FIRST RESOURCES

ANNUAL REPORT 2009

FIRST RESOURCES LIMITED

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CORPORATE PROFILE

First Resources is one of the fastest-growing crude palm oil producers. Established in 1992, we have grown our plantation under management at a rapid rate to over 108,000 hectares.

The Group's key activities are cultivating oil palms, harvesting the fruits and processing them into crude palm oil and palm kernel for sale to the local and export markets. Our plantations and processing mills are strategically located in the Riau and West Kalimantan provinces of Indonesia.

The Group's expertise in plantation management and our emphasis on cost efficiencies has enabled First Resources to achieve yields and margins that rank among the highest in the industry.

Our consistent planting strategy has resulted in a young plantation profile, which currently averages at 7.5 years old. This plantation profile positions the Group well for strong production growth over the next few years.

With a land bank 3 times the size of Singapore, of which half is unplanted, First Resources has further room to expand. We aim to double our planted area to 200,000 hectares and to grow our CPO annual production to 1 million tonnes.

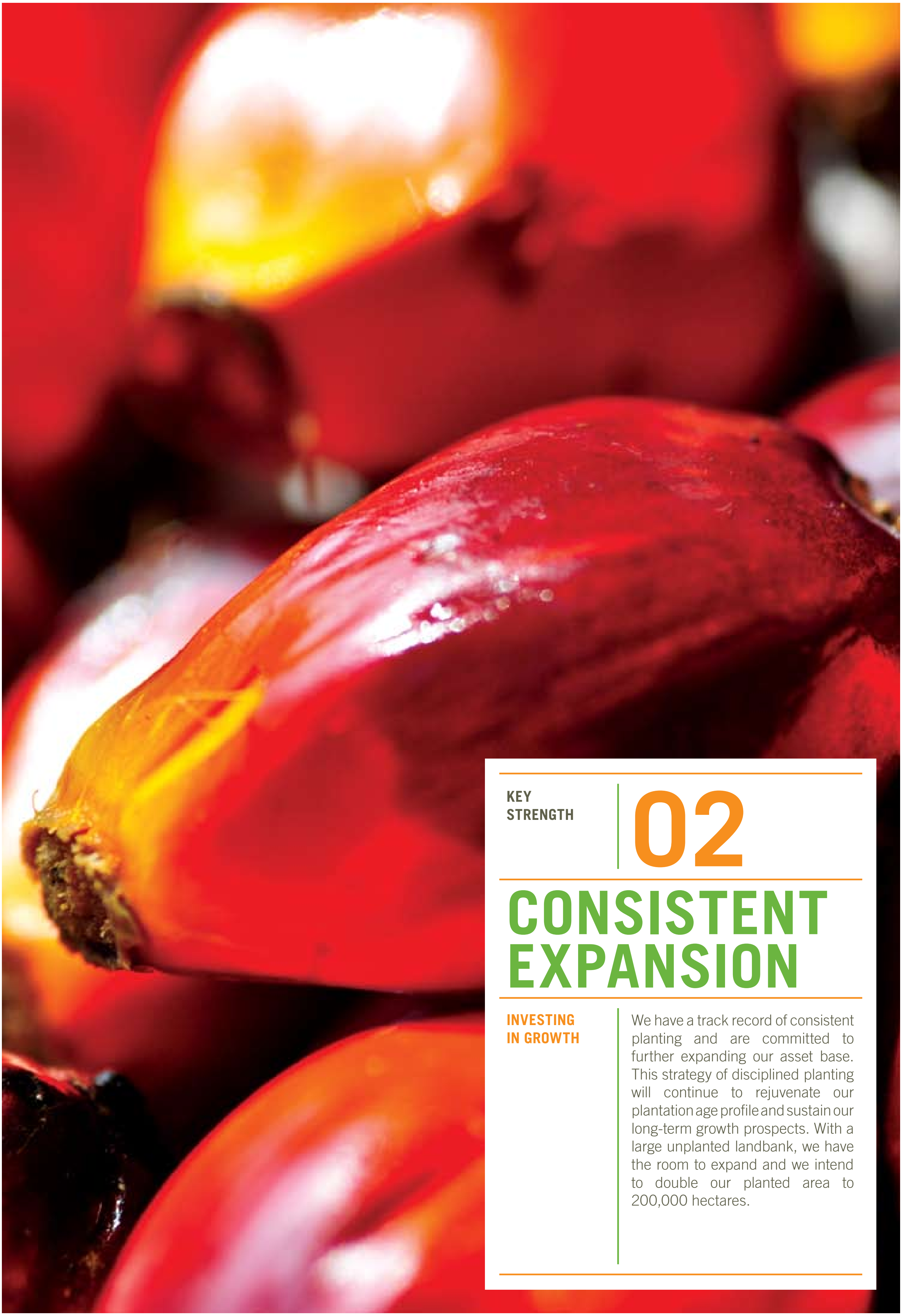
KEY STRENGTH

01

STRONG GROWTH PROFILE

YOUNG PLANTATION PROFILE

Our plantation assets are young with half of our trees either still in their immature or young ages. The weighted average age of our trees is approximately 7.5 years. We expect strong organic growth in our production volumes over the next 5 years as these immature and young trees age into their prime years.



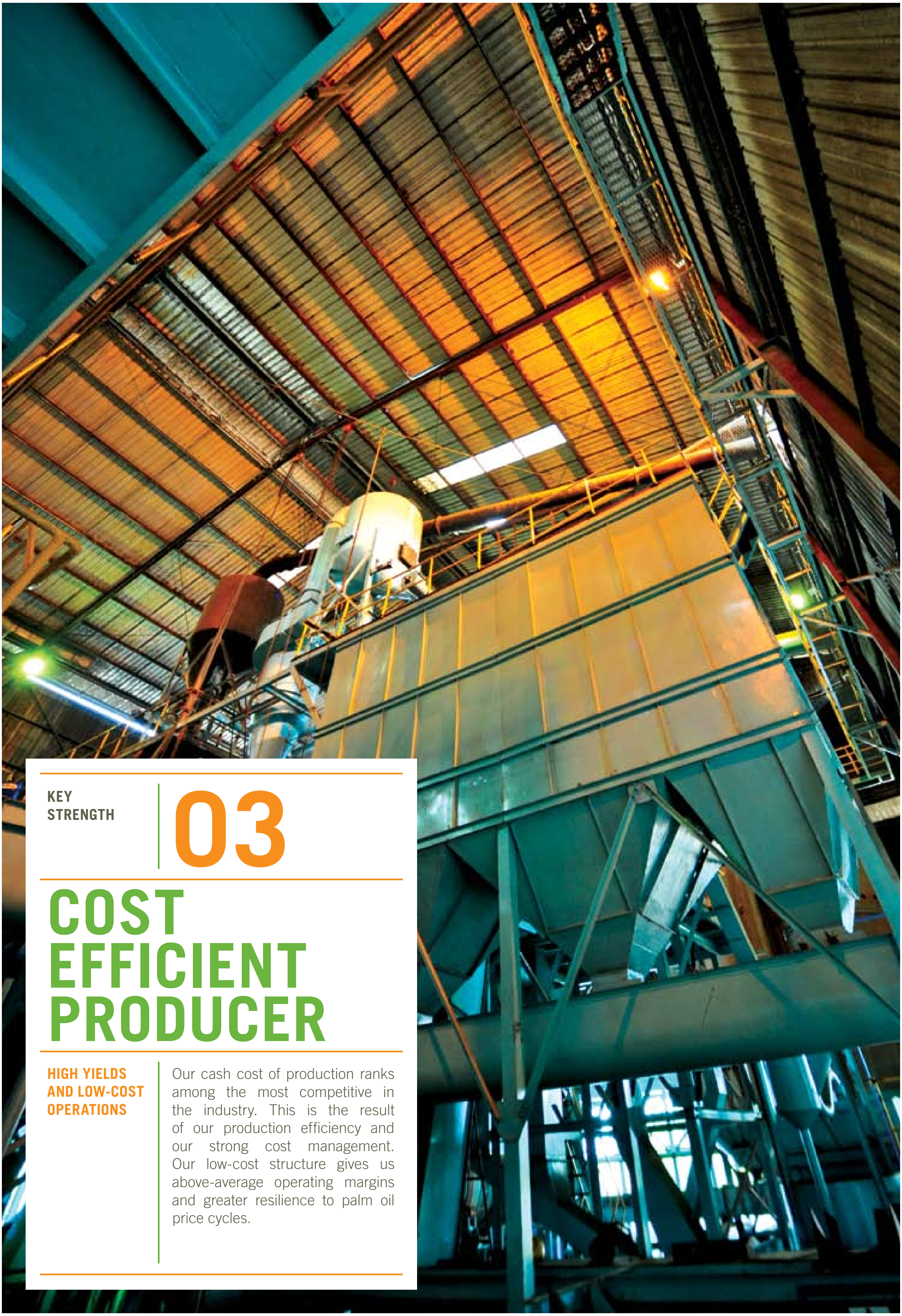
KEY STRENGTH

02

CONSISTENT EXPANSION

INVESTING IN GROWTH

We have a track record of consistent planting and are committed to further expanding our asset base. This strategy of disciplined planting will continue to rejuvenate our plantation age profile and sustain our long-term growth prospects. With a large unplanted landbank, we have the room to expand and we intend to double our planted area to 200,000 hectares.



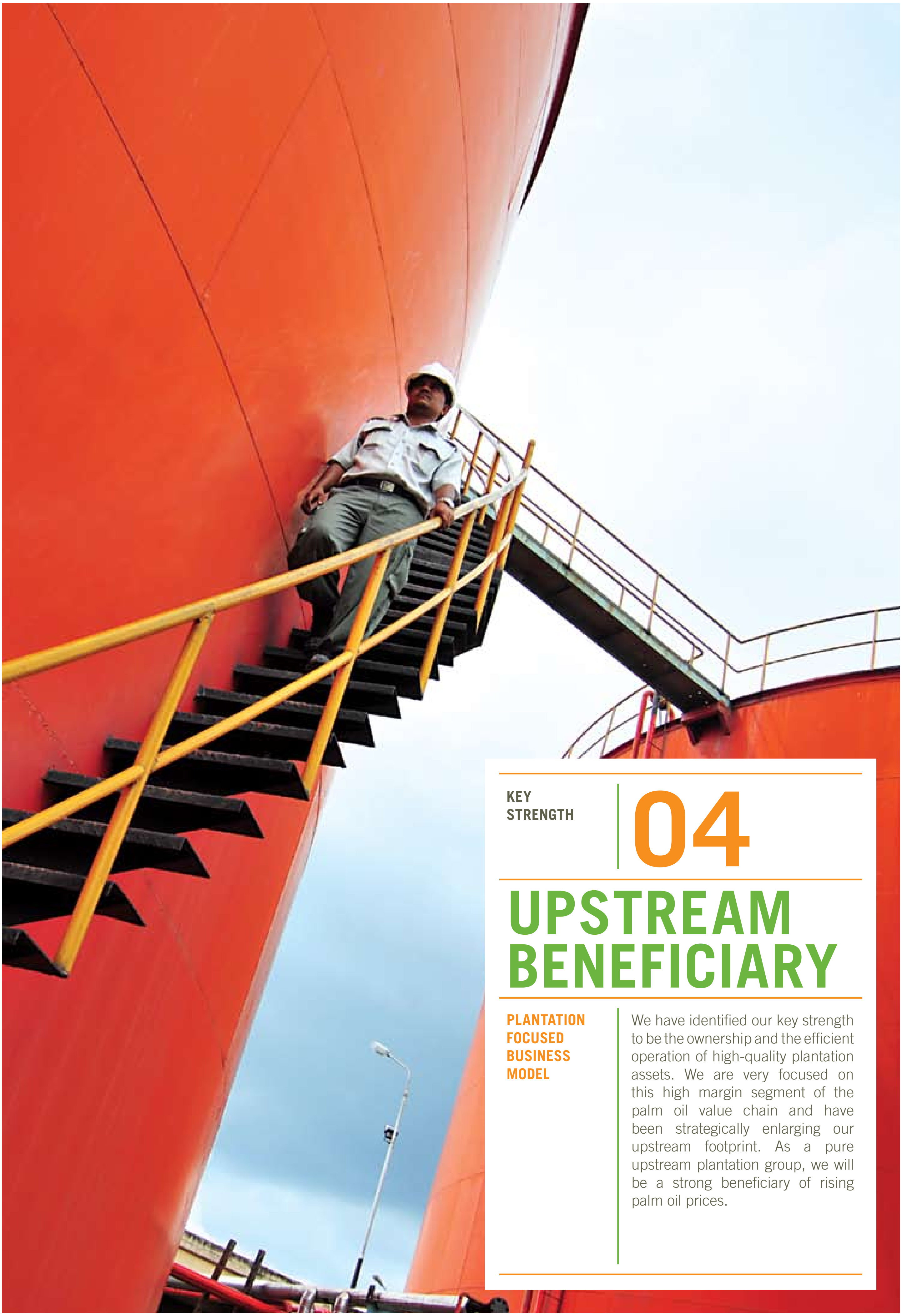
KEY STRENGTH

03

COST EFFICIENT PRODUCER

HIGH YIELDS AND LOW-COST OPERATIONS

Our cash cost of production ranks among the most competitive in the industry. This is the result of our production efficiency and our strong cost management. Our low-cost structure gives us above-average operating margins and greater resilience to palm oil price cycles.



