



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Third Quarter (“3Q”) and Nine Months (“9M”) Ended 30 September 2010

1(a)(i) Income statement (for the group) together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	9M 2010	9M 2009	Change	3Q 2010	3Q 2009	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	212,205	151,752	39.8%	88,153	61,683	42.9%
Cost of sales	(76,470)	(64,007)	19.5%	(25,752)	(21,866)	17.8%
Gross profit	135,735	87,745	54.7%	62,401	39,817	56.7%
Selling and distribution costs	(2,466)	(2,235)	10.3%	(1,352)	(581)	132.7%
General and administrative expenses	(8,657)	(7,827)	10.6%	(3,209)	(3,326)	(3.5%)
Other operating expenses	(782)	(584)	33.9%	(270)	(228)	18.4%
Profit from operations	123,830	77,099	60.6%	57,570	35,682	61.3%
(Losses)/gains on foreign exchange	(1,082)	9,424	n.m.	744	5,287	(85.9%)
Gains on cross currency swap	5,805	14,078	(58.8%)	2,212	4,376	(49.5%)
Net financial expenses	(24,107)	(13,621)	77.0%	(6,449)	(5,392)	19.6%
Other non-operating income/(expenses)	540	616	(12.3%)	(59)	558	n.m.
Profit before taxation	104,986	87,596	19.9%	54,018	40,511	33.3%
Tax expense	(28,377)	(24,568)	15.5%	(15,055)	(12,682)	18.7%
Profit for the period	76,609	63,028	21.5%	38,963	27,829	40.0%
Attributable to :						
Owners of the parent	72,617	59,863	21.3%	36,907	26,338	40.1%
Non-controlling interests	3,992	3,165	26.1%	2,056	1,491	37.9%
	76,609	63,028	21.5%	38,963	27,829	40.0%

n.m. – not meaningful

1(a) (ii) A statement of total comprehensive income together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group					
	9M 2010	9M 2009	Change	3Q 2010	3Q 2009	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the period	76,609	63,028	21.5%	38,963	27,829	40.0%
Other comprehensive income						
Foreign currency translation adjustments	34,157	43,163	(20.9%)	11,963	14,846	(19.4%)
Write-back of fair value loss of available-for-sale financial assets	88	-	n.m.	-	-	n.m.
Total comprehensive income for the period	110,854	106,191	4.4%	50,926	42,675	19.3%
Attributable to :						
Owners of the parent	106,862	103,026	3.7%	48,870	41,184	18.7%
Non-controlling interests	3,992	3,165	26.1%	2,056	1,491	37.9%
	110,854	106,191	4.4%	50,926	42,675	19.3%

n.m. – not meaningful

Additional Information

	Group					
	9M 2010	9M 2009	Change	3Q 2010	3Q 2009	Change
	USD'000	USD'000	(%)	US\$'000	US\$'000	(%)
Profit from operations	123,830	77,099	60.6%	57,570	35,682	61.3%
Depreciation of property, plant and equipment	10,469	6,231	68.0%	4,495	2,412	86.4%
Amortisation of land use rights and intangible assets	813	601	35.3%	281	228	23.2%
EBITDA	135,112	83,931	61.0%	62,346	38,322	62.7%
EBITDA margin	63.7%	55.3%		70.7%	62.1%	

1(b)(i) Statement of financial position (for the issuer and group), together with a comparative statement as at the end of the immediately preceding financial year

	Group		Company	
	30 Sep 2010	31 Dec 2009	30 Sep 2010	31 Dec 2009
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Biological assets	595,393	534,953	-	-
Plasma plantation receivables	18,456	16,166	-	-
Property, plant and equipment	223,150	186,287	282	297
Land use rights	21,105	19,236	-	-
Investment in subsidiaries	-	-	276,984	249,829
Goodwill	7,073	7,073	-	-
Other intangible assets	32,304	30,489	-	-
Tax recoverable	3,529	278	-	-
Deferred tax assets	729	2,743	33	132
Available-for-sale financial assets	-	7,977	-	7,977
Derivative financial assets	1,500	-	-	-
Other non-current assets	24	132	525	525
Total non-current assets	903,263	805,334	277,824	258,760
Current assets				
Inventories	25,221	15,395	-	-
Trade receivables	5,700	8	3,995	-
Other receivables	4,145	3,848	1,092	1,233
Advance for purchase of plant, property and equipment	8,738	2,123	-	-
Other advances and prepayments	7,188	2,956	21	12
Prepaid taxes	1,954	3,356	-	-
Advance subscription for shares in subsidiary	-	-	47,525	37,980
Due from subsidiary	-	-	1,680	-
Cash and bank balances	157,738	179,598	54,353	98,954
Total current assets	210,684	207,284	108,666	138,179
Total assets	1,113,947	1,012,618	386,490	396,939

