, we assessed whether the future cash flows were based on the financial budgets approved by the Board of Directors and reviewed management's analysis of the sensitivity of the value-in-use amounts to changes in the projected CPO price. We also performed sensitivity analysis on the value-in-use amounts to changes in pre-tax discount rate and terminal growth rate.

We also focused on the adequacy of the note disclosures concerning those key assumptions to which the outcome of the impairment test is most sensitive. The note disclosures on goodwill, key assumptions and sensitivities are included in Note 17 to the financial statements.

Recoverability of Deferred Tax Assets

As at 31 December 2023, the Group has recognised deferred tax assets ("DTA") of US\$35.2 million. The recoverability of the DTA is significant to our audit because of the complexity of the estimation process which is dependent on management's forecast of the future profitability in determining the amount of deferred tax assets that can be fully recovered in the future years.

As part of our assessment of management's forecast of the future profitability, we compared management's operational assumptions used in preparing the profit forecast such as FFB yield and cost of production against historical data and trend to assess their reasonableness. We also engaged the assistance of our internal valuation specialists to assess the reasonableness of certain key predictive assumptions such as the projected CPO price. In addition, we assessed the adequacy of the disclosures in Note 10(c) to the financial statements.

Independent Auditor's Report

For the financial year ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST RESOURCES LIMITED (CONT'D)

OTHER INFORMATION

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

RESPONSIBILITIES OF MANAGEMENT AND DIRECTORS FOR THE FINANCIAL STATEMENTS

Management is responsible for the preparation of financial statements that give a true and fair view in accordance with the provisions of the Act and SFRS(I), and for devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair financial statements and to maintain accountability of assets.

In preparing the financial statements, management is responsible for assessing the Group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Group or to cease operations, or has no realistic alternative but to do so.

The directors' responsibilities include overseeing the Group's financial reporting process.

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SSAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Independent Auditor's Report

For the financial year ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST RESOURCES LIMITED (CONT'D)

AUDITOR'S RESPONSIBILITIES FOR THE AUDIT OF THE FINANCIAL STATEMENTS (CONT'D)

As part of an audit in accordance with SSAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Group's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Group's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Group to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Group to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the Group audit. We remain solely responsible for our audit opinion.

We communicate with the directors regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide the directors with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with the directors, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

Independent Auditor's Report

For the financial year ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT TO THE MEMBERS OF FIRST RESOURCES LIMITED (CONT'D)

REPORT ON OTHER LEGAL AND REGULATORY REQUIREMENTS

In our opinion, the accounting and other records required by the Act to be kept by the Company and by the subsidiaries incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

The engagement partner on the audit resulting in this independent auditor's report is Vincent Toong.

Ernst & Young LLP
Public Accountants and
Chartered Accountants

Singapore
26 March 2024

Consolidated Income Statement

For the financial year ended 31 December 2023

	Note	2023 US\$'000	2022 US\$'000
Sales	4	980,587	1,225,428
Cost of sales	5	(617,549)	(596,113)
Gross profit		363,038	629,315
Loss arising from changes in fair value of biological assets	20	(1,137)	(11,475)
Selling and distribution costs	6	(111,275)	(162,782)
General and administrative expenses	7	(33,433)	(32,564)
Other operating expenses		(19,136)	(4,612)
Profit from operations		198,057	417,882
(Loss)/gain on foreign exchange		(5,730)	15,194
Loss on derivative financial instruments		(138)	–
Net financial income/(expenses)	8	2,500	(7,268)
Other non-operating income		2,301	1,702
Profit before tax	9	196,990	427,510
Tax expense	10	(44,554)	(88,390)
Profit for the year		152,436	339,120
Profit attributable to:			
Owners of the Company		145,395	325,196
Non-controlling interests		7,041	13,924
		152,436	339,120
Earnings per share attributable to owners of the Company (US cents)			
– Basic	11	9.28	20.65
– Diluted	11	9.28	20.65

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Statement of Comprehensive Income

For the financial year ended 31 December 2023

	Note	2023 US\$'000	2022 US\$'000
Profit for the year		152,436	339,120
Other comprehensive income:			
Items that will not be reclassified subsequently to profit or loss			
Remeasurement (loss)/gain on defined benefit plan	32	(104)	2,402
		(104)	2,402
Items that may be reclassified subsequently to profit or loss			
Fair value gain on cash flow hedges		15,166	23,540
Fair value gain on cash flow hedges transferred to the income statement		(20,848)	(1,859)
Foreign currency translation		31,656	(140,817)
		25,974	(119,136)
Other comprehensive income for the year, net of tax		25,870	(116,734)
Total comprehensive income for the year		178,306	222,386
Total comprehensive income attributable to:			
Owners of the Company		169,357	216,173
Non-controlling interests		8,949	6,213
		178,306	222,386

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Balance Sheets

As at 31 December 2023

	Note	Group		Company	
		2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Non-current assets					
Bearer plants	12	582,239	448,375	–	–
Plasma receivables	13	37,568	25,836	–	–
Property, plant and equipment	14	532,108	395,002	250	1,618
Land use rights	15	27,592	36,290	–	–
Investment in subsidiaries	16	–	–	879,609	964,058
Goodwill	17	76,099	74,575	–	–
Other intangible assets	18	26,740	26,208	5	–
Derivative financial assets	19	1,840	6,631	1,840	6,631
Tax recoverable		49,497	45,011	–	–
Deferred tax assets	10(c)	35,199	32,003	303	217
Other non-current assets		465	434	–	–
Total non-current assets		1,369,347	1,090,365	882,007	972,524
Current assets					
Biological assets	20	29,683	30,191	–	–
Plasma receivables	13	5,208	3,587	–	–
Inventories	21	119,789	136,998	–	–
Loan to subsidiary	22	–	–	132,500	–
Trade receivables	23	30,622	77,342	–	–
Other receivables	24	3,921	6,734	225	332
Derivative financial assets	19	7,844	10,535	6,577	10,243
Advances for purchase of property, plant and equipment	25	6,429	1,587	–	–
Other advances and prepayments	25	2,971	10,836	33	79
Prepaid taxes		36,160	24,237	–	–
Restricted cash balances	26	51,896	6,523	–	–
Cash and cash equivalents	26	110,974	433,790	3,147	143,384
Total current assets		405,497	742,360	142,482	154,038
Total assets		1,774,844	1,832,725	1,024,489	1,126,562

Balance Sheets

As at 31 December 2023

		Group		Company	
	Note	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Current liabilities					
Trade payables	27	39,478	31,616	100	128
Other payables and accruals	28	45,318	49,114	2,941	3,516
Advances from customers	29	7,535	3,618	–	–
Loans and borrowings from financial institutions	30	111,705	93,314	198,091	91,180
Derivative financial liabilities	19	365	2,358	–	–
Provision for tax		7,502	18,953	–	–
Total current liabilities		211,903	198,973	201,132	94,824
Non-current liabilities					
Loans and borrowings from financial institutions	30	126,021	202,407	122,037	199,752
Provision for post-employment benefits	32	27,510	22,644	–	–
Deferred tax liabilities	10(c)	7,627	9,786	–	–
Total non-current liabilities		161,158	234,837	122,037	199,752
Total liabilities		373,061	433,810	323,169	294,576
Net assets		1,401,783	1,398,915	701,320	831,986
Equity					
Share capital	33(a)	394,913	394,913	394,913	394,913
Treasury shares	33(b)	(19,060)	(14,700)	(19,060)	(14,700)
Other reserves	34	(158,154)	(181,927)	19,096	27,570
Retained earnings		1,085,705	1,111,380	306,371	424,203
Equity attributable to owners of the Company		1,303,404	1,309,666	701,320	831,986
Non-controlling interests		98,379	89,249	–	–
Total equity		1,401,783	1,398,915	701,320	831,986

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Statements of Changes in Equity

For the financial year ended 31 December 2023

Group	Attributable to owners of the Company				Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000 (Note 33(a))	Treasury shares US\$'000 (Note 33(b))	Other reserves US\$'000 (Note 34)	Retained earnings US\$'000			
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 year	–	–	–	145,395	145,395	7,041	152,436
<u>Other comprehensive income</u>							
Remeasurement loss on defined benefit plan	–	–	–	(95)	(95)	(9)	(104)
Net change in fair value of cash flow hedges	–	–	(5,682)	–	(5,682)	–	(5,682)
Foreign currency translation	–	–	29,739	–	29,739	1,917	31,656
Other comprehensive income for the year, net of tax	–	–	24,057	(95)	23,962	1,908	25,870
Total comprehensive income for the year	–	–	24,057	145,300	169,357	8,949	178,306
<u>Distributions to owners</u>							
Dividends paid	–	–	–	(170,975)	(170,975)	(108)	(171,083)
Buy-back of ordinary shares	–	(4,402)	–	–	(4,402)	–	(4,402)
Reissuance of treasury shares pursuant to employee share award scheme	–	42	5	–	47	–	47
<u>Changes in ownership interests in subsidiaries</u>							
Increase in non-controlling interests without a change in control	–	–	(290)	–	(290)	290	–
Disposal of subsidiary	–	–	1	–	1	(1)	–
Total transactions with owners in their capacity as owners	–	(4,360)	(284)	(170,975)	(175,619)	181	(175,438)
At 31 December 2023	394,913	(19,060)	(158,154)	1,085,705	1,303,404	98,379	1,401,783

Statements of Changes in Equity

For the financial year ended 31 December 2023

Group	Attributable to owners of the Company				Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
	Share capital US\$'000 (Note 33(a))	Treasury shares US\$'000 (Note 33(b))	Other reserves US\$'000 (Note 34)	Retained earnings 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 year	–	–	–	325,196	325,196	13,924	339,120
<u>Other comprehensive income</u>							
Remeasurement gain on defined benefit 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)	(181,927)	1,111,380	1,309,666	89,249	1,398,915

Statements of Changes in Equity

For the financial year ended 31 December 2023

Company	Share capital US\$'000 (Note 33(a))	Treasury shares US\$'000 (Note 33(b))	Other reserves US\$'000 (Note 34)	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 year	–	–	–	53,143	53,143
<u>Other comprehensive income</u>					
Net change in fair value of cash flow hedges	–	–	(8,479)	–	(8,479)
Total comprehensive income for the year	–	–	(8,479)	53,143	44,664
<u>Distributions to owners</u>					
Dividends paid (Note 43)	–	–	–	(170,975)	(170,975)
Buy-back of ordinary shares	–	(4,402)	–	–	(4,402)
Reissuance of treasury shares pursuant to employee share award scheme	–	42	5	–	47
Total transactions with owners in their capacity as owners	–	(4,360)	5	(170,975)	(175,330)
At 31 December 2023	394,913	(19,060)	19,096	306,371	701,320
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 43)	–	–	–	(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

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Consolidated Cash Flow Statement

For the financial year ended 31 December 2023

	2023 US\$'000	2022 US\$'000
Cash flows from operating activities		
Profit before tax	196,990	427,510
Adjustments for:		
Depreciation of bearer plants and property, plant and equipment	80,447	76,343
Amortisation of land use rights and other intangible assets	1,832	2,475
Loss/(gain) on disposal of bearer plants and property, plant and equipment	739	(92)
Write-off of bearer plants and property, plant and equipment	6,620	1,288
Financial expenses	8,106	10,569
Interest income	(10,606)	(3,301)
Provision for expected credit losses	575	588
Loss arising from changes in fair value of biological assets	1,137	11,475
Loss on derivative financial instruments	138	–
Loss/(gain) arising from changes in carrying value of plasma receivables	8,903	(1,757)
Gain on disposal of subsidiary	(4,175)	–
Operating cash flows before changes in working capital	290,706	525,098
Changes in working capital:		
Inventories	20,512	(50,341)
Receivables and other assets	59,873	(20,238)
Payables and other liabilities	11,717	(9,833)
Unrealised translation differences	9,093	(18,491)
Cash flows generated from operations	391,901	426,195
Financial expenses paid	(7,127)	(9,303)
Interest income received	10,580	3,249
Tax paid	(79,987)	(93,979)
Net cash generated from operating activities	315,367	326,162
Cash flows from investing activities		
Capital expenditure on bearer plants	(161,241)	(19,168)
Capital expenditure on property, plant and equipment	(183,592)	(57,514)
Payment of advances for purchase of property, plant and equipment	(6,497)	(1,679)
Development costs on plasma receivables	(36,360)	(17,346)
Proceeds from plasma receivables	13,977	43,623
Additions to land use rights	(1,560)	–
Additions to other intangible assets	(70)	(26)
Proceeds from disposal of bearer plants and property, plant and equipment	650	134
Proceeds from disposal of subsidiary, net of cash disposed of	22,778	–
Net cash used in investing activities	(351,915)	(51,976)

Consolidated Cash Flow Statement

For the financial year ended 31 December 2023

	2023 US\$'000	2022 US\$'000
Cash flows from financing activities		
Proceeds from bank loans	30,035	–
Repayment of bank loans	(92,115)	(114,375)
Payment of obligations under leases liabilities	(3,789)	(2,017)
Increase in restricted cash balances	(45,373)	(6,466)
Dividends paid	(171,083)	(86,583)
Buy-back of ordinary shares	(4,402)	(8,014)
Net cash used in financing activities	(286,727)	(217,455)
Net (decrease)/increase in cash and cash equivalents	(323,275)	56,731
Effect of exchange rate changes on cash and cash equivalents	459	(4,402)
Cash and cash equivalents at 1 January	433,790	381,461
Cash and cash equivalents at 31 December (Note 26)	110,974	433,790

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2023

1. GENERAL

(a) 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.

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 subsidiaries are as disclosed in Note 1(b).

(b) Subsidiaries

The details of the Group's subsidiaries are as follows:

Subsidiaries	Country of incorporation	Principal activities	Effective group equity interest	
			2023 %	2022 %
Direct Ownership:				
PT Ciliandra Perkasa ("PT CLP") ⁽²⁾	Indonesia	Oil palm plantation and palm oil processing	95.51	95.51
PT Borneo Ketapang Permai ("PT BKP") ⁽²⁾	Indonesia	Oil palm plantation	99.72	99.72
First Resources Trading Pte. Ltd. ("FRTPL") ⁽¹⁾	Singapore	Marketing and distribution of palm oil products	100.00	100.00
Lynhurst Investment Pte. Ltd. ("Lynhurst") ⁽¹⁾	Singapore	Investment holding	100.00	100.00
PT Falcon Agri Persada ("PT FAPE") ⁽²⁾	Indonesia	Oil palm plantation	–	99.72

Notes to the Financial Statements

For the financial year ended 31 December 2023

1. GENERAL (CONT'D)

(b) Subsidiaries (cont'd)

Subsidiaries	Country of incorporation	Principal activities	Effective group equity interest	
			2023 %	2022 %
Indirect Ownership:				
Subsidiaries of PT CLP				
PT Adhitya Serayakorita ("PT ASK") ⁽²⁾	Indonesia	Palm oil refining and palm kernel crushing	92.84	92.84
PT Pancasurya Agrindo ("PT PSA") ⁽²⁾	Indonesia	Oil palm plantation	94.49	94.49
PT Surya Intisari Raya ("PT SIR") ⁽²⁾	Indonesia	Oil palm plantation	95.50	95.50
PT Perdana Intisawit Perkasa ("PT PISP") ⁽²⁾	Indonesia	Oil palm plantation	95.50	95.50
PT Bumi Sawit Perkasa ("PT BSP") ⁽²⁾	Indonesia	Oil palm plantation	95.44	95.44
PT Priatama Riau ("PT PTR") ⁽²⁾	Indonesia	Oil palm plantation	95.46	95.46
PT Surya Dumai Agrindo ("PT SDA") ⁽²⁾	Indonesia	Oil palm plantation	95.50	95.50
PT Pancasurya Garden ("PT PSG") ⁽²⁾	Indonesia	Oil palm seed breeding	95.50	95.50
PT Wahana Prima Sejati ("PT WPS") ⁽³⁾	Indonesia	Land ownership	–	95.51
PT Meridan Sejatisurya Plantation ("PT MSSP") ⁽²⁾	Indonesia	Oil palm plantation	90.73	90.73
PT Matthew Air Nusantara ("PT MAN") ⁽²⁾	Indonesia	Aircraft ownership and management	94.87	94.89

Notes to the Financial Statements

For the financial year ended 31 December 2023

1. GENERAL (CONT'D)

(b) Subsidiaries (cont'd)