KEY STRENGTH

04

UPSTREAM BENEFICIARY

PLANTATION FOCUSED BUSINESS MODEL

We have identified our key strength to be the ownership and the efficient operation of high-quality plantation assets. We are very focused on this high margin segment of the palm oil value chain and have been strategically enlarging our upstream footprint. As a pure upstream plantation group, we will be a strong beneficiary of rising palm oil prices.

OUR BUSINESS

PLANTATIONS

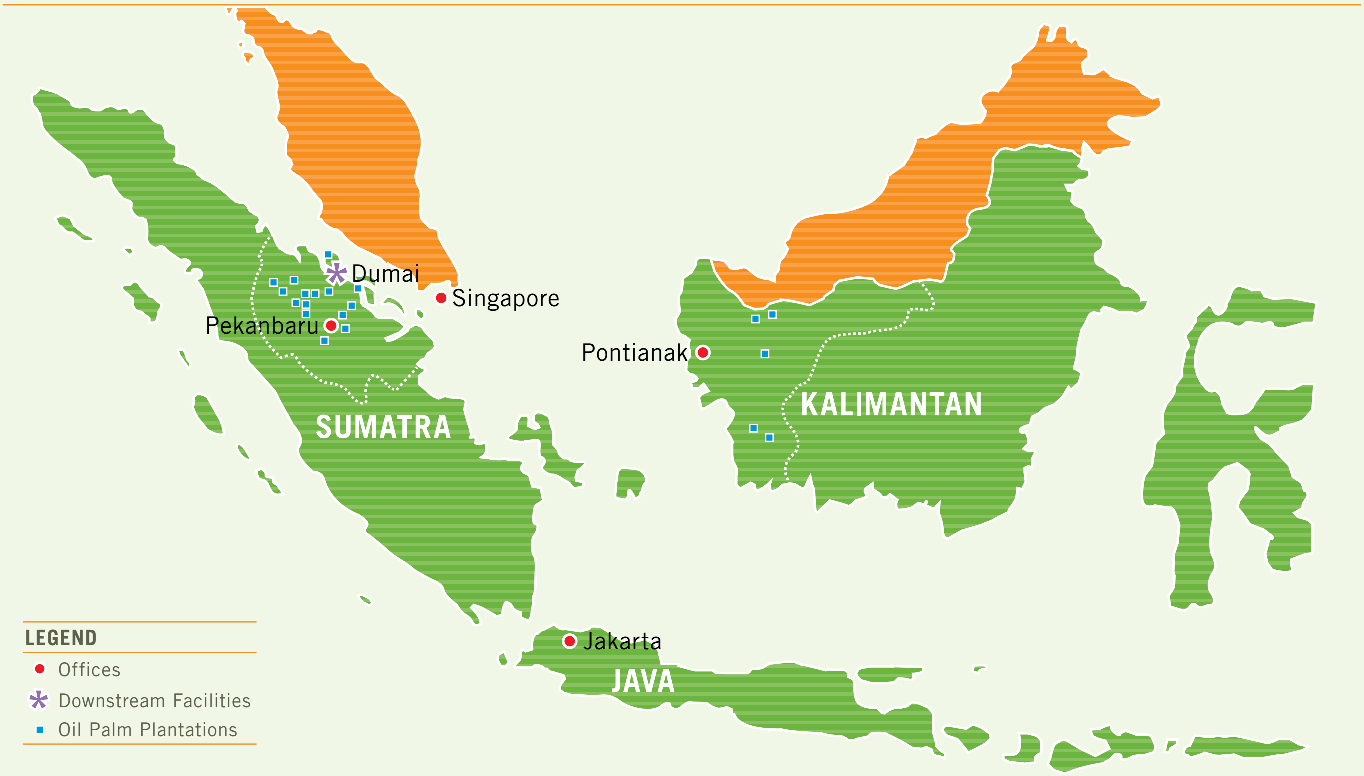
- We manage over 108,000 hectares of planted oil palm plantations, of which approximately 12,000 hectares are under the smallholder ownership schemes.
- Our oil palm plantations are located in the Riau and West Kalimantan provinces of Indonesia.

PALM OIL MILLS

- We have 8 palm oil mills with sufficient processing capacity to mill all our fresh fruit bunches production internally.
- Our palm oil mills are located within our mature oil palm estates in the Riau province.

DOWNSTREAM FACILITIES

- We have a refining plant and a biodiesel plant and are currently adding a fractionation plant, which is expected to be completed in 2011.
- Our downstream facilities are located in Dumai, Riau province.



2009 REPORT CARD

CPO production growth of
14%

FFB production growth of
10%

Record CPO extraction rate of
23.7%

CPO yield maintained at
5.1 tonnes per hectare

New plantings of more than
13,500 hectares

Total plantation under management exceeded
108,000 hectares

Cash cost of production lowered to
US$180 per tonne

EBITDA margin remained strong at
56%

Successfully issued inaugural convertible bond of
US$100 million

FINANCIAL HIGHLIGHTS

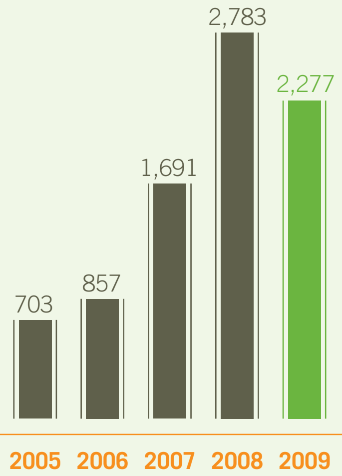
FINANCIAL YEAR	2005	2006	2007	2008	2009
INCOME STATEMENT (Rp Billion)					
Revenue	703	857	1,691	2,783	2,277
Gross Profit	243	370	925	1,860	1,357
(Losses) / Gains arising from Changes in Fair Value of Biological Assets	(57)	270	157	378	461
Profit from Operations	140	594	986	1,951	1,645
EBITDA (1)	241	375	882	1,645	1,286
Profit before Taxation	22	503	891	1,622	1,719
Profit for The Year	7	351	627	1,152	1,237
Net Profit Attributable to Equity Holders	(19)	244	431	1,092	1,169
BALANCE SHEET (Rp Billion)					
Total Assets	2,766	3,805	6,250	7,815	9,521
Total Liabilities	1,268	2,209	2,943	3,484	3,946
Total Equity	1,497	1,596	3,307	4,331	5,574
Equity Attributable to Equity Holders	1,025	971	3,206	4,162	5,334
FINANCIAL STATISTICS					
Gross Profit Margin (%)	35	43	55	67	60
EBITDA Margin (%)	34	44	52	59	56
Net Profit Margin (%) (2)	(3)	28	25	39	51
Basic Earnings per Share (Rp) (3)	(13)	168	297	751	805
Net Debt to Equity (times) (4)	0.8	0.8	0.1	0.2	0.2
EBITDA to Interest Coverage (times) (5)	2.4	3.6	9.3	7.0	5.3
Net Asset Value per Share (Rp) (6)	705	668	2,206	2,864	3,670

Notes :

1. *EBITDA = Profit from operations before depreciation, amortisation and gains / losses in fair value of biological assets*
2. *Net profit margin = net profit attributable to equity holders / revenue*
3. *Basic earnings per share = net profit attributable to equity holders / weighted average number of ordinary shares (excluding treasury shares) in issue during financial year ended 31 December 2009*
4. *Net debt to equity = interest bearing loans and borrowings less cash and bank balances / equity attributable to equity holders*
5. *EBITDA to interest coverage = EBITDA / total interest paid on interest bearing loans and borrowings*
6. *Net asset value per share = equity attributable to equity holders / number of ordinary shares (excluding treasury shares) in issue at end of financial year ended 31 December 2009*

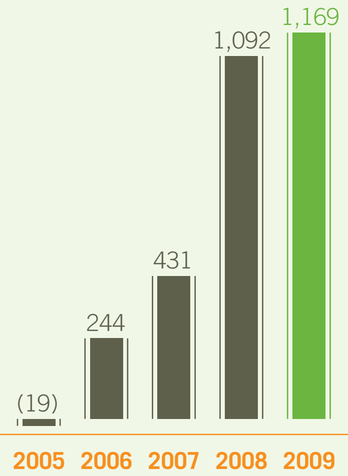
REVENUE

(Rp Billion)



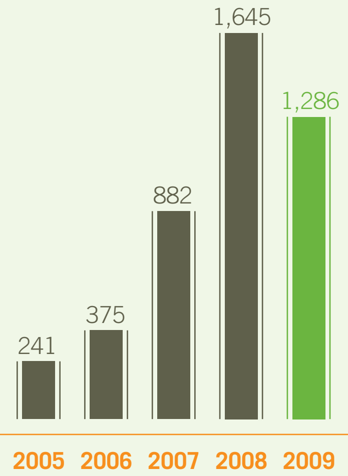
NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS

(Rp Billion)



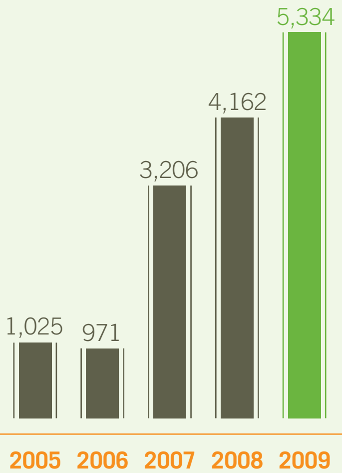
EBITDA

(Rp Billion)



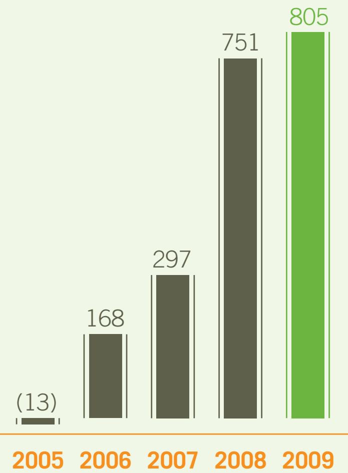
EQUITY ATTRIBUTABLE TO EQUITY HOLDERS

(Rp Billion)



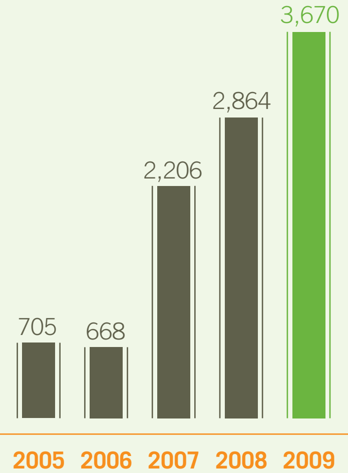
BASIC EARNINGS PER SHARE

(Rp)



NET ASSET VALUE PER SHARE

(Rp)

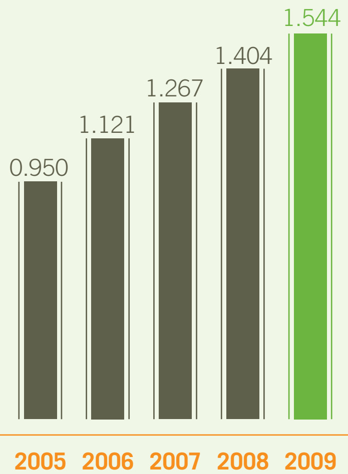


OPERATIONAL HIGHLIGHTS

FINANCIAL YEAR	2005	2006	2007	2008	2009
PLANTATION AREA					
Total Planted Area (hectares)	**68,628**	**78,705**	**86,354**	**95,241**	**108,917**
Mature	55,029	55,945	58,119	62,616	71,927
Immature	13,599	22,760	28,235	32,625	36,990
Nucleus Planted Area (hectares)	**60,240**	**69,739**	**76,666**	**84,076**	**96,858**
Mature	48,391	49,157	50,842	54,915	63,684
Immature	11,849	20,582	25,824	29,161	33,174
Plasma Planted Area (hectares)	**8,388**	**8,966**	**9,688**	**11,165**	**12,059**
Mature	6,638	6,788	7,277	7,701	8,243
Immature	1,750	2,178	2,411	3,464	3,816
PRODUCTION					
Total Fresh Fruit Bunches Production (tonnes)	**949,517**	**1,120,765**	**1,266,762**	**1,403,794**	**1,544,332**
Nucleus	831,369	1,004,544	1,131,179	1,243,747	1,393,384
Plasma	118,148	116,221	135,583	160,047	150,948
Crude Palm Oil Production (tonnes)	**194,217**	**227,286**	**278,340**	**322,678**	**368,631**
Palm Kernel Production (tonnes)	**38,981**	**47,759**	**63,470**	**76,332**	**84,393**
PRODUCTIVITY					
Fresh Fruit Bunches Yield (tonnes / mature hectare)	**17.3**	**20.0**	**21.8**	**22.4**	**21.5**
Crude Palm Oil Extraction Rate (%)	**20.3**	**21.9**	**22.2**	**22.8**	**23.7**
Palm Kernel Extraction Rate (%)	**4.1**	**4.6**	**5.1**	**5.4**	**5.4**
Crude Palm Oil Yield (tonnes / mature hectare)	**3.5**	**4.4**	**4.8**	**5.1**	**5.1**