1(b)(i) Statement of financial position (continued)

	Group		Company	
	30 Sep 2010	31 Dec 2009	30 Sep 2010	31 Dec 2009
	US\$'000	US\$'000	US\$'000	US\$'000
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	19,129	11,043	42	-
Other payables and accruals	13,667	18,196	4,096	2,814
Advances from customers	9,659	4,275	-	-
Loans and borrowings from financial institutions	20,844	10,929	13	12
Provision for taxation	8,716	12,882	387	157
Total current liabilities	72,015	57,325	4,538	2,983
Non-current liabilities				
Loans and borrowings from financial institutions	130,514	1,453	38	49
Notes payable	-	137,743	-	-
Rupiah bonds payable	53,856	51,252	-	-
Liability component of convertible bonds	86,552	83,923	86,552	83,923
Derivative financial liabilities	-	2,536	-	-
Provision for post employment benefits	5,148	4,306	-	-
Deferred tax liabilities	85,799	80,789	-	16
Other non-current liabilities	500	500	500	500
Total non-current liabilities	362,369	362,502	87,090	84,488
Total liabilities	434,384	419,827	91,628	87,471
Net assets	679,563	592,791	294,862	309,468
Equity attributable to owners of the parent				
Share capital	288,735	288,735	288,735	288,735
Treasury shares	(6,816)	(6,816)	(6,816)	(6,816)
Differences arising from restructuring transactions involving entities under common control	35,066	35,066	-	-
Other reserves	15,394	(18,851)	393	305
Equity component of convertible bonds	13,971	13,971	13,971	13,971
Retained earnings/(accumulated losses)	300,937	251,573	(1,421)	13,273
	647,287	563,678	294,862	309,468
Non-controlling interests	32,276	29,113	-	-
Total equity	679,563	592,791	294,862	309,468

1(b)(ii) Aggregate amount of group's borrowings and debt securities:

- amount repayable in one year or less, or on demand
- amount repayable after one year

	Group					
	As at 30 Sep 2010			As at 31 Dec 2009		
	US\$'000			US\$'000		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Amount repayable in one year or less, or on demand	18,905	1,939	20,844	-	10,929	10,929
Amount repayable after one year	181,806	89,116	270,922	188,995	85,376	274,371
Total	200,711	91,055	291,766	188,995	96,305	285,300

Details of any collateral

The secured borrowings are collateralised by certain of the Group's cash and bank balances, biological assets, land use rights and property, plant and equipment.

1(c) Statement of cash flow (for the group), together with a comparative statement for the corresponding period of the immediately preceding financial year

	Group			
	9M 2010	9M 2009	3Q 2010	3Q 2009
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before taxation	104,986	87,596	54,018	40,511
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	10,469	6,231	4,495	2,412
Amortisation of land use rights and intangible assets	813	601	281	228
Interest expenses	22,635	14,100	6,655	5,581
Interest income	(657)	(479)	(206)	(189)
Loss on redemption of notes payable and Rupiah bonds payable, net	2,129	-	-	-
Gains on cross currency swap	(5,805)	(14,078)	(2,212)	(4,376)
Unrealised foreign exchange losses/(gains)	1,639	(9,382)	(1,058)	(7,091)
Operating cash flows before changes in working capital	136,209	84,589	61,973	37,076
<u>Changes in working capital</u>				
(Increase)/decrease:				
Inventories	(7,426)	2,253	(6,437)	(5,199)
Trade receivables	(5,692)	4,068	(4,581)	7,727
Other receivables	(320)	397	135	(198)
Advances and prepayments	(4,231)	1,333	259	461
Prepaid taxes	703	(155)	2,383	2,871
Other non-current assets	86	(86)	266	(30)
(Decrease)/increase:				
Trade payables	8,086	9,852	(2,958)	6,425
Other payables and accruals	(7,050)	2,921	(563)	4,166
Advances from customers	5,384	(4,582)	7,740	(1,256)
Changes in provision for post-employment benefits	842	700	342	285
Cash flows generated from operations	126,591	101,290	58,559	52,328
Interest paid	(23,266)	(12,866)	(8,903)	(555)
Interest received	681	460	196	164
Tax paid	(28,497)	(38,836)	(8,754)	(9,668)
Net cash generated from operating activities	75,509	50,048	41,098	42,269