Subsidiaries	Country of incorporation	Principal activities	Effective group equity interest	
			2023 %	2022 %
Indirect Ownership (cont'd):				
Subsidiaries of PT PSA				
PT Pancasurya Binasejahtera ("PT PSBS") ⁽³⁾	Indonesia	Investment holding	94.49	94.49
PT Muriniwood Indah Industry ("PT MII") ⁽²⁾	Indonesia	Oil palm plantation	94.49	94.49
PT Kalimantan Green Persada ("PT KGP") ⁽³⁾	Indonesia	Investment holding	94.49	94.49
PT Gerbang Sawit Indah ("PT GSI") ⁽²⁾	Indonesia	Oil palm plantation	94.49	94.49
PT Setia Agrindo Jaya ("PT SAJ") ⁽³⁾	Indonesia	Investment holding	94.27	94.31
PT Karya Tama Bakti Mulia ("PT KTBM") ⁽³⁾	Indonesia	Oil palm plantation	94.49	94.49
Subsidiaries of PT PSBS				
PT Subur Arummakmur ("PT SAM") ⁽²⁾	Indonesia	Oil palm plantation	94.49	94.49
PT Arindo Trisejahtera ("PT ATS") ⁽²⁾	Indonesia	Oil palm plantation	94.49	94.49
Subsidiaries of PT BKP				
PT Limpah Sejahtera ("PT LS") ⁽²⁾	Indonesia	Oil palm plantation	99.08	99.08
PT Mitra Karya Sentosa ("PT MKS") ⁽²⁾	Indonesia	Oil palm plantation	99.25	99.27
PT Umekah Saripratama ("PT USP") ⁽²⁾	Indonesia	Oil palm plantation	98.80	98.98
PT Pulau Tiga Lestari Jaya ("PT PTLJ") ⁽²⁾	Indonesia	Oil palm plantation	99.04	99.29

Notes to the Financial Statements

For the financial year ended 31 December 2023

1. GENERAL (CONT'D)

(b) Subsidiaries (cont'd)

Subsidiaries	Country of incorporation	Principal activities	Effective group equity interest	
			2023 %	2022 %
Indirect Ownership (cont'd):				
Subsidiaries of PT BKP (cont'd)				
PT Falcon Agri Persada ("PT FAPE") ⁽²⁾	Indonesia	Oil palm plantation	99.58	–
PT Swadaya Mukti Prakarsa ("PT SMP") ⁽²⁾	Indonesia	Oil palm plantation	99.46	–
Subsidiaries of PT KGP				
PT Ketapang Agro Lestari ("PT KAL") ⁽²⁾	Indonesia	Oil palm plantation	94.49	94.49
PT Borneopersada Energy Jaya ("PT BPEJ") ⁽²⁾	Indonesia	Oil palm plantation	94.49	94.49
PT Borneosurya Mining Jaya ("PT BSMJ") ⁽²⁾	Indonesia	Oil palm plantation	94.49	94.49
PT Borneo Damai Lestari ("PT BDL") ⁽³⁾	Indonesia	Rubber plantation	94.49	94.49
PT Citra Agro Kencana ("PT CAK") ⁽²⁾	Indonesia	Oil palm plantation	94.49	94.49
PT Borneopersada Prima Jaya ("PT BPPJ") ⁽²⁾	Indonesia	Rubber plantation	94.49	94.49
PT Maha Karya Bersama ("PT MKB") ⁽²⁾	Indonesia	Oil palm plantation	94.49	94.48
PT Borneo Damai Lestari Raya ("PT BDLR") ⁽³⁾	Indonesia	Rubber plantation	94.49	94.49

Notes to the Financial Statements

For the financial year ended 31 December 2023

1. GENERAL (CONT'D)

(b) Subsidiaries (cont'd)

Subsidiaries	Country of incorporation	Principal activities	Effective group equity interest	
			2023 %	2022 %
Indirect Ownership (cont'd):				
Subsidiaries of PT SAI				
PT Citra Palma Kencana ("PT CPK") ⁽²⁾	Indonesia	Oil palm plantation	94.26	94.30
PT Indo Manis Lestari ("PT IML") ⁽⁴⁾	Indonesia	Non-operating	94.26	94.30
PT Indogreen Jaya Abadi ("PT IJA") ⁽²⁾	Indonesia	Oil palm plantation	94.26	94.30
PT Setia Agrindo Lestari ("PT SAL") ⁽²⁾	Indonesia	Oil palm plantation	94.26	94.30
PT Setia Agrindo Mandiri ("PT SAGM") ⁽²⁾	Indonesia	Oil palm plantation	94.26	94.30
Subsidiary of Lynhurst				
PT Swadaya Mukti Prakarsa ("PT SMP") ⁽²⁾	Indonesia	Oil palm plantation	–	99.72

Notes:

⁽¹⁾ Audited by Ernst & Young LLP, Singapore.

⁽²⁾ Audited by member firm of Ernst & Young Global in Indonesia.

⁽³⁾ Audited by KAP Eddy Hutarso & Satria in Indonesia.

⁽⁴⁾ Unaudited

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION

2.1 *Basis of preparation*

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (International) ("SFRS(I)").

The financial statements have been prepared on the historical cost basis, except as disclosed in the accounting policies below.

The 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.

2.2 *Adoption of new and amended standards and interpretations*

The accounting policies adopted are consistent with those of the previous financial year except that in the current financial year, the Group has adopted all 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 affects the Group's disclosures as listed below, but did not have any material effect on the financial performance or position of the Group and the Company.

Amendments to SFRS(I) 1-1 *Presentation of Financial Statements* and SFRS(I) Practice Statement 2: *Disclosure of Accounting Policies*

The Group has adopted the amendments to SFRS(I) 1-1 for the first time in the current year. The amendments change the requirements in SFRS(I) 1-1 with regard to disclosure of accounting policies. Accounting policy information is material if, when considered together with other information included in an entity's financial statements, it can reasonably be expected to influence decisions that the primary users of general purpose financial statements make on the basis of those financial statements.

The supporting paragraphs in SFRS(I) 1-1 are also amended to clarify that accounting policy information that relates to immaterial transactions, other events or conditions is immaterial and need not be disclosed. Accounting policy information may be material because of the nature of the related transactions, other events or conditions, even if the amounts are immaterial. However, not all accounting policy information relating to material transactions, other events or conditions is itself material.

The Group has applied materiality guidance in SFRS(I) Practice Statement 2 in identifying its material accounting policies for disclosures in the related notes. The previous term 'significant accounting policies' used throughout the financial statements has been replaced with 'material accounting policy information'.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.2 *Adoption of new and amended standards and interpretations (cont'd)*

Amendments to SFRS(I) 1-12: International Tax Reform – Pillar Two Model Rules

The amendments to SFRS(I) 1-12 have been introduced in response to the Organisation for Economic Co-operation and Development ("OECD")'s Base Erosion and Profit Shifting ("BEPS") Pillar Two rules and include:

- A mandatory temporary exception to the recognition and disclosure of deferred taxes arising from the jurisdictional implementation of the Pillar Two model rules; and
- Disclosure requirements for affected entities to help users of the Financial Statements better understand an entity's exposure to Pillar Two income taxes arising from that legislation, particularly before its effective date.

The mandatory temporary exception – the use of which is required to be disclosed – applies immediately. The remaining disclosure requirements apply for annual reporting periods beginning on or after 1 January 2023, but not for any interim periods ending on or before 31 December 2023.

The Group is in scope of the Pillar Two model rules as its consolidated annual revenue is more than EUR 750 million. In its 2023 Budget Statement, the Singapore government has announced that the country would implement the Global Anti-Base Erosion ("GloBE") rules including a domestic top-up tax ("DTT") beginning on or after 1 January 2025. As of 31 December 2023, the Pillar Two income taxes legislation has not yet been enacted in Indonesia where the Group operates.

Due to uncertainties surrounding when and how each jurisdiction will enact the legislations, the quantitative impact of the enacted or substantively enacted legislation is not yet reasonably estimable. The Group is currently engaged with tax specialists to assist with applying the legislation.

2.3 *Standards issued but not yet effective*

The Group has not adopted the following standards applicable to the Group that have been issued but not yet effective:

Description	Effective for annual periods beginning on or after
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> : Classification of Liabilities Current or Non-current	1 January 2024
Amendments to SFRS(I) 1-1 <i>Presentation of Financial Statements</i> : Non-current Liabilities with Covenants	1 January 2024
Amendments to SFRS(I) 16 <i>Leases</i> : Lease Liability in Sale and Leaseback	1 January 2024
Amendments to SFRS(I) 1-7 <i>Statement of Cash Flows</i> and SFRS(I) 7 <i>Financial Instruments: Disclosures</i> : Supplier Finance Arrangements	1 January 2024
Amendments to SFRS(I) 1-21 <i>The Effects of Changes in Foreign Exchange Rates</i> : Lack of Exchangeability	1 January 2025
Amendments to SFRS(I) 10 <i>Consolidated Financial Statements</i> and SFRS(I) 1-28 <i>Investments in Associates and Joint Ventures</i> : Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	Date to be determined

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.3 *Standards issued but not yet effective (cont'd)*

Management expects that the adoption of the standards above will have no material impact on the Group's consolidated financial statements in the year of initial application.

2.4 *Basis of consolidation and business combinations*

(a) *Basis of consolidation*

The consolidated financial statements comprise the financial statements of the Company and its subsidiaries as at the end of the reporting period. The financial statements of the subsidiaries used in the preparation of the consolidated financial statements are prepared for the same reporting date as the Company. Consistent accounting policies are applied to similar transactions and events in similar circumstances.

All intra-group balances, income and expenses and unrealised gains and losses resulting from intra-group transactions and dividends are eliminated in full.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Losses within a subsidiary are attributed to the non-controlling interest even if that results in a deficit balance.

(b) *Business combinations*

Other than business combinations involving entities under common control, business combinations are accounted for by applying the acquisition method. Identifiable assets acquired and liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Acquisition-related costs are recognised as expenses in the periods in which the costs are incurred and the services are received.

Any contingent consideration to be transferred by the acquirer will be recognised at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is an asset or liability are recognised in profit or loss.

Non-controlling interest in the acquiree, that are present ownership interests and entitle their holders to a proportionate share of net assets of the acquiree are recognised on the acquisition date at fair value, or at the non-controlling interest's proportionate share of the acquiree's identifiable net assets.

Any excess of the sum of the fair value of the consideration transferred in the business combination, the amount of non-controlling interest in the acquiree (if any), and the fair value of the Group's previously held equity interest in the acquiree (if any), over the net fair value of the acquiree's identifiable assets and liabilities is recorded as goodwill. The accounting policy for goodwill is set out in Note 2.12(a). In instances where the latter amount exceeds the former, the excess is recognised as gain on bargain purchase in profit or loss on the acquisition date.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.4 *Basis of consolidation and business combinations (cont'd)*

(b) *Business combinations (cont'd)*

Business combinations involving entities under common control

Business combinations involving entities under common control are accounted for by applying the pooling of interest method. The assets and liabilities of the combining entities are reflected at their carrying amounts reported in the consolidated financial statements of the controlling holding company. Any difference between the consideration paid and the share capital of the "acquired" entity is reflected within equity as "Differences arising from restructuring transactions involving entities under common control". The statement of comprehensive income reflects the results of the combining entities for the full year, irrespective of when the combination takes place. Comparatives are presented as if the entities had always been combined since the date the entities had come under common control.

2.5 *Transactions with non-controlling interests*

Non-controlling interest represents the equity in subsidiaries not attributable, directly or indirectly, to owners of the Company, and are presented separately in the consolidated statement of comprehensive income and within equity in the consolidated balance sheet, separately from equity attributable to owners of the Company.

Changes in the Company's ownership interest in a subsidiary that do not result in a loss of control are accounted for as equity transactions. In such circumstances, the carrying amounts of the controlling and non-controlling interests are adjusted to reflect the changes in their relative interests in the subsidiary. Any difference between the amount by which the non-controlling interest is adjusted and the fair value of the consideration paid or received is recognised directly in equity and attributed to owners of the Company.

2.6 *Foreign currency*

The financial statements are presented in USD, which is also the Company's functional currency. Each entity in the Group determines its own functional currency and items included in the financial statements of each entity are measured using that functional currency.

(a) *Transactions and balances*

Transactions in foreign currencies are measured in the respective functional currencies of the Company and its subsidiaries and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities denominated in foreign currencies are translated at the rate of exchange ruling at the end of the reporting period. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was measured.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.6 *Foreign currency (cont'd)*

(a) *Transactions and balances (cont'd)*

Exchange differences arising on the settlement of monetary items or on translating monetary items at the end of the reporting period are recognised in profit or loss except for exchange differences arising on monetary items that form part of the Group's net investment in foreign operations, which are recognised initially in other comprehensive income and accumulated under foreign currency translation reserve in equity. The foreign currency translation reserve is reclassified from equity to profit or loss of the Group on disposal of the foreign operation.

(b) *Consolidated financial statements*

For consolidation purpose, the assets and liabilities of foreign operations are translated into USD at the rate of exchange ruling at the end of the reporting period and their profit or loss are translated at the average exchange rates for the year. The exchange differences arising on the translation are recognised in other comprehensive income. On disposal of a foreign operation, the component of other comprehensive income relating to that particular foreign operation is recognised in profit or loss of the Group.

In the case of a partial disposal without loss of control of a subsidiary that includes a foreign operation, the proportionate share of the cumulative amount of the exchange differences are re-attributed to non-controlling interest and are not recognised in profit or loss. For partial disposals of associates or jointly controlled entities that are foreign operations, the proportionate share of the accumulated exchange differences is reclassified to profit or loss of the Group.

2.7 *Biological assets*

Biological assets relate to agricultural produce growing on bearer plants, which is referred to as Fresh Fruit Bunches ("FFB") and are stated at fair value less costs to sell. Gains or losses arising from the changes in fair value less estimated costs to sell of FFB at each reporting date are included in profit or loss for the period in which they arise.

The fair value of biological assets is estimated by reference to the projected harvest quantities and market price of FFB as at the balance sheet date, net of harvesting costs and estimated cost to sell.

2.8 *Property, plant and equipment*

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are measured at cost less accumulated depreciation and any accumulated impairment losses.

Depreciation is computed on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings and improvements	–	5 to 20 years
Machinery and installations	–	5 to 15 years
Farming and transportation equipment	–	5 to 20 years
Furniture, fittings, office equipment and others	–	3 to 5 years

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.8 *Property, plant and equipment (cont'd)*

Assets under construction included in property, plant and equipment are not depreciated as these assets are not yet available for use.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the asset is included in profit or loss in the year the asset is derecognised.

2.9 *Bearer plants*

Bearer plants primarily comprise oil palm plantations and are measured at accumulated cost (before maturity) and at cost, less any subsequent accumulated depreciation and impairment losses (after maturity).

Upon maturity, bearer plants are depreciated on a straight-line basis over the estimated useful life of 20 years.

The carrying values of the bearer plants are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable.

The residual value, useful life and depreciation method are reviewed at each reporting date and adjusted prospectively, if appropriate.

Bearer plants are derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss on derecognition of the bearer plant is included in profit or loss in the year the asset is derecognised.

Cultivation of seedling is stated at cost. The accumulated cost will be reclassified to immature plantations at the time of planting.

Bearer plants also include land preparation costs which is the cost incurred to clear the land and to ensure that the plantations are in a state ready for the planting of seedlings.

2.10 *Land use rights*

Hak Guna Usaha ("HGU") or *Right to Cultivate*, *Hak Guna Bangunan* ("HGB") or *Right to Build* and *Hak Pakai* ("HP") or *Right of Use* are land rights that grant the registered holders of such rights use of the land for terms of 10 to 35 years, which may be extended subject to agreement with the Government of Indonesia and payment of premium.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation. The land use rights are amortised on a straight-line basis over their terms of 10 to 35 years.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.11 Plasma receivables

In support of the Indonesian Government policy, the Group develops plasma plantations under the schemes of *Perkebunan Inti Rakyat Transmigrasi* ("PIR") and *Kredit Koperasi Primer untuk Anggotanya* ("KKPA") for farmers who are members of rural cooperatives unit, *Koperasi Unit Desa* ("KUD").

The Group assumes responsibility for developing oil palm plantations to the productive stage. When the plantation is at its productive stage, it is considered to be completed and is transferred to the plasma farmers (conversion of plasma plantations). All costs incurred will be reviewed by the relevant authorities and the Group will be reimbursed for all approved costs which are financed by KUD or a bank. Conversion value refers to the value reimbursed to the Group upon conversion of the plasma plantations.

The plasma farmers sell all harvest to the Group at a price determined by the Government, which approximates the market price. Part of the proceeds will be retained by the Group and used to pay KUD or the bank for the loan taken by the plasma farmers. In situations where the sales proceeds are insufficient to meet the repayment obligations to the banks, the Group also provides temporary funding to the plasma farmers.

