



**FIRST RESOURCES LIMITED**

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

Condensed Interim Financial Statements  
For the six months ended 30 June 2022

## **First Resources Limited and its Subsidiaries**

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## First Resources Limited and its Subsidiaries

### Consolidated Income Statement

	Note	1H2022 US\$'000	1H2021 US\$'000	Change %
Sales	5	535,211	412,907	29.6%
Cost of sales		(240,161)	(239,592)	0.2%
<b>Gross profit</b>		295,050	173,315	70.2%
(Loss)/gain arising from changes in fair value of biological assets	13	(12,340)	3,089	n.m.
Selling and distribution costs	6	(92,931)	(105,937)	(12.3%)
General and administrative expenses		(15,125)	(13,171)	14.8%
Other operating income/(expenses)		2,687	(1,249)	n.m.
<b>Profit from operations</b>		177,341	56,047	216.4%
Gain on foreign exchange		5,504	6,447	(14.6%)
Gain on derivative financial instruments		–	4,648	(100.0%)
Net financial expenses	7	(4,464)	(7,224)	(38.2%)
Other non-operating income		1,048	2,066	(49.3%)
<b>Profit before tax</b>		179,429	61,984	189.5%
Tax expense	8	(42,564)	(23,199)	83.5%
<b>Profit for the period</b>		136,865	38,785	252.9%
<b>Profit attributable to:</b>				
Owners of the Company		127,959	32,550	293.1%
Non-controlling interests		8,906	6,235	42.8%
		136,865	38,785	252.9%

n.m. – not meaningful

**First Resources Limited and its Subsidiaries**

**Consolidated Statement of Comprehensive Income**

	<b>1H2022</b> US\$'000	<b>1H2021</b> US\$'000	<b>Change</b> %
<b>Profit for the period</b>	136,865	38,785	252.9%
<b>Other comprehensive income:</b>			
<b>Items that may be reclassified subsequently to profit or loss</b>			
Fair value loss on cash flow hedges	(8,923)	(22,924)	(61.1%)
Fair value loss on cash flow hedges transferred to the income statement	46,814	30,778	52.1%
Foreign currency translation	(58,628)	(45,014)	30.2%
<b>Other comprehensive income for the period, net of tax</b>	(20,737)	(37,160)	(44.2%)
<b>Total comprehensive income for the period</b>	116,128	1,625	n.m.
<b>Total comprehensive income attributable to:</b>			
Owners of the Company	110,516	(1,734)	n.m.
Non-controlling interests	5,612	3,359	67.1%
	116,128	1,625	n.m.

n.m. – not meaningful

## First Resources Limited and its Subsidiaries

### Balance Sheets

	Note	Group		Company	
		30 Jun 2022 US\$'000	31 Dec 2021 US\$'000	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
<b>Non-current assets</b>					
Bearer plants	12	478,146	518,478	–	–
Plasma receivables		26,460	32,863	–	–
Property, plant and equipment	12	398,542	415,301	1,481	1,551
Land use rights		39,633	42,474	–	–
Investment in subsidiaries		–	–	961,927	1,036,081
Goodwill		79,010	82,216	–	–
Other intangible assets		27,799	28,986	–	–
Derivative financial assets		7,201	2,127	7,200	2,127
Tax recoverable		53,318	68,687	–	–
Deferred tax assets		37,577	42,716	–	3
Other non-current assets		462	479	–	–
<b>Total non-current assets</b>		<b>1,148,148</b>	<b>1,234,327</b>	<b>970,608</b>	<b>1,039,762</b>
<b>Current assets</b>					
Biological assets	13	31,473	45,243	–	–
Plasma receivables		3,389	8,330	–	–
Inventories		214,918	100,106	–	–
Trade receivables		102,544	62,247	–	–
Other receivables		1,191	1,985	294	255
Derivative financial assets		32,232	635	6,568	–
Advances for purchase of property, plant and equipment		4,065	5,621	–	–
Other advances and prepayments		10,360	8,164	35	68
Prepaid taxes		23,827	25,426	–	–
Restricted cash balances	14	12,753	57	8	9
Cash and cash equivalents	14	243,584	381,461	239,558	9,061
<b>Total current assets</b>		<b>680,336</b>	<b>639,275</b>	<b>246,463</b>	<b>9,393</b>
<b>Total assets</b>		<b>1,828,484</b>	<b>1,873,602</b>	<b>1,217,071</b>	<b>1,049,155</b>

