



FIRST RESOURCES LIMITED

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

Condensed Interim Financial Statements
For the six months and full year ended 31 December 2023

First Resources Limited and its Subsidiaries

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First Resources Limited and its Subsidiaries

Consolidated Income Statement

	Note	FY 2023 US\$'000	FY 2022 US\$'000	Change (%)	2H 2023 US\$'000	2H 2022 US\$'000	Change (%)
Sales	5	980,587	1,225,428	(20.0%)	531,792	690,217	(23.0%)
Cost of sales		(617,549)	(596,113)	3.6%	(325,766)	(355,952)	(8.5%)
Gross profit		363,038	629,315	(42.3%)	206,026	334,265	(38.4%)
(Loss)/gain arising from changes in fair value of biological assets	15	(1,137)	(11,475)	(90.1%)	(5,943)	865	n.m.
Selling and distribution costs	6	(111,275)	(162,782)	(31.6%)	(61,882)	(69,851)	(11.4%)
General and administrative expenses		(33,433)	(32,564)	2.7%	(20,281)	(17,439)	16.3%
Other operating expenses		(19,136)	(4,612)	314.9%	(16,256)	(7,299)	122.7%
Profit from operations		198,057	417,882	(52.6%)	101,664	240,541	(57.7%)
(Loss)/gain on foreign exchange		(5,730)	15,194	n.m.	6,334	9,690	(34.6%)
Loss on derivative financial instruments		(138)	–	n.m.	(105)	–	n.m.
Net financial income/(expenses)	7	2,500	(7,268)	n.m.	566	(2,804)	n.m.
Other non-operating income/(expenses)		2,301	1,702	35.2%	(4,326)	654	n.m.
Profit before tax		196,990	427,510	(53.9%)	104,133	248,081	(58.0%)
Tax expense	8	(44,554)	(88,390)	(49.6%)	(25,708)	(45,826)	(43.9%)
Profit for the year/period		152,436	339,120	(55.0%)	78,425	202,255	(61.2%)
Profit attributable to:							
Owners of the Company		145,395	325,196	(55.3%)	73,928	197,237	(62.5%)
Non-controlling interests		7,041	13,924	(49.4%)	4,497	5,018	(10.4%)
		152,436	339,120	(55.0%)	78,425	202,255	(61.2%)

n.m. – not meaningful

First Resources Limited and its Subsidiaries

Consolidated Statement of Comprehensive Income

	FY 2023 US\$'000	FY 2022 US\$'000	Change (%)	2H 2023 US\$'000	2H 2022 US\$'000	Change (%)
Profit for the year/period	152,436	339,120	(55.0%)	78,425	202,255	(61.2%)
Other comprehensive income:						
Items that will not be reclassified subsequently to profit or loss						
Remeasurement (loss)/gain on defined benefits plan	(104)	2,402	n.m.	(104)	2,402	n.m.
	(104)	2,402	n.m.	(104)	2,402	n.m.
Items that may be reclassified subsequently to profit or loss						
Fair value gain on cash flow hedges	15,166	23,540	(35.6%)	1,487	32,463	(95.4%)
Fair value gain on cash flow hedges transferred to the income statement	(20,848)	(1,859)	n.m.	(15,151)	(48,673)	(68.9%)
Foreign currency translation	31,656	(140,817)	n.m.	(44,058)	(82,189)	(46.4%)
	25,974	(119,136)	n.m.	(57,722)	(98,399)	(42.0%)
Other comprehensive income for the year/period, net of tax	25,870	(116,734)	n.m.	(57,826)	(95,997)	(39.8%)
Total comprehensive income for the year/period	178,306	222,386	(19.8%)	20,599	106,258	(80.6%)
Total comprehensive income attributable to:						
Owners of the Company	169,357	216,173	(21.7%)	16,032	105,657	(84.8%)
Non-controlling interests	8,949	6,213	44.0%	4,567	601	659.9%
	178,306	222,386	(19.8%)	20,599	106,258	(80.6%)

First Resources Limited and its Subsidiaries

Balance Sheets

	Note	Group		Company	
		31 Dec 2023 US\$'000	31 Dec 2022 US\$'000	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
Non-current assets					
Bearer plants	12	583,207	448,375	–	–
Plasma receivables		37,568	25,836	–	–
Property, plant and equipment	13	532,146	395,002	250	1,618
Land use rights		26,586	36,290	–	–
Investment in subsidiaries		–	–	879,609	964,058
Goodwill	14	76,099	74,575	–	–
Other intangible assets		26,740	26,208	5	–
Derivative financial assets		1,840	6,631	1,840	6,631
Tax recoverable		49,497	45,011	–	–
Deferred tax assets		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	15	29,683	30,191	–	–
Plasma receivables		5,208	3,587	–	–
Inventories		119,789	136,998	–	–
Loan to subsidiary		–	–	132,500	–
Trade receivables		30,622	77,342	–	–
Other receivables		3,921	6,734	225	332
Derivative financial assets		7,844	10,535	6,577	10,243
Advances for purchase of property, plant and equipment		6,429	1,587	–	–
Other advances and prepayments		2,971	10,836	33	79
Prepaid taxes		36,160	24,237	–	–
Restricted cash balances	16	51,896	6,523	–	–
Cash and cash equivalents	16	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

