



FIRST RESOURCES LIMITED

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

Condensed Interim Financial Statements
For the six months ended 30 June 2021

First Resources Limited and its Subsidiaries

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First Resources Limited and its Subsidiaries

Consolidated Income Statement

	Note	1H2021 US\$'000	(Restated) 1H2020 US\$'000	Change %
Sales	5	412,907	278,212	48.4%
Cost of sales		(239,592)	(164,129)	46.0%
Gross profit		173,315	114,083	51.9%
Gain/(loss) arising from changes in fair value of biological assets	13	3,089	(3,871)	n.m.
Selling and distribution costs	6	(105,937)	(30,928)	242.5%
General and administrative expenses		(13,171)	(12,196)	8.0%
Other operating expenses		(1,249)	(1,216)	2.7%
Profit from operations		56,047	65,872	(14.9%)
Gain on foreign exchange		6,447	655	884.3%
Gain/(loss) on derivative financial instruments		4,648	(254)	n.m.
Net financial expenses	7	(7,224)	(8,576)	(15.8%)
Other non-operating income		2,066	108	n.m.
Profit before tax		61,984	57,805	7.2%
Tax expense	8	(23,199)	(16,481)	40.8%
Profit for the period		38,785	41,324	(6.1%)
Profit attributable to:				
Owners of the Company		32,550	39,075	(16.7%)
Non-controlling interests		6,235	2,249	177.2%
		38,785	41,324	(6.1%)

n.m. – not meaningful

First Resources Limited and its Subsidiaries**Consolidated Statement of Comprehensive Income**

	1H2021 US\$'000	(Restated) 1H2020 US\$'000
Profit for the period	38,785	41,324
Other comprehensive income:		
Items that may be reclassified subsequently to profit or loss		
Fair value loss on cash flow hedges	(22,924)	(18,952)
Fair value loss on cash flow hedges transferred to the income statement	30,778	11,099
Foreign currency translation	(45,014)	(39,174)
Other comprehensive income for the period, net of tax	(37,160)	(47,027)
Total comprehensive income for the period	1,625	(5,703)
Total comprehensive income attributable to:		
Owners of the Company	(1,734)	(6,448)
Non-controlling interests	3,359	745
	1,625	(5,703)

First Resources Limited and its Subsidiaries

Balance Sheets

	Note	Group		Company	
		30 Jun 2021 US\$'000	31 Dec 2020 US\$'000	30 Jun 2021 US\$'000	31 Dec 2020 US\$'000
Non-current assets					
Bearer plants	12	537,003	559,232	–	–
Plasma receivables		52,113	59,047	–	–
Property, plant and equipment	12	415,229	433,473	1,627	2,273
Land use rights		44,267	46,763	–	–
Investment in subsidiaries		–	–	956,081	876,081
Goodwill		80,929	83,172	–	–
Other intangible assets		28,427	29,216	–	–
Derivative financial assets		303	–	303	–
Tax recoverable		68,032	77,787	–	–
Deferred tax assets		42,950	44,998	31	–
Other non-current assets		471	484	–	–
Total non-current assets		1,269,724	1,334,172	958,042	878,354
Current assets					
Biological assets	13	31,825	29,576	–	–
Plasma receivables		713	543	–	–
Inventories		116,481	102,825	–	–
Trade receivables		32,345	78,038	–	–
Other receivables		1,577	3,089	246	229
Derivative financial assets		118	4,209	–	–
Advances for purchase of property, plant and equipment		3,306	2,465	–	–
Other advances and prepayments		10,720	4,149	2,436	82
Prepaid taxes		29,272	31,746	–	–
Restricted cash balances	14	13,390	4,065	9	9
Cash and cash equivalents	14	191,952	191,040	48,084	18,649
Total current assets		431,699	451,745	50,775	18,969
Total assets		1,701,423	1,785,917	1,008,817	897,323