1(c) Statement of cash flow (continued)

	Group			
	9M 2010	9M 2009	3Q 2010	3Q 2009
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on property, plant and equipment	(28,802)	(22,042)	(10,127)	(7,165)
(Increase)/decrease in advance for purchase of property, plant and equipment	(6,615)	529	(839)	49
Capital expenditure on biological assets	(38,746)	(31,354)	(10,458)	(12,705)
Decrease/(increase) in plasma plantation receivables	1,924	(2,472)	(39)	(1,085)
Acquisition of intangible assets	(218)	(179)	(117)	(62)
Acquisition of land use rights	(2,018)	-	(2,018)	-
Proceeds from disposal of available-for-sale financial assets	7,959	-	-	-
Net cash used in investing activities	(66,516)	(55,518)	(23,598)	(20,968)
Cash flows from financing activities				
Proceeds from cross currency swap, net	1,726	1,030	590	418
Redemption of notes payable and Rupiah bonds payable	(141,239)	-	-	-
Proceeds from bank loans, net	132,609	8,485	(1,693)	1,838
Placement of secured bank balances	-	(10,334)	-	(2,420)
Payment of obligations under capital leases	(1,130)	(517)	(413)	(186)
Payment of consumer financing loans	(436)	(692)	(164)	(213)
Proceeds from convertible bonds, net	-	96,982	-	96,982
Dividends paid	(24,107)	(10,775)	(11,658)	(10,775)
Share application monies	25	319	22	319
Net cash (used in)/generated from financing activities	(32,552)	84,498	(13,316)	85,963
Net (decrease)/increase in cash and cash equivalents	(23,559)	79,028	4,184	107,264
Effect of exchange rate changes on cash and cash equivalents	1,133	717	918	591
Cash and cash equivalents, at the beginning of the financial period	168,999	99,739	141,471	71,629
Cash and cash equivalents, at the end of the financial period (Note A)	146,573	179,484	146,573	179,484
<u>Note A</u>				
Reconciliation of cash and cash equivalents :				
Cash on hand and in banks, unsecured	49,249	37,279	49,249	37,279
Time deposits, unsecured	97,324	142,205	97,324	142,205
Cash and cash equivalents	146,573	179,484	146,573	179,484
Cash in banks, secured	11,165	10,334	11,165	10,334
Cash and bank balances	157,738	189,818	157,738	189,818

1(d) (i) Statement (for the issuer and group) showing either (i) all changes in equity or (ii) changes in equity other than those arising from capitalisation issues and distributions to shareholders, together with a comparative statement for the corresponding period of the immediately preceding financial year

Group	----- Attributable to owners of the parent-----							Non-controlling interests	Total equity
	Share capital	Treasury shares	Differences arising from restructuring transactions involving entities under common control	Other reserves	Equity component of convertible bonds	Retained earnings	Total share capital and reserves		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
At 1 Jan 2010	288,735	(6,816)	35,066	(18,851)	13,971	251,573	563,678	29,113	592,791
Total comprehensive income for the period	-	-	-	34,245	-	72,617	106,862	3,992	110,854
Dividends paid	-	-	-	-	-	(23,253)	(23,253)	(854)	(24,107)
Share application monies	-	-	-	-	-	-	-	25	25
At 30 Sep 2010	288,735	(6,816)	35,066	15,394	13,971	300,937	647,287	32,276	679,563
At 1 Jan 2009	277,056	(6,886)	35,066	(80,954)	-	149,285	373,567	22,840	396,407
Total comprehensive income for the period	-	-	-	43,163	-	59,863	103,026	3,165	106,191
Dividends paid	-	-	-	-	-	(10,217)	(10,217)	(558)	(10,775)
Issuance of convertible bonds	-	-	-	-	13,971	-	13,971	-	13,971
Share application monies	-	-	-	-	-	-	-	319	319
Effect of change in functional currency	11,679	70	-	-	-	-	11,749	-	11,749
At 30 Sep 2009	288,735	(6,816)	35,066	(37,791)	13,971	198,931	492,096	25,766	517,862
At 1 Jul 2010	288,735	(6,816)	35,066	3,431	13,971	274,894	609,281	30,992	640,273
Total comprehensive income for the period	-	-	-	11,963	-	36,907	48,870	2,056	50,926
Dividends paid	-	-	-	-	-	(10,864)	(10,864)	(794)	(11,658)
Share application monies	-	-	-	-	-	-	-	22	22
At 30 Sep 2010	288,735	(6,816)	35,066	15,394	13,971	300,937	647,287	32,276	679,563
At 1 Jul 2009	277,056	(6,886)	35,066	(52,637)	-	182,810	435,409	24,514	459,923
Total comprehensive income for the period	-	-	-	14,846	-	26,338	41,184	1,491	42,675
Dividends paid	-	-	-	-	-	(10,217)	(10,217)	(558)	(10,775)
Issuance of convertible bonds	-	-	-	-	13,971	-	13,971	-	13,971
Share application monies	-	-	-	-	-	-	-	319	319
Effect of change in functional currency	11,679	70	-	-	-	-	11,749	-	11,749
At 30 Sep 2009	288,735	(6,816)	35,066	(37,791)	13,971	198,931	492,096	25,766	517,862