First Resources Limited and its Subsidiaries

Balance Sheets

	Note	Group		Company	
		31 Dec 2023 US\$'000	31 Dec 2022 US\$'000	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000
Current liabilities					
Trade payables		39,478	31,616	100	128
Other payables and accruals		45,318	49,114	2,941	3,516
Advances from customers		7,535	3,618	–	–
Loans and borrowings from financial institutions	17	111,705	93,314	198,091	91,180
Derivative financial liabilities		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	17	126,021	202,407	122,037	199,752
Provision for post-employment benefits		27,510	22,644	–	–
Deferred tax liabilities		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	18	394,913	394,913	394,913	394,913
Treasury shares	18	(19,060)	(14,700)	(19,060)	(14,700)
Other reserves	19	(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

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

Group	Attributable to owners of the Company						
	Share capital	Treasury shares	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	Total equity
	US\$'000 (Note 18)	US\$'000 (Note 18)	US\$'000 (Note 19)	US\$'000	US\$'000	US\$'000	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 benefits 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

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

Group	Attributable to owners of the Company						Total equity US\$'000
	Share capital	Treasury shares	Other reserves	Retained earnings	Equity attributable to owners of the Company	Non-controlling interests	
	US\$'000 (Note 18)	US\$'000 (Note 18)	US\$'000 (Note 19)	US\$'000	US\$'000	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 benefits plan	–	–	–	1,967	1,967	435	2,402
Net change in fair value of cash flow hedges	–	–	21,681	–	21,681	–	21,681
Foreign currency translation	–	–	(132,671)	–	(132,671)	(8,146)	(140,817)
Other comprehensive income for the year, net of tax	–	–	(110,990)	1,967	(109,023)	(7,711)	(116,734)
Total comprehensive income for the year	–	–	(110,990)	327,163	216,173	6,213	222,386
<u>Distributions to owners</u>							
Dividends paid	–	–	–	(85,979)	(85,979)	(604)	(86,583)
Buy-back of ordinary shares	–	(8,014)	–	–	(8,014)	–	(8,014)
Reissuance of treasury shares pursuant to employee share award scheme	–	17	10	–	27	–	27
<u>Changes in ownership interests in subsidiaries</u>							
Increase in non-controlling interests without a change in control	–	–	(9,685)	–	(9,685)	9,685	–
Total transactions with owners in their capacity as owners	–	(7,997)	(9,675)	(85,979)	(103,651)	9,081	(94,570)
At 31 December 2022	394,913	(14,700)	(181,927)	1,111,380	1,309,666	89,249	1,398,915

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

Company	Share capital US\$'000 (Note 18)	Treasury shares US\$'000 (Note 18)	Other reserves US\$'000 (Note 19)	Retained earnings US\$'000	Total equity US\$'000
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 9)	–	–	–	(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 9)	–	–	–	(85,979)	(85,979)
Buy-back of ordinary shares	–	(8,014)	–	–	(8,014)
Reissuance of treasury shares pursuant to employee share award scheme	–	17	10	–	27
Total transactions with owners in their capacity as owners	–	(7,997)	10	(85,979)	(93,966)
At 31 December 2022	394,913	(14,700)	27,570	424,203	831,986