First Resources Limited and its Subsidiaries

Balance Sheets

	Note	Group		Company	
		30 Jun 2021 US\$'000	31 Dec 2020 US\$'000	30 Jun 2021 US\$'000	31 Dec 2020 US\$'000
Current liabilities					
Trade payables		29,112	23,985	31	–
Other payables and accruals		28,107	40,767	1,850	2,255
Advances from customers		5,107	3,074	–	–
Loans and borrowings from financial institutions	15	116,915	85,221	115,840	83,340
Islamic medium term notes	15	96,253	99,441	96,253	99,441
Loan from subsidiary		–	–	170,000	–
Derivative financial liabilities		56,668	69,401	30,804	28,004
Provision for tax		22,767	26,637	57	57
Total current liabilities		354,929	348,526	414,835	213,097
Non-current liabilities					
Loans and borrowings from financial institutions	15	197,784	256,983	196,788	256,378
Derivative financial liabilities		1,499	3,974	1,499	3,974
Provision for post-employment benefits		34,905	34,636	–	–
Deferred tax liabilities		9,613	15,656	–	211
Total non-current liabilities		243,801	311,249	198,287	260,563
Total liabilities		598,730	659,775	613,122	473,660
Net assets		1,102,693	1,126,142	395,695	423,663
Equity					
Share capital	16	394,913	394,913	394,913	394,913
Treasury shares	16	(5,996)	(5,572)	(5,996)	(5,572)
Differences arising from restructuring transactions involving entities under common control		35,016	35,016	–	–
Other reserves	17	(139,405)	(105,121)	5,253	2,055
Retained earnings		753,087	744,337	1,525	32,267
Equity attributable to owners of the Company		1,037,615	1,063,573	395,695	423,663
Non-controlling interests		65,078	62,569	–	–
Total equity		1,102,693	1,126,142	395,695	423,663

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

Group	Attributable to owners of the Company							Total equity US\$'000
	Share capital US\$'000 (Note 16)	Treasury shares US\$'000 (Note 16)	Differences arising from restructuring transactions involving entities under common control US\$'000	Other reserves US\$'000 (Note 17)	Retained earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	
2021								
At 1 January 2021	394,913	(5,572)	35,016	(105,121)	744,337	1,063,573	62,569	1,126,142
Profit for the period	–	–	–	–	32,550	32,550	6,235	38,785
<u>Other comprehensive income</u>								
Net change in fair value of cash flow hedges	–	–	–	7,854	–	7,854	–	7,854
Foreign currency translation	–	–	–	(42,138)	–	(42,138)	(2,876)	(45,014)
Other comprehensive income for the period, net of tax	–	–	–	(34,284)	–	(34,284)	(2,876)	(37,160)
Total comprehensive income for the period	–	–	–	(34,284)	32,550	(1,734)	3,359	1,625
<u>Distributions to owners</u>								
Dividends paid	–	–	–	–	(23,800)	(23,800)	(850)	(24,650)
Buy-back of ordinary shares	–	(424)	–	–	–	(424)	–	(424)
Total transactions with owners in their capacity as owners	–	(424)	–	–	(23,800)	(24,224)	(850)	(25,074)
At 30 June 2021	394,913	(5,996)	35,016	(139,405)	753,087	1,037,615	65,078	1,102,693

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

Group	Attributable to owners of the Company							
	Share capital US\$'000 (Note 16)	Treasury shares US\$'000 (Note 16)	Differences arising from restructuring transactions involving entities under common control US\$'000	Other reserves US\$'000 (Note 17)	Retained earnings US\$'000	Equity attributable to owners of the Company US\$'000	Non-controlling interests US\$'000	Total equity US\$'000
2020								
At 1 January 2020	394,913	–	35,016	(62,040)	676,423	1,044,312	57,590	1,101,902
Profit for the period (as restated)	–	–	–	–	39,075	39,075	2,249	41,324
<u>Other comprehensive income</u>								
Net change in fair value of cash flow hedges	–	–	–	(7,853)	–	(7,853)	–	(7,853)
Foreign currency translation	–	–	–	(37,670)	–	(37,670)	(1,504)	(39,174)
Other comprehensive income for the period, net of tax	–	–	–	(45,523)	–	(45,523)	(1,504)	(47,027)
Total comprehensive income for the period	–	–	–	(45,523)	39,075	(6,448)	745	(5,703)
<u>Distributions to owners</u>								
Dividends paid	–	–	–	–	(19,638)	(19,638)	–	(19,638)
Buy-back of ordinary shares	–	(1,394)	–	–	–	(1,394)	–	(1,394)
Total transactions with owners in their capacity as owners	–	(1,394)	–	–	(19,638)	(21,032)	–	(21,032)
At 30 June 2020 (as restated)	394,913	(1,394)	35,016	(107,563)	695,860	1,016,832	58,335	1,075,167