1(d) (i) Statement of changes in equity (cont'd)

Company	Share capital	Treasury shares	Other reserves	Equity component of convertible bonds	Retained earnings/ (Accumulated losses)	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2010	288,735	(6,816)	305	13,971	13,273	309,468
Total comprehensive income for the period	-	-	88	-	8,559	8,647
Dividends paid	-	-	-	-	(23,253)	(23,253)
At 30 Sep 2010	288,735	(6,816)	393	13,971	(1,421)	294,862
At 1 Jan 2009	277,056	(6,886)	(4,229)	-	2,857	268,798
Total comprehensive income for the period	-	-	4,622	-	10,571	15,193
Dividends paid	-	-	-	-	(10,217)	(10,217)
Issuance of convertible bonds	-	-	-	13,971	-	13,971
Effect of change in functional currency	11,679	70	-	-	-	11,749
At 30 Sep 2009	288,735	(6,816)	393	13,971	3,211	299,494
At 1 Jul 2010	288,735	(6,816)	393	13,971	(1,721)	294,562
Total comprehensive income for the period	-	-	-	-	11,164	11,164
Dividends paid	-	-	-	-	(10,864)	(10,864)
At 30 Sep 2010	288,735	(6,816)	393	13,971	(1,421)	294,862
At 1 Jul 2009	277,056	(6,886)	(4,565)	-	3,508	269,113
Total comprehensive income for the period	-	-	4,958	-	9,920	14,878
Dividends paid	-	-	-	-	(10,217)	(10,217)
Issuance of convertible bonds	-	-	-	13,971	-	13,971
Effect of change in functional currency	11,679	70	-	-	-	11,749
At 30 Sep 2009	288,735	(6,816)	393	13,971	3,211	299,494

Other Reserves

	Group			Company		
	As at			As at		
	30 Sep 2010	31 Dec 2009	30 Sep 2009	30 Sep 2010	31 Dec 2009	30 Sep 2009
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
Capital reserve	(29,096)	(29,096)	(29,096)	-	-	-
Foreign translation reserve	44,211	10,054	(8,974)	393	393	393
Revaluation reserve	279	279	279	-	-	-
Available-for-sale reserve	-	(88)	-	-	(88)	-
Total other reserves	15,394	(18,851)	(37,791)	393	305	393

1(d)(ii) Details of any changes in the company's share capital arising from rights issue, bonus issue, share buy-backs, exercise of share options or warrants, conversion of other issues of equity securities, issue of shares for cash or as consideration for acquisition or for any other purpose since the end of the previous period reported on. State also the number of shares that may be issued on conversion of all the outstanding convertibles, as well as the number of shares held as treasury shares, if any, against the total number of issued shares excluding treasury shares of the issuer, as at the end of the current financial period reported on and as at the end of the corresponding period of the immediately preceding financial year

There were no changes to the Company's share capital in the three months and nine months ended 30 September 2010.