## First Resources Limited and its Subsidiaries

### Balance Sheets

	Note	Group		Company	
		30 Jun 2022 US\$'000	31 Dec 2021 US\$'000	30 Jun 2022 US\$'000	31 Dec 2021 US\$'000
<b>Current liabilities</b>					
Trade payables		41,006	37,839	74	–
Other payables and accruals		37,148	46,957	1,664	2,510
Advances from customers		1,698	7,185	–	–
Loans and borrowings from financial institutions	15	94,455	114,896	93,616	113,642
Loan from subsidiary		–	–	–	240,000
Derivative financial liabilities		6,305	10,223	4	2,228
Provision for tax		27,868	46,195	–	–
<b>Total current liabilities</b>		<b>208,480</b>	<b>263,295</b>	<b>95,358</b>	<b>358,380</b>
<b>Non-current liabilities</b>					
Loans and borrowings from financial institutions	15	253,317	291,839	251,107	290,416
Provision for post-employment benefits		35,761	36,746	–	–
Deferred tax liabilities		2,120	10,623	44	–
<b>Total non-current liabilities</b>		<b>291,198</b>	<b>339,208</b>	<b>251,151</b>	<b>290,416</b>
<b>Total liabilities</b>		<b>499,678</b>	<b>602,503</b>	<b>346,509</b>	<b>648,796</b>
<b>Net assets</b>		<b>1,328,806</b>	<b>1,271,099</b>	<b>870,562</b>	<b>400,359</b>
<b>Equity</b>					
Share capital	16	394,913	394,913	394,913	394,913
Treasury shares	16	(6,686)	(6,703)	(6,686)	(6,703)
Differences arising from restructuring transactions involving entities under common control		34,992	34,992	–	–
Other reserves	17	(123,657)	(96,254)	24,492	10,642
Retained earnings		940,324	870,196	457,843	1,507
<b>Equity attributable to owners of the Company</b>		<b>1,239,886</b>	<b>1,197,144</b>	<b>870,562</b>	<b>400,359</b>
Non-controlling interests		88,920	73,955	–	–
<b>Total equity</b>		<b>1,328,806</b>	<b>1,271,099</b>	<b>870,562</b>	<b>400,359</b>

**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
<b>2022</b>								
At 1 January 2022	394,913	(6,703)	34,992	(96,254)	870,196	1,197,144	73,955	1,271,099
Profit for the period	–	–	–	–	127,959	127,959	8,906	136,865
<u>Other comprehensive income</u>								
Net change in fair value of cash flow hedges	–	–	–	37,891	–	37,891	–	37,891
Foreign currency translation	–	–	–	(55,334)	–	(55,334)	(3,294)	(58,628)
Other comprehensive income for the period, net of tax	–	–	–	(17,443)	–	(17,443)	(3,294)	(20,737)
Total comprehensive income for the period	–	–	–	(17,443)	127,959	110,516	5,612	116,128
<u>Distributions to owners</u>								
Dividends paid	–	–	–	–	(57,831)	(57,831)	(617)	(58,448)
Reissuance of treasury shares pursuant to employee share award scheme	–	17	–	10	–	27	–	27
<u>Changes in ownership interests in subsidiaries</u>								
Increase in non-controlling interests without a change in control	–	–	–	(9,970)	–	(9,970)	9,970	–
Total transactions with owners in their capacity as owners	–	17	–	(9,960)	(57,831)	(67,774)	9,353	(58,421)
At 30 June 2022	394,913	(6,686)	34,992	(123,657)	940,324	1,239,886	88,920	1,328,806

**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	
<b>2021</b>								
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