First Resources Limited and its Subsidiaries

Statements of Changes in Equity

Company	Share capital US\$'000 (Note 16)	Treasury shares US\$'000 (Note 16)	Other reserves US\$'000 (Note 17)	Retained earnings US\$'000	Total equity US\$'000
2021					
At 1 January 2021	394,913	(5,572)	2,055	32,267	423,663
Loss for the period	–	–	–	(6,942)	(6,942)
<u>Other comprehensive income</u>					
Net change in fair value of cash flow hedges	–	–	3,198	–	3,198
Total comprehensive income for the period	–	–	3,198	(6,942)	(3,744)
<u>Distributions to owners</u>					
Dividends paid (Note 9)	–	–	–	(23,800)	(23,800)
Buy-back of ordinary shares	–	(424)	–	–	(424)
Total transactions with owners in their capacity as owners	–	(424)	–	(23,800)	(24,224)
At 30 June 2021	394,913	(5,996)	5,253	1,525	395,695
2020					
At 1 January 2020	394,913	–	9,696	36,633	441,242
Profit for the period	–	–	–	715	715
<u>Other comprehensive income</u>					
Net change in fair value of cash flow hedges	–	–	(8,100)	–	(8,100)
Total comprehensive income for the period	–	–	(8,100)	715	(7,385)
<u>Distributions to owners</u>					
Dividends paid (Note 9)	–	–	–	(19,638)	(19,638)
Buy-back of ordinary shares	–	(1,394)	–	–	(1,394)
Total transactions with owners in their capacity as owners	–	(1,394)	–	(19,638)	(21,032)
At 30 June 2020	394,913	(1,394)	1,596	17,710	412,825

First Resources Limited and its Subsidiaries

Consolidated Cash Flow Statement

	1H2021 US\$'000	(Restated) 1H2020 US\$'000
Cash flows from operating activities		
Profit before tax	61,984	57,805
Adjustments for:		
Depreciation of bearer plants and property, plant and equipment	41,338	35,987
Amortisation of land use rights and other intangible assets	1,250	1,219
Gain on disposal of bearer plants and property, plant and equipment	(135)	(107)
Financial expenses	7,862	9,245
Interest income	(638)	(669)
(Gain)/loss arising from changes in fair value of biological assets	(3,089)	3,871
(Gain)/loss on derivative financial instruments	(4,648)	254
Operating cash flows before changes in working capital	103,924	107,605
Changes in working capital:		
Inventories	(17,048)	(6,811)
Receivables and other assets	46,889	16,648
Payables and other liabilities	(4,418)	(1,531)
Unrealised translation differences	(6,873)	(99)
Cash flows generated from operations	122,474	115,812
Financial expenses paid	(7,458)	(9,554)
Interest income received	624	769
Tax paid	(30,687)	(14,647)
Net cash generated from operating activities	84,953	92,380
Cash flows from investing activities		
Capital expenditure on bearer plants	(7,356)	(9,717)
Capital expenditure on property, plant and equipment	(15,042)	(27,227)
Payment of advances for purchase of property, plant and equipment	(3,230)	(3,171)
Development costs on plasma receivables	(3,194)	(6,407)
Proceeds from plasma receivables	8,587	2,100
Additions to land use rights	–	(233)
Proceeds from disposal of bearer plants and property, plant and equipment	205	170
Net cash used in investing activities	(20,030)	(44,485)

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

	1H2021	(Restated)
	US\$'000	1H2020 US\$'000
Cash flows from financing activities		
Proceeds from bank loans	–	227,900
Repayment of bank loans	(27,500)	(27,500)
Payment of obligations under leases liabilities	(1,205)	(1,579)
Repayment of Islamic medium term notes	–	(198,020)
(Increase)/decrease in restricted cash balances	(9,325)	41,301
Dividends paid	(24,650)	(19,638)
Buy-back of ordinary shares	(424)	(1,394)
	<hr/>	<hr/>
Net cash (used in)/generated from financing activities	(63,104)	21,070
	<hr/>	<hr/>
Net increase in cash and cash equivalents	1,819	68,965
Effect of exchange rate changes on cash and cash equivalents	(907)	(625)
Cash and cash equivalents at the beginning of the financial period	191,040	59,022
	<hr/>	<hr/>
Cash and cash equivalents at the end of the financial period	191,952	127,362
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1. Corporate information

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

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

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

These condensed interim financial statements as at and for the six months ended 30 June 2021 (“1H2021”) comprise the Company and its subsidiaries (collectively, the “Group”).