First Resources Limited and its Subsidiaries

Consolidated Cash Flow Statement

	FY 2023 US\$'000	FY 2022 US\$'000	2H 2023 US\$'000	2H 2022 US\$'000
Cash flows from operating activities				
Profit before tax	196,990	427,510	104,133	248,081
Adjustments for:				
Depreciation of bearer plants and property, plant and equipment	80,447	76,343	40,246	36,951
Amortisation of land use rights and other intangible assets	1,832	2,475	751	1,202
Loss/(gain) on disposal of bearer plants and property, plant and equipment	739	(92)	1,095	(55)
Write-off of bearer plants and property, plant and equipment	6,620	1,288	6,620	1,288
Financial expenses	8,106	10,569	3,601	5,176
Interest income	(10,606)	(3,301)	(4,167)	(2,372)
Provision for expected credit losses	575	588	575	588
Loss/(gain) arising from changes in fair value of biological assets	1,137	11,475	5,943	(865)
Loss on derivative financial instruments	138	–	105	–
Loss/(gain) arising from changes in carrying value of plasma receivables	8,903	(1,757)	8,903	2,144
Gain on disposal of subsidiary	(4,175)	–	–	–
Operating cash flows before changes in working capital	290,706	525,098	167,805	292,138
Changes in working capital:				
Inventories	20,512	(50,341)	13,478	72,806
Receivables and other assets	59,873	(20,238)	20,927	18,726
Payables and other liabilities	11,717	(9,833)	20,075	(797)
Unrealised translation differences	8,539	(18,491)	(4,417)	(12,896)
Cash flows generated from operations	391,347	426,195	217,868	369,977
Financial expenses paid	(7,127)	(9,303)	(3,014)	(4,556)
Interest income received	10,580	3,249	4,896	2,384
Tax paid	(79,987)	(93,979)	(32,184)	(36,093)
Net cash generated from operating activities	314,813	326,162	187,566	331,712
Cash flows from investing activities				
Capital expenditure on bearer plants	(162,209)	(19,168)	(149,675)	(10,772)
Capital expenditure on property, plant and equipment	(183,630)	(57,514)	(96,009)	(37,823)
Payment of advances for purchase of property, plant and equipment	(6,497)	(1,679)	(4,929)	(277)
Development costs on plasma receivables	(36,360)	(17,346)	(12,836)	(9,929)
Proceeds from plasma receivables	13,977	43,623	7,507	5,509
Additions to other intangible assets	(70)	(26)	(63)	(26)
Proceeds from disposal of bearer plants and property, plant and equipment	650	134	196	73
Proceeds from disposal of subsidiary, net of cash disposed of	22,778	–	–	–
Net cash used in investing activities	(351,361)	(51,976)	(255,809)	(53,245)

First Resources Limited and its Subsidiaries

Consolidated Cash Flow Statement

	FY 2023 US\$'000	FY 2022 US\$'000	2H 2023 US\$'000	2H 2022 US\$'000
Cash flows from financing activities				
Proceeds from bank loans	30,035	–	30,035	–
Repayment of bank loans	(92,115)	(114,375)	(51,827)	(54,375)
Payment of obligations under leases liabilities	(3,789)	(2,017)	(2,081)	(1,151)
(Increase)/decrease in restricted cash balances	(45,373)	(6,466)	(47,776)	6,230
Dividends paid	(171,083)	(86,583)	(29,117)	(28,135)
Buy-back of ordinary shares	(4,402)	(8,014)	(1,508)	(8,014)
Net cash used in financing activities	(286,727)	(217,455)	(102,274)	(85,445)
Net (decrease)/increase in cash and cash equivalents	(323,275)	56,731	(170,517)	193,022
Effect of exchange rate changes on cash and cash equivalents	459	(4,402)	(772)	(2,816)
Cash and cash equivalents at the beginning of the financial year/period	433,790	381,461	282,263	243,584
Cash and cash equivalents at the end of the financial year/period	110,974	433,790	110,974	433,790

1. Corporate information

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

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

The registered office and principal place of business of the Company is located at 7 Temasek Boulevard, #24-01, Suntec Tower One, Singapore 038987.

These condensed interim financial statements as at and for the six months and financial year ended 31 December 2023 (“2H2023” and “FY2023”) comprise the Company and its subsidiaries (collectively, the “Group”).

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

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

2. Basis of preparation

The condensed interim consolidated financial statements for the six months and financial year ended 31 December 2023 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last interim financial statements for the six months ended 30 June 2023.

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

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

2.1 New and amended standards adopted by the Group

The accounting policies and methods of computation applied are consistent with those of the previous financial year except for the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2023. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

3. Significant accounting judgements and estimates

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the financial year ended 31 December 2022.

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

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

(a) Biological assets

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

(b) Impairment of non-financial assets

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

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

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

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

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

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

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

(ii) ECL on trade receivables

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

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

(d) **Taxes**

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

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

(e) Deferred taxes

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

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

4. Seasonality of operations

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

5. Segment and revenue information

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

(i) Plantations and Palm Oil Mills

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

(ii) Refinery and Processing

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

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

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

5. Segment and revenue information (cont'd)

(a) Reportable segments

FY 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

5. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

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

5. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

2H 2023	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
Sales:				
External customers	189,576	342,216	–	531,792
Inter-segment	284,774	–	(284,774)	–
Total sales	474,350	342,216	(284,774)	531,792
Results:				
EBITDA	172,467	(16,607)	(6,681)	149,179
Depreciation and amortisation	(37,417)	(3,580)	–	(40,997)
Loss arising from changes in fair value of biological assets	(5,943)	–	–	(5,943)
Provision for expected credit losses	(575)	–	–	(575)
Profit from operations	128,532	(20,187)	(6,681)	101,664
Gain on foreign exchange				6,334
Loss on derivative financial instruments				(105)
Net financial income				566
Other non-operating expenses				(4,326)
Profit before tax				104,133

5. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

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

(b) Disaggregation of revenue

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

	Group			2H 2022 US\$'000
	FY 2023 US\$'000	FY 2022 US\$'000	2H 2023 US\$'000	
Crude palm oil	288,784	143,352	184,425	127,182
Palm kernel	2,988	2,240	849	2,240
Fresh fruit bunches	7,441	8,163	4,302	3,928
Processed palm based products	681,374	1,071,673	342,216	556,867
	980,587	1,225,428	531,792	690,217

Notes to the Condensed Interim Financial Statements

5. Segment and revenue information (cont'd)

(b) *Disaggregation of revenue (cont'd)*

The Group operates primarily in Singapore and Indonesia.

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

	Group			
	FY 2023	FY 2022	2H 2023	2H 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Singapore	354,519	510,357	238,977	326,972
Indonesia	476,137	462,268	233,667	232,441
Europe	88,874	85,208	39,353	44,931
China	30,647	79,088	6,394	30,551
Others	30,410	88,507	13,401	55,322
	980,587	1,225,428	531,792	690,217

(c) *A breakdown of sales*

	FY 2023	Group	Change
	US\$'000	FY 2022	%
	US\$'000	US\$'000	%
Sales reported for first half year	448,795	535,211	(16.1%)
Profit after tax before deducting non-controlling interests reported for first half year	74,011	136,865	(45.9%)
Sales reported for second half year	531,792	690,217	(23.0%)
Profit after tax before deducting non-controlling interests reported for second half year	78,425	202,255	(61.2%)

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

Not applicable.

6. Selling and distribution costs

	Group			
	FY 2023	FY 2022	2H 2023	2H 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Export taxes	47,485	103,047	27,240	32,563
Freight charges	55,496	48,044	30,632	30,188
Depreciation of property, plant and equipment	747	751	369	364
Others	7,547	10,940	3,641	6,736
	111,275	162,782	61,882	69,851

First Resources Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

7. Net financial (income)/expenses

	Group			
	FY 2023	FY 2022	2H 2023	2H 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	8,106	10,569	3,601	5,176
Interest income	(10,606)	(3,301)	(4,167)	(2,372)
	<u>(2,500)</u>	<u>7,268</u>	<u>(566)</u>	<u>2,804</u>

8. Tax expense

The major components of tax expense in the consolidated income statement for the six months and financial years ended 31 December 2023 and 2022 are as follows:

	Group			
	FY 2023	FY 2022	2H 2023	2H 2022
	US\$'000	US\$'000	US\$'000	US\$'000
Current income tax	50,151	80,454	30,416	31,017
Deferred tax	(5,597)	7,936	(4,708)	14,809
	<u>44,554</u>	<u>88,390</u>	<u>25,708</u>	<u>45,826</u>

First Resources Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

9. Dividends

	Group and Company	
	FY2023	FY2022
	US\$'000	US\$'000
Declared and paid during the financial year:		
<i>Dividends on ordinary shares:</i>		
- Final tax exempt (one-tier) dividend for 2022: 12.00 Singapore cents (2021: 5.10 Singapore cents) per share	141,960	57,831
- Interim tax exempt (one-tier) dividend for 2023: 2.50 Singapore cents (2022: 2.50 Singapore cents) per share	29,015	28,148
	170,975	85,979
	170,975	85,979

10. Earnings per ordinary share

	FY 2023	FY 2022	Group	
			2H 2023	2H 2022
Weighted average number of shares applicable to basic EPS computation ('000)	1,566,965	1,574,952	1,566,175	1,572,865
Weighted average number of shares based on fully diluted basis ('000)	1,566,965	1,574,952	1,566,175	1,572,865
EPS - basic (US cents)	9.28	20.65	4.72	12.54
EPS - diluted (US cents)	9.28	20.65	4.72	12.54
	9.28	20.65	4.72	12.54

11. Net asset value

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

12. Bearer plants

During the six months ended 31 December 2023, additions to bearer plants amounted to US\$150.8 million (2H2022: US\$12.1 Million).

13. Property, plant and equipment

During the six months ended 31 December 2023, additions to property, plant and equipment amounted to US\$99.9 million (2H2022: US\$43.6 Million).

14. Goodwill

	Group	
	2023 US\$'000	2022 US\$'000
Cost		
At 1 January	74,575	82,216
Exchange differences	1,524	(7,641)
	76,099	74,575
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 US\$'000	2022 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
Lynhurst Group	28,913	28,335
PT Falcon Agri Persada	26,880	26,341
Others	27	27
	76,099	74,575
	76,099	74,575

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	US\$860/tonne	US\$1,065/tonne

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.