FRESH FRUIT BUNCHES PRODUCTION

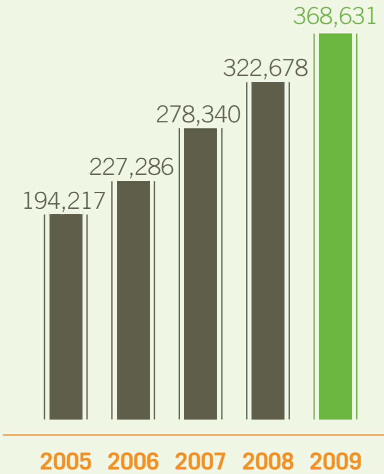
(million tonnes)



CAGR 13%

CRUDE PALM OIL PRODUCTION

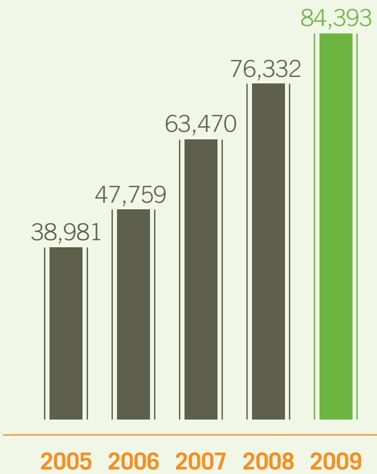
(tonnes)



CAGR 17%

PALM KERNEL PRODUCTION

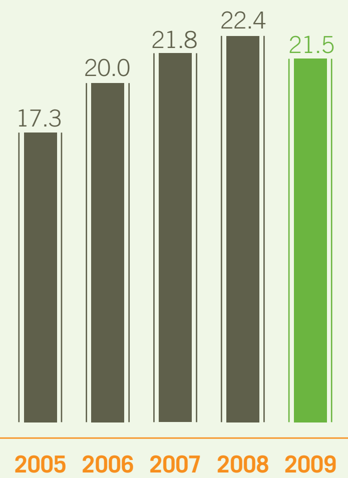
(tonnes)



CAGR 21%

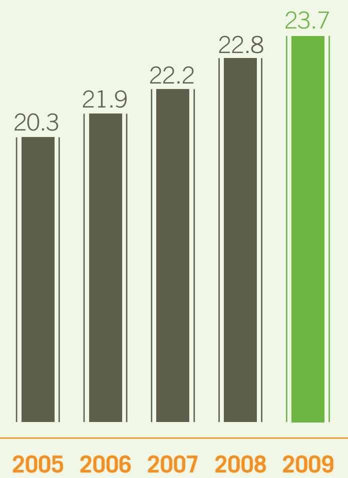
FRESH FRUIT BUNCHES YIELD

(tonnes / mature hectare)



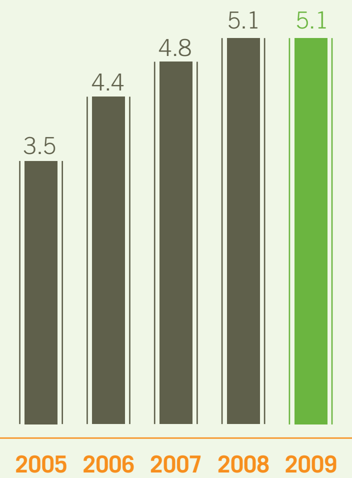
CRUDE PALM OIL EXTRACTION RATE

(%)



CRUDE PALM OIL YIELD

(tonnes / mature hectare)



Notes :

CAGR : Compounded Annual Growth Rate

MESSAGE TO SHAREHOLDERS

THE EVENTS OF 2009 HAVE REAFFIRMED OUR LONG-HELD CONVICTIONS THAT DEMAND FOR CRUDE PALM OIL IS HIGHLY RESILIENT.

WE BOOKED AN EBITDA OF RP20 MILLION (US$1,942) PER HECTARE OF MATURE NUCLEUS PLANTATION – AN EXCELLENT RETURN...

Dear Shareholders,

2009 proved to be a year of strong recovery for the palm oil industry. With the spectre of the deepest financial crisis since the 1930s still firmly entrenched in the background, palm oil and other vegetable oil prices staged an impressive recovery underpinned by the resumption of demand in key markets. Crude palm oil ("CPO") prices rallied from a low of US$485/tonne at the start of 2009 to finish the year at approximately US$750/tonne. The events of 2009 have reaffirmed our long-held convictions that the demand for crude palm oil, a basic food commodity, is highly resilient.

Against this backdrop, the Group delivered yet another strong performance in 2009.

On the productivity front, we achieved record production volumes. Our past planting efforts were rewarded as our young and immature palms grew in maturity and produced more fruits. We continued to improve on our CPO extraction rate which averaged 23.7% in FY2009. We believe this is one of the highest extraction rates in the industry. In no small measure, this has contributed to the strong CPO production growth of 14% to 368,631 tonnes. We maintained our CPO yield per mature hectare at 5.1 tonnes, a noteworthy achievement considering that we had a far higher proportion of young trees as compared to the previous year.

On the cost front, the Group has enhanced its position as a highly cost-efficient producer. In 2009, each tonne of nucleus CPO cost us approximately US$180 to produce, on an ex-mill basis. We believe this is one of the lowest cost structures in the industry. As a commodity producer, we believe that a low-cost base is the most effective defence against CPO price fluctuations.

We were not immune to the relatively lower CPO prices that the industry experienced in 2009. However, our relentless focus on productivity and our stringent cost control helped cushion our earnings, resulting in a credible financial report card for 2009. Net profit attributable to shareholders came in at Rp1,169 billion (US$112.5 million), a 7% increase over 2008. Adjusted for biological asset revaluation gains, our underlying net profit attributable to shareholders was Rp782 billion (US$75.2 million), a decline of 6%. Earnings before interest, tax, depreciation, amortisation and biological asset revaluation gains ("EBITDA") stood at Rp1,286 billion (US$123.7 million), and EBITDA margin remained comfortably high at 56%, which bears testimony to the high-margin, upstream segment that we operate in. Evaluated from another angle, we booked an EBITDA of Rp20 million (US$1,942) per hectare of mature nucleus plantation – an excellent return when compared with the prevailing planting cost of approximately US$4,000 for each hectare of new plantation.

Investing in Growth

But FY2009 wasn't just about defensive measures.

With a firm belief in the long-term fundamentals of the palm oil industry, the Group has a target of doubling its plantation footprint to 200,000 planted hectares over the next five years. In 2009, we continued to invest in growth through organic new plantings. Excellent progress was made in the West Kalimantan province. Coupled with new plantings in the Riau province, the Group expanded its plantation size by a total of 13,676 hectares, bringing our total plantation under management to 108,917 hectares as at the end of 2009. As a result of our consistent planting programme, the age profile of the Group's plantations looks stronger than ever – a hefty 51% of our trees are now either still immature or young. This profile will be our key driver of organic volume growth over the next five years as these young and immature trees age into their prime years and gradually realise their productive potential. We believe the Group's successful replication of highly productive, low-cost plantations will continue to drive earnings and shareholder returns over the long run. The Group has approximately half of its land bank currently unplanted, and will endeavour to further expand its high-margin, upstream business in FY2010 and beyond.

The Group has also strengthened its balance sheet over the year. As part of our active capital management, the Group raised US$100 million of gross proceeds through its inaugural convertible bond issue in September 2009. This boosted the Group's cash balance which stood at Rp1,688 billion (US$179.6 million) at the end of 2009. Proceeds from the convertible bond issue have been earmarked for financing our organic expansion plans, namely plantation expansion in the West Kalimantan province. With healthy operating cashflows and a strong balance sheet, we are confident that the Group has the financial resources to execute our organic growth plans as well as pursue any strategic value-adding opportunities in the near term.

Rewarding Shareholders

Despite our strong orientation towards growth, the Group is committed to rewarding shareholders with a sustainable dividend payout. The Board has recommended a final dividend of 1.18 Singapore cents per share for 2009, to be approved at our Annual General Meeting. Coupled with the interim dividend of 1.00 Singapore cent per share paid out in September 2009, the total dividend payout represents a 56% increase over 2008 and also represents approximately 30% of our underlying net profit in 2009.

Looking Ahead

Looking ahead, we remain optimistic about our industry's prospects. The growth in demand for vegetable oil is expected to remain strong, driven mainly by improvements in consumption patterns in emerging markets such as China, India and Indonesia. Palm oil, still the most affordable vegetable oil, is expected to benefit from this positive trend. While demand for palm oil emanates from many countries, the burden of fulfilling incremental demand falls almost squarely on the shoulders of producers in Indonesia and Malaysia.

Despite the rosier outlook, the Group will not let its guard down. We are determined to maintain our cost leadership and to push our production efficiencies further. This will position us well in maximising the earnings potential of our assets. We will also continue to invest in new plantings to sustain the long term growth prospects of the Group.

Special Thanks

Finally, we would like to express a few words of appreciation. On behalf of the board, we would like to thank you, our shareholders, for your invaluable trust and confidence in First Resources. We will remain focused on growing shareholder value. We would also like to take this opportunity to thank our suppliers, customers, bankers and all our dedicated staff. We value your steadfast support over the years and look forward to working alongside you to build a stronger business in the years ahead.

Lim Ming Seong Chairman and Independent Director	**Ciliandra Fangiono** Director and Chief Executive Officer

OPERATIONAL & FINANCIAL REVIEW

OPERATIONAL REVIEW

Record Production Volumes

2009 was another year of record production volumes. Our past planting and upkeep efforts paid off and we saw increased production volumes as our young and immature palms continued to mature.

In 2009, we harvested a record 1,544,332 tonnes of fresh fruit bunches (FFB), an increase of 10.0% over 2008. FFB production from our nucleus estates increased by 12.0% but overall FFB growth was slightly dampened by the decline in production from the smallholders' (plasma) estates. We had 9,311 hectares of previously immature oil palms that matured and started contributing to production volumes in 2009. However, as newly-mature palms typically yield less, these palms diluted our overall FFB yield per mature hectare to 21.5 tonnes, a decline from the 22.4 tonnes achieved in 2008.

Our crude palm oil (CPO) production volume of 368,631 tonnes, a 14.2% increase over 2008, was another record achievement. Besides benefiting from the growth in FFB, CPO production was further boosted by the higher CPO extraction rate of 23.7%, a significant improvement over the 22.8% level achieved in 2008. We believe this extraction rate is among the highest in the industry. CPO extraction rate measures the amount of CPO extracted per unit of FFB processed and any increase in extraction rate is significant as the additional output incurs negligible costs and therefore directly benefits the bottom line.

With a FFB yield per mature hectare of 21.5 tonnes and a CPO extraction rate of 23.7%, we maintained our CPO yield per mature hectare at 5.1 tonnes. Considering that a significant proportion of our trees are still young and have yet to reach prime yielding age, this level of productivity is relatively high.

Our palm kernel (PK) production increased by 10.6% to 84,393 tonnes, in line with the higher volume of FFB processed. PK extraction rate was maintained at 5.4%.

Our yield achievements are the result of years of concerted efforts and a steadfast commitment to good plantation management practices. Our commitment to quality in the plantation business begins with the use of superior seeds to ensure high oil yield in our FFB. We have a dedicated research team focused on improving FFB yields and oil and kernel extraction rates. These, together with our hands-on management and our attention to detail, have resulted in the high quality plantations that we manage today.

Growth in Asset Base

The strong growth in the Group's plantation business, achieved in a relatively short span of 17 years since 1992, has been mainly organic, via our own planting programme.

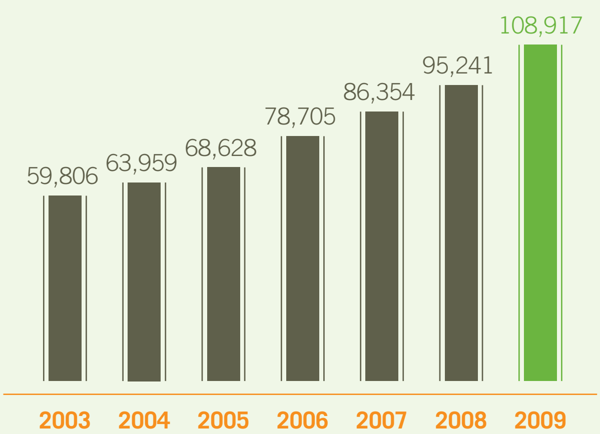
In line with our strategy of consistent expansion, we added 13,676 hectares of new oil palms in 2009, bringing our total plantation under management to 108,917 hectares as at the end of 2009. This is a 14.4% increase over our planted area as at the end of 2008. The majority of the new plantings were carried out at the West Kalimantan province. Over the longer term, the Group intends to expand its plantation size at West Kalimantan to a scale and quality similar to that in Riau.