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
<b>2022</b>					
At 1 January 2022	394,913	(6,703)	10,642	1,507	400,359
Profit for the period	–	–	–	514,167	514,167
<u>Other comprehensive income</u>					
Net change in fair value of cash flow hedges	–	–	13,840	–	13,840
Total comprehensive income for the period	–	–	13,840	514,167	528,007
<u>Distributions to owners</u>					
Dividends paid (Note 9)	–	–	–	(57,831)	(57,831)
Reissuance of treasury shares pursuant to employee share award scheme	–	17	10	–	27
Total transactions with owners in their capacity as owners	–	17	10	(57,831)	(57,804)
At 30 June 2022	394,913	(6,686)	24,492	457,843	870,562
<b>2021</b>					
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

**First Resources Limited and its Subsidiaries**

**Consolidated Cash Flow Statement**

	<b>1H2022</b> US\$'000	<b>1H2021</b> US\$'000
<b>Cash flows from operating activities</b>		
Profit before tax	179,429	61,984
Adjustments for:		
Depreciation of bearer plants and property, plant and equipment	39,392	41,338
Amortisation of land use rights and other intangible assets	1,273	1,250
Gain on disposal of bearer plants and property, plant and equipment	(37)	(135)
Financial expenses	5,393	7,862
Interest income	(929)	(638)
Loss/(gain) arising from changes in fair value of biological assets	12,340	(3,089)
Gain on derivative financial instruments	–	(4,648)
Gain arising from changes in carrying value of plasma receivables	(3,901)	–
<b>Operating cash flows before changes in working capital</b>	<b>232,960</b>	<b>103,924</b>
Changes in working capital:		
Inventories	(123,147)	(17,048)
Receivables and other assets	(38,964)	46,889
Payables and other liabilities	(9,036)	(4,418)
Unrealised translation differences	(5,595)	(6,873)
<b>Cash flows generated from operations</b>	<b>56,218</b>	<b>122,474</b>
Financial expenses paid	(4,747)	(7,458)
Interest income received	865	624
Tax paid	(57,886)	(30,687)
<b>Net cash (used in)/generated from operating activities</b>	<b>(5,550)</b>	<b>84,953</b>
<b>Cash flows from investing activities</b>		
Capital expenditure on bearer plants	(8,396)	(7,356)
Capital expenditure on property, plant and equipment	(16,915)	(15,042)
Payment of advances for purchase of property, plant and equipment	(4,178)	(3,230)
Development costs on plasma receivables	(7,417)	(3,194)
Proceeds from plasma receivables	38,114	8,587
Proceeds from disposal of bearer plants and property, plant and equipment	61	205
<b>Net cash generated from/(used in) investing activities</b>	<b>1,269</b>	<b>(20,030)</b>

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

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	<b>1H2022</b> US\$'000	<b>1H2021</b> US\$'000
<b>Cash flows from financing activities</b>		
Repayment of bank loans	(60,000)	(27,500)
Payment of obligations under leases liabilities	(866)	(1,205)
Increase in restricted cash balances	(12,696)	(9,325)
Dividends paid	(58,448)	(24,650)
Buy-back of ordinary shares	–	(424)
<b>Net cash used in financing activities</b>	<b>(132,010)</b>	<b>(63,104)</b>
Net (decrease)/increase in cash and cash equivalents	(136,291)	1,819
Effect of exchange rate changes on cash and cash equivalents	(1,586)	(907)
Cash and cash equivalents at the beginning of the financial period	381,461	191,040
<b>Cash and cash equivalents at the end of the financial period</b>	<b>243,584</b>	<b>191,952</b>

**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 2022 (“1H2022”) comprise the Company and its subsidiaries (collectively, the “Group”).

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

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

**2. Basis of preparation**

The condensed interim consolidated financial statements for the six months ended 30 June 2022 have been prepared in accordance with SFRS(I) 1-34 *Interim Financial Reporting* issued by the Accounting Standards Council Singapore. The condensed interim consolidated financial statements do not include all the information required for a complete set of financial statements. However, selected explanatory notes are included to explain events and transactions that are significant to an understanding of the changes in the Group’s financial position and performance of the Group since the last annual financial statements for the year ended 31 December 2021.