Management is of the opinion that no reasonably possible change in any of the key assumptions stated above would cause the carrying amount of the goodwill for each of the CGU to materially exceed their recoverable amount. Accordingly, no impairment loss was recognised for goodwill as at 31 December 2023 and 2022.

First Resources Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

15. Biological assets

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

	Group	
	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)
	29,683	30,191
At 31 December	29,683	30,191

16. Cash and bank balances

	Group	
	31 Dec 2023	31 Dec 2022
	US\$'000	US\$'000
Cash at banks and on hand	110,974	433,790
Restricted cash balances	51,896	6,523
	162,870	440,313
	162,870	440,313

As at 31 December 2023, the Group has bank overdrafts amounting to US\$228.0 million (31 December 2022: US\$269.3 million) which have been netted against cash at banks as the Group has the legal rights to set off the overdrafts against the cash at banks, which are with the same banks.

17. Borrowings and debt securities

	Group	
	31 Dec 2023	31 Dec 2022
	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	3,954	2,134
Unsecured	107,751	91,180
<u>Amount repayable after one year</u>		
Secured	3,984	2,655
Unsecured	122,037	199,752
	237,726	295,721
	237,726	295,721

17. Borrowings and debt securities (cont'd)

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

Details of any collateral

Certain of the Group's bearer plants, land use rights and property plant and equipment are pledged to secure facilities from financial institutions.

18. 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	1,584,073	394,913	1,584,073	394,913

	Group and Company	
	2023	2022
Issued shares excluding treasury shares and subsidiary holdings ('000)		
At 1 January	1,569,155	1,577,066
Buy-back of ordinary shares	(4,207)	(7,928)
Reissued pursuant to employee share award scheme	41	17
At 31 December	1,564,989	1,569,155

The total number of issued shares excluding treasury shares as at 31 December 2023 was 1,564,989,369 (31 December 2022: 1,569,154,669).

There were no shares that may be issued upon conversion of any outstanding convertibles as at 31 December 2023 and 31 December 2022.

There were no subsidiary holdings as at 31 December 2023 and 31 December 2022.

18. 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.

As at 31 December 2023, there were 19,083,600 (31 December 2022: 14,918,300) treasury shares, representing 1.22% (31 December 2022: 0.95%) of the total number of issued shares excluding treasury shares.

During the six months ended 31 December 2023, the Company acquired 1,459,300 shares (2H2022: 7,928,700 shares) in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was US\$1,507,000 (2H2022: US\$8,014,000) and this was presented as a component within shareholders' equity. There were no treasury shares sold, transferred, cancelled, used nor issued pursuant to the Company's employee share option scheme and share award scheme during the six months ended 31 December 2023 and 2022.

19. Other reserves

The composition of other reserves is as follows:

	Group		Company	
	31 Dec 2023 US\$'000	31 Dec 2022 US\$'000	31 Dec 2023 US\$'000	31 Dec 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 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 Condensed Interim Financial Statements

20. Expected credit losses

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

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

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

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

21. Commitments

Capital commitments

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

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

22. Fair value of assets and liabilities

(a) Fair value hierarchy

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

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

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

(b) Assets and liabilities measured at fair value

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

Group	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
31 December 2023				
Assets measured at fair value:				
<u>Non-financial assets</u>				
Biological assets	–	–	29,683	29,683
<u>Financial assets</u>				
Derivative financial assets	1,225	8,459	–	9,684
Liabilities measured at fair value:				
<u>Financial liabilities</u>				
Derivative financial liabilities	181	184	–	365

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

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

Group	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
31 December 2022				
Assets measured at fair value:				
<u>Non-financial assets</u>				
Biological assets	–	–	30,191	30,191
	=====	=====	=====	=====
<u>Financial assets</u>				
Derivative financial assets	–	17,166	–	17,166
	=====	=====	=====	=====
Liabilities measured at fair value:				
<u>Financial liabilities</u>				
Derivative financial liabilities	2,322	36	–	2,358
	=====	=====	=====	=====

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

(c) Level 3 fair value measurements

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

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

Description	Fair value US\$'000	Valuation techniques	Unobservable inputs	Range
31 December 2023				
Biological assets	29,683	Income approach	Projected harvest quantities	218,000 tonnes
			Market price of FFB	US\$123/tonne –US\$167/tonne
31 December 2022				
Biological assets	30,191	Income approach	Projected harvest quantities	219,000 tonnes
			Market price of FFB	US\$121/tonne –US\$167/tonne

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

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

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

(iii) Valuation policies and procedures

Fair value of biological assets

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

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

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

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

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

Fair value of biological assets (cont'd)

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

23. Subsequent events

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

First Resources Limited and its Subsidiaries

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

1. Review

The condensed interim consolidated balance sheet of First Resources Limited and its subsidiaries as at 31 December 2023 and the related condensed interim consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period and financial year then ended and certain explanatory notes have not been audited or reviewed.