We commissioned a new palm oil mill, our 8th, during the first quarter of 2009. This brings our aggregate mill processing capacity to 2.61 million tonnes of FFB per year or 435 tonnes of FFB per hour. This additional mill reduces our costs for transporting FFB and also improves the freshness of the fruits processed as the distance and time taken for the FFB to reach a mill is reduced.

2009 also saw the start of construction of our fractionation plant. This fractionation plant is an add-on to our refinery and biodiesel plants situated at Dumai, Riau province. The fractionation plant is expected to be commissioned in 2011.

GROWTH IN PLANTED AREA UNDER MANAGEMENT

(hectares)



CAGR 11%

With the completion of the fractionation plant, we will be able to refine our CPO into palm olein and stearin in-house and therefore capture additional margins along the palm oil value chain.

Strong Growth Profile

Our consistent planting programme has kept our plantation profile young with a weighted average age of 7.5 years old. The economically productive life span of an oil palm tree is approximately 25 years. A newly planted oil palm will take approximately 3 years to mature and start yielding. However, FFB yields from young palms (defined as the age from 4 to 7 years old) are relatively low. They reach their prime producing years at 8 to 17 years old. Beyond 18 years, the yield typically begins to decline.

Approximately 50% of our trees are either immature or still young. As these immature palms mature and as the existing young palms develop into their prime ages over the next few years, we expect our production volumes to continue to grow. We do not have trees that are older than 20 years and therefore will not have to carry out any replanting programme for at least the next 3 years.

Further Expansion in 2010

We will continue to execute our new planting programme in 2010 and target to plant at least 15,000 hectares of new oil palms. These new plantings will continue to rejuvenate our plantation age profile and raise our CPO production potential. We are also in the midst of constructing our 9th palm oil mill which is expected to be ready in the first half of 2011. This is in anticipation of the higher volume of FFB that we expect to harvest in the coming years.

PLANTATION MATURITY PROFILE

Age	Area (Ha)	% of Total
0-3 years (Immature)	36,990	34%
4-7 year (Young)	18,356	17%
8-17 years (Prime)	53,118	49%
18 years and above (Old)	453	0%
Total	**108,917**	**100%**

Immature
Young
Prime
Old

OPERATIONAL & FINANCIAL REVIEW

NET PROFIT ATTRIBUTABLE TO EQUITY HOLDERS INCREASED BY 7.1% TO RP1,169.4 BILLION (US$112.5 MILLION) AND EARNINGS PER SHARE INCREASED TO RP805 (US$0.08) IN 2009.

TOTAL ASSETS OF THE GROUP GREW BY 21.8% TO RP9,520.9 BILLION (US$1,012.9 MILLION) AS AT 31 DECEMBER 2009.

FINANCIAL REVIEW

Sales and Cost of Sales

In 2009, our CPO and PK sales volume increased in line with higher production volumes, while our average selling prices for these products fell, along with the lower average international prices. Our higher sales volume helped partially offset the impact of the 23.5% decline in average CPO selling prices, resulting in a 18.2% decrease in sales to Rp2,276.7 billion (US$219.0 million).

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, FFB purchases from plasma farmers, and mill processing costs. Cost of sales decreased by 0.3% to Rp919.7 billion (US$88.4 million), mainly due to the decreases in the value of FFB purchases as both average prices and volume of FFB purchased from plasma farmers decreased over 2008.

We managed to attain a lower cash cost of production in 2009. The cash cost of producing each tonne of CPO from our nucleus plantation, on an ex-mill basis, came in at approximately US$180. We believe this is one of the most competitive production costs in the industry. The lower cost base was a result of improvements in our operational efficiency, a weaker Indonesian Rupiah (IDR) and our continued emphasis on cost management.

Along with the decline in average selling prices, gross profit decreased by 27.1% to Rp1,357.0 billion (US$130.5 million) and gross margin decreased to 59.6% in 2009, as compared to 66.9% in 2008.

Operating Expenses

Selling & distribution costs and general & administrative expenses make up the majority of operating expenses incurred outside of the plantation and mills. Total operating expenses decreased by 40.0% over 2008. This decrease was mainly due to lower export taxes incurred as a result of Indonesia's progressive export tax structure. The export taxes levied is referenced off international CPO prices which declined in 2009 versus 2008.

Changes in Fair Value of Biological Assets

In accordance with the Singapore Financial Reporting Standards ("SFRS") No. 41, "Agriculture", our biological assets, which comprise primarily oil palm plantations, have to be stated at fair value less estimated costs-to-sell. The fair value of plantations is determined by an independent valuer, based on the present value of the plantation's expected future net cash inflows. The expected future cash flows are determined using forecasted market prices of the products. Any resultant gains or losses arising from changes in fair value are recognised in the income statement.

For 2009, gains arising from changes in fair value of biological assets totalled Rp460.5 billion (US$44.3 million), an increase of 21.9% from 2008. This increase was mainly due to the assumptions of higher CPO prices, lower discount rate used, as well as additions in hectarage from new plantings carried out in 2009.

Profit from Operations and EBITDA

Profit from operations decreased by 15.7% to Rp1,645.2 billion (US$158.2 million) in 2009. EBITDA (profit from operations before depreciation, amortisation and gains from biological asset revaluation) decreased 21.8% to Rp1,285.9 billion (US$123.7 million). EBITDA margin declined from 59.1% in 2008 to 56.5% in 2009.

Other Non-Operating Expenses / Income

In 2007, the Group entered into a cross currency swap to swap both the principal and interest payments of our IDR denominated bonds into a US Dollar (USD) liability, with the intention of keeping our debt denominated in USD. Changes in the mark-to-market position of the swap as at the end of every balance sheet date are booked in the income statement. There was a mark-to-market gain of Rp188.6 billion (US$18.1 million) in 2009 versus a mark-to-market loss of Rp176.3 billion (US$18.2 million) in 2008 as the IDR recovered against the USD and USD/IDR forward swap levels narrowed as compared to the previous year.

Net financial expenses comprise interest expenses (including amortisation of issuance costs) after deducting interest and other financial income. Part of the interest expenses on our debt are capitalised to our immature plantations and property, plant and equipment. In 2009, we had net financial expenses of Rp207.8 billion (US$20.0 million), a 261.5% increase over 2008. This was due to additional interest expense incurred on the convertible bonds issued in September 2009, a smaller percentage of interest capitalised in 2009 and the one-time gains from notes redemption in 2008.

Net Profit and Earnings Per Share

Net profit attributable to equity holders increased by 7.1% to Rp1,169.4 billion (US$112.5 million) and earnings per share increased to Rp805 (US$0.08) in 2009. Underlying net profit, which measures our net profit after stripping out the gains from changes in fair value of our biological assets, came in at Rp782.0 billion (US$75.2 million), a 6.1% decline over 2008.

Assets

Total assets of the Group grew by 21.8% to Rp9,520.9 billion (US$1,012.9 million) as at 31 December 2009. This was mainly due to the increase in our biological assets by Rp1,003.3 billion (US$106.7 million), resulting from the new plantings and land preparation works carried out during the year, as well as the higher valuation accorded to our biological assets as at the end of 2009. Net book value of property, plant and equipment rose by Rp247.0 billion (US$26.3 million) mainly due to the capital expenditure in our refinery plant, our biodiesel plant, our fractionation plant and our 8th palm oil mill.

Liabilities and Capital Management

As at 31 December 2009, we have 3 main debt instruments on our balance sheet and these are:

- 10.75% US$140.8 million notes, maturing in December 2011
- 11.50% Rp486 billion bonds, maturing in November 2012
- 5.625% US$100 million convertible bonds, maturing in September 2014, with a put option in September 2012

The IDR denominated bonds have effectively been converted into a 7.4% US$53.4 million liability via the cross currency swap.

With the issuance of the convertible bonds in September 2009, the Group's total liabilities grew to Rp3,946.4 billion (US$419.8 million) as at 31 December 2009. The proceeds from the convertible bonds are earmarked for our capital expenditure programme in West Kalimantan and will be spent progressively. The proceeds from the convertible bonds added to our cash and bank balances which stood at Rp1,688.2 billion (US$179.6 million) as at 31 December 2009.

Short-term refinancing risk is low as a significant portion of our debt matures on or after December 2011. Our net-debt-to-equity and net-debt-to-EBITDA ratios remain comfortable at 0.21 times and 0.88 times respectively.

Total equity attributable to equity holders increased to Rp5,334.2 billion (US$567.5 million) as at 31 December 2009 due to the Group's strong performance in 2009.

BOARD OF DIRECTORS

Lim Ming Seong
Chairman and Independent Director

Mr Lim Ming Seong was appointed to the Board in October 2007 and was last re-elected as a Director in April 2008. Mr. Lim is also the Chairman of CSE Global Ltd and he sits on the boards of several other companies. Mr Lim was with the Singapore Technologies group from 1986 through 2002, where he held various senior management positions and was Group Director when he left. Prior to joining Singapore Technologies, Mr Lim was with the Singapore Ministry of Defence.

Mr Lim holds a Bachelor of Applied Science (Honours) in Mechanical Engineering from the University of Toronto and a Diploma in Business Administration from the former University of Singapore. Mr Lim also participated in the Advance Management Programs conducted by INSEAD and Harvard Business School.

Ng Shin Ein
Independent Director

Ms Ng Shin Ein was appointed to the Board in October 2007 and was last re-elected as a Director in April 2009. She is the Regional Managing Director of Blue Ocean Associates Pte Ltd, a firm focused on investing in and providing financing solutions to businesses in Asia. Prior to this, Ms Ng was with the Singapore Exchange, where she was responsible for developing Singapore's capital market by bringing foreign companies to list in Singapore. Additionally, she was part of the Singapore Exchange's IPO Approval Committee. Ms Ng practiced as a corporate lawyer in Messrs Lee & Lee for a number of years. While in legal practice, she advised on joint ventures, mergers and acquisitions and fund-raising exercises. Ms Ng also sits on the board of NTUC Fairprice and Yanlord Land Group.

Ms Ng holds a LLB (Honours) from Queen Mary College, University College London, and a Diploma in Singapore Law from the National University of Singapore.

Ciliandra Fangiono
Director and Chief Executive Officer

Mr Ciliandra Fangiono was appointed to the Board in April 2007 and was last re-elected as a Director in April 2009. He joined the First Resources Group in 2002, and has held the position of Chief Executive Officer since 2003. Prior to joining the Group, Mr Fangiono was at the Investment Banking Division of Merrill Lynch, Singapore, where he worked on mergers, acquisitions and fund-raising exercises by corporates in the region.

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

Teng Cheong Kwee
Independent Director

Mr Teng Cheong Kwee was appointed to the Board in October 2007 and was last re-elected as a Director in April 2008. He also serves as independent director of several other listed companies. Mr Teng was previously with the Singapore Exchange for more than 10 years, where he was Executive Vice President and Head of its Risk Management and Regulatory Division when he left. From 1985 to 1989, he served as assistant director and later a deputy director in the Monetary Authority of Singapore. During that period, he was also concurrently Secretary to the Securities Industry Council.

Mr Teng holds a Bachelor of Engineering (Industrial) with first class honours and a Bachelor of Commerce from the University of Newcastle, Australia.

Ray Yoshuara
Non-Executive Director

Mr Ray Nugraha Yoshuara was appointed to the Board in October 2007 and was last re-elected as a Director in April 2008. He is currently the Vice President of Corporate Planning of the Uniseraya Group, where he was the Vice President of Finance from January 1998 to February 2007. Mr Yoshuara's previous working experience includes serving as Reporting Accountant in Atlantic Richfield Bali North Inc., Financial Planning & Control Manager with the Gelael Group, and Lecturer at Tarumanagara University.

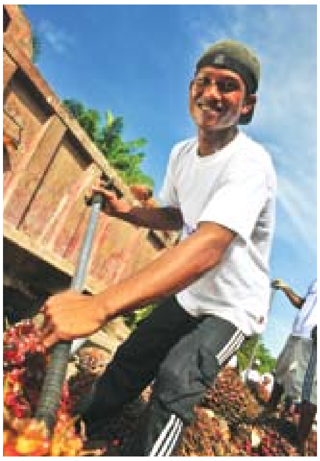
Mr Yoshuara holds a Doctorandus in Business Administration from Parahyangan Catholic University and a Master of Commerce from The University of New South Wales. He is a CPA (Certified Practising Accountant) member of CPA Australia.

Hee Theng Fong
Independent Director

Mr Hee Theng Fong was appointed to the Board in October 2007 and was last re-elected as a Director in April 2008. He is a practising lawyer with more than 20 years' experience in legal practice. Mr Hee's current appointments include being a Fellow of the Chartered Institute of Arbitrators (UK), an Arbitrator of Singapore International Arbitration Centre (SIAC) and China International Economic and Trade Arbitration Commission (CIETAC). Mr Hee is also a member of the Standing Committee of the Singapore Chinese Chamber of Commerce & Industry and an independent director of several public listed companies. He is frequently invited to speak on Director's Duties and Corporate Governance in seminars organised by the Singapore Institute of Directors and the Singapore Exchange.