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

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

**2.1 New and amended standards adopted by the Group**

The accounting policies and methods of computation applied are consistent with those of the previous financial year except for the new and amended standards which are relevant to the Group and are effective for annual financial periods beginning on or after 1 January 2022. The adoption of these standards did not have any material effect on the financial performance or position of the Group and the Company.

**3. Significant accounting judgements and estimates**

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

The significant judgements made by management in applying the Group's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial statements as at and for the year ended 31 December 2021.

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

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

**(a) Biological assets**

The Group carries its biological assets at fair value less costs to sell, with changes in fair value being recognised in profit or loss. The determination of the fair value of the biological assets requires the use of estimates on the projected harvest quantities and market price of FFB as at the balance sheet date, net of harvesting costs and estimated costs to sell. The key assumptions used to determine the fair value of the biological assets are further disclosed in Note 19(c).

**(b) Impairment of non-financial assets**

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

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

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

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

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

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

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

(ii) ECL on trade receivables

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

There 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 2022 and 2021.

(d) Taxes

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

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

**(e) Deferred taxes**

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

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

**4. Seasonality of operations**

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

**5. Segment and revenue information**

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

**(i) Plantations and Palm Oil Mills**

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

**(ii) Refinery and Processing**

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

5. Segment and revenue information (cont'd)

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

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

(a) Reportable segments

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



5. Segment and revenue information (cont'd)

(a) Reportable segments (cont'd)

1H2021	Plantations and Palm Oil Mills US\$'000	Refinery and Processing US\$'000	Elimination US\$'000	Total US\$'000
<b>Sales:</b>				
External customers	39,957	372,950	–	412,907
Inter-segment	223,999	–	(223,999)	–
<b>Total sales</b>	263,956	372,950	(223,999)	412,907
<b>Results:</b>				
<b>EBITDA</b>	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
<b>Profit before tax</b>				<b>61,984</b>

(b) Disaggregation of revenue

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

	Group	
	1H2022 US\$'000	1H2021 US\$'000
Crude palm oil	16,171	37,073
Fresh fruit bunches	4,234	2,884
Processed palm based products	514,806	372,950
	535,211	412,907

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	
	1H2022	1H2021
	US\$'000	US\$'000
Singapore	183,385	159,456
Indonesia	229,827	161,898
China	48,537	65,085
Others	73,462	26,468
	535,211	412,907
	535,211	412,907

6. Selling and distribution costs

	Group	
	1H2022	1H2021
	US\$'000	US\$'000
Export taxes	70,484	81,183
Freight charges	17,856	21,902
Depreciation of property, plant and equipment	387	430
Others	4,204	2,422
	92,931	105,937
	92,931	105,937

7. Net finance expenses

	Group	
	1H2022	1H2021
	US\$'000	US\$'000
Interest expenses and amortisation on loans and borrowings from financial institutions	5,393	5,335
Profit distribution and amortisation on Islamic medium term notes	–	2,527
	5,393	7,862
Interest income	(929)	(638)
	4,464	7,224

**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 2022 and 2021 are as follows:

	<b>Group</b>	
	<b>1H2022</b> US\$'000	<b>1H2021</b> US\$'000
Current income tax	49,023	28,697
Deferred tax	(6,873)	(6,500)
Withholding tax	414	1,002
	42,564	23,199

**9. Dividends**

	<b>Group</b>	
	<b>1H2022</b> US\$'000	<b>1H2021</b> US\$'000
<b>Declared and paid during the six-month period:</b>		
<i>Dividends on ordinary shares:</i>		
- Final tax exempt (one-tier) dividend for 2021: 5.10 Singapore cents (2020: 2.00 Singapore cents) per share	57,831	23,800
	57,831	23,800

**10. Earnings per ordinary share**

	<b>Group</b>	
	<b>1H2022</b>	<b>1H2021</b>
Weighted average number of shares applicable to basic EPS computation ('000)	1,577,073	1,578,079
Weighted average number of shares based on fully diluted basis ('000)	1,577,073	1,578,079
EPS - basic (US cents)	8.11	2.06
EPS - diluted (US cents)	8.11	2.06