Accumulated development costs net of reimbursements are presented in the balance sheet. Any difference between the accumulated development costs of plasma plantations and their conversion value is charged to profit or loss. The plasma receivables are assessed for impairment in accordance with Note 2.17.

Reclassifications from bearer plants to plasma receivables relate to costs incurred for development of plasma receivables previously capitalised under bearer plants, so as to be in line with the Indonesian Government's Ministry of Agriculture Regulation for plantation companies to develop plasma plantations for farmers in the local community who are members of rural cooperatives unit KUD.

2.12 Intangible assets

(a) Goodwill

Goodwill is initially measured at cost. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to the Group's cash-generating units that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the acquiree are assigned to those units.

The cash-generating units to which goodwill have been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit may be impaired. Impairment is determined for goodwill by assessing the recoverable amount of each cash-generating unit (or group of cash-generating units) to which the goodwill relates.

Where goodwill forms part of a cash-generating unit and part of the operation within that cash-generating unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative fair values of the operations disposed of and the portion of the cash-generating unit retained.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.12 *Intangible assets (cont'd)*

(b) *Other intangible assets*

Intangible assets acquired separately are measured initially at cost. The cost of intangible assets acquired in a business combination is their fair value as at the date of acquisition. Following initial acquisition, intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. Internally generated intangible assets, excluding capitalised development costs, are not capitalised and expenditure is reflected in profit or loss in the year in which the expenditure is incurred.

The useful lives of intangible assets are assessed as either finite or indefinite.

Intangible assets with finite useful lives are amortised over the estimated useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method are reviewed at least at each reporting date. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and adjusted prospectively.

Intangible assets with indefinite useful lives or not yet available for use are tested for impairment annually, or more frequently if the events and circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite useful life is reviewed annually to determine whether the useful life assessment continues to be supportable. If not, the change in useful life from indefinite to finite is made on a prospective basis.

Gains or losses arising from derecognition of an intangible asset are measured as the difference between the net disposal proceeds and the carrying amount of the asset and are recognised in profit or loss when the asset is derecognised.

2.13 *Subsidiaries*

A subsidiary is an investee that is controlled by the Group. The Group controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee.

In the Company's separate financial statements, investments in subsidiaries are accounted for at cost less impairment losses.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.14 *Impairment of non-financial assets*

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when an annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs of disposal and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. Where the carrying amount of an asset or cash-generating unit exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

Impairment losses of continuing operations are recognised in profit or loss.

A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation, had no impairment loss been recognised previously. Such reversal is recognised in profit or loss.

2.15 *Financial instruments*

(a) *Financial assets*

Initial recognition and measurement

Financial assets are recognised when, and only when the Group becomes a party to the contractual provisions of the financial instrument.

At initial recognition, the Group measures a financial asset at its fair value plus, in the case of a financial asset not at fair value through profit or loss, transaction costs that are directly attributable to the acquisition of the financial asset. Transaction costs of financial assets carried at fair value through profit or loss are expensed in profit or loss.

Trade receivables are measured at the amount of consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties, if the trade receivables do not contain a significant financing component at initial recognition.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.15 Financial instruments (cont'd)

(a) Financial assets (cont'd)

Subsequent measurement

Investments in debt instruments

Subsequent measurement of debt instruments depends on the Group's business model for managing the asset and the contractual cash flow characteristics of the asset. The three measurement categories for classification of debt instruments are:

(i) Amortised cost

Financial assets that are held for the collection of contractual cash flows where those cash flows represent solely payments of principal and interest are measured at amortised cost. Financial assets are measured at amortised cost using the effective interest method, less impairment. Gains and losses are recognised in profit or loss when the assets are derecognised or impaired, and through the amortisation process.

(ii) Fair value through other comprehensive income ("FVOCI")

Financial assets that are held for collection of contractual cash flows and for selling the financial assets, where the assets' cash flows represent solely payments of principal and interest, are measured at FVOCI. Financial assets measured at FVOCI are subsequently measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except for impairment losses, foreign exchange gains and losses and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to profit or loss as a reclassification adjustment when the financial asset is derecognised.

(iii) Fair value through profit or loss ("FVTPL")

Assets that do not meet the criteria for amortised cost or FVOCI are measured at fair value through profit or loss. A gain or loss on a debt instrument that is subsequently measured at fair value through profit or loss and is not part of a hedging relationship is recognised in profit or loss in the period in which it arises.

Investments in equity instruments

On initial recognition of an investment in equity instrument that is not held for trading, the Group may irrevocably elect to present subsequent changes in fair value in other comprehensive income. Dividends from such investments are to be recognised in profit or loss when the Group's right to receive payments is established. For investments in equity instruments which the Group has not elected to present subsequent changes in fair value in other comprehensive income, changes in fair value are recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.15 *Financial instruments (cont'd)*

(a) *Financial assets (cont'd)*

Subsequent measurement (cont'd)

Derivatives

Derivatives are initially recognised at fair value on the date a derivative contract is entered into and are subsequently remeasured to their fair value at the end of each reporting period. Changes in fair value of derivatives are recognised in profit or loss.

Derecognition

A financial asset is derecognised where the contractual right to receive cash flows from the asset has expired. On derecognition of a financial asset in its entirety, the difference between the carrying amount and the sum of the consideration received and any cumulative gain or loss that had been recognised in other comprehensive income for debt instruments is recognised in profit or loss.

Regular way purchase or sale of a financial asset

All regular way purchases and sales of financial assets are recognised or derecognised on the trade date i.e., the date that the Group commits to purchase or sell the asset. Regular way purchases or sales are purchases or sales of financial assets that require delivery of assets within the period generally established by regulation or convention in the marketplace concerned.

(b) *Financial liabilities*

Initial recognition and measurement

Financial liabilities are recognised when, and only when, the Group becomes a party to the contractual provisions of the financial instrument. The Group determines the classification of its financial liabilities at initial recognition.

All financial liabilities are recognised initially at fair value plus in the case of financial liabilities not at fair value through profit or loss, directly attributable transaction costs.

Subsequent measurement

After initial recognition, financial liabilities that are not carried at fair value through profit or loss are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

Derecognition

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires. On derecognition, the difference between the carrying amounts and the consideration paid is recognised in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.15 *Financial instruments (cont'd)*

(c) *Offsetting of financial instruments*

Financial assets and financial liabilities are offset and the net amount is presented in the balance sheets when, and only when, there is a currently enforceable legal right to set off the recognised amounts and an intention to either settle on a net basis, or to realise the assets and settle the liabilities simultaneously.

2.16 *Transfers between levels of the fair value hierarchy*

Transfers between levels of the fair value hierarchy are deemed to have occurred on the date of the event or change in circumstances that caused the transfers.

2.17 *Impairment of financial assets*

The Group recognises an allowance for expected credit losses ("ECLs") for all debt instruments not held at fair value through profit or loss and financial guarantee contracts. ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original effective interest rate. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is recognised for credit losses expected over the remaining life of the exposure, irrespective of timing of the default (a lifetime ECL).

For trade receivables, the Group applies a simplified approach in calculating ECLs. Therefore, the Group does not track changes in credit risk, but instead recognises a loss allowance based on lifetime ECLs at each reporting date. The Group has established a provision matrix that is based on its historical credit loss experience, adjusted for forward-looking factors specific to the debtors and the economic environment.

The Group considers a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.18 *Inventories*

Inventories are stated at the lower of cost and net realisable value.

Cost of inventories is determined using the weighted average method.

Where necessary, allowance is provided for damaged, obsolete and slow moving items to adjust the carrying value of inventories to the lower of cost and net realisable value.

Net realisable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated costs necessary to make the sale.

2.19 *Cash and cash equivalents*

Cash and cash equivalents comprise cash at banks and on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2.20 *Financial guarantee*

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due in accordance with the terms of a debt instrument.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are measured at the higher of the amount of expected credit loss determined in accordance with the policy set out in Note 2.17 and the amount initially recognised less, when appropriate, the cumulative amount of income recognised over the period of the guarantee.

2.21 *Provisions*

Provisions are recognised when the Group has a present obligation (legal or constructive) as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and the amount of the obligation can be estimated reliably.

Provisions are reviewed at the end of each reporting period and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of economic resources will be required to settle the obligation, the provision is reversed. If the effect of time value of money is material, provisions are discounted using a current pre-tax rate that reflects, where appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.22 *Hedge accounting*

The Group applies hedge accounting for certain hedging relationships which qualify for hedge accounting.

For the purpose of hedge accounting, hedges are classified as:

- fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment (except for foreign currency risk);
- cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; or
- hedges of a net investment in a foreign operation.

At the inception of a hedging relationship, the Group formally designates and documents the hedging relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. The documentation includes identification of the hedging instrument, the hedged item or transaction, the nature of the risk being hedged and how the entity will assess the effectiveness of changes in the hedging instrument's fair value in offsetting the exposure to changes in the hedged item's fair value or cash flows attributable to the hedged risk. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group does not have any fair value hedges or hedges of net investment in foreign operations in 2023 and 2022.

Cash flow hedges which meet the strict criteria for hedge accounting are accounted for as follows:

The effective portion of the gain or loss on the hedging instrument is recognised in other comprehensive income, while any ineffective portion is recognised immediately in profit or loss.

Amounts recognised as other comprehensive income are transferred to profit or loss when the hedged transaction affects profit or loss. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts recognised as other comprehensive income are transferred to the initial carrying amount of the non-financial asset or liability.

When a cash flow hedge is discontinued, the cumulative gain or loss previously recognised in other comprehensive income will remain in the cash flow hedge reserve until the future cash flows occur if the hedged future cash flows are still expected to occur or reclassified to profit or loss immediately if the hedged future cash flows are no longer expected to occur.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.23 *Government grants*

Government grants are recognised as a receivable when there is reasonable assurance that the grant will be received and all attached conditions will be complied with.

When the grant relates to an expense item, it is recognised as income on a systematic basis over the periods that the related costs, for which it is intended to compensate, are expensed. Grants received have been presented a deduction to the related expense.

When loans or similar assistance are provided by governments or related institutions with an interest rate below the current applicable market rate, the effect of this favourable interest is regarded as additional government grant.

2.24 *Borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale. All other borrowing costs are expensed in the period they occur. Borrowing costs consist of interest and other costs that an entity incurs in connection with the borrowing of funds.

2.25 *Issuance costs on borrowings*

Transaction costs directly attributable to the issuance of borrowings are deducted from the proceeds in the balance sheet as discounts and amortised over the maturity period using the effective interest method.

2.26 *Share capital and share issuance expenses*

Proceeds from issuance of ordinary shares are recognised as share capital in equity. Incremental costs directly attributable to the issuance of ordinary shares are deducted against share capital.

2.27 *Treasury shares*

The Company's own equity instruments that are reacquired (treasury shares) are recognised at cost and deducted from equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of the Company's own equity instruments. Any difference between the carrying amount of treasury shares and the consideration received, if reissued, is recognised directly in equity. Voting rights related to treasury shares are nullified for the Company and no dividends are allocated to them respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. Material accounting policy information (cont'd)

2.28 Employee benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. In particular, the Singapore companies in the Group make contributions to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution pension scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Defined benefit plans

The Group provides post-employment benefits to qualified employees in Indonesia as required under the applicable labour laws and government regulations.

In April 2022, the Financial Accounting Standards Board of the Institute of Indonesia Chartered Accountants issued an explanatory material pertaining to the attribution of benefits to periods of service under PSAK 24 *Employee Benefits*. The explanatory material concluded that the pension program under the labour laws currently enacted in Indonesia has a fact pattern similar to that described in the IFRS Interpretation Committee Agenda Decision on attributing benefits to periods of service under IAS 19 *Employee Benefits*, which provided guidance as to when an entity should start to attribute benefits to periods of service where the amount of pension benefits is capped at a certain number of years of service to the entity immediately prior to retirement age. The conclusion from the explanatory material has been applied by the Group prospectively in determining the provision for post-employment benefits, starting from the financial year ended 31 December 2022.

The cost of providing benefits under the defined benefit plans is determined using the projected unit credit actuarial valuation method, based on the report prepared by an independent firm of actuaries.

Defined benefit costs comprise the following:

- Service cost;
- Net interest on the net defined benefit liability or asset; and
- Remeasurements of net defined benefit liability or asset.

Service costs which include current service costs, past service costs and gains or losses on non-routine settlements are recognised as expense in profit or loss. Past service costs are recognised when plan amendment or curtailment occurs.

Net interest on the defined benefit liability is the change during the period in the defined benefit liability that arises from the passage of time which is determined by applying the discount rate based on high quality corporate bonds to the defined benefit liability. Net interest on the defined benefit liability is recognised as expense in profit or loss.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.28 Employee benefits (cont'd)

(b) *Defined benefit plans (cont'd)*

Remeasurements comprising actuarial gains and losses (excluding net interest on defined benefit liability) are recognised immediately in other comprehensive income in the period in which they arise. Remeasurements are recognised in retained earnings within equity and are not reclassified to profit or loss in subsequent periods.

The net defined benefit liability is the aggregate of the present value of the defined benefit obligation (derived using a discount rate based on high quality corporate bonds) at the end of the reporting period.

(c) *Employee leave entitlement*

Employee entitlements to annual leave are recognised as a liability when they accrue to the employees. The estimated liability for leave is recognised for services rendered by employees up to the end of the reporting period.

(d) *Share-based compensation benefits*

The Company has in place a share option scheme and a share award scheme, under which eligible employees (including Directors) of the Group may receive share options and/or share awards as consideration for their services rendered.

Options granted under the share option scheme would be accounted for as equity-settled transactions.

Awards under the share award scheme, if settled by way of the issue of new shares or through the transfer of existing shares (including treasury shares), would be accounted for as equity-settled transactions. In the event participants have the right to receive cash in lieu of the allotment or transfer of shares, the awards would be accounted for as cash-settled transactions.

Equity-settled transactions

The cost of equity-settled transactions is measured by reference to the fair value of the options or awards at the date of grant, which takes into account market conditions and non-vesting conditions. This cost is recognised in the income statement, with a corresponding increase in the employee share-based compensation reserve, over the vesting period. The cumulative expense recognised for equity-settled transactions at each reporting date until the vesting date reflects the extent to which the vesting period has expired and the Group's best estimate of the number of equity instruments that will ultimately vest. The expense or credit in the income statement for a period represents the movement in cumulative expense recognised as at the beginning and end of that period.

No expense is recognised for equity instruments that do not ultimately vest because non-market performance and/or service conditions have not been met. Where equity instruments include a market or non-vesting condition, the transactions are treated as vested irrespective of whether the market or non-vesting condition is satisfied, provided that all other performance and/or service conditions are satisfied.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.28 *Employee benefits (cont'd)*

(d) *Share-based compensation benefits (cont'd)*

Equity-settled transactions (cont'd)

In the case where the equity instrument does not vest as the result of a failure to meet a non-vesting condition that is within the control of the Group or the participant, it is accounted for as a cancellation. In such case, the amount of the compensation cost that otherwise would be recognised over the remainder of the vesting period is recognised immediately in the income statement upon cancellation.

Cash-settled transactions

A liability is recognised for the fair value of cash-settled transactions. The fair value is measured initially and at each reporting date up to and including the settlement date, with changes in fair value recognised in income statement. The fair value is expensed over the period until the vesting date with recognition of a corresponding liability.

2.29 *Leases*

The Group assesses at contract inception whether a contract is, or contains, a lease. That is, if the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration.

(a) *As lessee*

The Group applies a single recognition and measurement approach for all leases, except for short-term leases and leases of low-value assets. The Group recognises lease liabilities representing the obligations to make lease payments and right-of-use assets representing the right to use the underlying leased assets.

Right-of-use assets

The Group recognises right-of-use assets at the commencement date of the lease (i.e. the date the underlying asset is available for use). Right-of-use assets are measured at cost, less any accumulated depreciation and impairment losses, and adjusted for any remeasurement of lease liabilities. The cost of right-of-use assets includes the amount of lease liabilities recognised, initial direct costs incurred, and lease payments made at or before the commencement date less any lease incentives received. Right-of-use assets are depreciated on a straight-line basis over the shorter of the lease term and the estimated useful lives of the assets.

If ownership of the leased asset transfers to the Group at the end of the lease term or the cost reflects the exercise of a purchase option, depreciation is calculated using the estimated useful life of the asset. The right-of-use assets are also subject to impairment. The accounting policy for impairment is disclosed in Note 2.14.