Mr Hee holds a LLB (Honours) from the University of Singapore and also a Diploma in PRC Law.

OUR PEOPLE



We believe that the success of the Group is unequivocally tied to the quality of our people. We are in a labour-intensive industry and people are our most important asset. Our Group has 8,066 permanent employees as at the end of December 2009 and a further 1,370 contract employees. Our emphasis is on selecting, recruiting, developing and retaining the best people in the various specialist fields.

Our selection and recruitment drives are initiated through universities, vocational schools, and through networking in relevant professional sectors. Our people are then continuously developed through education and training programmes at all levels. Programmes include in-house training, external courses, as well as on-the-job training under the close supervision and mentorship from experienced staff.

We also strive to provide the best possible work environment. Safety and health are prime concerns, and we also provide social facilities for our employees and their families. Around 95% of our employees who work on the plantations, live in housing provided by the Group. Other benefits for our employees include pensions, accident insurance, health facilities, schools, and religious and recreational facilities.

Our aim is to ensure that our people have the right skills and experience, and are given the right environment to thrive in, so that they can contribute to the Company and also develop as individuals.

KEY MANAGEMENT TEAM

Ciliandra Fangiono
Chief Executive Officer

Cik Sigih Fangiono
Deputy Chief Executive Officer

Andrian Jayapranata
Vice President (Finance)

Sugiat H. Sumeru
Vice President (Human Resources)

Suhaili
Vice President (Strategic Planning & Technology)

Low Ah Kam
Plantation Advisor

Karyazai
Head of Government Relations

Triyono Widodo
Director (Plantation, Riau)

Harianto Tanamoeljono
Director (Finance & Accounting, Riau)

Tey Yee Jow
Director (Commercial, Riau)

Tony Chandra
Director (General Affairs, Riau)

Chan Yoon Fatt
Director (Engineering, Riau)

Subroto Santoso
Director (Human Resources, Riau)

Lion Sanjaya
Director (Internal Audit, Riau)

Suherman
Director (Plantation, West Kalimantan)

Sahat Siagian
Director (Finance & Accounting, West Kalimantan)

Sikin Hutomo
Director (Human Resources, West Kalimantan)

Ratmaja Ekaputra
Director (General Affairs, West Kalimantan)

Tjandra Zhuan
Director (Commercial, West Kalimantan)

INVESTOR RELATIONS

SUMMARY OF FY2009 INVESTOR RELATIONS CALENDAR

1st Quarter
- Announcement of FY2008 Results and Results Briefing
- Post-results luncheon with DBS Vickers Securities

2nd Quarter
- Release of 2008 Annual Report
- Annual General Meeting
- Announcement of 1QFY2009 Results and Results Briefing
- Post-results luncheon with Daiwa Securities

3rd Quarter
- DBS Vickers Pulse of Asia Conference (Singapore)
- Announcement of 2QFY2008 Results and Results Briefing
- BNP Asean Corporate Day (Singapore)
- Exane Derivatives Asian Convertible Bonds Conference (Singapore)
- Citi Fixed Income Conference (Jakarta)

4th Quarter
- Announcement of 3QFY2008 Results and Results Briefing
- Non-deal roadshow with Citi (Singapore and Hong Kong)

First Resources is committed to cultivating and maintaining a strong rapport with the investment community. Our shares are held by both global and local institutional funds and private investors. We recognise the importance of communicating and sharing timely updates with stakeholders. Frequent interactions in the forms of investor meetings, conference calls and analyst sessions enable the Company to openly communicate its performance, strategic and growth initiatives, while at the same time, seek invaluable feedback and insights.

Our investor relations activities include:
- Quarterly financial results briefings
- One-on-one meetings and teleconferences with analysts and fund managers
- Participation at local and overseas investor conferences organised by global financial institutions
- Local and overseas non-deal investor roadshows
- Site visits to our plantations and mills in Indonesia

Stakeholders are also encouraged to access our website, www.first-resources.com, for corporate and investor relations information and updates. Queries can be channelled to our investor relations team via the email address, investor@first-resources.com.

There are currently seven research houses covering our Company and the analysts' details can be found on our website. The research houses are:
- Citi
- Daiwa Securities
- DBS Vickers Securities
- DMG & Partners Securities
- JP Morgan
- Macquarie Research
- UOB Kay Hian

Our efforts in investor relations and corporate transparency were recognised at the Singapore Corporate Awards 2009, where we were awarded Best Investor Relations (newly-listed category) and Best Annual Report (newly-listed category). The awards were organised by The Business Times and supported by the Singapore Exchange.

We aim to further raise investors' awareness of First Resources and its growth prospects through more research coverage and better investor and media communications.

CORPORATE SOCIAL RESPONSIBILITY

COMMITMENT TO OUR ENVIRONMENT

We recognise that good environmental management is integral to the sustainability of our business and we are committed to being environmentally responsible in areas which we operate in. To achieve this, we strive to integrate international and local environmental standards into our plantation practices and make concerted efforts in increasing awareness and inculcating responsibility in our employees. Policies and systems put in place are documented in standard operating procedures of our plantations and mill operations. We have obtained the ISO 14001 Environmental Management Systems certifications for several of our subsidiaries and are in the process of obtaining the same for the rest. These certifications underline our commitment and demonstrate our compliance to international standards for good environmental management.

The following highlights some of the policies and initiatives we have adopted, in our pursuit of responsible palm oil production.

Zero-Burning

We adopt a strict zero burning policy in our land clearing process. We deploy mechanical means to clear land for new plantings and this process involves felling and stacking. The subsequent decomposition of the biomass provides essential nutrients for the soil and is highly beneficial for the newly planted oil palms.

Responsible Planting

We are committed to responsible planting and we implement best practices aimed at maintaining soil fertility, water quality and minimising soil erosion. We plant legume cover crops to explore their atmospheric nitrogen fixation capability, reduce surface runoff and improve soil organic matter. On sloppy terrains, we construct terraces and silt pits to minimise soil erosion, leaching of nutrients and pollution of waterways. River buffer zones at both sides of river banks are also kept to serve as a filtration system to preserve water quality.

Integrated Pest Management

Integrated Pest Management is our pest control strategy aimed at reducing the dependence on synthetic pesticides which could pose contamination risks and other harmful impacts to the environment and natural habitats. For example we use barn owls as a biological control agent for rat populations and establish beneficial plants which provide food and shelter to natural predators of oil palm leaf-eating pests.

Waste and Pollution Minimisation

We have a recovery and recycle policy to minimise waste output to our surroundings. We believe that in the long run, the benefits from a waste minimisation programme will clearly outweigh the initial costs. Empty fruit bunches from our mills are taken back to the plantation for use as organic fertilizers. Solid wastes from our mills such as fiber and shells are recycled as fuel to generate electricity for our mills. Our effluent waste treatment programme uses bacteria to breakdown effluent, which is then directed to our plantations as fertilizer substitutes.

COMMITMENT TO OUR COMMUNITY

We believe that local community support and involvement is needed to ensure the success and sustainability of our business. We are therefore mindful that our business operations must directly and indirectly contribute to the development of the local communities whom we work alongside with.

Partnership with Smallholders

First Resources actively participates in smallholder ownership schemes, generally known as the 'plasma schemes'. Under these schemes, we assume responsibility for developing oil palm plantations to the productive stage, for the benefit of smallholders. Once developed, the plasma plantations are transferred to the smallholders and we are committed to purchase fresh fruit bunches from the smallholders at government regulated prices. Such schemes are designed to assist smallholders become independent plantation owners and subsequently enjoy the economic benefits from their plantations. Apart from developing the plantations, we also provide technical assistance, practical training and fertiliser recommendation. These initiatives are targeted at imparting best plantation management practices to the smallholders so that they can maximise the yields from their assets. As at 31 December 2009, we have 12,059 hectares of planted plantations under such schemes, and we are committed to expand this going forward. Through our efforts in these smallholder schemes, we have witnessed the improvement in living standards for thousands of smallholders and their families.

Welfare for the Community

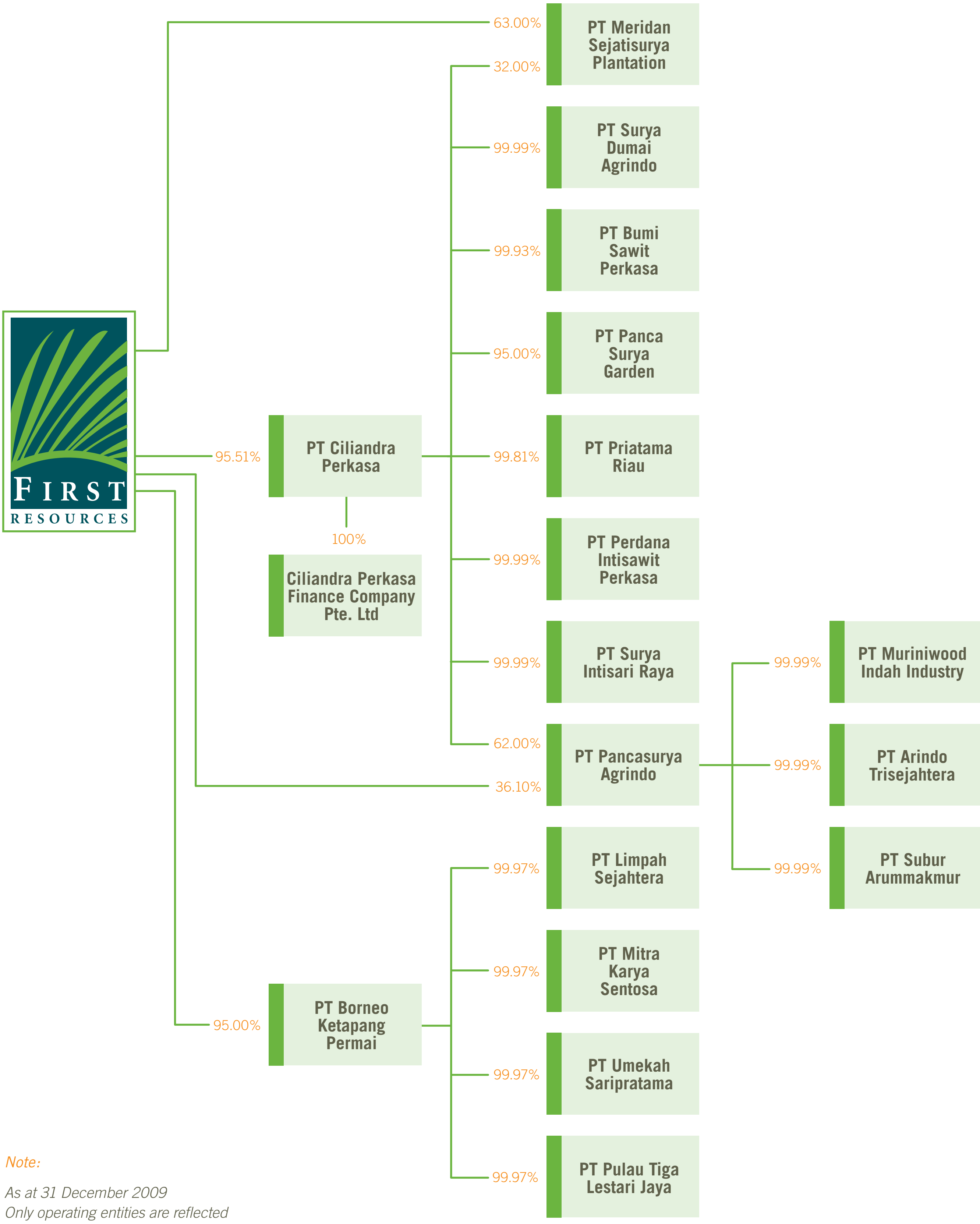
Apart from generating jobs, we also invest directly in the welfare of the local communities. We contribute to the development of local communities through investments in infrastructure such as healthcare centers, schools, electricity and clean potable water. In addition, we upgrade roads and bridges, places of worship, and other amenities. We recognise that education is the key to a better future for the local communities and we provide educational funds and assistance in the forms of scholarships, uniforms and books.

Welfare for our Plantation Employees

We promote a safe and healthy working environment for our plantation employees by providing occupational health and safety training and supporting facilities and infrastructure. We are committed to all government regulations regarding safety at work, including regulations on health, work-related accidents insurances, minimum working age, protection of children, as well as other national and regional labour laws. All our employees are covered by health and accident insurance. Medical care is also made available to all workers and their families through the clinics that we have set up in our plantations. Our plantations are also equipped with essentials such as places of worship, schools, canteens, sporting and other recreational facilities.

OUR COMMITMENT TO THE ENVIRONMENT AND TO OUR COMMUNITIES IS ONGOING AND WE WILL CONTINUALLY SEEK TO IMPROVE OUR OPERATIONAL PRACTICES AND SOCIAL INITIATIVES BY KEEPING ABREAST OF GLOBAL AND INDUSTRY STANDARDS.