2. Review of performance of the Group

REVIEW OF GROUP FINANCIAL PERFORMANCE BY BUSINESS SEGMENT

SALES VOLUME

	FY 2023	FY 2022	Change	2H 2023	2H 2022	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Plantations and Palm Oil Mills						
- Crude palm oil	1,004,361	863,019	16.4%	568,285	518,932	9.5%
- Palm kernel	208,915	199,614	4.7%	120,278	111,243	8.1%
Refinery and Processing	926,914	1,058,830	(12.5%)	481,894	601,025	(19.8%)

Note: Sales volume include inter-segment sales

SALES

	FY 2023	FY 2022	Change	2H 2023	2H 2022	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills						
- Crude palm oil	767,008	725,344	5.7%	428,231	437,390	(2.1%)
- Palm kernel	76,132	112,263	(32.2%)	41,818	41,306	1.2%
- Fresh fruit bunches	7,441	8,163	(8.8%)	4,301	3,928	9.5%
	850,581	845,770	0.6%	474,350	482,624	(1.7%)
Refinery and Processing	681,374	1,071,673	(36.4%)	342,216	556,867	(38.5%)
Inter-segment elimination	(551,368)	(692,015)	(20.3%)	(284,774)	(349,274)	(18.5%)
Total Sales	980,587	1,225,428	(20.0%)	531,792	690,217	(23.0%)

EBITDA

	FY 2023	FY 2022	Change	2H 2023	2H 2022	Change
	US\$'000	US\$'000	%	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	323,987	451,111	(28.2%)	172,467	253,265	(31.9%)
Refinery and Processing	(40,629)	55,695	n.m.	(16,607)	(2,475)	571.0%
Inter-segment elimination	(1,310)	1,957	n.m.	(6,681)	27,627	n.m.
Total EBITDA	282,048	508,763	(44.6%)	149,179	278,417	(46.4%)

n.m. – not meaningful

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

UNDERLYING NET PROFIT

	FY 2023	FY 2022	Change	2H 2023	2H 2022	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the year/period attributable to owners of the Company	145,395	325,196	(55.3%)	73,928	197,237	(62.5%)
Provision for expected credit losses	377	485	(22.3%)	377	485	(22.3%)
Loss/(gain) arising from changes in fair value of biological assets	795	8,530	(90.7%)	4,544	(1,095)	n.m.
Underlying net profit attributable to owners of the Company	146,567	334,211	(56.1%)	78,849	196,627	(59.9%)

Overview

The Group recorded a net profit of US\$145.4 million in FY2023, a decline of 55.3% against FY2022, with a 52.6% decrease in profit from operations to US\$198.1 million. The Group's financial performance in FY2023 was impacted by weaker palm oil prices, partially offset by an improvement in the overall sales volume achieved by the Group during the year.

For 2H2023, net profit declined by 62.5% to US\$73.9 million while profit from operations decreased by 57.7% to US\$101.7 million from a combination of lower average selling prices and a reduction in overall sales volume achieved by the Group.

Excluding the expected credit losses and (losses)/gains arising from changes in fair value of biological assets, the underlying net profit for the Group would have decreased by 56.1% and 59.9% for FY2023 and 2H2023 respectively.

Sales

Reflecting the effects of weaker palm oil prices, sales dipped by 20.0% to US\$980.6 million and 23.0% to US\$531.8 million in FY2023 and 2H2023 respectively. For 2H2023, the decline was also contributed by a reduction in overall sales volume as compared to the same period last year, during which there was a large inventory drawdown.

Cost of Sales

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, plantation general expenses and processing costs, as well as FFB and other palm oil products purchased from plasma farmers or third parties. The Group's cost of sales increased by 3.6% to US\$617.5 million in FY2023 and decreased by 8.5% to US\$325.8 million in 2H2023.

Gross Profit

Gross profit declined by 42.3% to US\$363.0 million in FY2023 with gross profit margin coming in at 37.0% (FY2022: 51.4%). For 2H2023, gross profit decreased by 38.4% to US\$206.0 million with gross profit margin of 38.7% (2H2022: 48.4%). The Group's gross profitability and margins in 2023 were mainly impacted by the lower average selling prices.

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

REVIEW OF INCOME STATEMENT (CONT'D)

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

The Group recognised a loss arising from changes in fair value of biological assets amounting to US\$1.1 million in FY2023 as compared to US\$11.5 million in FY2022. The larger loss recorded in FY2022 was mainly due to the bigger fall in domestic FFB prices during 2022 as compared to 2023.