The Group's associated right-of-use assets were included within property, plant and equipment (Note 2.8) and land use rights (Note 2.10).

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.29 Leases (cont'd)

(a) *As lessee (cont'd)*

Lease liabilities

At the commencement date of the lease, the Group recognises lease liabilities measured at the present value of lease payments to be made over the lease term. The lease payments include fixed payments (including in-substance fixed payments) less any lease incentives receivable, variable lease payments that depend on an index or a rate, and amounts expected to be paid under residual value guarantees. The lease payments also include the exercise price of a purchase option reasonably certain to be exercised by the Group and payments of penalties for terminating the lease, if the lease term reflects the Group exercising the option to terminate. Variable lease payments that do not depend on an index or a rate are recognised as expenses (unless they are incurred to produce inventories) in the period in which the event or condition that triggers the payment occurs.

In calculating the present value of lease payments, the Group uses its incremental borrowing rate at the lease commencement date because the interest rate implicit in the lease is not readily determinable. After the commencement date, the amount of lease liabilities is increased to reflect the accretion of interest and reduced for the lease payments made. In addition, the carrying amount of lease liabilities is remeasured if there is a modification, a change in the lease term, a change in the lease payments (e.g. changes to future payments resulting from a change in an index or rate used to determine such lease payments) or a change in the assessment of an option to purchase the underlying asset.

The Group's lease liabilities are included in loans and borrowings from financial institutions presented in Note 30.

Short-term leases and leases of low-value assets

The Group applies the short-term lease recognition exemption to its short-term leases of machinery and equipment (i.e. those leases that have a lease term of 12 months or less from the commencement date and do not contain a purchase option). It also applies the lease of low-value assets recognition exemption to leases of office equipment that are considered to be low value. Lease payments on short-term leases and leases of low value assets are recognised as an expense on a straight-line basis over the lease term.

(b) *As lessor*

Leases in which the Group does not transfer substantially all the risks and rewards incidental to ownership of an asset are classified as operating leases. Initial direct costs incurred in negotiating and arranging an operating lease are added to the carrying amount of the leased asset and recognised over the lease term on the same basis as rental income. Contingent rents are recognised as revenue in the period in which they are earned.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.30 Revenue

Revenue is measured based on the consideration to which the Group expects to be entitled in exchange for transferring promised goods or services to a customer, excluding amounts collected on behalf of third parties.

Revenue is recognised when the Group satisfies a performance obligation by transferring a promised good or service to the customer, which is when the customer obtains control of the good or service. A performance obligation may be satisfied at a point in time or over time. The amount of revenue recognised is the amount allocated to the satisfied performance obligation.

(a) *Sale of goods*

Revenue from sales arising from physical delivery of palm based products is recognised when the goods are delivered to the customer and all criteria for acceptance have been satisfied. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, associated costs or possible return of goods.

(b) *Interest income*

Interest income is recognised using the effective interest method.

(c) *Dividend income*

Dividend income is recognised when the right to receive payment is established.

2.31 Taxes

(a) *Current income tax*

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the tax authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted at the end of the reporting period, in the countries where the Group operates and generates taxable income.

Current income taxes are recognised in profit or loss except to the extent that the tax relates to items recognised outside profit or loss, either in other comprehensive income or directly in equity. Management periodically evaluates positions taken in the tax returns with respect to situations in which applicable tax regulations are subject to interpretation and establishes provisions where appropriate.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.31 Taxes (cont'd)

(b) *Deferred tax*

Deferred tax is provided using the liability method on temporary differences at the end of the reporting period between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred tax liabilities are recognised for all temporary differences, except:

- where the deferred tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred tax assets are recognised for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences, and carry forward of unused tax credits and unused tax losses can be utilised except:

- where the deferred tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, deferred tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at the end of each reporting period and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at the end of each reporting period and are recognised to the extent that it has become probable that future taxable profit will allow the deferred tax assets to be recovered.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the year when the asset is realised or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the end of each reporting period.

Deferred tax relating to items recognised outside profit or loss is recognised outside profit or loss. Deferred tax items are recognised in correlation to the underlying transaction either in other comprehensive income or directly in equity and deferred tax arising from a business combination is adjusted against goodwill on acquisition.

Notes to the Financial Statements

For the financial year ended 31 December 2023

2. MATERIAL ACCOUNTING POLICY INFORMATION (CONT'D)

2.31 Taxes (cont'd)

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of sales tax or Value-Added Tax ("VAT") except:

- where the sales tax or VAT incurred on a purchase of assets or services is not recoverable from the tax authority, in which case the sales tax or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- receivables and payables that are stated with the amount of sales tax or VAT included.

The net amount of sales tax or VAT recoverable from, or payable to, the tax authority is included as part of receivables or payables in the balance sheet.

2.32 Segment reporting

For management purposes, the Group is organised into operating segments based on their products. Management regularly reviews the segment results in order to allocate resources to the segments and to assess the segment performance. Additional disclosures on each of these segments are shown in Note 42, including the factors used to identify the reportable segments and the measurement basis of segment information.

2.33 Contingencies

A contingent liability is:

- (a) a possible obligation that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group; or
- (b) a present obligation that arises from past events but is not recognised because:
 - (i) it is not probable that an outflow of resources embodying economic benefits will be required to settle the obligation; or
 - (ii) the amount of the obligation cannot be measured with sufficient reliability.

A contingent asset is a possible asset that arises from past events and whose existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the Group.

Contingent liabilities and assets are not recognised on the balance sheet, except for contingent liabilities assumed in a business combination that are present obligations and which the fair values can be reliably determined.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the consolidated financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the end of each reporting period. 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.

3.1 *Judgements made in applying accounting policies*

In the process of applying the Group's accounting policies, management has made the following judgements, apart from those involving estimations, which have the most significant effect on the amounts recognised in the consolidated financial statements:

(a) *Determination of functional currency*

The Group measures foreign currency transactions in the respective functional currencies of the Company and its subsidiaries. In determining the functional currencies of the entities in the Group, judgement is required to determine the currency that mainly influences sales prices for goods and services and of the country whose competitive forces and regulations mainly determine the sales prices of its goods and services. The functional currencies of the entities in the Group are determined based on management's assessment of the economic environment in which the entities operate and the entities' process of determining sales prices.

(b) *Capitalisation of borrowing costs*

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. In determining the amount of borrowing costs to be capitalised, if any, judgement is required to determine the amount of borrowing costs that are directly attributable to the acquisition, construction or production of a qualifying asset. To the extent that funds are borrowed generally and used for the purpose of obtaining a qualifying asset, judgement is also required to determine the extent of expenditure on that asset financed via general borrowings and those funded via cash generated from operating activities.

The Group manages its cash and bank balances and liquidity requirements on a pooled basis, which includes the cash generated from operating activities during the year as well as the cash and bank balances available at the beginning of the year.

During the financial years ended 31 December 2023 and 2022, borrowing costs incurred by the Group were not capitalised as part of bearer plants as they were assessed to be not directly attributable to the costs incurred for the development of oil palm plantations. In addition, as the development of oil palm plantations forms part of the pooled liquidity requirements of the Group, management has also applied judgement to estimate the extent of such development costs that may have been financed via general borrowings and concluded that the magnitude of general borrowing costs that may be capitalised as part of bearer plants is assessed to be not material to the Group's financial statements.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period are discussed below. The Group based its assumptions and estimates on parameters available when the financial statements were prepared. Existing circumstances and assumptions about future developments, however, may change due to market changes or circumstances arising beyond the control of the Group. Such changes are reflected in the assumptions when they occur.

(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 carrying amount and key assumptions used to determine the fair value of the biological assets are further disclosed in Note 20 and Note 39(d) respectively.

(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 17.

(c) *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.

The carrying amounts of provision for tax and tax recoverable as at 31 December 2023 are US\$7.5 million (2022: US\$19.0 million) and US\$49.5 million (2022: US\$45.0 million) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(d) *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 unused tax losses. The carrying amounts of deferred tax assets and liabilities are disclosed in Note 10(c).

(e) *Defined benefit plan*

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, mortality rates and future salary increases. Due to the complexity of the valuation, the underlying assumptions and its long-term nature, defined benefit obligations are highly sensitive to changes in these assumptions. All assumptions are reviewed at each reporting date.

The discount rate is based on the yields of government bonds in the specific country with maturities corresponding to the expected duration of the defined benefit obligation. The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases are based on management's projections, taking into consideration expected future inflation rates for the specific country.

The carrying amount of the provision for post-employment benefits, together with further details about the assumptions, is disclosed in Note 32.

(f) *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.

Further information about the allowance for expected credit losses on plasma receivables and the financial guarantees provided for plasma bank loans are disclosed in Note 13 and Note 40(d) respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2023

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES (CONT'D)

3.2 Key sources of estimation uncertainty (cont'd)

(f) Allowance for expected credit losses ("ECL") (cont'd)

(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 on the trade receivables is disclosed in Note 23 and Note 40(d) respectively.

4. SALES

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

	Group	
	2023	2022
	US\$'000	US\$'000
Crude palm oil	288,784	143,352
Palm kernel	2,988	2,240
Fresh fruit bunches	7,441	8,163
Processed palm based products	681,374	1,071,673
	<u>980,587</u>	<u>1,225,428</u>

5. COST OF SALES

	Group	
	2023	2022
	US\$'000	US\$'000
Cost of inventories recognised as an expense	362,203	368,952
Depreciation of bearer plants and property, plant and equipment (Note 14)	78,195	74,408
Net defined benefit plan expense charged/(credited) (Note 32)	4,359	(4,665)
Plantation, milling and processing costs (including employee benefits)	172,792	157,418
	<u>617,549</u>	<u>596,113</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

6. SELLING AND DISTRIBUTION COSTS

	Group	
	2023	2022
	US\$'000	US\$'000
Export taxes	47,485	103,047
Freight charges	55,496	48,044
Depreciation of property, plant and equipment (Note 14)	747	751
Others	7,547	10,940
	<u>111,275</u>	<u>162,782</u>

7. GENERAL AND ADMINISTRATIVE EXPENSES

The following items have been included in arriving at general and administrative expenses:

	Group	
	2023	2022
	US\$'000	US\$'000
Audit fees paid to:		
– Auditors of the Company	184	168
– Affiliates of auditors of the Company	406	434
– Other auditors	9	7
Non-audit fees paid to:		
– Auditors of the Company	66	62
Salaries, bonuses and other benefits (including Central Provident Fund contributions)	18,280	23,334
Net defined benefit plan expense (Note 32)	1,884	160
Share-based compensation expense	347	255
Lease expense	631	494
Depreciation of property, plant and equipment (Note 14)	1,505	1,184
Amortisation of other intangible assets (Note 14)	73	115
Directors' fees	<u>380</u>	<u>370</u>

8. NET FINANCIAL (INCOME)/EXPENSES

	Group	
	2023	2022
	US\$'000	US\$'000
Interest expense and amortisation on loans and borrowings from financial institutions carried at amortised cost	8,106	10,569
Interest income from financial assets carried at amortised cost	<u>(10,606)</u>	<u>(3,301)</u>
	<u>(2,500)</u>	<u>7,268</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

9. PROFIT BEFORE TAX

The following items have been included in arriving at profit before tax:

	Group	
	2023	2022
	US\$'000	US\$'000
(Write-back of)/provision for expected credit losses on financial assets:		
– Trade receivables (Note 23)	(594)	219
– Plasma receivables (Note 40(d))	583	42
– Financial guarantees provided for plasma bank loans (Note 40(d))	586	327
Loss/(gain) on disposal of bearer plants and property, plant and equipment	739	(92)
Write-off of bearer plants and property, plant and equipment	6,620	1,288
Loss/(gain) arising from changes in carrying value of plasma receivables	8,903	(1,757)
Gain on disposal of subsidiary (Note 16(f))	(4,175)	–

10. TAX EXPENSE

(a) Major components of tax expense

The major components of tax expense for the financial years ended 31 December 2023 and 2022 are as follows:

	Group	
	2023	2022
	US\$'000	US\$'000
Income statement:		
<i>Current income tax</i>		
– Current year	43,038	79,032
– Under provision in respect of previous years	7,113	1,422
<i>Deferred income tax</i>		
– Origination and reversal of temporary differences	(5,597)	7,662
– Under provision in respect of previous years	–	274
	44,554	88,390
Income tax related to other comprehensive income:		
Actuarial movements on defined benefit plan	(27)	675
Net change in fair value of cash flow hedges	311	529
	284	1,204

Notes to the Financial Statements

For the financial year ended 31 December 2023

10. TAX EXPENSE (CONT'D)

(b) Relationship between tax expense and accounting profit

The reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rates for the financial years ended 31 December 2023 and 2022 is as follows:

	Group	
	2023 US\$'000	2022 US\$'000
Profit before tax	196,990	427,510
Tax expense at domestic rate applicable to profits in the countries where the Group operates	43,876	92,575
<i>Adjustments:</i>		
Non-deductible expenses	4,780	5,408
Income not subject to tax	(3,735)	(1,887)
Deferred tax assets not recognised	–	898
Benefits from previously unrecognised tax losses	(602)	(1,043)
Effect of tax incentives	(6,813)	(9,277)
Under provision in respect of previous years	7,113	1,696
Others	(65)	20
Tax expense recognised in profit or loss	44,554	88,390

The corporate tax rate for companies in Indonesia and Singapore is 22% and 17% (2022: 22% and 17%) respectively.

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities are offset when there is a legally enforceable right to offset current income tax assets against current income tax liabilities and when the deferred taxes relate to the same taxable entity and the same tax authority. The following amounts, determined after appropriate offsetting, were shown in the balance sheets:

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Deferred tax assets	35,199	32,003	303	217
Deferred tax liabilities	(7,627)	(9,786)	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2023

10. TAX EXPENSE (CONT'D)

(c) *Deferred tax assets and liabilities (cont'd)*

Deferred tax assets and liabilities (prior to offsetting) comprise the following:

Group	Consolidated balance sheet		Consolidated income statement	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
<i>Deferred tax assets:</i>				
Unutilised tax losses	21,918	17,932	(3,945)	13,455
Provisions	1,504	3,751	2,239	(1,127)
Post-employment benefits	5,825	4,808	(902)	1,708
Lease liabilities	1,086	265	(812)	(762)
Bearer plants	10,153	10,506	636	532
Differences in depreciation for tax purposes	5,693	5,386	(231)	(2,109)
Others	8,330	6,017	(2,650)	(929)
	<u>54,509</u>	<u>48,665</u>		
<i>Deferred tax liabilities:</i>				
Biological assets	(6,950)	(7,293)	(482)	(1,286)
Differences in depreciation for tax purposes	(198)	(1,100)	(896)	172
Right-of-use assets	(2,005)	(1,033)	949	659
Fair value adjustments on acquisition of subsidiaries	(13,225)	(12,958)	–	–
Others	(4,559)	(4,064)	497	(2,377)
	<u>(26,937)</u>	<u>(26,448)</u>		
Net deferred tax assets	<u>27,572</u>	<u>22,217</u>		
Deferred income tax			<u>(5,597)</u>	<u>7,936</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

10. TAX EXPENSE (CONT'D)

(c) *Deferred tax assets and liabilities (cont'd)*

Company	Balance sheet	
	2023	2022
	US\$'000	US\$'000
<i>Deferred tax assets:</i>		
Provisions	305	443
	305	443
<i>Deferred tax liabilities:</i>		
Differences in depreciation for tax purposes	(1)	(211)
Others	(1)	(15)
	(2)	(226)
Net deferred tax assets	303	217

Unrecognised tax losses and tax credits

As at 31 December 2023, the Group has unrecognised tax losses and tax credits of US\$6.4 million (2022: US\$11.0 million) and US\$185.1 million (2022: US\$206.5 million) respectively. The related deferred tax assets of US\$1.3 million (2022: US\$2.2 million) and US\$40.7 million (2022: US\$45.4 million) attributable to such tax losses and tax credits respectively were not recognised due to uncertainty of their recoverability, especially the tax credits which can only be claimed over an extended number of years, subject to agreement of the tax authorities and compliance with certain provisions of the tax legislation of the country in which the companies operate. Other than tax losses amounting to US\$1.1 million (2022: US\$4.8 million) which has no expiry date, the remaining tax losses will expire between 2024 and 2028 (2022: between 2023 and 2027).