Where applicable, the comparatives presented for the corresponding six months ended 30 June 2020 (“1H2020”) have been restated to take into account the fair valuation of biological assets and amortisation of land use rights so as to be comparable with 1H2021.

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

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

2. Basis of preparation

The condensed interim consolidated financial statements for the six months ended 30 June 2021 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2020.

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

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

2.1 New and amended standards adopted by the Group

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

3. Significant accounting judgements and estimates

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

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

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

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

(a) Biological assets

The Group carries its biological assets at fair value less costs to sell, with changes in fair value being recognised in profit or loss. The determination of the fair value of the biological assets requires the use of estimates on the projected harvest quantities and market price of FFB as at the balance sheet date, net of harvesting costs and estimated costs to sell.

(b) Impairment of non-financial assets

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

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

The value in use calculation is based on a discounted cash flow model. Management estimates the expected future cash flows from the asset or cash-generating unit and chooses a suitable discount rate in order to calculate the present value of those cash flows.

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

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

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

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

(ii) ECL on trade receivables

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

There has been no significant changes to the assumptions used in assessing the Group's expected credit losses since the previous financial year and no expected credit losses have been recognised during the six months ended 30 June 2021 and 2020.

4. Seasonality of operations

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

5. Segment and revenue information

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

(i) Plantations and Palm Oil Mills

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

(ii) Refinery and Processing

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

5. Segment and revenue information (cont'd)

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

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

(a) Reportable segments

1H2021	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
Sales:				
External customers	39,957	372,950	–	412,907
Inter-segment	223,999	–	(223,999)	–
Total sales	263,956	372,950	(223,999)	412,907
Results:				
EBITDA	83,966	25,821	(14,241)	95,546
Depreciation and amortisation	(38,609)	(3,979)	–	(42,588)
Gain arising from changes in fair value of biological assets	3,089	–	–	3,089
Profit from operations	48,446	21,842	(14,241)	56,047
Gain on foreign exchange				6,447
Gain on derivative financial instruments				4,648
Net financial expenses				(7,224)
Other non-operating income				2,066
Profit before tax				61,984

5. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

1H2020	(Restated) Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	(Restated) Total US\$'000
Sales:				
External customers	5,850	272,362	–	278,212
Inter-segment	248,586	–	(248,586)	–
Total sales	254,436	272,362	(248,586)	278,212
Results:				
EBITDA	104,478	9,937	(7,466)	106,949
Depreciation and amortisation	(33,727)	(3,479)	–	(37,206)
Loss arising from changes in fair value of biological assets	(3,871)	–	–	(3,871)
Profit from operations	66,880	6,458	(7,466)	65,872
Gain on foreign exchange				655
Loss on derivative financial instruments				(254)
Net financial expenses				(8,576)
Other non-operating income				108
Profit before tax				57,805

(b) Disaggregation of revenue

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

	Group	
	1H2021 US\$'000	1H2020 US\$'000
Crude palm oil	37,073	592
Palm kernel	–	85
Fresh fruit bunches	2,884	5,173
Processed palm based products	372,950	272,362
	412,907	278,212

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	
	1H2021	1H2020
	US\$'000	US\$'000
Singapore	159,456	127,522
Indonesia	161,898	88,116
China	65,085	16,458
Others	26,468	46,116
	412,907	278,212
	412,907	278,212

6. Selling and distribution costs

	Group	
	1H2021	1H2020
	US\$'000	US\$'000
Export taxes	81,183	8,806
Freight charges	21,902	19,080
Depreciation of property, plant and equipment	430	324
Others	2,422	2,718
	105,937	30,928
	105,937	30,928

7. Net finance expenses

	Group	
	1H2021	1H2020
	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	5,335	3,668
Profit distribution and amortisation on Islamic medium term notes	2,527	5,577
	7,862	9,245
Interest income	(638)	(669)
	7,224	8,576

First Resources Limited and its Subsidiaries

Notes to the Condensed Interim Financial Statements

8. Tax expense

The major components of tax expense for the financial periods ended 30 June 2021 and 2020 are as follows:

	Group	
	1H2021	(Restated) 1H2020
	US\$'000	US\$'000
Current income tax	28,697	11,705
Deferred tax	(6,500)	3,958
Withholding tax	1,002	818
	23,199	16,481
	23,199	16,481