**11. Net asset value**

	<b>Group</b>		<b>Company</b>	
	<b>30 June 2022</b> US\$'000	<b>31 December 2021</b> US\$'000	<b>30 June 2022</b> US\$'000	<b>31 December 2021</b> US\$'000
Net asset value per ordinary share	0.79	0.76	0.55	0.25

Notes to the Condensed Interim Financial Statements

**12. Bearer plants and Property, plant and equipment**

During the six months ended 30 June 2022, additions to bearer plants and property, plant and equipment amounted to US\$29.5 million (1H2021: US\$25.6 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:

	<b>Group</b>	
	<b>2022</b>	<b>2021</b>
	US\$'000	US\$'000
<b>Fair value</b>		
At 1 January	45,243	29,576
(Loss)/gain arising from changes in fair value of biological assets	(12,340)	3,089
Exchange differences	(1,430)	(840)
	31,473	31,825
At 30 June	31,473	31,825

**14. Cash and bank balances**

	<b>Group</b>	
	<b>30 June</b>	<b>31 December</b>
	<b>2022</b>	<b>2021</b>
	US\$'000	US\$'000
Cash at banks and on hand	243,584	381,461
Restricted cash balances	12,753	57
	256,337	381,518
	256,337	381,518

As at 30 June 2022, the Group has bank overdrafts amounting to US\$253.3 million (31 December 2021: US\$25.5 million) which have been netted against cash at banks as the Group has the legal rights to set off the overdrafts against the cash at banks, which are with the same banks.

15. Borrowings and debt securities

	Group	
	30 June 2022 US\$'000	31 December 2021 US\$'000
<u>Amount repayable within one year or on demand</u>		
Secured	839	1,254
Unsecured	93,616	113,642
<u>Amount repayable after one year</u>		
Secured	2,210	1,423
Unsecured	251,107	290,416
	347,772	406,735

As at 30 June 2022, the Group has undrawn committed unsecured credit facilities available of US\$50.0 million (31 December 2021: US\$100.0 million), which may be utilised for the Group's general corporate purposes.

**Details of any collateral**

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

16. Share capital and treasury shares

(a) *Share capital*

	Group and Company			
	2022		2021	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
<b>Issued and fully paid ordinary shares</b>				
At 1 January and 30 June	1,584,073	394,913	1,584,073	394,913

	Group and Company	
	2022	2021
<b>Issued shares excluding treasury shares and subsidiary holdings ('000)</b>		
At 1 January	1,577,066	1,578,150
Buy-back of ordinary shares	–	(433)
Reissued pursuant to employee share award scheme	17	–
At 30 June	1,577,083	1,577,717

The total number of issued shares excluding treasury shares as at 30 June 2022 was 1,577,083,369 (30 June 2021: 1,577,716,869) and that as at 31 December 2021 was 1,577,065,969.

There were no shares that may be issued upon conversion of any outstanding convertibles as at 30 June 2022 and 30 June 2021.

There were no subsidiary holdings as at 30 June 2022 and 30 June 2021.

(b) *Treasury shares*

	Group and Company			
	2022		2021	
	No. of shares '000	US\$'000	No. of shares '000	US\$'000
At 1 January	7,007	6,703	5,923	5,572
Buy-back of ordinary shares	–	–	433	424
Reissued pursuant to employee share award scheme	(17)	(17)	–	–
At 30 June	6,990	6,686	6,356	5,996

Notes to the Condensed Interim Financial Statements

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

(b) Treasury shares

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

As at 30 June 2022, there were 6,989,600 (30 June 2021: 6,356,100) treasury shares, representing 0.44% (30 June 2021: 0.40%) of the total number of issued shares excluding treasury shares.

The Company acquired 433,600 shares in the Company through purchases on the Singapore Exchange during the six months ended 30 June 2021. There were no shares acquired by the Company during the six months ended 30 June 2022.

17,400 treasury shares (1H2021: nil) were reissued pursuant to the Company's employee share award scheme during the six months ended 30 June 2022.