Unrecognised temporary differences relating to investments in subsidiaries

As at 31 December 2023 and 2022, no deferred tax liability has been recognised for taxes that would be payable on the undistributed earnings of certain of the Group's subsidiaries as the Group has determined that undistributed earnings of these subsidiaries will not be distributed in the foreseeable future and such temporary differences for which no deferred tax liability has been recognised aggregate to US\$1,667 million (2022: US\$1,519 million). The related deferred tax liability is estimated to be US\$166.7 million (2022: US\$151.9 million).

Notes to the Financial Statements

For the financial year ended 31 December 2023

11. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year.

Diluted earnings per share is calculated by dividing profit for the year attributable to owners of the Company by the weighted average number of ordinary shares outstanding during the financial year plus the weighted average number of ordinary shares that would be issued on conversion of all dilutive potential ordinary shares into ordinary shares.

	Group	
	2023	2022
Profit for the year attributable to owners of the Company (US\$'000)	145,395	325,196
Weighted average number of ordinary shares* ('000)	1,566,965	1,574,952
Basic earnings per share (US cents)	9.28	20.65

* The weighted average number of shares takes into account the weighted average effect of changes in treasury shares during the year.

There are no dilutive potential ordinary shares as at 31 December 2023 and 2022.

12. BEARER PLANTS

Bearer plants primarily comprise palm plantations.

	Group	
	2023 US\$'000	2022 US\$'000
Cost		
At 1 January	704,117	776,041
Additions ⁽¹⁾	162,934	21,579
Write-offs	(16,691)	(7,299)
Disposal of subsidiary	(650)	–
Reclassification to plasma receivables (Note 13)	(259)	(17,097)
Exchange differences	12,685	(69,107)
At 31 December	862,136	704,117
Accumulated depreciation		
At 1 January	255,742	257,563
Charge for the year (Note 14)	29,572	29,751
Write-offs	(10,093)	(6,016)
Reclassification to plasma receivables (Note 13)	(259)	(913)
Exchange differences	4,935	(24,643)
At 31 December	279,897	255,742
Net carrying amount	582,239	448,375

⁽¹⁾ The additions to bearer plants during the financial year ended 31 December 2023 included US\$117.7 million arising from an acquisition of plantation assets by the Group in December 2023.

Notes to the Financial Statements

For the financial year ended 31 December 2023

12. BEARER PLANTS (CONT'D)

	Group	
	2023	2022
<i>Nucleus production volume (tonnes)</i>		
FFB	3,070,683	3,055,203
<i>Nucleus planted area (hectares)*</i>		
Mature	162,853	164,952
Immature	18,322	15,468
	181,175	180,420

* Nucleus planted areas include rubber plantations.

The plantations have not been insured against the risks of fire, diseases and other possible risks.

Additions to bearer plants consist of:

	Group	
	2023 US\$'000	2022 US\$'000
Capital expenditure on bearer plants using cash	161,241	19,168
Capitalisation of depreciation on property, plant and equipment (Note 14)	1,693	2,411
	162,934	21,579

Assets pledged as security

As at 31 December 2023 and 2022, certain of the Group's bearer plants are pledged to secure facilities from financial institutions (Note 30).

Notes to the Financial Statements

For the financial year ended 31 December 2023

13. PLASMA RECEIVABLES

	Group	
	2023	2022
	US\$'000	US\$'000
At 1 January	29,423	41,193
Additional development costs	36,360	17,346
(Loss)/gain arising from changes in carrying value of plasma receivables	(8,903)	1,757
Proceeds received	(13,977)	(43,623)
Reclassification from bearer plants (Note 12)	–	16,184
Provision for expected credit losses	(583)	(42)
Exchange differences	456	(3,392)
	<hr/>	<hr/>
At 31 December	42,776	29,423
	<hr/>	<hr/>
Current	5,330	3,638
Less: Allowance for expected credit losses	(122)	(51)
	<hr/>	<hr/>
	5,208	3,587
	<hr/>	<hr/>
Non-current	38,450	26,204
Less: Allowance for expected credit losses	(882)	(368)
	<hr/>	<hr/>
	37,568	25,836
	<hr/>	<hr/>
	42,776	29,423
	<hr/>	<hr/>

Expected credit losses

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

	Group	
	2023	2022
	US\$'000	US\$'000
At 1 January	419	418
Charge for the year	583	42
Exchange differences	2	(41)
	<hr/>	<hr/>
At 31 December	1,004	419
	<hr/>	<hr/>

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT

Group	Buildings and improvements US\$'000	Machinery and installations US\$'000	Farming and transportation equipment US\$'000	Furniture, fittings, office equipment and others US\$'000	Assets under construction US\$'000	Total US\$'000
Cost						
At 1 January 2022	438,896	262,756	66,922	13,849	13,339	795,762
Additions	15,516	1,615	16,457	944	32,891	67,423
Disposals	–	–	(397)	–	–	(397)
Write-offs	–	–	–	(362)	–	(362)
Reclassifications	10,254	4,215	19	14	(14,502)	–
Exchange differences	(42,173)	(24,625)	(5,570)	(1,283)	(2,223)	(75,874)
At 31 December 2022 and 1 January 2023	422,493	243,961	77,431	13,162	29,505	786,552
Additions ⁽¹⁾	29,523	4,027	12,713	1,584	143,886	191,733
Disposals	–	–	(15,319)	–	–	(15,319)
Disposal of subsidiary	(6)	(2)	(44)	(21)	(2,894)	(2,967)
Write-offs	(51)	–	(848)	(74)	–	(973)
Reclassifications	32,076	6,941	434	56	(39,507)	–
Reclassification to land use rights (Note 15)	(4,274)	–	–	–	–	(4,274)
Exchange differences	8,000	4,865	1,101	246	(355)	13,857
At 31 December 2023	487,761	259,792	75,468	14,953	130,635	968,609

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Group	Buildings and improvements US\$'000	Machinery and installations US\$'000	Farming and transportation equipment US\$'000	Furniture, fittings, office equipment and others US\$'000	Assets under construction US\$'000	Total US\$'000
Accumulated depreciation						
At 1 January 2022	180,761	136,032	51,457	12,211	–	380,461
Charge for the year	27,874	15,158	5,263	708	–	49,003
Disposals	–	–	(355)	–	–	(355)
Write-offs	–	–	–	(357)	–	(357)
Exchange differences	(18,629)	(13,498)	(3,944)	(1,131)	–	(37,202)
At 31 December 2022 and 1 January 2023	190,006	137,692	52,421	11,431	–	391,550
Charge for the year	30,045	15,022	6,735	766	–	52,568
Disposals	–	–	(13,930)	–	–	(13,930)
Disposal of subsidiary	– [#]	– [#]	(1)	– [#]	–	(1)
Write-offs	(51)	–	(827)	(73)	–	(951)
Exchange differences	3,582	2,663	795	225	–	7,265
At 31 December 2023	223,582	155,377	45,193	12,349	–	436,501
Net carrying amount						
At 31 December 2023	264,179	104,415	30,275	2,604	130,635	532,108
At 31 December 2022	232,487	106,269	25,010	1,731	29,505	395,002

[#] Amount less than US\$500.

⁽¹⁾ The additions to property, plant and equipment during the financial year ended 31 December 2023 included US\$13.2 million arising from an acquisition of plantation assets by the Group in December 2023.

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Company	Transportation equipment US\$'000	Furniture, fittings, office equipment and others US\$'000	Total US\$'000
Cost			
At 1 January 2022	13,295	385	13,680
Additions	–	215	215
Write-offs	–	(252)	(252)
At 31 December 2022 and 1 January 2023	13,295	348	13,643
Additions	–	17	17
Disposals	(12,650)	–	(12,650)
Write-offs	–	(28)	(28)
At 31 December 2023	645	337	982
Accumulated depreciation			
At 1 January 2022	11,763	366	12,129
Charge for the year	129	15	144
Write-offs	–	(248)	(248)
At 31 December 2022 and 1 January 2023	11,892	133	12,025
Charge for the year	70	50	120
Disposals	(11,385)	–	(11,385)
Write-offs	–	(28)	(28)
At 31 December 2023	577	155	732
Net carrying amount			
At 31 December 2023	68	182	250
At 31 December 2022	1,403	215	1,618

Additions to property, plant and equipment consist of:

	Group 2023 US\$'000	2022 US\$'000
Capital expenditure on property, plant and equipment using cash	183,592	57,514
Reclassification from advances for purchase of property, plant and equipment	1,269	5,394
Right-of-use assets	6,872	4,515
	191,733	67,423

Notes to the Financial Statements

For the financial year ended 31 December 2023

14. PROPERTY, PLANT AND EQUIPMENT (CONT'D)

Assets under construction

As at 31 December 2023 and 2022, the Group's assets under construction relate primarily to buildings and infrastructure, as well as machinery and installations.

Assets pledged as security

As at 31 December 2023 and 2022, certain subsidiaries' property, plant and equipment are pledged to secure facilities from financial institutions (Note 30).

Right-of-use assets

As at 31 December 2023, the Group's right-of-use assets with carrying amount of US\$8.8 million (2022: US\$5.0 million) are classified under farming and transportation equipment.

Depreciation and amortisation

The depreciation and amortisation charges for the financial years ended 31 December 2023 and 2022 are as follows:

	Group	
	2023 US\$'000	2022 US\$'000
Depreciation of bearer plants (Note 12)	29,572	29,751
Depreciation of property, plant and equipment	52,568	49,003
Amortisation of land use rights (Note 15)	1,759	2,360
Amortisation of other intangible assets (Note 18)	73	115
	<u>83,972</u>	<u>81,229</u>
Depreciation included in cost of sales (Note 5)	78,195	74,408
Depreciation included in selling and distribution costs (Note 6)	747	751
Depreciation included in general and administrative expenses (Note 7)	1,505	1,184
Amortisation included in general and administrative expenses (Note 7)	73	115
Amortisation included in other operating expenses	1,759	2,360
Depreciation capitalised in bearer plants (Note 12)	<u>1,693</u>	<u>2,411</u>
	<u>83,972</u>	<u>81,229</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

15. LAND USE RIGHTS

	Group	
	2023	2022
	US\$'000	US\$'000
Cost		
At 1 January	58,021	63,965
Additions ⁽¹⁾	1,560	–
Reclassification from property, plant and equipment (Note 14)	4,274	–
Disposal of subsidiary	(18,000)	–
Exchange differences	1,912	(5,944)
At 31 December	47,767	58,021
Accumulated amortisation		
At 1 January	21,731	21,491
Amortisation charge for the year (Note 14)	1,759	2,360
Disposal of subsidiary	(3,916)	–
Exchange differences	601	(2,120)
At 31 December	20,175	21,731
Net carrying amount	27,592	36,290
Amount to be amortised		
– Not later than one year	1,759	2,360
– Later than one year but not more than five years	7,036	9,440
– Later than five years	18,797	24,490
	27,592	36,290

⁽¹⁾ The additions to land use rights during the financial year ended 31 December 2023 included US\$1.0 million arising from an acquisition of plantation assets by the Group in December 2023.

Land use rights are in respect of:

- (a) land premiums representing the cost of land rights owned by the Group which are amortised on a straight-line basis over their terms of 10 to 35 years. The terms may be extended subject to agreement with the Government of Indonesia and payment of premium; and
- (b) deferred land rights acquisition costs representing the cost associated with the legal transfer or renewal for titles of land rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. Such costs are also deferred and amortised on a straight-line basis over the terms of the related land rights of 10 to 35 years.

As at 31 December 2023, the Group's land use rights cover a total land area of 272,345 hectares (2022: 253,812 hectares), representing HGU, HGB and HP. The legal terms of the existing land use rights of the Group expire on various dates between 2024 and 2058. These include 17,613 hectares of HGU and HGB arising from the acquisition of plantation assets in December 2023, for which the change in ownership name of the land use rights has been completed subsequent to the financial year ended 31 December 2023.

Notes to the Financial Statements

For the financial year ended 31 December 2023

15. LAND USE RIGHTS (CONT'D)

Assets pledged as security

As at 31 December 2023 and 2022, certain of the Group's land use rights are pledged to secure facilities from financial institutions (Note 30).

16. INVESTMENT IN SUBSIDIARIES

	Company	
	2023	2022
	US\$'000	US\$'000
Unquoted equity shares, at cost	879,609	964,058
At 1 January	964,058	1,036,081
Subscription for shares in subsidiary (Note 16(d))	–	2,131
Intra-group transfer of shares in subsidiaries (Note 16(e))	(84,449)	(74,154)
At 31 December	879,609	964,058

(a) *Composition of the Group*

The full list of subsidiaries is presented in Note 1(b).

(b) *Interest in subsidiaries with material non-controlling interest ("NCI")*

The Group has the following subsidiaries that has NCI that are material to the Group.

Name of subsidiary	Principal place of business	Proportion of ownership interest held by non-controlling interests	Profit allocated to NCI during the reporting period US\$'000	Accumulated NCI at the end of reporting period US\$'000	Dividends paid to NCI during the reporting period US\$'000
31 December 2023:					
PT CLP	Indonesia	4.49%	5,636	65,064	12
PT ASK	Indonesia	7.16%	(476)	13,863	–
31 December 2022:					
PT CLP	Indonesia	4.49%	10,525	58,579	604
PT ASK	Indonesia	7.16%	473	13,636	–

Notes to the Financial Statements

For the financial year ended 31 December 2023

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Summarised financial information about subsidiaries with material NCI

Summarised financial information including goodwill on acquisition and consolidation adjustments but before intercompany eliminations of subsidiaries with material NCI are as follows:

	PT CLP Group		PT ASK	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Summarised balance sheet:				
Non-current				
Assets	1,504,381	1,297,371	157,506	65,709
Liabilities	(69,478)	(54,668)	(228)	(116)
Net non-current assets	1,434,903	1,242,703	157,278	65,593
Current				
Assets	206,495	119,742	78,260	196,056
Liabilities	(192,312)	(57,797)	(41,917)	(71,196)
Net current assets	14,183	61,945	36,343	124,860
Net assets	1,449,086	1,304,648	193,621	190,453
Summarised statement of comprehensive income:				
Sales	634,941	734,442	546,799	703,424
Profit/(loss) before tax	163,079	297,662	(8,573)	13,402
Tax (expense)/credit	(37,556)	(63,251)	1,931	(3,016)
Profit/(loss) for the year	125,523	234,411	(6,642)	10,386
Other comprehensive income	25,269	(124,812)	3,886	(16,827)
Total comprehensive income	150,792	109,599	(2,756)	(6,441)
Other summarised information:				
Net cash generated from/(used in) operating activities	245,588	212,891	(4,203)	11,697
Net cash (used in)/generated from investing activities	(233,719)	(611,143)	(95,589)	44,050
Net cash generated from/(used in) financing activities	136,430	77,368	(41,385)	(312)

The summarised financial information of PT ASK is presented separately from that of PT CLP Group to provide a better understanding of the interests of NCI in the context of the Group as a whole, as the Group's effective equity interest in PT ASK is made up of shares held directly and indirectly by the Company and PT CLP respectively.

Notes to the Financial Statements

For the financial year ended 31 December 2023

16. INVESTMENT IN SUBSIDIARIES (CONT'D)

(d) *Subscription for shares in subsidiary*

In 2022, the Company increased its investment in subsidiaries through the subscription of shares in Lynhurst Investment Pte. Ltd. ("Lynhurst") amounting to US\$2.1 million. After the subscription, Lynhurst remains as a direct wholly-owned subsidiary of the Company.

(e) *Intra-group transfer of shares in subsidiaries*

In 2023, the Company has transferred its entire equity interest in PT Falcon Agri Persada ("PT FAPE") to PT Borneo Ketapang Permai ("PT BKP"), a direct subsidiary of the Company, for a consideration of US\$100.7 million, which was arrived at after taking into consideration the current market value of the assets. After the transfer, the shareholding of PT BKP in PT FAPE increased from nil to 95.00% while that of the Company in PT FAPE reduced from 95.00% to nil.

In 2022, the Company has transferred part of its equity interest in PT Adhitya Serayakorita ("PT ASK") to PT Ciliandra Perkasa ("PT CLP"), a direct subsidiary of the Company, for a cash consideration of US\$596.4 million, which was arrived at after taking into consideration the current market value of the assets. After the transfer, the shareholding of PT CLP in PT ASK increased from 15.08% to 65.08% while that of the Company in PT ASK reduced from 80.68% to 30.68%.

(f) *Disposal of subsidiary*

In 2023, the Group disposed of its entire equity interest in PT Wahana Prima Sejati ("PT WPS") for a consideration of US\$22.9 million. As a result of the disposal, PT WPS ceased to be an indirect subsidiary of the Group.