For 2H2023, there was a loss of US\$5.9 million as compared to a gain of US\$0.9 million recognised in 2H2022. The fair value loss recorded in 2H2023 was attributable to the lower projected harvest quantities used in the valuation as at 31 December 2023 as compared to 30 June 2023.

Selling and Distribution costs

Selling and distribution expenses decreased by 31.6% to US\$111.3 million in FY2023 (FY2022: US\$162.8 million) and 11.4% to US\$61.9 million in 2H2023 (2H2022: US\$69.9 million), mainly due to the lower export taxes.

General and Administrative expenses

General and administrative expenses increased by 2.7% to US\$33.4 million in FY2023 (FY2022: US\$32.6 million) and 16.3% to US\$20.3 million in 2H2023 (2H2022: US\$17.4 million). The increase in 2H2023 was mainly due to higher employee related costs and other administrative expenses incurred during the period.

Other Operating Expenses

The Group recorded other operating expenses of US\$19.1 million in FY2023 (FY2022: US\$4.6 million) and US\$16.3 million in 2H2023 (2H2022: US\$7.3 million). The higher operating expenses in FY2023 and 2H2023 included a US\$6.4 million loss from changes in carrying value of plasma receivables relating to the conversion of rubber to oil palm plantations during the year.

EBITDA

The Group's EBITDA decreased by 44.6% to US\$282.0 million in FY2023 and 46.4% to US\$149.2 million in 2H2023, mainly attributed to the effect from the lower average selling prices, partially offset by the reduction in export taxes.

(Loss)/Gain on Foreign Exchange

The Group recorded a loss on foreign exchange of US\$5.7 million in FY2023 as compared to a gain of US\$15.2 million in FY2022. For 2H2023, there was a gain on foreign exchange of US\$6.3 million as compared to US\$9.7 million in 2H2022. The gain/loss on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

Loss on Derivative Financial Instruments

The Group recorded losses on derivative financial instruments of US\$0.1 million in FY2023 and 2H2023. These arose primarily from financial instruments entered into by the Group to hedge its exposure to commodity price and foreign currency movements during the course of its business. There were no gains/losses on derivative financial instruments accounted for at fair value through profit or loss in FY2022 and 2H2022.

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

REVIEW OF INCOME STATEMENT (CONT'D)

Net Financial Expenses

The Group recorded net financial income of US\$2.5 million in FY2023 and US\$0.6 million in 2H2023, as compared to net financial expenses of US\$7.3 million in FY2022 and US\$2.8 million in 2H2022 respectively. These were mainly attributable to the higher interest income earned on cash and bank balances, as well as the reduction in financial expenses on lower gross borrowings.

Other Non-operating Income/(Expenses)

The Group recorded other non-operating income of US\$2.3 million in FY2023 as compared to US\$1.7 million in FY2022. For 2H2023, the Group recorded other non-operating expenses of US\$4.3 million as compared to income of US\$0.7 million in 2H2022. These included a US\$6.6 million loss from write-off of bearer plants relating to the conversion of rubber to oil palm plantations, partially offset by a US\$4.2 million gain on disposal of subsidiary during 2023.

Tax Expense and Net Profit

The Group recorded tax expense of US\$44.6 million in FY2023 (FY2022: US\$88.4 million) and US\$25.7 million in 2H2023 (2H2022: US\$45.8 million), along with the higher taxable income of the Group.

As a result of the foregoing, profit attributable to owners of the Company decreased by 55.3% to US\$145.4 million in FY2023 and 62.5% to US\$73.9 million in 2H2023.

REVIEW OF BALANCE SHEET

Total assets of the Group decreased 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 an acquisition of plantation assets towards the end of FY2023 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. The Group's current assets decreased by US\$336.9 million to US\$405.5 million, mainly contributed by the lower cash and bank balances, inventories and trade receivables, partially offset by the higher prepaid taxes.

Total liabilities of the Group decreased by 14.0% from US\$433.8 million as at 31 December 2022 to US\$373.1 million as at 31 December 2023, mainly due to the reduction in gross borrowings.

Gross borrowings decreased by US\$58.0 million to US\$237.7 million as at 31 December 2023 (31 December 2022: US\$295.7 million), mainly due to the repayment of banks loans during the year.

Taking into consideration the cash and bank balances of US\$162.9 million (31 December 2022: US\$440.3 million), the Group is in a net borrowings position of US\$74.9 million as at 31 December 2023 (31 December 2022: net cash position of US\$144.6 million).