17. Other reserves

The composition of other reserves is as follows:

	Group		Company	
	30 June 2022	31 December 2021	30 June 2022	31 December 2021
	US\$'000	US\$'000	US\$'000	US\$'000
Capital reserve	(39,066)	(29,096)	–	–
Revaluation reserve	279	279	–	–
Gain on sale of treasury shares	10,332	10,322	10,332	10,322
Hedging reserve	31,195	(6,696)	13,767	(73)
Foreign translation reserve	(126,397)	(71,063)	393	393
	(123,657)	(96,254)	24,492	10,642

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 2022	31 December 2021
	US\$'000	US\$'000
Capital commitments in respect of property, plant and equipment	5,887	3,256

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:

Group 30 June 2022	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
<b>Assets measured at fair value:</b>				
<u>Non-financial assets</u>				
Biological assets	–	–	31,473	31,473
<u>Financial assets</u>				
Derivative financial assets	9,376	30,057	–	39,433
<b>Liabilities measured at fair value:</b>				
<u>Financial liabilities</u>				
Derivative financial liabilities	–	6,305	–	6,305



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

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

Group 31 December 2021	Quoted prices in active markets for identical instruments (Level 1) US\$'000	Significant other observable inputs (Level 2) US\$'000	Significant unobservable inputs (Level 3) US\$'000	Total US\$'000
<b>Assets measured at fair value:</b>				
<u>Non-financial assets</u>				
Biological assets	–	–	45,243	45,243
	=====	=====	=====	=====
<u>Financial assets</u>				
Derivative financial assets	–	2,762	–	2,762
	=====	=====	=====	=====
<b>Liabilities measured at fair value:</b>				
<u>Financial liabilities</u>				
Derivative financial liabilities	–	10,223	–	10,223
	=====	=====	=====	=====

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
<b>30 June 2022</b>				
Biological assets	31,473	Income approach	Projected harvest quantities	279,000 tonnes
			Market price of FFB	US\$139/tonne –US\$170/tonne

Description	Fair value US\$'000	Valuation techniques	Unobservable inputs	Range
<b>31 December 2021</b>				
Biological assets	45,243	Income approach	Projected harvest quantities	228,000 tonnes
			Market price of FFB	US\$165/tonne –US\$229/tonne

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

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

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

**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 2022 and the related condensed interim consolidated income statement, statement of comprehensive income, statement of changes in equity and cash flow statement for the six-month period 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**

	1H2022	1H2021	Change
	Tonne	Tonne	%
Plantations and Palm Oil Mills			
- Crude palm oil	344,087	457,848	(24.8%)
- Palm kernel	88,371	102,637	(13.9%)
Refinery and Processing	457,805	541,017	(15.4%)

*Note: Sales volume include inter-segment sales*

**SALES**

	1H2022	1H2021	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills			
- Crude palm oil	287,954	210,334	36.9%
- Palm kernel	70,957	50,738	39.8%
- Fresh fruit bunches	4,235	2,884	46.8%
	363,146	263,956	37.6%
Refinery and Processing	514,806	372,950	38.0%
Inter-segment elimination	(342,741)	(223,999)	53.0%
<b>Total Sales</b>	<b>535,211</b>	<b>412,907</b>	<b>29.6%</b>

**EBITDA**

	1H2022	1H2021	Change
	US\$'000	US\$'000	%
Plantations and Palm Oil Mills	197,846	83,966	135.6%
Refinery and Processing	58,170	25,821	125.3%
Inter-segment elimination	(25,670)	(14,241)	80.3%
<b>Total EBITDA</b>	<b>230,346</b>	<b>95,546</b>	<b>141.1%</b>

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

**UNDERLYING NET PROFIT**

	1H2022	1H2021	Change
	US\$'000	US\$'000	%
Profit for the period attributable to the owners of the Company	127,959	32,550	293.1%
Loss/(gain) arising from changes in fair value of biological assets	9,625	(2,409)	n.m.
<b>Underlying net profit attributable to owners of the Company</b>	<b>137,584</b>	<b>30,141</b>	<b>356.5%</b>

n.m. – not meaningful

**REVIEW OF INCOME STATEMENT**

**Overview**

The Group posted a net profit of US\$128.0 million in 1H2022, an increase of 293.1% as compared to the corresponding period last year, with a 216.4% increase in profit from operations to US\$177.3 million. The Group's financial results in 1H2022 were boosted by the stronger palm oil prices, partially offset by lower sales volumes of palm-based products.