The carrying values of the identifiable assets/(liabilities) of the subsidiary disposed of and the effect thereof as at the date of disposal were as follows:

	US\$'000
Net assets/(liabilities) disposed:	
Non-current assets	18,082
Current assets	700
Current liabilities	(13)
Net identifiable assets disposed	18,769
Add: Gain on disposal of subsidiary	4,175
	22,944
Less: cash and bank balances of the subsidiary disposed	(166)
Proceeds from disposal of subsidiary, net of cash disposed of	22,778

Notes to the Financial Statements

For the financial year ended 31 December 2023

17. GOODWILL

	Group	
	2023	2022
	US\$'000	US\$'000
Cost		
At 1 January	74,575	82,216
Exchange differences	1,524	(7,641)
At 31 December	76,099	74,575

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	
	2023	2022
	US\$'000	US\$'000
PT Borneo Ketapang Permai Group	4,309	4,222
PT Kalimantan Green Persada Group	8,424	8,255
PT Gerbang Sawit Indah	7,546	7,395
PT Swadaya Mukti Prakarsa	28,913	28,335
PT Falcon Agri Persada	26,880	26,341
Others	27	27
	76,099	74,575

In 2023, PT FAPE and PT SMP were transferred to PT BKP from the Company and Lynhurst, respectively. The carrying amounts of goodwill arising from PT FAPE and PT SMP continue to be allocated separately from PT BKP, as these entities have been identified as individual CGUs that generate cash inflows independently.

Notes to the Financial Statements

For the financial year ended 31 December 2023

17. GOODWILL (CONT'D)

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:

	2023	2022
Terminal growth rate	4%	3%
Pre-tax discount rate	12%	12%
Projected average CPO price	<u>US\$860/tonne US\$1,065/tonne</u>	

The value in use is determined using a discounted cash flow model based on cash flow projections covering a period of 10 years (2022: 10 years), with cash flows beyond the projected periods extrapolated using the estimated terminal growth rate.

The discount rate applied to the cash flow projections is pre-tax and derived from the weighted average cost of capital ("WACC") of the Group. The WACC takes into account both the cost of debt and the cost of equity. The cost of equity is derived from the expected return on investment by the Group's investors. The cost of debt is based on the interest bearing borrowings the Group is obliged to service.

Based on the above analysis, management has assessed that the goodwill is not impaired as at 31 December 2023 and 2022.

Sensitivity to changes in assumptions

Changes to the assumptions used by management to determine the recoverable amounts can have an impact on the results of the assessment. 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.

Notes to the Financial Statements

For the financial year ended 31 December 2023

18. OTHER INTANGIBLE ASSETS

Group	Land permits US\$'000	Software US\$'000	Total US\$'000
Cost			
At 1 January 2022	28,735	2,402	31,137
Additions	–	26	26
Exchange differences	(2,671)	(160)	(2,831)
At 31 December 2022 and 1 January 2023	26,064	2,268	28,332
Additions	–	70	70
Write-offs	–	(220)	(220)
Exchange differences	532	31	563
At 31 December 2023	26,596	2,149	28,745
Accumulated amortisation			
At 1 January 2022	–	2,151	2,151
Amortisation charge for the year (Note 14)	–	115	115
Exchange differences	–	(142)	(142)
At 31 December 2022 and 1 January 2023	–	2,124	2,124
Amortisation charge for the year (Note 14)	–	73	73
Write-offs	–	(220)	(220)
Exchange differences	–	28	28
At 31 December 2023	–	2,005	2,005
Net carrying amount			
At 31 December 2023	26,596	144	26,740
At 31 December 2022	26,064	144	26,208

Notes to the Financial Statements

For the financial year ended 31 December 2023

18. OTHER INTANGIBLE ASSETS (CONT'D)

Company	Software US\$'000
Cost	
At 1 January 2022, 31 December 2022 and 1 January 2023	475
Additions	7
	<hr/>
At 31 December 2023	482
	<hr/>
Accumulated amortisation	
At 1 January 2022, 31 December 2022 and 1 January 2023	475
Amortisation charge for the year	2
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At 31 December 2023	477
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Net carrying amount	
At 31 December 2023	5
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At 31 December 2022	-
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Land permits are not amortised. Amortisation will only commence upon reclassification from land permits to land use rights when HGU title has been obtained.

Software costs are amortised to profit or loss using the straight-line method over their estimated useful lives of three to five years.

Notes to the Financial Statements

For the financial year ended 31 December 2023

19. DERIVATIVE FINANCIAL ASSETS/LIABILITIES

	2023		2022	
	Assets US\$'000	Liabilities US\$'000	Assets US\$'000	Liabilities US\$'000
Group				
Commodity futures, options and swap contracts	1,225	181	–	2,322
Foreign currency options and forward contracts	42	184	292	36
Interest rate swaps	8,417	–	16,874	–
	<u>9,684</u>	<u>365</u>	<u>17,166</u>	<u>2,358</u>
Current	7,844	365	10,535	2,358
Non-current	<u>1,840</u>	<u>–</u>	<u>6,631</u>	<u>–</u>
	<u>9,684</u>	<u>365</u>	<u>17,166</u>	<u>2,358</u>
Company				
Interest rate swaps	<u>8,417</u>	<u>–</u>	<u>16,874</u>	<u>–</u>
Current	6,577	–	10,243	–
Non-current	<u>1,840</u>	<u>–</u>	<u>6,631</u>	<u>–</u>
	<u>8,417</u>	<u>–</u>	<u>16,874</u>	<u>–</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

19. DERIVATIVE FINANCIAL ASSETS/LIABILITIES (CONT'D)

The Group classifies derivative financial instruments as financial assets/liabilities at fair value through profit or loss, except for certain derivatives designated as cash flow hedges, wherein hedge accounting has been applied.

Commodity futures, options and swap contracts

The Group enters into certain commodity futures, options and swap contracts in order to hedge the commodity price risk related to the sale and purchase of palm based products. Cash flow hedge accounting may be applied to some of these derivatives as they are considered to be highly effective hedging instruments. A net fair value gain of US\$3.5 million (2022: US\$5.0 million), with a related deferred tax charge of US\$0.4 million (2022: US\$0.5 million), has been included in other comprehensive income in respect of these contracts. Other commodity futures, options and swap contracts entered into by the Group are accounted for at fair value through profit or loss.

Foreign currency options and forward contracts

The Group enters into certain foreign currency options and forward contracts in order to hedge the foreign currency risk related to the sales or purchase of palm based products as well as the Company's forecasted dividend payments. Cash flow hedge accounting may be applied to some of these derivatives as they are considered to be highly effective hedging instruments. A net fair value loss of US\$0.4 million (2022: net fair value gain of US\$0.3 million), with a related deferred tax credit of US\$44,000 (2022: deferred tax charge of US\$26,000), has been included in other comprehensive income in respect of these contracts. Other foreign currency options and forward contracts entered into by the Group are accounted for at fair value through profit or loss.

Interest rate swaps

The Company has entered into interest rate swaps with financial institutions to hedge the interest rate risk arising from its floating rate debts, mitigating the risk of changes in market interest rates. Based on the interest rate swap agreements, the floating rates on the Company's bank loans are swapped into fixed rates. Cash flow hedge accounting has been applied to these interest rate swaps as they are considered to be highly effective hedging instruments. In 2023, a net fair value loss of US\$8.5 million (2022: net fair value gain of US\$16.9 million) has been included in other comprehensive income in respect of these contracts. As at 31 December 2023, the notional amount of the interest rate swaps outstanding amounted to US\$201.6 million (2022: US\$293.8 million).

Notes to the Financial Statements

For the financial year ended 31 December 2023

20. 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
Loss arising from changes in fair value of biological assets	(1,137)	(11,475)
Exchange differences	629	(3,577)
At 31 December	29,683	30,191

21. INVENTORIES

	Group	
	2023	2022
	US\$'000	US\$'000
Palm based products	101,888	108,035
Fertilisers and chemicals	11,938	19,959
Spare parts and other consumables	5,963	9,004
	119,789	136,998

22. LOAN TO SUBSIDIARY

	Company	
	2023	2022
	US\$'000	US\$'000
Loan to subsidiary	132,500	–

The loan to subsidiary is denominated in USD, unsecured, bears interest at Secured Overnight Financing Rate (SOFR) plus 2.25% per annum and is repayable on 31 December 2024 unless extended by mutual agreement.

Notes to the Financial Statements

For the financial year ended 31 December 2023

23. TRADE RECEIVABLES

	Group	
	2023	2022
	US\$'000	US\$'000
Trade receivables from:		
– Third parties	30,124	77,651
– Related parties	662	449
Less: Allowance for expected credit losses	(164)	(758)
	<u>30,622</u>	<u>77,342</u>

Trade receivables are non-interest bearing and generally due within 30 days. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables are denominated in the following currencies:

	Group	
	2023	2022
	US\$'000	US\$'000
Indonesian Rupiah	12,647	18,316
United States Dollar	17,975	59,026
	<u>30,622</u>	<u>77,342</u>

Receivables that are past due but not impaired

An analysis of trade receivables that are past due but not impaired as at the end of the reporting period is as follows:

	Group	
	2023	2022
	US\$'000	US\$'000
Trade receivables past due:		
– Lesser than 30 days	741	332
– 30 to 60 days	26	38
– More than 60 days	650	670
	<u>1,417</u>	<u>1,040</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

23. TRADE RECEIVABLES (CONT'D)

Expected credit losses

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

	Group	
	2023	2022
	US\$'000	US\$'000
At 1 January	758	539
(Credit)/charge for the year (Note 9)	(594)	219
At 31 December	164	758

24. OTHER RECEIVABLES

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Interest receivable	108	82	141	54
Amounts due from related parties	36	46	–	–
Amounts due from financial institutions	843	4,828	–	–
Sundry receivables	2,934	1,778	84	278
	3,921	6,734	225	332

The amounts due from related parties are non-trade related, unsecured, non-interest bearing, repayable on demand and expected to be settled in cash.

Other receivables are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Indonesian Rupiah	2,880	1,516	–	–
United States Dollar	1,034	5,135	223	279
Singapore Dollar	7	83	2	53
	3,921	6,734	225	332

Notes to the Financial Statements

For the financial year ended 31 December 2023

25. ADVANCES AND PREPAYMENTS

Advances for purchase of property, plant and equipment

Advances for purchase of property, plant and equipment represent advance payments made to suppliers and contractors in relation to the following items:

	Group	
	2023	2022
	US\$'000	US\$'000
Buildings and improvements	5,614	1,015
Machinery and installations	815	562
Others	–	10
	<u>6,429</u>	<u>1,587</u>

Other advances and prepayments

Other advances and prepayments relate mainly to payments made for purchase of inventories and other miscellaneous items. These payments are non-interest bearing, unsecured and expected to be fulfilled within the next 12 months. Included in the other advances and prepayments as at 31 December 2022 was US\$8.8 million of advances paid to related parties for purchase of inventories. There were no such advances paid to related parties as at 31 December 2023.

26. CASH AND BANK BALANCES

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Cash at banks and on hand	110,974	433,790	3,147	143,384
Restricted cash balances	<u>51,896</u>	<u>6,523</u>	<u>–</u>	<u>–</u>
	<u>162,870</u>	<u>440,313</u>	<u>3,147</u>	<u>143,384</u>

As at the end of the reporting period, the Group has the following bank overdrafts 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:

	Group	
	2023	2022
	US\$'000	US\$'000
Cash at banks and on hand (Gross carrying amounts prior to offsetting)	338,993	703,093
Bank overdrafts (Gross amounts offset in the balance sheet)	<u>(228,019)</u>	<u>(269,303)</u>
Cash at banks and on hand (Net amounts in the balance sheet)	<u>110,974</u>	<u>433,790</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

26. CASH AND BANK BALANCES (CONT'D)

Cash at banks earn interest at floating rates based on daily bank deposit rates. The weighted average effective interest rate of the Group's cash and cash equivalents during the year is 3.5% (2022: 0.6%) per annum.

Restricted cash balances relate to cash deposits maintained with brokers and banks which are not freely remissible for use by the Group, including US\$49.5 million (2022: nil) of restricted cash balances arising from the new Indonesian regulation requiring 30% of proceeds from export of certain natural resource products to be placed in designated domestic accounts for at least three months.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Indonesian Rupiah	43,564	32,716	–	–
United States Dollar	114,022	400,258	259	140,930
Singapore Dollar	3,511	2,924	2,888	2,454
Others	1,773	4,415	–	–
	162,870	440,313	3,147	143,384

27. TRADE PAYABLES

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Trade payables to:				
– Third parties	34,245	27,087	100	128
– Related parties	5,233	4,529	–	–
	39,478	31,616	100	128

Trade payables are non-interest bearing and generally due within 30 to 90 days.

Trade payables are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Indonesian Rupiah	39,378	31,488	–	–
United States Dollar	100	128	100	128
	39,478	31,616	100	128

Notes to the Financial Statements

For the financial year ended 31 December 2023

28. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Accrued employee costs	19,639	29,241	2,595	3,226
Accrued financial expenses	138	95	129	54
Accrued contractor fees	11,501	6,825	–	–
Accrued transportation costs	4,206	3,338	–	–
Amounts due to financial institutions	13	43	–	–
Allowance for expected credit losses on financial guarantees	2,075	1,465	–	–
Others	7,746	8,107	217	236
	45,318	49,114	2,941	3,516

Other payables and accruals are denominated in the following currencies:

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Indonesian Rupiah	41,596	44,450	–	–
United States Dollar	778	780	570	329
Singapore Dollar	2,944	3,884	2,371	3,187
	45,318	49,114	2,941	3,516

29. ADVANCES FROM CUSTOMERS

Advances from customers represent advance payments relating to the sale of palm based products. These payments are trade related, unsecured, non-interest bearing and the obligations to the customers are expected to be fulfilled within the next 12 months.

Revenue recognised during the financial year ended 31 December 2023 that was included in the advances from customers at the beginning of the year amounted to US\$3.6 million (2022: US\$7.2 million).

Notes to the Financial Statements

For the financial year ended 31 December 2023

30. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS

	Maturity	Interest rate (per annum)		Group	
		2023 %	2022 %	2023 US\$'000	2022 US\$'000
Current					
Bank loans	2024	5.9 – 6.8	1.3 – 5.1	107,751	91,180
Lease liabilities	2024	2.6 – 13.2	3.0 – 13.8	3,954	2,134
				111,705	93,314
Non-current					
Bank loans	2025-2026	5.9 – 7.1	1.3 – 5.1	122,037	199,752
Lease liabilities	2025-2029	2.6 – 13.2	3.0 – 13.8	3,984	2,655
				126,021	202,407
				237,726	295,721

	Maturity	Interest rate (per annum)		Company	
		2023 %	2022 %	2023 US\$'000	2022 US\$'000
Current					
Bank loans	2024	5.9 – 6.8	1.3 – 5.1	102,715	91,180
Bank overdraft	2024	1.6	–	95,376	–
Non-current					
Bank loans	2025-2026	5.9 – 7.1	1.3 – 5.1	122,037	199,752
				320,128	290,932

Bank loans

The Group's bank loans as at 31 December 2023 comprise unsecured term loans, trade loans and revolving credit facilities from banks in Singapore, while that as at 31 December 2022 comprised unsecured term loans from banks in Singapore.

As at 31 December 2023, the Group has undrawn committed unsecured credit facilities available of US\$25.0 million (2022: US\$50.0 million), which may be utilised for the Group's general corporate purposes.

Bank overdraft

The Company's bank overdraft as at 31 December 2023 has been netted against cash at banks of the Group as the Group has the legal right to set off the overdraft against the cash at bank, which are with the same bank in Singapore.

Notes to the Financial Statements

For the financial year ended 31 December 2023

30. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS (CONT'D)

Lease liabilities

The Group entered into capital lease agreements for the purchase of farming equipment and motor vehicles incidental to the ordinary course of its business (Note 31).

Loans and borrowings from financial institutions are denominated in the following currencies:

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Indonesian Rupiah	7,938	4,789	–	–
United States Dollar	229,788	290,932	320,128	290,932
	<u>237,726</u>	<u>295,721</u>	<u>320,128</u>	<u>290,932</u>

A reconciliation of liabilities arising from the Group's financing activities is as follows:

	01.01.2023 US\$'000	Non-cash changes					31.12.2023 US\$'000
		Cash inflows	Cash outflows	Foreign exchange	Amortisation of issuance costs	Others	
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Bank loans							
– current	91,180	5,035	(92,115)	–	936	102,715	107,751
– non-current	199,752	25,000	–	–	–	(102,715)	122,037
Lease liabilities							
– current	2,134	–	(3,789)	25	–	5,584	3,954
– non-current	2,655	–	–	41	–	1,288	3,984
	<u>295,721</u>	<u>30,035</u>	<u>(95,904)</u>	<u>66</u>	<u>936</u>	<u>6,872</u>	<u>237,726</u>

The 'others' column relates to reclassification of non-current portion of loans and borrowings due to passage of time and recognition of lease liabilities arising from new lease agreements.