9. Dividends

	Group	
	1H2021	1H2020
	US\$'000	US\$'000
Declared and paid during the six-month period:		
<i>Dividends on ordinary shares:</i>		
- Final tax exempt (one-tier) dividend for 2020: 2.00 Singapore cents (2019: 1.725 Singapore cents) per share	23,800	19,638
	23,800	19,638

10. Earnings per ordinary share

	Group	
	1H2021	(Restated) 1H2020
Weighted average number of shares applicable to basic EPS computation ('000)	1,578,079	1,583,216
Weighted average number of shares based on fully diluted basis ('000)	1,578,079	1,583,216
EPS - basic (US cents)	2.06	2.47
EPS - diluted (US cents)	2.06	2.47
	2.06	2.47

11. Net asset value

	Group		Company	
	30 June 2021	31 December 2020	30 June 2021	31 December 2020
	US\$'000	US\$'000	US\$'000	US\$'000
Net asset value per ordinary share	0.66	0.67	0.25	0.27
	0.66	0.67	0.25	0.27

12. Bearer plants and Property, plant and equipment

During the six months ended 30 June 2021, additions to bearer plants and property, plant and equipment amounted to US\$25.6 million (1H2020: US\$45.1 million).

13. 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 (Restated)	
	2021	2020
	US\$'000	US\$'000
Fair value		
At 1 January	29,576	25,952
Gain/(loss) arising from changes in fair value of biological assets	3,089	(3,871)
Exchange differences	(840)	(807)
	31,825	21,274
At 30 June	31,825	21,274

14. Cash and bank balances

	Group	
	30 June 2021	31 December 2020
	US\$'000	US\$'000
Cash at banks and on hand	191,952	191,040
Restricted cash balances	13,390	4,065
	205,342	195,105
	205,342	195,105

As at 30 June 2021, the Group has bank overdrafts amounting to US\$82.2 million (31 December 2020: US\$172.3 million) which have been netted against cash at banks as the Group has the legal rights to set off the overdrafts against the cash at banks, which are with the same banks.

15. Borrowings and debt securities

	Group	
	30 June 2021	31 December 2020
	US\$'000	US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	1,075	1,881
Unsecured	212,093	182,781
<u>Amount repayable after one year</u>		
Secured	996	605
Unsecured	196,788	256,378
	410,952	441,645

As at 30 June 2021, the Group has undrawn committed unsecured credit facilities available of US\$250.0 million (31 December 2020: US\$100.0 million), which may be utilised for the full refinancing of the Islamic medium term notes due in October 2021 as well as 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.

16. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2021		2020	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
Issued and fully paid ordinary shares				
At 1 January and 30 June	1,584,073	394,913	1,584,073	394,913

	Group and Company	
	2021	2020
Issued shares excluding treasury shares and subsidiary holdings ('000)		
At 1 January	1,578,150	1,584,073
Buy-back of ordinary shares	(433)	(1,389)
At 30 June	1,577,717	1,582,684

The total number of issued shares excluding treasury shares as at 30 June 2021 was 1,577,716,869 (30 June 2020: 1,582,684,469) and that as at 31 December 2020 was 1,578,150,469.

There were no shares that may be issued upon conversion of any outstanding convertibles as at 30 June 2021 and 30 June 2020.

There were no subsidiary holdings as at 30 June 2021 and 30 June 2020.

(b) *Treasury shares*

	Group and Company			
	2021		2020	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
At 1 January	5,923	5,572	–	–
Buy-back of ordinary shares	433	424	1,389	1,394
At 30 June	6,356	5,996	1,389	1,394

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

As at 30 June 2021, there were 6,356,100 (30 June 2020: 1,388,500) treasury shares, representing 0.40% (30 June 2020: 0.09%) of the total number of issued shares excluding treasury shares.

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

(b) Treasury shares (cont'd)

During the six months ended 30 June 2021, the Company acquired 433,600 shares (1H2020: 1,388,500 shares) in the Company through purchases on the Singapore Exchange. The total amount paid to acquire the shares was US\$424,000 (1H2020: US\$1,394,000) 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 30 June 2021 and 30 June 2020.