	Company	
	30 Sep 2010	30 Sep 2009
Number of shares held as treasury shares	15,000,000	15,000,000
Number of issued shares excluding treasury shares	1,453,459,221	1,453,459,221
Total number of issued shares	1,468,459,221	1,468,459,221
Number of shares that may be issued on conversion of outstanding convertible bonds	116,078,086	116,078,086

1(d)(iii) To show the total number of issued shares excluding treasury shares as at the end of the current financial period and as at the end of the immediately preceding year

	Company	
	30 Sep 2010	31 Dec 2009
Number of issued shares excluding treasury shares	1,453,459,221	1,453,459,221

1(d)(iv) A statement showing all sales, transfers, disposal, cancellation and/or use of treasury shares as at the end of the current financial period reported on

There were no treasury shares which were sold, transferred, disposed, cancelled or used in the current financial period.

2. Whether the figures have been audited, or reviewed and in accordance with which auditing standard or practice

The financial statements presented above have not been audited or reviewed by the Company's auditors.

3. Where the figures have been audited or reviewed, the auditors' report (including any qualifications or emphasis of matter)

Not applicable.

4. Whether the same accounting policies and methods of computation as in the issuer's most recently audited annual financial statements have been applied

The Group has applied the same accounting policies and methods of computation in the preparation of the financial statements as at 31 December 2009 except for the adoption of the Financial Reporting Standards (FRS) and Interpretation of FRS (INT FRS) that are mandatory for the financial years beginning on or after 1 January 2010. The adoption of these FRS and INT FRS has no significant impact to the Group.

5. If there are any changes in the accounting policies and methods of computation, including any required by an accounting standard, what has changed, as well as the reasons for, and the effect of, the change

The Group has changed its presentation currency from Indonesian Rupiah ("IDR") to United States Dollars ("USD") with effect from 1 January 2010. The functional currency of the underlying subsidiaries in Indonesia remains as IDR and the functional currency of the Company remains as USD. The change of the presentation currency resulted in the following effects:

	Group		Company	
	As at 31 Dec 2009			
	Restated	Previously Reported	Restated	Previously Reported
	US\$'000	Rp 'million	USD\$'000	Rp 'million
Balance Sheets				
Share capital	288,735	2,793,775	288,735	2,793,775
Retained earnings	251,573	2,773,676	13,273	128,052
Translation reserve	10,054	(344,758)	393	3,582
Non-controlling interests	29,113	240,259	-	-
Equity attributable to owners of the parent	563,678	5,334,225	309,468	2,994,022
Total equity	592,791	5,574,484	309,468	2,994,022

6. Earnings Per Ordinary Share (EPS) of the group for the current financial period reported on and the corresponding period of the immediately preceding financial year, after deducting any provision for preference dividends

Basic earnings per share amounts are calculated by dividing earnings for the corresponding periods attributable to owners of the parent by the weighted average number of ordinary shares outstanding at the end of the respective financial period. Diluted earnings per share is calculated on the same basis as the basic earnings per share except that the weighted average number of shares outstanding during the period is adjusted for the effect of all dilutive potential ordinary shares. The Company has no dilutive potential ordinary shares as at 30 September 2010 and 30 September 2009.

Items	Group			
	9M 2010	9M 2009	3Q 2010	3Q 2009
Weighted average number of shares applicable to basic EPS computation	1,453,459,221	1,453,459,221	1,453,459,221	1,453,459,221
EPS - basic (US cents)	5.00	4.12	2.54	1.81
EPS - diluted (US cents)	n.a.	n.a.	n.a.	n.a.

7. Net Asset Value Per Ordinary Share (NAV) (for the issuer and group) per ordinary share based on the total number of issued shares excluding treasury shares of the issuer at the end of the:

- (a) current financial period reported on; and
- (b) immediately preceding financial year

	Group		Company	
	30 Sep 2010	31 Dec 2009	30 Sep 2010	31 Dec 2009
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.45	0.39	0.20	0.21

8. **A review of the performance of the group, to the extent necessary for a reasonable understanding of the group's business. It must include a discussion of the following:**
- (a) **any significant factors that affected the turnover, costs, and earnings of the group for the current financial period reported on, including (where applicable) seasonal or cyclical factors; and**
 - (b) **any material factors that affected the cash flow, working capital, assets or liabilities of the group during the current financial period reported on**

REVIEW OF INCOME STATEMENT

Overview

The Group reported an overall improvement in performance, mainly driven by higher prices of crude palm oil ("CPO") during the period. In 3Q2010, the Group recorded a 40.1% rise in net profit to US\$36.9 million and a 61.3% increase in profit from operations to US\$57.6 million. For 9M2010, the Group's net profit increased 21.3% to US\$72.6 million while its profit from operations jumped 60.6% to US\$123.8 million.