CORPORATE STRUCTURE



Note:

As at 31 December 2009
Only operating entities are reflected

CORPORATE GOVERNANCE

First Resources Limited (the "Company") is committed to maintaining high standards of corporate governance in accordance with the principles set out in the Code of Corporate Governance 2005 (the "Code").

This report describes the Company's main corporate governance practices. The Board is pleased to inform that the Company is substantially in compliance with the Code and reasons for any deviation are explained below.

The Board's Conduct of Affairs

The primary function of the Board is to manage the Group in the best interest of shareholders and other stakeholders, and to pursue the continual enhancement of shareholder value.

Apart from its statutory responsibilities, the Board is primarily responsible for:

- reviewing and approving the Group's business strategies, key operational initiatives, annual budget, major investments, divestments and funding proposals;
- ensuring that decisions and investments are consistent with medium and long-term strategic goals;
- providing oversight by identifying the principal risks that may affect the Group's businesses and ensuring that appropriate systems to manage these risks are in place; and
- assuming responsibility for corporate governance.

The Board discharges its responsibilities either directly or indirectly through various committees comprising members of the Board. The Board has established three committees (i) Audit Committee, (ii) Nominating Committee and (iii) Remuneration Committee. These committees function within clearly defined terms of reference. The Board and the various committees comprise of the following members:

Name	Board of Directors		Audit Committee	Nominating Committee	Remuneration Committee
	Status	Position			
Lim Ming Seong	Independent	Chairman	–	Chairman	–
Ciliandra Fangiono	Executive	Member	–	Member	–
Teng Cheong Kwee	Independent	Member	Chairman	–	Member
Hee Theng Fong	Independent	Member	Member	–	Member
Ng Shin Ein	Independent	Member	–	Member	Chairman
Ray Yoshuara	Non-executive	Member	Member	–	–

The Directors ensure the decisions made by them are objectively in the interest of the Company.

The Board conducts regular scheduled meetings on a quarterly basis. Ad-hoc meetings are convened when circumstances require. If necessary, Board meetings may be conducted by way of telephone or video conferencing as permitted under the Company's Articles of Association.

The Directors' attendance at Board and committee meetings during the financial year ended 31 December 2009 is set out as follows:

Name of Director	Board Meetings		Audit Committee Meetings		Nominating Committee Meetings		Remuneration Committee Meetings	
	Number of Meetings							
	Held	Attended	Held	Attended	Held	Attended	Held	Attended
Lim Ming Seong	4	4	–	–	1	1	–	–
Ciliandra Fangiono	4	4	–	–	1	1	–	–
Teng Cheong Kwee	4	4	4	4	–	–	1	1
Hee Theng Fong	4	4	4	4	–	–	1	1
Ng Shin Ein	4	4	–	–	1	1	1	1
Ray Yoshuara	4	4	4	4	–	–	–	–

The Group has adopted a set of internal guidelines setting forth financial authorisation and approval limits for investments, acquisitions, disposals and capital expenditures. Transactions falling outside the ordinary course of business and where the value of a transaction exceeds these limits have to be approved by the Board.

Newly appointed Directors who do not have prior experience as a director of a Singapore listed company were briefed by the Company's legal advisors on their duties and obligations. In addition, the Management regularly updates and familiarises Directors on the business activities of the Company during Board meetings.

The Company issued formal appointment letters, which sets out the director's duties and obligations, to each Director upon appointment.

Board Composition and Guidance

The Board currently comprises six Directors of which four are independent Directors and one is a Non-executive Director. The composition of the Board is shown in the table above.

The independence of each Director is reviewed annually by the Nominating Committee based on definitions set out in the Code. All the independent Directors are considered to be independent by the Nominating Committee as they have no relationships with the Company, its related companies or its officers that could interfere, or be reasonably perceived to interfere, with their exercise of independent business judgement.

The Directors appointed are qualified professionals who, as a group, possess a diverse range of expertise to provide core competencies such as accounting and finance, business management, strategic planning and industry knowledge. Key information of individual Directors in respect of academic and professional qualifications is set out on pages 18 and 19 of this annual report.

The composition and effectiveness of the Board are also reviewed on an annual basis by the Nominating Committee to ensure that there is an appropriate mix of expertise and experience to fulfil its duties. The Board considers that the present Board size facilitates effective decision-making and is appropriate for the nature and scope of the Company's operations.

Chairman and Chief Executive Officer

The Company has a separate Chairman and Chief Executive Officer ("CEO") to ensure that there is an appropriate balance of power, increased accountability and greater capacity of the Board for independent decision making. The Chairman and the CEO are not related to each other.

The Chairman of the Company is Mr Lim Ming Seong. Besides giving guidance on the corporate and business directions of the Company, the role of the Chairman includes chairing Board meetings, and ensuring the quality, clarity and timeliness of information supplied to the Board. The CEO, Mr Ciliandra Fangiono, sets the business strategies and directions of the Company and manages the business operations together with the other executive officers of the Company.

Board Membership

The Nominating Committee comprises Mr Lim Ming Seong as Chairman and Mr Ciliandra Fangiono and Ms Ng Shin Ein as members. The majority of the Nominating Committee, including the Chairman, is independent. The Nominating Committee is responsible for:

- reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to the Board for appointment;
- re-nomination of Directors for re-election in accordance with the Company's Articles of Association at each Annual General Meeting ("AGM"), having regard to the Director's contribution and performance;
- determining annually whether or not a Director is independent;
- deciding whether or not a Director is able to and has been adequately carrying out his duties as a director, especially when he has multiple board representations; and
- deciding how the Board's performance is to be evaluated and proposing objective performance criteria.

The Nominating Committee is of the view that although some Directors have other board representations, they are able to and have adequately carried out their duties as Directors of the Company.

In assessing the independence of the Directors, the Nominating Committee has examined the relationship identified by the Code that might impair the Directors' independence and objectivity. The Nominating Committee is satisfied that the four Directors, namely Mr Lim Ming Seong, Mr Teng Cheong Kwee, Mr Hee Theng Fong and Ms Ng Shin Ein, have no existing relationships with the Group and are able to act with independent judgement.

The Nominating Committee has a process for the selection, appointment and re-appointment of Directors. Every year, the Nominating Committee will review the size and composition of the Board and will consider the results of the annual appraisal of the Board's performance. It will evaluate the range of skills, knowledge and experience on the Board, and assess whether new competencies are required to improve the Board's competitiveness. When a need for a new Director arises, either to replace a retiring Director or to enhance the Board's strength, the Nominating Committee will source for new candidates with the desired competencies. External help may be engaged to source for potential candidates if considered necessary. Directors and Management may also make recommendations. The Nominating Committee will meet shortlisted candidates for an interview before making recommendation to the Board for consideration and approval.

All Directors are required to submit themselves for re-nomination and re-election at regular intervals and at least once every three years. The names of the Directors who are retiring pursuant to the Articles of Association of the Company and have submitted themselves for re-election at the next Annual General Meeting are Mr Lim Ming Seong and Mr Teng Cheong Kwee.

Information regarding the Directors of the Company in respect of date of first appointment as a Director and date of last re-election is set out on pages 18 and 19 of this annual report.

Board Performance

The Nominating Committee undertakes a process to assess the effectiveness of the Board as a whole. Every year, Directors are requested to complete a Board Evaluation Form to assess the overall effectiveness of the Board. The results of the evaluation exercise were considered by the Nominating Committee which then makes recommendations to the Board aimed at helping the Board to discharge its duties more effectively. The evaluation process focused on factors such as the size and composition of the Board, the Board's access to information, communication with Management, and the Board's processes and accountability.

Although the Directors are not evaluated individually, the factors taken into consideration with regards to the re-nomination of Directors for the current year are based on their attendance and contribution made at these meetings.

Access to Information

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

The Directors also have separate and independent access to the Company Secretary. The Company Secretary attends all Board meetings and is responsible for ensuring that established procedures and all relevant statutes and regulations that are applicable to the Company are complied with. The Company Secretary also works together with the staff of the Company to ensure the Company complies with all relevant rules and regulations.

Procedures for Developing Remuneration Policies

The Remuneration Committee comprises Ms Ng Shin Ein as Chairman and Mr Teng Cheong Kwee and Mr Hee Theng Fong as members. All three are independent Directors.

The role of the Remuneration Committee is to review and recommend to the Board remuneration policies and packages for the Directors and key executives of the Group. The aim is to build and retain a capable and committed management team. To ensure that the remuneration package is sufficient and competitive to retain and motivate key executives, the Remuneration Committee also takes into consideration the existing compensation standards of the industry in which the Company operates in. The Remuneration Committee covers all aspects of remuneration, including but not limited to Directors' fees, salaries, allowances, bonuses and benefits in kind.

Level and Mix of Remuneration and Disclosure on Remuneration

The following table shows a breakdown (in percentage) of our Director's remuneration paid in the year ended 31 December 2009:

Director	Directors' Fee	Salary	Remuneration Band
Lim Ming Seong	100%	–	Below S$250k
Ciliandra Fangiono	–	100%	S$750k – S$1,000k
Teng Cheong Kwee	100%	–	Below S$250k
Hee Theng Fong	100%	–	Below S$250k
Ng Shin Ein	100%	–	Below S$250k
Ray Yoshuara	100%	–	Below S$250k

Non-executive Directors are paid a basic fee and additional fees for serving on any of the committees. In determining the quantum of such fees, factors such as frequency of meetings, effort and time spent, responsibilities of directors and the need to pay competitive fees to retain, attract and motivate the directors, are taken into account. Directors' fees recommended by the Board are subject to the approval of the shareholders at the forthcoming AGM.

The remuneration policy for key executives takes into consideration the Company's performance and the responsibilities and performance of individual executives. The following table shows the remuneration of our top five key executives (who are not Directors of the Company) paid in the year ended 31 December 2009.

Number of Executives	Remuneration Band
1	S$500k – S$750k
3	S$250k – S$500k
1	Below S$250k

In view of the sensitive nature of remuneration for key management executives, the Company is of the opinion that such disclosure should be on a no-name basis.

During the year, no share options or performance shares were granted to Directors and employees of the Company.

During the year, there is one employee, Mr Cik Sigih Fangiono, who is an immediate family member of Mr Ciliandra Fangiono, and whose remuneration exceeded S$150,000.

Accountability

The Board provides shareholders with a comprehensive and balanced explanation of the Company's performance, position and prospects on a quarterly basis when it releases it results through the SGXNET and the Company's website.

The Management provides the Board with appropriately detailed management accounts of the Company's performance, position and prospects on a quarterly basis and when deemed appropriate by particular circumstances.

Audit Committee

The Audit Committee comprises Mr Teng Cheong Kwee as Chairman, Mr Ray Yoshuara and Mr Hee Theng Fong as members, all of whom are non-executive Directors and the majority of whom, including the Chairman, are independent. The majority of the Audit Committee, including the Chairman, has accounting or related financial management expertise or experience.

The Audit Committee performs the following functions:

- assists the Board in the discharge of its responsibilities on financial and accounting matters;
- reviews the audit plans, and scope of work and results of audits compiled carried out by internal and external auditors;
- reviews the co-operation given by Management to the external and internal auditors;
- reviews significant financial reporting issues and judgements relating to financial statements for each financial year, interim and annual financial statements and the auditors' report before submission to the Board for approval;
- reviews the integrity of any financial information presented to our shareholders;
- reviews the adequacy and effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors, and taking into consideration the external auditors' findings arising from their annual audit;
- reviews the nature and extent of non-audit services provided by the external auditors yearly to determine their independence;
- recommends to the Board the appointment and re-appointment of external auditors, approves the compensation and terms of engagement of the external auditors;
- meets with the external auditors without the presence of the Company's Management annually;
- reviews the effectiveness of the Company's internal audit function;
- reviews interested person transactions, if any;
- reviews potential conflicts of interest, if any;
- reviews all hedging policies and instruments to be implemented, if any;
- investigating any matter within its terms of reference; and
- reviews the risk management structure and any oversight of risk management processes and activities to mitigate and manage risk at acceptable levels determined by the Board.

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

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

The Audit Committee has undertaken a review of all the non-audit services provided by the Company's external auditors during the financial year and is satisfied that such services has not, in the Audit Committee's opinion, affected the independence of the external auditors.

The Company has put in place a whistle blowing policy, endorsed by the Audit Committee, which provides for the mechanism by which employees and other persons may, in confidence, raise concerns about possible improprieties in financial reporting or other matter.

Internal Controls

The Company has adopted a risk-based audit framework, which aims to identify and assess the key risk areas within its operations, and to put in place appropriate risk management processes and internal controls to minimise these risks. Some of these risks management practices are discussed in the 'Risk Management' section on page 32 of this Annual Report.

The Company's internal and external auditors conduct independent reviews of the effectiveness of the Company's material internal controls, including financial, operational and compliance controls. Any material non-compliance or failures in internal controls and recommendations for improvements are reported to the Audit Committee. The Audit Committee also reviews the effectiveness of the actions taken by management on the recommendations made by the internal and external auditors in this respect.