17. Other reserves

The composition of other reserves is as follows:

	Group		Company	
	30 June 2021 US\$'000	31 December 2020 US\$'000	30 June 2021 US\$'000	31 December 2020 US\$'000
Capital reserve	(29,096)	(29,096)	–	–
Revaluation reserve	279	279	–	–
Gain on sale of treasury shares	10,322	10,322	10,322	10,322
Hedging reserve	(22,353)	(30,207)	(5,462)	(8,660)
Foreign translation reserve	(98,557)	(56,419)	393	393
	<u>(139,405)</u>	<u>(105,121)</u>	<u>5,253</u>	<u>2,055</u>

18. Commitments

Capital commitments

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

	Group	
	30 June 2021 US\$'000	31 December 2020 US\$'000
Capital commitments in respect of property, plant and equipment	9,300	16,041

19. Fair value of assets and liabilities

(a) *Fair value hierarchy*

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

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

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

(b) *Assets and liabilities measured at fair value*

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

	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
Group				
30 June 2021				
Assets measured at fair value:				
<u>Non-financial assets</u>				
Biological assets	–	–	31,825	31,825
<u>Financial assets</u>				
Derivative financial assets	–	421	–	421
Liabilities measured at fair value:				
<u>Financial liabilities</u>				
Derivative financial liabilities	–	58,167	–	58,167

19. 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 2020				
Assets measured at fair value:				
<u>Non-financial assets</u>				
Biological assets	–	–	29,576	29,576
	=====	=====	=====	=====
<u>Financial assets</u>				
Derivative financial assets	1	4,208	–	4,209
	=====	=====	=====	=====
Liabilities measured at fair value:				
<u>Financial liabilities</u>				
Derivative financial liabilities	–	73,375	–	73,375
	=====	=====	=====	=====

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

(c) **Level 3 fair value measurements**

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

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

Description	Fair value US\$'000	Valuation techniques	Unobservable inputs	Range
30 June 2021				
Biological assets	31,825	Income approach	Projected harvest quantities	254,000 tonnes
			Market price of FFB	US\$99/tonne –US\$156/tonne

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

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

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

The movements in biological assets measured at fair value are disclosed in Note 13.

(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.

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

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

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

Fair value of biological assets (cont'd)

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

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

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

	Fair value measurements at the end of the reporting period using				Carrying amount
	Quoted prices in active market for identical instruments (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000	
Group					
30 June 2021					
Liabilities					
Islamic medium term notes	–	97,292	–	97,292	96,253
31 December 2020					
Liabilities					
Islamic medium term notes	–	101,617	–	101,617	99,441

Determination of fair value

The fair values of the Islamic medium term notes as disclosed in the table above are estimated by reference to the latest transacted prices during the six months ended 30 June 2021 and the financial year ended 31 December 2020.

20. Subsequent events

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

1. **Review**

The condensed interim consolidated balance sheet of First Resources Limited and its subsidiaries as at 30 June 2021 and the related condensed interim consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period 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

	1H2021	1H2020	Change
	Tonne	Tonne	%
Plantations and Palm Oil Mills			
- Crude palm oil	457,848	401,827	13.9%
- Palm kernel	102,637	90,599	13.3%
Refinery and Processing	541,017	475,650	13.7%

Note: Sales volume include inter-segment sales

SALES

	1H2021	1H2020	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills			
- Crude palm oil	210,334	221,357	(5.0%)
- Palm kernel	50,738	27,906	81.8%
- Fresh fruit bunches	2,884	5,173	(44.2%)
	263,956	254,436	3.7%
Refinery and Processing	372,950	272,362	36.9%
Inter-segment elimination	(223,999)	(248,586)	(9.9%)
Total Sales	412,907	278,212	48.4%

EBITDA

	1H2021	1H2020	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	83,966	104,478	(19.6%)
Refinery and Processing	25,821	9,937	159.8%
Inter-segment elimination	(14,241)	(7,466)	90.7%
Total EBITDA	95,546	106,949	(10.7%)

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

UNDERLYING NET PROFIT

	1H2021	(Restated) 1H2020	Change
	US\$'000	US\$'000	%
Profit for the period attributable to the owners of the Company	32,550	39,075	(16.7%)
(Gain)/loss arising from changes in fair value of biological assets	(2,409)	3,019	n.m.
Underlying net profit attributable to owners of the Company	30,141	42,094	(28.4%)

n.m. – not meaningful

REVIEW OF INCOME STATEMENT

Overview

The Group recorded a net profit of US\$32.6 million in 1H2021, a decrease of 16.7% as compared to the corresponding period last year, with a 14.9% decline in profit from operations to US\$56.0 million. The Group's financial results in 1H2021 were dampened by higher export taxes from the progressive export levy structure implemented in Indonesia since December 2020, partially offset by the positive contribution from higher palm oil prices and sales volumes.