Equity attributable to owners of the Company decreased marginally by 0.5% from US\$1,309.7 million as at 31 December 2022 to US\$1,303.4 million as at 31 December 2023, mainly attributable to the dividends paid to shareholders, partially offset by the Group's profits generated and foreign currency translation gains from the appreciation of Indonesian Rupiah against United States Dollar during the year.

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

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$314.8 million from its operating activities in FY2023 as 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. In 2H2023, net cash generated from operating activities amounted to US\$187.6 million as compared to US\$331.7 million in 2H2022. The reduction in cash generated from operating activities was mainly attributable to the lower average selling prices and a reduction in overall sales volume during 2H2023.

Net cash used in investing activities amounted to US\$351.4 million in FY2023 (FY2022: US\$52.0 million) and US\$255.8 million in 2H2023 (2H2022: US\$53.2 million). The higher amounts used in investing activities in FY2023 and 2H2023 included the cash consideration for acquisition of plantation assets in late FY2023 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 (FY2022: US\$217.5 million) and US\$102.3 million in 2H2023 (2H2022: US\$85.4 million). The increases in cash used in financing activities was mainly due to the higher amount of dividends paid to shareholders during 2023 and the increase in restricted cash balances arising from the new Indonesian regulation requiring 30% of proceeds from export of natural resources products to be placed in designated domestic accounts for at least 3 months.

Overall, the Group registered a decrease in cash and cash equivalents of US\$323.3 million in FY2023, bringing the Group's cash and cash equivalents to US\$111.0 million as at 31 December 2023.

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

Not applicable.

4. A commentary at the date of the announcement of the significant trends and competitive conditions of the industry in which the Group operates and any known factors or events that may affect the Group in the next operating period and the next 12 months

With the easing of tightness in global vegetable oil supplies, palm oil prices averaged lower year-on-year in 2023 and have continued to be restrained by the relative pricing of competing oils. Looking ahead, global palm oil supply growth in 2024 is expected to be limited due to weather influences and the continued lack of new plantings across the industry. On the demand front, growing biodiesel mandates across the world, as well as Indonesia's own B35 biodiesel mandate, are key drivers for global vegetable oil demand and consumption.

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

First Resources recently announced an acquisition of plantation assets comprising mills, plantations and unplanted land bank located in the Riau Province, Indonesia. The Group intends to replant the plantation assets in the ensuing years and anticipates that the integration of these assets will yield operational synergies and contribute positively to its overall performance in subsequent years.

5. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim dividend	Proposed final dividend
Dividend Type	Cash	Cash
Dividend Amount per Share	2.50 Singapore cents	3.70 Singapore cents
Tax Rate	Tax-exempt, one-tier	Tax-exempt, one-tier

(b) Corresponding period of the immediately preceding financial year

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

Yes.

Name of Dividend	Interim dividend	Final dividend
Dividend Type	Cash	Cash
Dividend Amount per Share	2.50 Singapore cents	12.00 Singapore cents
Tax Rate	Tax-exempt, one-tier	Tax-exempt, one-tier

(c) Date payable

Payment of the proposed final dividend, if approved by the members at the Annual General Meeting to be held on 26 April 2024, will be made on 16 May 2024.

(d) Record date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 10 May 2024 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 1 Harbourfront Avenue, #14-07 Keppel Bay Tower, Singapore 098632, up to 5.00 p.m. on 9 May 2024 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 9 May 2024 will be entitled to the proposed final dividend.

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

Not applicable.

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

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

	FY 2023		FY 2022	
	S\$'000	US\$'000 equivalent	S\$'000	US\$'000 equivalent
Ordinary – Interim (paid)	39,161	29,015	39,407	28,148
Ordinary – Final (paid)	–	–	188,168	141,960
Ordinary – Final (proposed)	57,905	43,914*	–	–
Total	97,066	72,929	227,575	170,108

* Based on USD/SGD exchange rate of 1.3186.

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

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		US\$'000	US\$'000
Eight Capital Advisors Pte. Ltd.	Associate of Eight Capital Inc.	–	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	–
Total		14,454	100,570

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

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

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

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

Name	Age	Family relationship with any director and/or substantial shareholder	Current position and duties, and the year the position was held	Details of changes in duties and position held, if any, during the year
Ciliandra Fangiono	47	Brother of Fang Zhixiang (Director and Deputy Chief Executive Officer)	Director and Chief Executive Officer since 2007 - Responsible for overall management and strategic initiatives of the Group	No change
Fang Zhixiang	46	Brother of Ciliandra Fangiono (Director and Chief Executive Officer)	Deputy Chief Executive Officer since 2007 - Responsible for the Group's daily operations, including new plantations development Director since 2014	No change

BY ORDER OF THE BOARD

Ciliandra Fangiono
Director and Chief Executive Officer
29 February 2024