Excluding the effect of the (loss)/gain arising from changes in fair value of biological assets, the underlying net profit for the Group would have increased by 356.5% to US\$137.6 million in 1H2022.

**Sales**

Sales increased by 29.6% to US\$535.2 million in 1H2022, primarily driven by the higher average selling prices, partially offset by the lower sales volumes from a build-up in inventory during the period.

**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.

**Gross Profit**

Gross profit improved by 70.2% to US\$295.1 million in 1H2022 with gross profit margin coming in at 55.1% (1H2021: 42.0%), mainly contributed by the higher average selling prices.

**(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\$12.3 million in 1H2022, as compared to a gain of US\$3.1 million in the same period last year. The fair value loss recorded in 1H2022 was mainly attributable to the lower FFB prices used in the valuation as compared to 31 December 2021 whilst the gain last year was mainly due to the higher projected harvest quantities used in the valuation as compared to 31 December 2020.

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

**REVIEW OF INCOME STATEMENT (CONT'D)**

**Selling and Distribution costs**

Selling and distribution expenses decreased by 12.3% to US\$92.9 million in 1H2022 (1H2021: US\$105.9 million), mainly due to the lower sales volumes.

**General and Administrative expenses**

General and administrative increased by 14.8% to US\$15.1 million in 1H2022 (1H2021: US\$13.2 million), mainly due to higher accruals for employee related costs.

**EBITDA**

The Group's EBITDA increased by 141.1% to US\$230.3 million in 1H2022, mainly contributed by the stronger average selling prices.

**Gain on Foreign Exchange**

The Group recorded gains on foreign exchange of US\$5.5 million in 1H2022 as compared to US\$6.4 million in 1H2021. The gains on foreign exchange arose mainly from the impact of foreign currency movements on monetary assets and liabilities of the subsidiaries.

**Gain on Derivative Financial Instruments**

The Group recorded a gain on derivative financial instruments of US\$4.6 million in 1H2021, which 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 declined by 38.2% to US\$4.5 million in 1H2022, mainly due to the reduction in financial expenses from the Islamic medium term notes which were fully repaid in October 2021.

**Tax Expense and Net Profit**

Tax expense increased to US\$42.6 million in 1H2022 (1H2021: US\$23.2 million), along with the higher taxable income of the Group.

As a result of the foregoing, profit attributable to owners of the Company came in at US\$128.0 million in 1H2022 as compared to US\$32.6 million in 1H2021.

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

**REVIEW OF BALANCE SHEET**

Total assets of the Group decreased by 2.4% from US\$1,873.6 million as at 31 December 2021 to US\$1,828.5 million as at 30 June 2022. Non-current assets decreased by 7.0% to US\$1,148.1 million, mainly due to the depreciation of bearer plants and property, plant and equipment as well as the weakening of Indonesian Rupiah (“IDR”) against United States Dollar (“USD”) during the period. The Group’s current assets increased by US\$41.1 million to US\$680.3 million, mainly contributed by the higher inventories, trade receivables and derivative financial assets, partially offset by the lower cash and bank balances.

Total liabilities of the Group decreased by 17.1% from US\$602.5 million as at 31 December 2021 to US\$499.7 million as at 30 June 2022, mainly due to the reduction in gross borrowings.

Gross borrowings decreased by US\$59.0 million to US\$347.8 million as at 30 June 2022 (31 December 2021: US\$406.7 million), mainly due to the repayment of bank loans during the period.

Taking into consideration the decrease in cash and bank balances during the period, net borrowings increased from US\$25.2 million as at 31 December 2021 to US\$91.4 million as at 30 June 2022, with net gearing at 0.07x (31 December 2021: 0.02x).

Equity attributable to owners of the Company increased by 3.6% from US\$1,197.1 million as at 31 December 2021 to US\$1,239.9 million as at 30 June 2022, mainly contributed by the Group’s profits generated, partially offset by the foreign currency translation losses from the depreciation of IDR against USD during the period.