Notes to the Financial Statements

For the financial year ended 31 December 2023

30. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS (CONT'D)

	01.01.2022 US\$'000	Cash inflows US\$'000	Cash outflows US\$'000	Foreign exchange US\$'000	Non-cash changes		31.12.2022 US\$'000
					Amortisation of issuance costs US\$'000	Others US\$'000	
Bank loans							
– current	113,642	–	(114,375)	–	1,249	90,664	91,180
– non-current	290,416	–	–	–	–	(90,664)	199,752
Lease liabilities							
– current	1,254	–	(2,017)	(175)	–	3,072	2,134
– non-current	1,423	–	–	(211)	–	1,443	2,655
	406,735	–	(116,392)	(386)	1,249	4,515	295,721

The 'others' column relates to reclassification of non-current portion of loans and borrowings due to passage of time and recognition of lease liabilities arising from new lease agreements.

31. LEASES

Group as a lessee

The Group has lease contracts for land use rights, property, plant and equipment and office premises. Where practicable, extension options exercisable by the lessees are included in the lease contracts to provide operational flexibility.

(a) Right-of-use assets

The Group's associated right-of-use assets were recognised and presented within property, plant and equipment (Note 14) and land use rights (Note 15), while rental of office premises did not have any material financial impact.

(b) Lease liabilities

The Group's lease liabilities and the movement during the year are disclosed in Note 30 and the maturity analysis of lease liabilities is disclosed in Note 40(e). The Group has applied an incremental borrowing rate of 2.2% (2022: 2.2%) to discount the future lease payments.

Notes to the Financial Statements

For the financial year ended 31 December 2023

32. PROVISION FOR POST-EMPLOYMENT BENEFITS

The Group recognised post-employment benefits for qualified employees in Indonesia pursuant to the applicable labour laws and government regulations. The provision for post-employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method. No fund was provided for such liability for post-employment benefits.

The significant assumptions used in determining the provision for post-employment benefits are as follows:

	2023	2022
Normal Pension Age	55 Years	55 Years
Salary Increment Rate per annum	8%	8%
Discount Rate per annum	6.40% – 7.06%	5.96% – 7.41%
Mortality Rate	Table Mortality Indonesia 2019	Table Mortality Indonesia 2019
Disability Rate	1% of mortality rate	1% of mortality rate
Resignation Rate	0% to 5%	0% to 5%
Valuation Method	Projected Unit Credit	Projected Unit Credit

Changes in the present value of defined benefit obligation are as follows:

	Group 2023 US\$'000	Group 2022 US\$'000
At 1 January	22,644	36,746
Net defined benefit plan expense charged/(credited) to profit or loss (Note 35)	6,506	(4,795)
Remeasurement loss/(gain)	131	(3,077)
Actuarial loss/(gain) arising from changes in financial assumptions	(2,187)	(3,434)
Benefits paid	416	(2,796)
Exchange differences		
At 31 December	27,510	22,644

The following summarises the components of net defined benefit plan expense charged/(credited) to profit or loss as follows:

	Group 2023 US\$'000	Group 2022 US\$'000
Interest cost on benefit obligation	1,521	2,318
Current service cost	4,985	5,979
Past service cost ⁽¹⁾	–	(13,092)
	6,506	(4,795)

⁽¹⁾ The past service cost in 2022 arose from application of the explanatory material issued by the Financial Accounting Standards Board of the Institute of Indonesia Chartered Accountants in April 2022 pertaining to the attribution of benefits to periods of service under PSAK 24 *Employee Benefits*.

Notes to the Financial Statements

For the financial year ended 31 December 2023

32. PROVISION FOR POST-EMPLOYMENT BENEFITS (CONT'D)

The breakdown of net defined benefit plan expense charged/(credited) to profit or loss is as follows:

	Group	
	2023 US\$'000	2022 US\$'000
Cost of sales (Note 5)	4,359	(4,665)
General and administrative expenses (Note 7)	1,884	160
Others	263	(290)
	<u>6,506</u>	<u>(4,795)</u>

The sensitivity analysis below has been determined based on reasonable possible changes of each significant assumption on the defined benefits obligation as of the end of the reporting period, assuming if all the other assumptions were held constant.

Group	Increase/ (decrease)	Change in present value of defined benefit obligation	
		2023 US\$'000	2022 US\$'000
Discount rate	1% increase	(2,088)	(1,666)
	1% decrease	2,397	1,907
Future salary growth	1% increase	2,345	1,872
	1% decrease	(2,078)	(1,663)

33. 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 31 December	<u>1,584,073</u>	<u>394,913</u>	<u>1,584,073</u>	<u>394,913</u>

The holders of ordinary shares (except treasury shares) are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction. The ordinary shares have no par value.

Notes to the Financial Statements

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33. SHARE CAPITAL AND TREASURY SHARES (CONT'D)

(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	4,207	4,402	7,928	8,014
Reissued pursuant to employee share award scheme	(41)	(42)	(17)	(17)
At 31 December	19,084	19,060	14,918	14,700

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

During the financial year, the Company acquired 4,206,700 (2022: 7,928,700) shares in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was US\$4,402,000 (2022: US\$8,014,000) and this was presented as a component within shareholders' equity.

During the financial year, the Company reissued 41,400 treasury shares (2022: 17,400) pursuant to the Company's employee share award scheme.

34. OTHER RESERVES

The composition of other reserves are as follows:

	Group		Company	
	2023 US\$'000	2022 US\$'000	2023 US\$'000	2022 US\$'000
Differences arising from restructuring transactions involving entities under common control	34,993	34,992	–	–
Capital reserve	(39,071)	(38,781)	–	–
Revaluation reserve	279	279	–	–
Gain on sale or reissuance of treasury shares	10,337	10,332	10,337	10,332
Hedging reserve	9,303	14,985	8,366	16,845
Foreign translation reserve	(173,995)	(203,734)	393	393
	(158,154)	(181,927)	19,096	27,570

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. OTHER RESERVES (CONT'D)

Differences arising from restructuring transactions involving entities under common control

This represents the difference between the consideration paid and the share capital of the "acquired" entities.

Capital reserve

Capital reserve represents the premium paid for the acquisition of non-controlling interests over the fair value of the identifiable assets and liabilities of a subsidiary.

Revaluation reserve

Revaluation reserve represents increases in the fair value of property, plant and equipment, net of tax, and decreases to the extent that such decrease relates to an increase on the same asset previously recognised in other comprehensive income.

Gain on sale or reissuance of treasury shares

This represents the gain arising from sale or reissuance of treasury shares. No dividend may be paid, and no other distribution (whether in cash or otherwise) of the Company's assets (including any distribution of assets to members on a winding up) may be made in respect of this reserve.

Hedging reserve

Hedging reserve represents the cumulative fair value changes, net of tax, of the derivative financial instruments designated as cash flow hedges.

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January	14,985	(6,696)	16,845	(73)
Fair value gain on cash flow hedges, net of tax and non-controlling interests	15,166	23,540	2,724	18,975
Reclassification to profit or loss				
– Sales	(9,645)	198	–	–
– Net financial expenses	(11,203)	(2,057)	(11,203)	(2,057)
At 31 December	9,303	14,985	8,366	16,845

Notes to the Financial Statements

For the financial year ended 31 December 2023

34. OTHER RESERVES (CONT'D)

Foreign translation reserve

The foreign translation reserve represents exchange differences arising from the translation of the financial statements of companies in the Group whose functional currencies are different from that of the Group's presentation currency.

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
At 1 January	(203,734)	(71,063)	393	393
Foreign currency translation adjustments	29,739	(132,671)	–	–
At 31 December	(173,995)	(203,734)	393	393

35. EMPLOYEE BENEFITS

	Group	
	2023	2022
	US\$'000	US\$'000
Salaries, bonuses and other benefits	110,448	109,755
Net defined benefit plan expense charged/(credited) (Note 32)	6,506	(4,795)
Central Provident Fund contributions	274	253
Share-based compensation expense	347	255
	117,575	105,468

Notes to the Financial Statements

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36. RELATED PARTY DISCLOSURES

(a) Transactions with related parties

In addition to those related party information provided elsewhere in the relevant notes to the consolidated financial statements, the following significant transactions between the Group and related parties (who are not members of the Group) took place during the financial year at terms agreed between the parties:

	Group	
	2023	2022
	US\$'000	US\$'000
Lease or use of office premises	780	643
Purchases of goods	99,790	103,270
Sales of goods	14,175	364
Milling fee	428	445
Service fees	10	1

(b) Compensation of key management personnel

	Group	
	2023	2022
	US\$'000	US\$'000
Salaries, bonuses and other benefits	8,396	6,686
Directors' fees	380	464
Net employee benefit expense relating to defined benefit plans	169	205
Central Provident Fund contributions	50	50
Share-based compensation expense	347	255
	<u>9,342</u>	<u>7,660</u>
Comprise amounts paid or payable to:		
– Directors of the Company	3,130	2,440
– Other key management personnel	<u>6,212</u>	<u>5,220</u>
	<u>9,342</u>	<u>7,660</u>

Notes to the Financial Statements

For the financial year ended 31 December 2023

37. COMMITMENTS AND CONTINGENCIES

(a) *Capital commitments*

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

	Group	
	2023	2022
	US\$'000	US\$'000
Capital commitments in respect of property, plant and equipment	166,339	31,967

(b) *Commitments for sales and purchases contracts*

The Group enters into sales and purchases contracts for palm based products in the normal course of its business. The notional amounts of the committed contracts with fixed pricing terms that were outstanding as at 31 December are as follows:

	Group	
	2023	2022
	US\$'000	US\$'000
Sales	22,155	42,430

(c) *Contingent liabilities*

The Company has provided corporate guarantees to certain external parties in the ordinary course of business, guaranteeing the obligations of a subsidiary in the event of any non-performance by the subsidiary in respect of its contracts with these external parties. As at 31 December 2023, the Company's contingent liabilities arising from these corporate guarantees amounted to US\$0.1 million (2022: nil).

Certain subsidiaries have guaranteed US\$114.5 million (2022: US\$129.3 million) in respect of plasma farmers' loans repayable to banks at the time when the plasma plantations are converted. These loans are being repaid by the plasma farmers on an instalment basis through a withholding mechanism on sales of the plasma crops to the Group.

Notes to the Financial Statements

For the financial year ended 31 December 2023

38. CLASSIFICATION OF FINANCIAL ASSETS AND LIABILITIES

As at the end of the reporting period, the following are the different classes of financial assets and liabilities:

	Group		Company	
	2023	2022	2023	2022
	US\$'000	US\$'000	US\$'000	US\$'000
Assets				
<u>At amortised cost</u>				
Plasma receivables	42,776	29,423	–	–
Loan to subsidiary	–	–	132,500	–
Trade receivables	30,622	77,342	–	–
Other receivables	3,921	6,734	225	332
Restricted cash balances	51,896	6,523	–	–
Cash and cash equivalents	110,974	433,790	3,147	143,384
	240,189	553,812	135,872	143,716
<u>At fair value through other comprehensive income</u>				
Derivative financial assets	9,642	17,166	8,417	16,874
<u>At fair value through profit or loss</u>				
Derivative financial assets	42	–	–	–
Liabilities				
<u>At amortised cost</u>				
Trade payables	39,478	31,616	100	128
Other payables and accruals	45,318	49,114	2,941	3,516
Loans and borrowings from financial institutions	237,726	295,721	320,128	290,932
	322,522	376,451	323,169	294,576
<u>At fair value through other comprehensive income</u>				
Derivative financial liabilities	184	2,358	–	–
<u>At fair value through profit or loss</u>				
Derivative financial liabilities	181	–	–	–

Notes to the Financial Statements

For the financial year ended 31 December 2023

39. 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
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Group

2023

Assets measured at fair value:

Non-financial assets

Biological assets	–	–	29,683	29,683
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Financial assets

Derivative financial assets	1,225	8,459	–	9,684
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Liabilities measured at fair value:

Financial liabilities

Derivative financial liabilities	181	184	–	365
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Notes to the Financial Statements

For the financial year ended 31 December 2023

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

	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				
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
Company				
2023				
Assets measured at fair value:				
<u>Financial assets</u>				
Derivative financial assets	–	8,417	–	8,417
2022				
Assets measured at fair value:				
<u>Financial assets</u>				
Derivative financial assets	–	16,874	–	16,874

Notes to the Financial Statements

For the financial year ended 31 December 2023

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

(c) *Level 2 fair value measurements*

The following is a description of the valuation techniques and inputs used in the fair value measurement for assets and liabilities that are categorised within Level 2 of the fair value hierarchy:

Derivative financial assets/liabilities

Commodity options and swap contracts

Commodity options and swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and Black-Scholes models, using present value calculations. The models incorporate various inputs including commodity spot and forward rates, volatility of the commodity prices and option duration.

Foreign currency options and forward contracts

Foreign currency options and forward contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and Black-Scholes models, using present value calculations. The models incorporate various inputs including foreign exchange spot and forward rates, interest rates, volatility of the underlying currency pair and option duration.

Interest rate swaps

Interest rate swap contracts are valued using a valuation technique with market observable inputs. The most frequently applied valuation techniques include forward pricing and swap models, using present value calculations. The models incorporate various inputs including interest rate curves and forward rate curves.

(d) *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
2023				
Biological assets	29,683	Income approach	Projected harvest quantities	218,000 tonnes
			Market price of FFB	US\$123/tonne –US\$167/tonne

Notes to the Financial Statements

For the financial year ended 31 December 2023

39. FAIR VALUE OF ASSETS AND LIABILITIES (CONT'D)

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

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

Description	Fair value US\$'000	Valuation techniques	Unobservable inputs	Range
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 20.

(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.

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.

Notes to the Financial Statements

For the financial year ended 31 December 2023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, market risk (including foreign currency risk and commodity price risk), credit risk and liquidity risk. The board of directors reviews and agrees on the policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process.

The following sections provide details regarding the Group's and Company's exposure to the above-mentioned financial risks and the objectives, policies and processes for the management of these risks.

There has been no change to the Group's and Company's exposure to these financial risks or the manner in which it manages and measures the risks.

(a) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of the Group's and the Company's financial instruments will fluctuate because of changes in market interest rates.

The Group's and the Company's exposure to interest rate risk arises primarily from its floating rate bank loans and deposits with financial institutions.

The Group manages interest rate risk on an ongoing basis and may enter into interest rate swaps with the primary objective of limiting the effects of adverse movements in interest rates on floating rate debt.

Sensitivity analysis for interest rate risk

At the end of the reporting period, had the interest rates been 50 basis points (2022: 50 basis points) higher/lower, ceteris paribus, the Group's profit before tax and equity would have increased/ (decreased) by the amounts shown below, as a result of higher/lower interest income from floating rate deposits with financial institutions and changes in fair value of interest rate swap contracts:

Group	2023		2022	
	Profit before tax US\$'000	Equity US\$'000	Profit before tax US\$'000	Equity US\$'000
Increase in interest rates	965	1,812	2,202	3,635
Decrease in interest rates	(965)	(1,825)	(2,202)	(3,661)

Notes to the Financial Statements

For the financial year ended 31 December 2023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(b) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The Group has transactional currency exposures arising from sales and purchases that are denominated in a currency other than the respective functional currencies of the Group's entities, primarily Indonesian Rupiah ("IDR") and USD. The foreign currencies in which these transactions are denominated are mainly USD, Singapore Dollar ("SGD") and Malaysian Ringgit ("MYR"). To the extent that the foreign denominated sales and purchases of the Group are not evenly matched in terms of quantum and/or timing, the Group has exposure to foreign currency risk.

The Group is also exposed to currency translation risk arising from its financial assets and liabilities that are denominated in currencies other than the respective functional currencies of the Group's entities.

To manage the currency risk, the Group may enter into foreign currency options and forward contracts to hedge against volatility in exchange rates.

The Group's foreign currency exposures are highlighted in Notes 23, 24, 26, 27, 28 and 30 respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's profit before tax and equity to a reasonably possible change in the IDR, SGD and MYR exchange rates against the USD as at the end of the reporting period, ceteris paribus.