Sales

Sales totaled US\$88.2 million in 3Q2010, up 42.9% against 3Q2009. For 9M2010, sales increased by 39.8% to US\$212.2 million. This improvement was mainly due to increases in selling prices of CPO and palm kernel. 3Q2010's sales were also boosted by higher sales volume of CPO as compared to the same period last year. However, for 9M2010, sales volume was still lower than that recorded in 9M2009 due to biological tree stress exhibited by our nucleus plantations in 1H2010 and lower volume of fresh fruit bunches ("FFB") purchased from plasma farmers during the period.

Sales Volume	9M 2010	9M 2009	Change	3Q 2010	3Q 2009	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Palm oil	256,468	264,742	(3.1%)	102,820	92,687	10.9%
Palm kernel	58,126	59,767	(2.7%)	24,928	20,722	20.3%

Cost of Sales

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, FFB purchases from plasma farmers, plantation general expenses and mill processing costs. In 3Q2010, cost of sales increased by 17.8% to US\$25.8 million and in 9M2010, cost of sales increased 19.5% to US\$76.5 million. These increases were mainly due to increases in maintenance costs (due to larger mature hectareage), higher depreciation of property, plant and equipment (due to the completion of the biodiesel and refinery plants as well as additions to plantation housing and infrastructure in 2010), higher plantation general expenses (due to increases in minimum wage rate and variable wages) and increase in the value of purchase of FFB from plasma farmers.

Gross Profit

Gross profit increased by 56.7% to US\$62.4 million in 3Q2010 and gross profit margin improved to 70.8% as compared to 64.6% in 3Q2009. For 9M2010, gross profit increased by 54.7% to US\$135.7 million, and gross profit margin improved to 64.0% from 57.8% in the previous period. The better margins were driven mainly by the Group's higher average selling prices and cost management.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly freight charges, warehousing charges and export taxes, increased by 132.7% to US\$1.4 million in 3Q2010 and by 10.3% to US\$2.5 million in 9M2010. The increase was mainly due to higher export taxes incurred as a result of higher applicable CPO export tax rates during the period, and higher freight charges.

8. Review of Group Performance (continued)

General and Administrative expenses

General and administrative expenses, comprising professional fees, remuneration of office staff, licences and software fees, decreased by 3.5% to US\$3.2 million in 3Q2010 and increased by 10.6% to US\$8.7 million in 9M2010. The higher general and administrative expenses in 9M2010 as compared to the corresponding period last year was mainly due to increases in staff remuneration as our headcount increased.

(Losses)/gains on Foreign Exchange, net

We recorded a gain of US\$0.7 million on foreign exchange in 3Q2010 versus a gain of US\$5.3 million in 3Q2009. In 9M2010, the Group recorded a loss of US\$1.1 million on foreign exchange versus a gain of US\$9.4 million in 9M2009.

The gain in foreign exchange in 9M2009 mainly resulted from revaluation of the Group's borrowings while the loss in foreign exchange in 9M2010 was contributed by the losses arising from a refinancing exercise to redeem our USD Notes as well as the capital distribution of the issuer of the Notes in 2Q2010.

Gains on Cross Currency Swap

We have entered into a cross currency swap to convert our 11.50% Rp500 billion bond (issued in November 2007) into a 7.40% US\$53.4 million liability. Changes in the mark-to-market position as at the end of every balance sheet date will be booked in profit or loss.

In 3Q2010, there was a gain of US\$2.2 million due to an improvement in the mark-to-market position of the swap, as compared to a gain of US\$4.4 million in 3Q2009. For 9M2010, we recorded a gain of US\$5.8 million versus a gain of US\$14.1 million in 9M2009.

Net Financial Expenses

Net financial expenses comprise interest expenses after deducting interest income and other financial gains/losses. Part of the interest expenses are capitalised to our immature plantations and property, plant and equipment.

Net financial expenses totaled US\$6.4 million in 3Q2010, an increase of 19.6% from 3Q2009. In 9M2010, net financial expenses stood at US\$24.1 million, a 77.0% increase over 9M2009.