**REVIEW OF CASH FLOW STATEMENT**

The Group’s operating cash flows before changes in working capital increased from US\$103.9 million in 1H2021 to US\$233.0 million in 1H2022, whilst its net cash from operating activities declined from US\$85.0 million of cash generated in 1H2021 to US\$5.6 million of cash used in 1H2022. The reduction in net cash generation from operating activities was mainly driven by a bigger inventory build-up and higher tax paid during 1H2022 as compared to the corresponding period last year.

The Group generated net cash of US\$1.3 million from investing activities during 1H2022, primarily contributed by the proceeds received from plasma receivables, partially offset by its capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment. In 1H2021, net cash used in investing activities amounted to US\$20.0 million, mainly relating to the Group’s capital expenditure on oil palm plantations, palm oil mills and other property, plant and equipment.

Net cash used in financing activities during 1H2022 amounted to US\$132.0 million, as compared to US\$63.1 million in 1H2021. The higher cash used in financing activities during 1H2022 arose primarily from repayments for amortising bank loans of US\$60.0 million (1H2021: US\$27.5 million) and dividends paid of US\$58.4 million (1H2021: US\$24.7 million).

Overall, the Group registered a decrease in cash and cash equivalents of US\$136.3 million in 1H2022, bringing the Group’s cash and bank balances to US\$256.3 million as at 30 June 2022.

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

Not applicable.

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

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**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**

Since the start of 2022, palm oil prices have been affected by macroeconomic uncertainties and government policy changes in Indonesia, culminating in the temporary export ban that drove CPO prices towards its historical highs.

The export ban had since been lifted on 23 May 2022 although the pace of exports in June was still hampered by the ensuing Domestic Market Obligation (DMO), under which exporters are required to sell a portion of their production domestically before being granted export permits. As the Indonesian government continues its bid to boost palm oil exports through relaxation of the DMO policy and reduction in export taxes, stockpiles in Indonesia should normalise in the coming months.

On the demand front, with palm oil's attractive relative pricing against other competing edible oils encouraging replenishment of inventories by importing countries, palm oil consumption demand should remain supportive.

**5. Dividends**

**(a) Current financial period reported on**

**Any dividend declared for the current financial period reported on?**

Yes.

<b>Name of Dividend</b>	Interim dividend
<b>Dividend Type</b>	Cash
<b>Dividend Amount per Share</b>	2.50 Singapore cents
<b>Tax Rate</b>	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.

<b>Name of Dividend</b>	Interim dividend
<b>Dividend Type</b>	Cash
<b>Dividend Amount per Share</b>	1.25 Singapore cent
<b>Tax Rate</b>	1-tier tax-exempt

**(c) Date payable**

8 September 2022.



**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 2 September 2022 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 1 September 2022 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 1 September 2022 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.	–	167
PT Surya Dumai Industri	Associate of Ciliandra Fangiono & Fang Zhixiang	–	151
PT Riau Agung Karya Abadi	Associate of Ciliandra Fangiono & Fang Zhixiang	195	5,938
PT Marsam Citra Adi Perkasa	Associate of Ciliandra Fangiono & Fang Zhixiang	–	6,242
PT Ketapang Hijau Lestari	Associate of Ciliandra Fangiono & Fang Zhixiang	–	7,639
PT Borneo Bhakti Sejahtera	Associate of Ciliandra Fangiono & Fang Zhixiang	–	21,302
<b>Total</b>		<b>195</b>	<b>41,439</b>

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

We, Chang See Hiang and Ciliandra Fangiono, being two directors of First Resources Limited (the "Company"), do hereby confirm on behalf of the directors of the Company that, to the best of our knowledge, nothing has come to the attention of the board of directors of the Company which may render the financial statements for the six months ended 30 June 2022 to be false or misleading in any material aspect.

**Chang See Hiang**  
Chairman

**Ciliandra Fangiono**  
Director and Chief Executive Officer

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

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

**BY ORDER OF THE BOARD**

**Ciliandra Fangiono**  
Director and Chief Executive Officer  
12 August 2022