The Audit Committee has reviewed the effectiveness of the Company's internal control and risk management procedures and is satisfied that the Company's internal control processes are adequate to meet the needs of the Group in its current business environment.

Internal Audit

The Company has established an in-house internal audit function that is independent of the activities that it audits. The internal auditor's primary line of reporting is directly to the Chairman of the Audit Committee. However, the internal auditor also reports administratively to the CEO of the Company.

The Audit Committee is satisfied that the internal audit function is adequately resourced and has the appropriate standing within the Company. The Audit Committee has reviewed the adequacy of the internal audit function and is satisfied that the internal audit function is adequate.

Communication with Shareholders

The Company's policy is that all shareholders should be equally informed of all major developments impacting the Group. The Company conveys material announcements and its quarterly results through the SGXNET and on the Company's website on a timely basis.

The Company has a dedicated Investor Relations section on its website www.first-resources.com where investors would be able to obtain all annual reports, financial results, as well as the contact details of the investor relations team. The Company conducts full year results briefings to analysts and key management are present at such briefings. Presentation materials used for such briefings are also made available on SGXNET and on the Company's website.

All shareholders receive the Annual Report and the notice of AGM. At the AGM, shareholders have the opportunity to direct questions to Directors and Management and to vote for proposed resolutions. They are allowed to vote in person or by proxy if they are unable to attend the AGM. At the AGM, each distinct issue is proposed as a separate resolution. The Chairmen of the various Committees, as well as external auditors are present at the meetings to address questions from shareholders.

In preparation for the AGM, shareholders are encouraged to refer to SGX's investor guides, namely 'An Investor's Guide to Reading Annual Reports' and 'An Investor's Guide to Preparing For Annual General Meetings'. The guides are available at the SGX website (www.sgx.com) under the "Investor Centre" section.

Dealing in Securities

The Company has adopted and issued an internal compliance code on securities trading, which provides guidance and internal regulations with regard to dealings in the Company's securities by its Directors and officers. The Company's internal code prohibits its Directors and officers from dealing in the Company's securities during the "closed period", which is defined as two weeks before the date of announcement of results for each of the first three quarters of the Company's financial year, and one month before the date of announcement of the full year financial results, and ending on the date of the announcement of the relevant results.

Interested Person Transactions

Details of interested person transactions for the year ended 31 December 2009 as required under Rule 907 of the SGX Listing Manual are set out as follows:

Name of interested person	Aggregate value of all interested person transactions during the financial year under review (excluding transactions less than S$100,000 and transactions conducted under shareholders' mandate pursuant to Rule 920)	Aggregate value of all interested person transactions conducted under shareholders' mandate pursuant to Rule 920 (excluding transactions less than S$100,000)
PT Surya Dumai Industri	Rp2,717 million	Nil
Fangiono Resources Pte. Ltd.	Rp4,499 million	Nil
Total	**Rp7,216 million**	**Nil**

Save as disclosed, there are no other material contracts entered into by the Company and its subsidiaries involving the interest of the CEO, Director or controlling shareholder, which are either subsisting at the end of the financial year or if not then subsisting, entered into since the end of the previous financial year ended 31 December 2008.

Use of IPO Proceeds

	Intended use as per Prospectus dated 3 December 2007	Utilised as at 31 December 2009
	S$ million	S$ million
Expansion of planted hectarage, construction of additional mills and acquisition of production facilities	89.5	84.5
Acquisition of 63% shareholding in associated company, PT Meridan Sejatisurya Plantation; and the remaining 38% shareholding in subsidiary, PT Pancasurya Agrindo	81.2	81.0
Working capital and general corporate purposes	14.6	18.2
Listing expenses	7.2	8.8
Total	**192.5**	**192.5**

Use of Convertible Bond Proceeds

As of 31 December 2009, the Company has utilised approximately US$25 million of the proceeds from its US$100 million convertible bond issue. Apart from paying the bond issuance costs, the funds were utilised for the Group's new investments and general working capital purposes.

RISK MANAGEMENT

Risk management is a vital part of our business. The Group has adopted a risk-based audit framework, which aims to identify and assess the key risk areas within our operations, and to put in place appropriate risk management processes and internal controls to minimise these risks. The ongoing compliance of these processes and policies is carried out by the respective operating units and is regularly reviewed by the Group's Internal Audit team.

The following sections highlights and discusses the key financial risks the Group is exposed to.

Commodity Price Risk

Prices of our products, namely crude palm oil, may fluctuate significantly depending on market conditions. During periods of price volatility or uncertainty, we may enter into forward physical contracts with our customers or use derivative contracts to hedge our exposure to price risk.

Counterparty Credit Risk

As our production and sales volumes grow, we may have increased exposure to customer counterparty risk. Our policy is to trade only with recognised and creditworthy customers. We consider our customers' financial strength, operating track record, past payment history, transaction volume and length of business relationship when granting credit terms and limits. All of our export sales require Letters of Credit from customers. For domestic sales, we conduct business on cash terms only.

Currency Risk

We are exposed to foreign currency fluctuations arising from our sales, purchases and other commitments. The currencies we are exposed to are primarily the United States Dollar, the Singapore Dollar and the Indonesian Rupiah. Where possible, we manage our currency exposures by matching sales, purchases and commitments in the same currency or through financial instruments, such as forward currency contracts. We may be exposed to currency risks to the extent that natural hedges and financial instruments do not completely cover the Group's exposure in any particular foreign currency.

Interest Rate Risk

We are exposed to interest rate volatility arising from bank borrowings. We have short-term trade financing facilities with banks but are not dependent on it for the funding of our operations or expansion. We use fixed rate debt structures for longer term borrowings, to hedge and minimize our interest rate risk.

Liquidity Risk

We closely monitor the maturity profile of our assets and our liabilities and also maintain a healthy cash balance, to make sure that we have sufficient liquidity to meet any financial obligations coming due. We review our working capital requirements regularly and plan our capital expansion requirements in advance.

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DIRECTORS' REPORT

The directors are pleased to present their report to the members together with the audited consolidated financial statements of First Resources Limited (the "Company") and its subsidiaries (collectively, the "Group") and the balance sheet and statement of changes in equity of the Company for the financial year ended 31 December 2009.

DIRECTORS

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

Lim Ming Seong	(Chairman)
Ciliandra Fangiono	(Chief Executive Officer)
Ray Nugraha Yoshuara	
Teng Cheong Kwee	
Hee Theng Fong	
Ng Shin Ein	

ARRANGEMENTS TO ENABLE DIRECTORS TO ACQUIRE SHARES AND DEBENTURES

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

DIRECTORS' INTERESTS IN SHARES AND DEBENTURES

The following directors, who held office at the end of the financial year, had, according to the register of directors' shareholdings required to be kept under Section 164 of the Singapore Companies Act, Cap. 50, an interest in shares in the Company and related corporations (other than wholly-owned subsidiaries) as stated below:

	Direct interest		Deemed interest	
Name of director	At the beginning of financial year	At the end of financial year	At the beginning of financial year	At the end of financial year
Ordinary shares of the Company				
Lim Ming Seong	100,000	100,000	–	–
Ciliandra Fangiono	–	–	1,075,800,130	1,075,800,130
Ray Nugraha Yoshuara	–	–	–	–
Teng Cheong Kwee	–	–	–	–
Hee Theng Fong	–	–	–	–
Ng Shin Ein	38,000	38,000	–	–

Ciliandra Fangiono is deemed interested in the shares of the Company by virtue of his deemed interest in Eight Capital Inc who in turn has direct interest in the Company. Except as disclosed in this report, no director who held office at the end of the financial year had interests in shares of the Company, or of related corporations, either at the beginning of the financial year, or at the end of the financial year. There was no change in any of the above-mentioned interests between the end of the financial year and 21 January 2010.

DIRECTORS' CONTRACTUAL BENEFITS

Except as disclosed in the financial statements, since the end of the previous financial year, no director of the Company has received or become entitled to receive a benefit by reason of a contract made by the Company or a related corporation with the director, or with a firm of which the director is a member, or with a company in which the director has a substantial financial interest.

AUDIT COMMITTEE

The Audit Committee ("AC") performs the following functions in accordance with Section 201B(5) of the Singapore Companies Act, Cap. 50:

- assists the Board in the discharge of its responsibilities on financial and accounting matters;
- reviews the audit plans, and scope of work and results of audits compiled carried out by internal and external auditors;
- reviews the co-operation given by management to the external and internal auditors;
- reviews significant financial reporting issues and judgements relating to financial statements for each financial year, interim and annual financial statements and the auditors' report before submission to the Board for approval;
- reviews the integrity of any financial information presented to our shareholders;
- reviews the adequacy and effectiveness of the Company's material internal controls, including financial, operational and compliance controls and risk management via reviews carried out by the internal auditors, and taking into consideration the external auditors' findings arising from their annual audit;
- reviews the nature and extent of non-audit services provided by the external auditors yearly to determine their independence;
- recommends to the Board the appointment and re-appointment of external auditors, approves the compensation and terms of engagement of the external auditors;
- meets with the external auditors without the presence of the Company's management annually;
- reviews the effectiveness of the Company's internal audit function;
- reviews interested person transactions, if any;
- reviews potential conflicts of interest, if any;
- reviews all hedging policies and instruments to be implemented, if any;
- investigating any matter within its terms of reference; and
- reviews the risk management structure and any oversight of risk management processes and activities to mitigate and manage risk at acceptable levels determined by the Board.

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

The AC convened four meetings during the financial year 2009 with full attendance from all members. The AC also meets with external auditors without the presence of the Company's management, at least once a year.

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

AUDITORS

Ernst & Young LLP have expressed their willingness to accept re-appointment as auditors.

On behalf of the Board of Directors,

Lim Ming Seong
Chairman

Ciliandra Fangiono
Chief Executive Officer

Singapore
31 March 2010

STATEMENT BY DIRECTORS

We, Lim Ming Seong and Ciliandra Fangiono, being two of the directors of First Resources Limited, do hereby state that, in the opinion of the directors,

(i) the accompanying balance sheets, consolidated income statement, consolidated statement of comprehensive income, statements of changes in equity and consolidated cash flow statement together with notes thereto are drawn up so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results of the business, changes in equity and cash flows of the Group and changes in equity of the Company for the year ended on that date, and

(ii) at the date of this statement, there are reasonable grounds to believe that the Company will be able to pay its debts as and when they fall due.

On behalf of the Board of Directors,

Lim Ming Seong
Chairman

Ciliandra Fangiono
Chief Executive Officer

Singapore
31 March 2010

INDEPENDENT AUDITORS' REPORT

TO THE MEMBERS OF FIRST RESOURCES LIMITED

We have audited the accompanying financial statements of First Resources Limited (the "Company") and its subsidiaries (collectively, the "Group"), which comprise the balance sheets of the Group and Company as at 31 December 2009, the statements of changes in equity of the Group and the Company, and the consolidated income statement, consolidated statement of comprehensive income and consolidated cash flow statement of the Group for the year then ended, and a summary of significant accounting policies and other explanatory notes.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with the provisions of the Singapore Companies Act, Cap. 50 (the "Act") and Singapore Financial Reporting Standards. This responsibility includes devising and maintaining a system of internal accounting controls sufficient to provide a reasonable assurance that assets are safeguarded against loss from unauthorised use or disposition; and transactions are properly authorised and that they are recorded as necessary to permit the preparation of true and fair profit and loss account and balance sheet and to maintain accountability of assets; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion,

(a) the consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company are properly drawn up in accordance with the provisions of the Act and Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs of the Group and of the Company as at 31 December 2009 and the results, changes in equity and cash flows of the Group and the changes in equity of the Company for the year ended on that date; and

(b) the accounting and other records required by the Act to be kept by the Company and by the subsidiary incorporated in Singapore of which we are the auditors have been properly kept in accordance with the provisions of the Act.