A portion of the increase in net financial expenses in 3Q2010 and 9M2010 was attributed to the issuance of our 5.625% US\$100 million convertible bonds on 22 September 2009. Apart from recognising interest expense on the convertible bond coupon, convertible bond accounting also requires the non-cash accretion of the liability value to be expensed in the income statement. In addition, we conducted a refinancing exercise to redeem our USD Notes in 2Q2010. The redemption of these Notes caused the remaining unamortised issuance costs to be immediately recognised in the income statement.

8. Review of Group Performance (continued)

Net Financial Expenses (continued)

The following table reflects the computation of net financial expenses:

	9M 2010	9M 2009	3Q 2010	3Q 2009
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on:				
- notes payable	8,957	13,017	-	4,206
- Rupiah bonds payable	4,675	4,386	1,583	1,670
- convertible bonds payable	6,832	194	2,292	194
- loans and borrowings from financial institutions	5,555	309	3,592	149
	26,019	17,906	7,467	6,219
Less:				
Capitalised to biological assets	(2,484)	(1,978)	(759)	(322)
Capitalised to property, plant and equipment	(900)	(1,828)	(53)	(316)
Interest expenses recognised in profit or loss	22,635	14,100	6,655	5,581
Loss on redemption of notes and Rupiah bonds payable, net	2,129	-	-	-
Interest and other financial income	(657)	(479)	(206)	(189)
Net financial expenses	24,107	13,621	6,449	5,392

Tax Expense

Tax expense increased by 18.7% to US\$15.1 million in 3Q2010 in line with higher taxable income. Similarly, for 9M2010, tax expense increased 15.5% to US\$28.4 million.

Profit Attributable to Owners of the Parent

As a result of the foregoing, net profit for 3Q2010 increased by 40.1% to US\$36.9 million. In 9M2010, net profit increased by 21.3% to US\$72.6 million.

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,012.6 million as at 31 December 2009 to US\$1,113.9 million as at 30 September 2010. There was a decrease in cash and bank balances as cash was deployed by the Group for its capital expenditure programme, as well as being used to pay dividends to shareholders during the period. The Group's non-current assets increased by US\$97.9 million principally due to additions of biological assets in new planting and immature plantations, capital expenditure relating to plantation housing and infrastructure, and on-going construction works for a new palm oil mill and a new fractionation plant.

Total liabilities of the Group increased slightly by 3.5% from US\$419.8 million as at 31 December 2009 to US\$434.4 million as at 30 September 2010.

8. Review of Group Performance (continued)

REVIEW OF CASH FLOW STATEMENT

The Group generated cash of US\$41.1 million from its operating activities in 3Q2010, compared to US\$42.3 million in 3Q2009. For 9M2010, net cash generated from operating activities was US\$75.5 million, compared to US\$50.0 million in 9M2009.

Net cash used in investing activities increased by 12.5% to US\$23.6 million in 3Q2010. The cash was used for capital expenditure on property, plant and equipment and on oil palm plantations, which is in line with the Group's expansion plans. For 9M2010, net cash used in investing activities was US\$66.5 million, compared to US\$55.5 million in 9M2009.

Net cash used in financing activities amounted to US\$13.3 million in 3Q2010, mainly in the form of dividend payments. For 9M2010, net cash used in financing activities was US\$32.6 million, mainly due to dividend payments and partial refinancing of its notes payable in June 2010.

Overall, the Group registered an increase in cash and cash equivalents of US\$4.2 million in 3Q2010, bringing the Group' cash balance to US\$157.7 million as at 30 September 2010.

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

Not applicable

10. 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 reporting period and the next 12 months

The Group's performance so far in FY2010 has been aided by strong palm oil prices and continued focus on cost management. Robust recovery in the Group's production volumes in the third quarter of 2010 has also boosted our financial performance. Looking forward, the Group expects that production volume will continue to be seasonally higher in the fourth quarter and that palm oil prices will remain well supported as a result of positive industry fundamentals.

11. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

No

(b) Corresponding period of the immediately preceding financial year

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

No

(c) Date payable

Not applicable

(d) Books closure date

Not applicable

12. If no dividend has been declared/recommendeded, a statement to that effect

Not dividend has been declared for the current financial period reported on.

13. Confirmation by the Board Pursuant to Rule 705(4)

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 third quarter ended 30 September 2010 to be false or misleading in any material aspect.

On behalf of the Board of Directors

Lim Ming Seong
Chairman

Ciliandra Fangiono
Director and Chief Executive Officer

BY ORDER OF THE BOARD

Ciliandra Fangiono
Director and Chief Executive Officer
12 November 2010