Excluding the effect of the gain/(loss) arising from changes in fair value of biological assets, the underlying net profit for the Group would have declined by 28.4% to US\$30.1 million in 1H2021.

Sales

Sales increased by 48.4% to US\$412.9 million in 1H2021, primarily driven by the higher average selling prices and the stronger sales volumes from the recovery in production volumes and yields.

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 46.0% to US\$239.6 million in 1H2021, mainly due to the higher sales volumes as well as the increased purchases of FFB and other palm oil products from third parties.

Gross Profit

Gross profit improved by 51.9% to US\$173.3 million in 1H2021 with gross profit margin coming in at 42.0% (1H2020: 41.0%). The improved gross profit and gross profit margins were mainly contributed by the higher average selling prices, partially offset by the impact from increased purchases of palm oil products from third parties.

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

REVIEW OF INCOME STATEMENT (CONT'D)

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

The Group recognised a gain arising from changes in fair value of biological assets amounting to US\$3.1 million in 1H2021, as compared to a loss of US\$3.9 million in the same period last year. The fair value gain recorded in 1H2021 was mainly attributable to the higher projected harvest quantities used in the valuation as compared to 31 December 2020 whilst the loss last year was mainly due to the lower FFB price used in the valuation as compared to 31 December 2019.

Selling and Distribution costs

Selling and distribution expenses increased by 242.5% to US\$105.9 million in 1H2021 (1H2020: US\$30.9 million), mainly due to the higher export taxes from the progressive export levy structure implemented in Indonesia since December 2020.

EBITDA

The Group's EBITDA decreased by 10.7% to US\$95.5 million in 1H2021, mainly attributed to the effect from the higher export taxes partially offset by the positive contribution from the higher average selling prices and sales volumes.

Depreciation and Amortisation

Depreciation and amortisation increased by 14.5% to US\$42.6 million in 1H2021, largely due to the higher depreciation from the Group's additions to CPO mills and other property, plant and equipment.

Gain on Foreign Exchange

The Group recorded gains on foreign exchange of US\$6.4 million in 1H2021 as compared to US\$0.7 million in 1H2020. The gains on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

Gain/(loss) on Derivative Financial Instruments

The Group recorded a gain on derivative financial instruments of US\$4.6 million in 1H2021 as compared to a loss of US\$0.3 million in 1H2020. 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.

Net Financial Expenses

The Group's net financial expenses decreased by 15.8% to US\$7.2 million in 1H2021, mainly due to the reduction in financial expenses from repayment of Islamic medium term notes, partially offset by the increase in interest expenses from drawdown of bank loans.

Tax Expense and Net Profit

Tax expense increased to US\$23.2 million in 1H2021 (1H2020: US\$16.5 million), reflecting the impact of the higher effective tax rate from tax losses generated by entities in lower tax jurisdictions.

As a result of the foregoing, profit attributable to owners of the Company came in at US\$32.6 million in 1H2021 as compared to US\$39.1 million in 1H2020.

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

REVIEW OF BALANCE SHEET

Total assets of the Group decreased from US\$1,785.9 million as at 31 December 2020 to US\$1,701.4 million as at 30 June 2021. Non-current assets decreased by 4.8% to US\$1,269.7 million, mainly due the depreciation of Indonesian Rupiah (“IDR”) against United States Dollar (“USD”) during the period partially offset by the Group’s capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment. The Group’s current assets decreased by 4.4% to US\$431.7 million, mainly contributed by the lower trade receivables, partially offset by the higher inventories and cash and bank balances.

Total liabilities of the Group decreased by 9.3% from US\$659.8 million as at 31 December 2020 to US\$598.7 million as at 30 June 2021, mainly due to the reduction in gross borrowings.

Gross borrowings decreased by US\$30.7 million to US\$411.0 million as at 30 June 2021 (31 December 2020: US\$441.6 million), mainly due to the repayment of bank loans during the period.