Group	2023		2022	
	Profit before tax US\$'000	Equity US\$'000	Profit before tax US\$'000	Equity US\$'000
IDR against USD				
– strengthened 10% (2022: 10%)	5,875	223,073	(18,650)	186,872
– weakened 10% (2022: 10%)	(7,181)	(224,092)	22,795	(183,639)
SGD against USD				
– strengthened 5% (2022: 5%)	29	24	(44)	(37)
– weakened 5% (2022: 5%)	(29)	(24)	44	37
MYR against USD				
– strengthened 10% (2022: 10%)	521	468	441	(1,859)
– weakened 10% (2022: 10%)	(521)	(468)	(441)	1,859

Notes to the Financial Statements

For the financial year ended 31 December 2023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(c) *Commodity price risk*

The Group's exposure to commodity price risk arises primarily from its purchases of raw materials and sales of palm based products. Prices of raw materials and palm based products may fluctuate significantly depending on the market situation and factors such as weather, government policy, level of demand and supply in the market and the global economic environment. During periods of unfavourable price volatility, the Group may enter into forward physical contracts with suppliers and customers or use commodity futures, options and swap contracts in the conduct of business to manage our price risk.

Sensitivity analysis for commodity price risk

During the reporting period, had the average selling prices of palm based products been 10% higher/lower, ceteris paribus, profit before tax for the financial year ended 31 December 2023 would have been US\$71.6 million (2022: US\$88.5 million) higher/lower.

At the end of the reporting period, had the market price of palm based products been 10% higher/lower, ceteris paribus, the Group's profit before tax and equity would have (decreased)/increased by the amounts shown below, as a result of changes in fair value of commodity futures, options and swap contracts:

Group	2023		2022	
	Profit before tax US\$'000	Equity US\$'000	Profit before tax US\$'000	Equity US\$'000
Increase in prices of palm based products	(17)	(16)	–	(2,217)
Decrease in prices of palm based products	17	16	–	2,217

(d) *Credit risk*

Credit risk is the risk of loss that may arise on outstanding financial instruments should a counterparty default on its obligations.

The Group's and the Company's exposure to credit risk arises primarily from trade and plasma receivables.

The Group trades only with recognised and creditworthy third parties and conducts business by requiring payment in advance, letter of credit, cash on delivery or may grant customers credit terms, where appropriate. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. In addition, receivables balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

Notes to the Financial Statements

For the financial year ended 31 December 2023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

For other financial assets (including cash and derivatives), the Group and the Company minimise credit risk by dealing exclusively with high credit rating counterparties.

The Group and the Company consider the probability of default upon initial recognition of a financial asset and whether there has been a significant increase in credit risk on an ongoing basis throughout each reporting period.

The following are the quantitative and qualitative information about the expected credit losses provided by the Group.

Trade receivables

The Group provides for lifetime ECL 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.

Summarised below is the information about the credit risk exposure on the Group's trade receivables using a provision matrix:

	Current US\$'000	<30 days past due US\$'000	31-60 days past due US\$'000	61-90 days past due US\$'000	>90 days past due US\$'000	Total US\$'000
2023						
Gross carrying amount	29,364	746	26	–	650	30,786
Loss allowance	159	5	–	–	–	164
2022						
Gross carrying amount	77,060	332	38	62	608	78,100
Loss allowance	758	–	–	–	–	758

Information regarding the movement in the allowance for expected credit loss of trade receivables is disclosed in Note 23.

Notes to the Financial Statements

For the financial year ended 31 December 2023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

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 such as forecasts of future economic conditions and interest rates.

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

Group	2023		2022	
	Plasma receivables US\$'000	Financial guarantees US\$'000	Plasma receivables US\$'000	Financial guarantees US\$'000
At 1 January	419	1,465	418	1,274
Charge for the year (Note 9)	583	586	42	327
Exchange differences	2	24	(41)	(136)
At 31 December	1,004	2,075	419	1,465

Excessive risk concentration

The Group's policies and procedures include specific guidelines on maintaining a diversified portfolio of counterparties, wherein counterparty limits are set to avoid excessive concentrations of credit risks in a single customer or bank. Any identified concentrations of credit risks are controlled and managed accordingly.

Exposure to credit risk

At the end of the reporting period, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- an amount of US\$114.5 million (2022: US\$129.3 million) relating to financial guarantees provided by certain subsidiaries for repayment of plasma farmers' loans to banks (Note 37(c)).

Notes to the Financial Statements

For the financial year ended 31 December 2023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(d) Credit risk (cont'd)

Credit risk concentration profile

The Group determines concentrations of credit risk by monitoring individual customers' outstanding balances on an ongoing basis.

At the end of the reporting period, 81.8% (2022: 90.5%) of the Group's trade receivables were due from five (2022: five) customers.

Financial assets that are neither past due nor impaired

Trade and other receivables that are neither past due nor impaired are due from creditworthy debtors with good payment record with the Group. Cash and derivatives that are neither past due nor impaired are placed with or entered into with reputable financial institutions or companies with high credit ratings and no history of default.

Financial assets that are either past due or impaired

Information regarding financial assets that are either past due or impaired is disclosed in Note 13 and Note 23.

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting obligations due to shortage of funds. The Group monitors its liquidity risk by actively managing its operating cash flows, debt maturity profile and availability of funding. The Group also aims at maintaining flexibility in funding by keeping credit facilities available with different banks, including trade finance lines and committed credit facilities that can be used for the Group's purchases and general corporate purposes.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the maturity profile of the Group's and the Company's financial liabilities at the end of the reporting period based on contractual undiscounted repayment obligations.

Group	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
2023				
Trade and other payables	84,796	–	–	84,796
Bank loans	119,896	128,245	–	248,141
Lease liabilities	4,531	3,269	1,020	8,820
Derivative financial liabilities:				
– Other derivatives	367	–	–	367
	209,590	131,514	1,020	342,124

Notes to the Financial Statements

For the financial year ended 31 December 2023

40. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (CONT'D)

(e) *Liquidity risk (cont'd)*

Analysis of financial instruments by remaining contractual maturities (cont'd)

Group	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
2022				
Trade and other payables	80,730	–	–	80,730
Bank loans	108,268	213,379	–	321,647
Lease liabilities	2,497	2,872	20	5,389
Derivative financial liabilities: – Other derivatives	2,358	–	–	2,358
	193,853	216,251	20	410,124

Company	One year or less US\$'000	One to five years US\$'000	Over five years US\$'000	Total US\$'000
2023				
Trade and other payables	3,041	–	–	3,041
Bank loans	114,837	128,245	–	243,082
Bank overdraft	96,902	–	–	96,902
	214,780	128,245	–	343,025

2022				
Trade and other payables	3,644	–	–	3,644
Bank loans	108,268	213,379	–	321,647
	111,912	213,379	–	325,291

Notes to the Financial Statements

For the financial year ended 31 December 2023

41. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2023 and 2022.

The Group monitors capital through its Debt/EBITDA ratio, which is gross debt divided by profit from operations before depreciation, amortisation, expected credit losses and gain/(loss) arising from changes in fair value of biological assets ("EBITDA"). The Group's policy is to maintain a Debt/EBITDA ratio of no more than 3.75 times.

	Group	
	2023	2022
	US\$'000	US\$'000
Loans and borrowings from financial institutions (Note 30)	237,726	295,721
Gross debt	237,726	295,721
EBITDA	282,048	508,763
Debt/EBITDA	0.84 times	0.58 times

42. SEGMENT INFORMATION

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

(a) *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.

(b) *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.

Notes to the Financial Statements

For the financial year ended 31 December 2023

42. SEGMENT INFORMATION (CONT'D)

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

2023	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
Sales:				
External customers	299,213	681,374	–	980,587
Inter-segment	551,368	–	(551,368)	–
Total sales	850,581	681,374	(551,368)	980,587
Results:				
EBITDA	323,987	(40,629)	(1,310)	282,048
Depreciation and amortisation	(74,898)	(7,381)	–	(82,279)
Loss arising from changes in fair value of biological assets	(1,137)	–	–	(1,137)
Provision for expected credit losses	(575)	–	–	(575)
Profit from operations	247,377	(48,010)	(1,310)	198,057
Loss on foreign exchange				(5,730)
Loss on derivative financial instruments				(138)
Net financial income				2,500
Other non-operating income				2,301
Profit before tax				196,990

Notes to the Financial Statements

For the financial year ended 31 December 2023

42. SEGMENT INFORMATION (CONT'D)

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

Geographical information

The Group operates primarily in Singapore and Indonesia.

The following tables present sales and non-current assets based on the geographical location of the customers and assets respectively:

	Sales	
	2023 US\$'000	2022 US\$'000
Singapore	354,519	510,357
Indonesia	476,137	462,268
Europe	88,874	85,208
China	30,647	79,088
Others	30,410	88,507
	980,587	1,225,428

Notes to the Financial Statements

For the financial year ended 31 December 2023

42. SEGMENT INFORMATION (CONT'D)

Geographical information (cont'd)

	Non-current assets	
	2023 US\$'000	2022 US\$'000
Singapore	65,173	65,683
Indonesia	1,180,070	915,201
	<u>1,245,243</u>	<u>980,884</u>

Non-current assets information presented above consist of bearer plants, property, plant and equipment, land use rights, goodwill, other intangible assets and other non-current assets.

Information about major customers

During the financial year ended 31 December 2023, sales to three (2022: two) major customers amounted to US\$487.9 million (2022: US\$369.9 million), made up of US\$331.0 million (2022: US\$198.5 million) from the refinery and processing segment and US\$156.9 million (2022: US\$171.4 million) from the plantations and palm oil mills segment.

43. DIVIDENDS

	Group and Company	
	2023 US\$'000	2022 US\$'000

Declared and paid during the financial year:

Dividends on ordinary shares:

– Final tax exempt (one-tier) dividend for 2022: 12.00 Singapore cents (2021: 5.10 Singapore cents) per share	141,960	57,831
– Interim tax exempt (one-tier) dividend for 2023: 2.50 Singapore cents (2022: 2.50 Singapore cents) per share	29,015	28,148
	<u>170,975</u>	<u>85,979</u>

Proposed but not recognised as a liability as at 31 December:

Dividends on ordinary shares, subject to shareholders' approval at the AGM:

– Final tax exempt (one-tier) dividend for 2023: 3.70 Singapore cents (2022: 12.00 Singapore cents) per share	43,914*	141,960
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* Based on USD/SGD exchange rate of 1.3186.

Notes to the Financial Statements

For the financial year ended 31 December 2023

44. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2023 were authorised for issue in accordance with a resolution of the directors on 26 March 2024.

Statistics of Shareholding

As at 8 March 2024

SHAREHOLDERS' INFORMATION

Number of issued shares	:	1,584,072,969
Number of issued shares (excluding treasury shares)	:	1,561,518,469
Number/percentage of treasury shares held against the total number of issued shares (excluding treasury shares)	:	22,554,500 (1.44%)
Class of shares	:	Ordinary share
Voting rights	:	One vote per share

The Company does not have any subsidiary holdings as at 8 March 2024.

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings		No. of Shareholders	%	No. of Shares	%
1	– 99	10	0.45	243	0.00
100	– 1,000	266	12.05	225,505	0.01
1,001	– 10,000	1,396	63.22	7,518,091	0.48
10,001	– 1,000,000	519	23.51	22,908,800	1.47
1,000,001	and above	17	0.77	1,532,403,030	98.04
Total		2,208	100.00	1,563,055,669	100.00

The distribution of shareholdings information in the table above does not take into account the 1,537,200 shares acquired by the Company through purchases on the Singapore Exchange from 6 to 8 March 2024 and held as treasury shares.

TWENTY LARGEST SHAREHOLDERS

(As recorded in the Depository Register, as at 8 March 2024)

No.	Name	No. of Shares	%*
1.	Citibank Nominees Singapore Pte Ltd	508,707,312	32.55
2.	Eight Capital Inc.	365,144,130	23.36
3.	HSBC (Singapore) Nominees Pte Ltd	266,452,837	17.05
4.	Raffles Nominees (Pte.) Limited	123,807,632	7.92
5.	DBS Nominees (Private) Limited	114,487,411	7.32
6.	DB Nominees (Singapore) Pte Ltd	89,372,300	5.72
7.	DBSN Services Pte. Ltd.	21,465,037	1.37
8.	BPSS Nominees Singapore (Pte.) Ltd.	11,767,081	0.75
9.	CGS International Securities Singapore Pte. Ltd.	10,303,900	0.66
10.	OCBC Securities Private Limited	4,411,300	0.28
11.	ABN AMRO Clearing Bank N.V.	3,761,100	0.24
12.	DBS Vickers Securities (Singapore) Pte Ltd	3,117,500	0.20
13.	Lim & Tan Securities Pte Ltd	2,772,500	0.18
14.	Phillip Securities Pte Ltd	2,657,145	0.17
15.	Morgan Stanley Asia (Singapore) Securities Pte Ltd	1,636,445	0.10
16.	UOB Kay Hian Private Limited	1,423,400	0.09
17.	Maybank Securities Pte. Ltd.	1,116,000	0.07
18.	United Overseas Bank Nominees (Private) Limited	850,200	0.05
19.	Merrill Lynch (Singapore) Pte. Ltd.	693,727	0.04
20.	Teh Li Li	688,000	0.04
		1,534,634,957	98.16

* Based on 1,563,055,669 shares (excluding treasury shares) as recorded in the Depository Register as at 8 March 2024.

Statistics of Shareholding

As at 8 March 2024

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders, as at 8 March 2024)

	Direct Interest	%*	Deemed Interest	%*
Eight Capital Inc.	1,043,966,230	66.86	–	–
Eight Capital Trustees Pte Ltd	–	–	1,043,966,230 ⁽¹⁾	66.86
TMF Trustees Singapore Limited	–	–	1,043,966,230 ⁽²⁾	66.86
Infinite Capital Fund Limited	88,982,400	5.70	–	–
King Fortune International Inc.	–	–	88,982,400 ⁽³⁾	5.70
Butterfield Trust (Asia) Limited	–	–	88,982,400 ⁽⁴⁾	5.70
Abigail P. Johnson	–	–	86,256,074 ⁽⁵⁾	5.52
FMR LLC	–	–	86,256,074 ⁽⁶⁾	5.52

* Based on 1,561,518,469 shares (excluding treasury shares) as recorded in the Register of Substantial Shareholders as at 8 March 2024.

Notes:

- (1) Eight Capital Trustees Pte Ltd ("ECTPL") holds the entire share capital of Eight Capital Inc. ("Eight Capital") as trustee of the Eight Capital Master Trust (the "Trust"), which is a discretionary family trust and subject to the terms of the Trust. The Trust is held for the benefit of the Eight Capital Sub Trust which is held for the benefit of the following beneficiaries: Wirastuty Fangiono, Wiraseny Fangiono, Wirashery Fangiono, Ciliandra Fangiono, Fang Zhixiang, Ciliandrew Fangiono, and their respective children and remoter issue. The proportionate interest of each beneficiary cannot be determined. Eight Capital is the investment holding vehicle of the Trust and ECTPL is deemed to be interested in the shares held by Eight Capital.
- (2) TMF Trustees Singapore Limited is the trustee of Eight Cap Purpose Trust (the "Purpose Trust"). Pursuant to the Purpose Trust, TMF Trustees Singapore Limited is the sole shareholder of ECTPL and is therefore deemed interested in the shares held by Eight Capital.
- (3) King Fortune International Inc. ("King Fortune") holds the entire issued and paid-up share capital of Infinite Capital Fund Limited and is deemed to be interested in the shares held by Infinite Capital Fund Limited.
- (4) Butterfield Trust (Asia) Limited (the "Trustee") is the sole shareholder of King Fortune and the trustee of the King Fortune Trust, a discretionary family trust. The shares held indirectly by King Fortune are property that is subject to the King Fortune Trust. Distribution of the income and capital of the King Fortune Trust to the beneficiaries of the King Fortune Trust are at the discretion of the Trustee.
- (5) Abigail P. Johnson's interests in the securities of the Company are currently entirely comprised as deemed interests. Abigail P. Johnson is deemed to have interests in the securities of the Company because she is entitled to exercise or control the exercise of 20% or more of the voting power over FMR LLC.
- (6) FMR LLC's interests in the securities of the Company are currently entirely comprised as deemed interests. FMR LLC is deemed to have interests in the securities of the Company because such securities are held by funds and/or accounts managed by one or more of its direct and indirect subsidiaries, which are fund managers.

PERCENTAGE OF SHARES HELD BY THE PUBLIC

Approximately 21.92% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of the SGX-ST.



First Resources Limited is committed to responsible corporate citizenship. This annual report has been produced by a printer certified by the Forest Stewardship Council® (FSC®), and printed on paper certified to be environmentally friendly according to the FSC® standard.



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