Taking into consideration the increase in cash and bank balances during the period, net borrowings decreased from US\$246.5 million as at 31 December 2020 to US\$205.6 million as at 30 June 2021, with net gearing at 0.19x (31 December 2020: 0.22x).

The Group’s total equity decreased by 2.1% from US\$1,126.1 million as at 31 December 2020 to US\$1,102.7 million as at 30 June 2021, mainly attributable to the foreign currency translation losses from the depreciation of IDR against USD during the period.

REVIEW OF CASH FLOW STATEMENT

The Group generated net cash of US\$85.0 million from its operating activities in 1H2021 as compared to US\$92.4 million in 1H2020, mainly due to the impact of higher export taxes on earnings partially offset by the positive effect from higher average selling prices and sales volumes.

Net cash used in investing activities amounted to US\$20.0 million in 1H2021 (1H2020: US\$44.5 million), primarily relating to the Group’s capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment. The reduction in net cash used in investing activities was mainly due to the lower capital expenditure on property, plant and equipment as well as an increase in proceeds from plasma receivables as compared to the same period last year.

Net cash used in financing activities during 1H2021 amounted to US\$63.1 million, as compared to net cash generated from financing activities of US\$21.1 million in 1H2020. The net cash used in financing activities during 1H2021 relates primarily to repayments for amortising bank loans and dividends paid, whilst the net cash generated from financing activities in 1H2020 included a net drawdown of bank loans that was partially used for repayment of Islamic medium term notes.

Overall, the Group registered an increase in cash and cash equivalents of US\$1.8 million in 1H2021, bringing the Group’s cash and bank balances to US\$205.3 million as at 30 June 2021.

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

Not applicable.

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

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

Palm oil prices had been volatile during the first half of the year, driven by price movements in the rest of the vegetable oil complex and expectations of impending changes to the export levy structure in Indonesia. Since then, prices have rallied on supply concerns for palm and other edible oils and in anticipation of improved demand from the lowering of import taxes by India.

Looking ahead, palm's attractive relative pricing against competing edible oils is expected to lend support to prices whilst the lower export levy in Indonesia will help to reduce the export tax burden for exporters in the second half of the year.

On the production front, the Group expects its output growth to continue for the rest of the year as we enter the production up-cycle that typically takes place in the third and fourth quarters.

5. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount per Share	1.25 Singapore cents
Tax Rate	1-tier tax-exempt

(b) Corresponding period of the immediately preceding financial year

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

Yes.

Name of Dividend	Interim dividend
Dividend Type	Cash
Dividend Amount per Share	1.00 Singapore cent
Tax Rate	1-tier tax-exempt

(c) Date payable

9 September 2021.

5. Dividends (cont'd)

(d) Record date

Notice is hereby given that the Register of Members and Register of Transfers of the Company will be closed on 3 September 2021 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623, up to 5.00 p.m. on 2 September 2021 will be registered to determine shareholders' entitlements to the interim dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 2 September 2021 will be entitled to the interim dividend.

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

Not applicable.

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

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

Name of Interested Person	Nature of relationship	Aggregate value of all interested person transactions during the financial period under review (excluding transactions less than S\$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S\$100,000)
		US\$'000	US\$'000
Eight Capital Advisors Pte. Ltd.	Associate of Eight Capital Inc.	–	171
PT Surya Dumai Industri	Associate of Ciliandra Fangiono & Fang Zhixiang	–	148
PT Riau Agung Karya Abadi	Associate of Ciliandra Fangiono & Fang Zhixiang	2,955	1,589
PT Marsam Citra Adi Perkasa	Associate of Ciliandra Fangiono & Fang Zhixiang	3,818	2,733
PT Ketapang Hijau Lestari	Associate of Ciliandra Fangiono & Fang Zhixiang	2,291	1,796
PT Borneo Bhakti Sejahtera	Associate of Ciliandra Fangiono & Fang Zhixiang	3,776	979
Prinsep Management Limited	Associate of Ciliandra Fangiono & Fang Zhixiang	4,901	–
Total		17,741	7,416

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

We, Lim Ming Seong and Ciliandra Fangiono, being two directors of First Resources Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the six months ended 30 June 2021 to be false or misleading in any material aspect.

Lim Ming Seong
Chairman

Ciliandra Fangiono
Director and Chief Executive Officer

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

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

BY ORDER OF THE BOARD

Ciliandra Fangiono
Director and Chief Executive Officer
13 August 2021