Ernst & Young LLP
Public Accountants and
Certified Public Accountants

Singapore
31 March 2010

CONSOLIDATED INCOME STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Note	2009 Rp'million	2008 Rp'million (Restated)
Sales	4	2,276,665	2,782,948
Cost of sales	5	(919,681)	(922,452)
Gross profit		1,356,984	1,860,496
Gains arising from changes in fair value of biological assets	11	460,502	377,654
Selling and distribution costs	6	(27,591)	(166,155)
General and administrative expenses	7	(136,157)	(115,616)
Other operating expenses		(8,569)	(5,645)
Profit from operations		1,645,169	1,950,734
Gains/(losses) on foreign exchange, net		104,156	(122,710)
Gains/(losses) on cross currency swap	34	188,641	(176,313)
Net financial expenses	8	(207,766)	(57,476)
Other non-operating (expenses)/income		(11,423)	27,801
Profit before taxation		1,718,777	1,622,036
Income tax expense	9	(482,263)	(470,439)
Profit for the year		1,236,514	1,151,597
Profit attributable to :			
Owners of the parent		1,169,420	1,091,768
Minority interests		67,094	59,829
		1,236,514	1,151,597
Earnings per share attributable to owners of the parent (in Rupiah)			
- Basic	10	805	746
- Diluted	10	n.a	n.a

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

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	2009 Rp'million	2008 Rp'million (Restated)
Profit for the year	1,236,514	1,151,597
Other comprehensive income:		
Foreign currency translation adjustments	(118,241)	61,790
Net loss from changes in fair value of available-for-sale financial assets	(822)	–
Total comprehensive income for the year	1,117,451	1,213,387
Total comprehensive income attributable to:		
Owners of the parent	1,050,357	1,153,558
Minority interests	67,094	59,829
	1,117,451	1,213,387

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

BALANCE SHEETS

AS AT 31 DECEMBER 2009

	Note	Group		Company	
		2009 Rp'million	2008 Rp'million (Restated)	2009 Rp'million	2008 Rp'million
Non-current assets					
Biological assets	11	5,030,848	4,027,518	–	–
Plasma plantation receivables	12	151,959	121,202	–	–
Property, plant and equipment	13	1,751,122	1,504,167	2,808	3,597
Land use rights	14	180,816	186,754	–	–
Investment in subsidiaries	15	–	–	2,417,330	2,063,957
Goodwill	15	66,424	66,424	–	–
Other intangible assets	16	286,594	284,964	–	–
Tax recoverable	17	2,616	3,529	–	–
Deferred tax assets	9	25,789	65,618	1,245	103
Available-for-sale financial assets	18	74,984	–	74,984	–
Other non-current assets		1,241	322	4,934	–
Total non-current assets		7,572,393	6,260,498	2,501,301	2,067,657
Current assets					
Inventories	19	144,709	195,040	–	–
Trade receivables	20	130	47,226	–	–
Other receivables	21	36,115	57,419	11,592	21,945
Advance for purchase of property, plant and equipment	22	19,953	69,051	–	–
Other advances and prepayments	22	27,791	58,332	118	133
Prepaid taxes	23	31,543	35,552	–	–
Advance subscription for shares in subsidiary	24	–	–	373,080	79,924
Cash and bank balances	25	1,688,222	1,092,139	930,161	282,655
Total current assets		1,948,463	1,554,759	1,314,951	384,657
Total assets		9,520,856	7,815,257	3,816,252	2,452,314
Current liabilities					
Trade payables	26	103,799	85,298	–	–
Other payables and accruals	27	171,044	129,021	26,454	6,557
Advances from customers	28	40,188	88,039	–	–
Due to related parties	29	–	1,308	–	–
Loans and borrowings from financial institutions	30	102,735	12,971	115	136
Provision for taxation		121,092	249,099	1,475	5,125
Total current liabilities		538,858	565,736	28,044	11,818

BALANCE SHEETS

AS AT 31 DECEMBER 2009

	Note	Group		Company	
		2009 Rp'million	2008 Rp'million (Restated)	2009 Rp'million	2008 Rp'million
Non-current liabilities					
Loans and borrowings from financial institutions	30	13,653	6,108	455	601
Notes payable	31	1,294,788	1,502,776	–	–
Rupiah bonds payable	32	481,768	493,685	–	–
Liability component of convertible bonds	33	788,878	–	788,878	–
Derivative financial liabilities	34	23,837	196,912	–	–
Provision for post employment benefits	35	40,475	33,744	–	–
Deferred tax liabilities	9	759,415	685,404	153	–
Other non-current liabilities		4,700	–	4,700	–
Total non-current liabilities		3,407,514	2,918,629	794,186	601
Total liabilities		3,946,372	3,484,365	822,230	12,419
Net assets		5,574,484	4,330,892	2,994,022	2,439,895
Attributable to owners of the parent					
Share capital	36	2,793,775	2,350,605	2,793,775	2,350,605
Treasury shares	37	(65,952)	(63,517)	(65,952)	(63,517)
Differences arising from restructuring transactions involving entities under common control	38	314,410	314,410	–	–
Other reserves	39	(617,071)	(144,635)	2,760	128,000
Equity component of convertible bonds	33	135,387	–	135,387	–
Retained earnings		2,773,676	1,705,510	128,052	24,807
		5,334,225	4,162,373	2,994,022	2,439,895
Minority interests		240,259	168,519	–	–
Total equity		5,574,484	4,330,892	2,994,022	2,439,895

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

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Attributable to owners of the parent								
	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	Minority interests	Total equity
	Rp'million (Note 36)	Rp'million (Note 37)	Rp'million (Note 38)	Rp'million (Note 39)	Rp'million (Note 33)	Rp'million	Rp'million	Rp'million	Rp'million
Group									
2009									
At 1 January 2009	2,350,605	(63,517)	314,410	(144,635)	–	1,705,510	4,162,373	168,519	4,330,892
Total comprehensive income for the year	–	–	–	(119,063)	–	1,169,420	1,050,357	67,094	1,117,451
Share application monies	–	–	–	–	–	–	–	18,303	18,303
Dividends (Note 40)	–	–	–	–	–	(101,254)	(101,254)	(13,657)	(114,911)
Issuance of convertible bonds	–	–	–	–	135,387	–	135,387	–	135,387
Effect of change in functional currency	443,170	(2,435)	–	(353,373)	–	–	87,362	–	87,362
At 31 December 2009	2,793,775	(65,952)	314,410	(617,071)	135,387	2,773,676	5,334,225	240,259	5,574,484
2008									
At 1 January 2008	2,350,605	–	314,410	(206,425)	–	747,254	3,205,844	100,798	3,306,642
Total comprehensive income for the year	–	–	–	61,790	–	1,091,768	1,153,558	59,829	1,213,387
Dividends (Note 40)	–	–	–	–	–	(133,512)	(133,512)	(7,193)	(140,705)
Buy-back of ordinary shares	–	(63,517)	–	–	–	–	(63,517)	–	(63,517)
Acquisition of subsidiary	–	–	–	–	–	–	–	15,085	15,085
At 31 December 2008	2,350,605	(63,517)	314,410	(144,635)	–	1,705,510	4,162,373	168,519	4,330,892

STATEMENTS OF CHANGES IN EQUITY

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	Share capital	Treasury shares	Other reserves	Equity component of convertible bonds	Retained earnings/ (accumulated losses)	Total share capital and reserves
	Rp'million (Note 36)	Rp'million (Note 37)	Rp'million (Note 39)	Rp'million (Note 33)	Rp'million	Rp'million
Company						
2009						
At 1 January 2009	2,350,605	(63,517)	128,000	–	24,807	2,439,895
Total comprehensive income for the year	–	–	228,133	–	201,661	429,794
Dividends (Note 40)	–	–	–	–	(101,254)	(101,254)
Issuance of convertible bonds	–	–	–	135,387	–	135,387
Effect of change in functional currency of the Company	443,170	(2,435)	(353,373)	–	2,838	90,200
At 31 December 2009	2,793,775	(65,952)	2,760	135,387	128,052	2,994,022
2008						
At 1 January 2008	2,350,605	–	65,066	–	(3,922)	2,411,749
Total comprehensive income for the year	–	–	62,934	–	162,241	225,175
Dividends (Note 40)	–	–	–	–	(133,512)	(133,512)
Buy-back of ordinary shares	–	(63,517)	–	–	–	(63,517)
At 31 December 2008	2,350,605	(63,517)	128,000	–	24,807	2,439,895

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

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	2009 Rp'million	2008 Rp'million (Restated)
Cash flows from operating activities		
Cash receipts from customers (Note A)	2,275,910	2,803,954
Cash payments to suppliers and employees	(893,699)	(1,237,123)
Effects of exchange rates	53,361	(88,321)
Cash generated from operations	1,435,572	1,478,510
Receipts from:		
Interest income	23,272	28,253
Income tax refunds	865	4,146
Payments for:		
Interest expenses	(243,986)	(232,297)
Income tax	(524,807)	(357,637)
Income tax penalties	–	(1,190)
Net cash generated from operating activities	690,916	919,785
Cash flows from investing activities		
Purchase of property, plant and equipment (Note B)	(306,976)	(537,914)
Proceeds from sale of property, plant and equipment	–	3,203
Payments for development of oil palm plantations	(415,197)	(237,875)
Payments for development of plasma plantations – net	(30,757)	(19,108)
Compensation for release of land	–	588
Net cash outflow on acquisition of subsidiaries	–	(349,664)
Acquisition of land use rights (Note 14)	(2,631)	(4,782)
Acquisition of intangible assets (Note 16)	(2,012)	(9,977)
Purchase of available-for-sale financial assets, net	(82,718)	–
Net cash used in investing activities	(840,291)	(1,155,529)

CONSOLIDATED CASH FLOW STATEMENT

FOR THE FINANCIAL YEAR ENDED 31 DECEMBER 2009

	2009 Rp'million	2008 Rp'million (Restated)
Cash flows from financing activities		
Buy-back of ordinary shares	–	(63,517)
Dividends paid	(114,911)	(140,705)
Redemption of Rupiah bonds/notes payable	(12,810)	(128,367)
Proceeds from convertible bonds, net	997,379	–
Proceeds from short-term loan	90,578	–
Payment of obligations under capital leases	(7,138)	(6,208)
Payment of consumer financing loans	(11,246)	(11,848)
Net cash proceeds from settlement of cross currency swap transactions (Note 34)	15,566	16,852
Receipts from biodiesel swap	13,767	–
Placement of secured bank balances	(99,636)	–
Release of secured time deposit	–	150,000
Receipts from/(payment to) related parties, net	26,206	(44,627)
Net cash generated from/(used in) financing activities	897,755	(228,420)
Net increase/(decrease) in cash and cash equivalents	748,380	(464,164)
Cash and cash equivalents, beginning balance	1,092,139	1,407,547
Effect of exchange rate changes on cash and cash equivalents	(251,933)	148,756
Cash and cash equivalents, ending balance (Note 25)	1,588,586	1,092,139

Note:

	2009 Rp'million	2008 Rp'million
A. The reconciliation of cash receipts from customers is as follows:		
Sales	2,276,665	2,782,948
Decrease/(increase) in trade receivables	47,096	(10,281)
(Decrease)/increase in advance from customers	(47,851)	31,287
	2,275,910	2,803,954
B. Purchase of property, plant and equipment (Note 13) consists of:		
Obligation under capital lease	20,439	3,001
Consumer financing loans	4,947	5,859
Capitalisation of financial expenses to property, plant and equipment (Note 8)	23,163	41,118
Purchase of property, plant and equipment using cash	306,976	537,914
Others	(1,073)	(6,247)
	354,452	581,645

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

1. GENERAL

(a) *Corporate information*

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

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

The principal activities of the Company are that of an investment holding company and provision of technical assistance to its subsidiaries. The principal activities of the subsidiaries are as disclosed in Note 1(b).

(b) *Subsidiaries*

As of 31 December 2009, the details of subsidiaries are as follows:

Subsidiaries	Country of incorporation	Activities	Proportion of ownership interest 2009 %	2008 %
Direct Ownership:				
PT Ciliandra Perkasa ("PT CLP") (3)	Indonesia	Oil palm plantation	95.51	95.51
Pinebrook International Inc ("Pinebrook") (6)	British Virgin Islands	Investment holding	100.00	100.00
Pacific Eagle Management Ltd ("Pacific Eagle") (6)	British Virgin Islands	Investment holding	100.00	100.00
Global Paragon Investment Ltd ("Global Paragon") (6)	British Virgin Islands	Investment holding	100.00	100.00
Ivory Asset Management-7 Pte Ltd ("Ivory Asset Management") (6)	Singapore	Investment holding	100.00	100.00
PT Borneo Ketapang Permai ("PT BKP") (5)	Indonesia	Oil palm plantation	95.00	95.00

1. GENERAL (CONT'D)

(b) Subsidiaries (cont'd)

Subsidiaries	Country of incorporation	Activities	Proportion of ownership interest 2009 %	2008 %
Indirect Ownership:				
PT Meridan Sejati Surya Plantation ("PT MSSP") (3)	Indonesia	Oil palm plantation	93.56 (2)	93.56 (2)
PT Pancasurya Agrindo ("PT PSA") (3)	Indonesia	Oil palm plantation	95.32 (1)	95.32 (1)
Subsidiaries of PT CLP				
PT Surya Intisari Raya ("PT SIR") (3)	Indonesia	Oil palm plantation	95.50	95.50
PT Perdana Intisawit Perkasa ("PT PISP") (3)	Indonesia	Oil palm plantation	95.50	95.50
PT Bumi Sawit Perkasa ("PT BSP") (5)	Indonesia	Oil palm plantation	95.44	95.41
PT Priatama Riau ("PT PTR") (5)	Indonesia	Oil palm plantation	95.32	95.27
Ciliandra Perkasa Finance Company Pte. Ltd. ("CPFC") (4)	Singapore	Debt financing transactions facilitator	95.51	95.51
PT Surya Dumai Agrindo ("PT SDA") (5)	Indonesia	Oil palm plantation	95.50	95.50
PT Panca Surya Garden ("PT PSG") (5)	Indonesia	Oil palm seed breeding	90.73	90.73
Subsidiaries of PT PSA				
PT Pancasurya Binasejahtera ("PT PSBS") (3)	Indonesia	Investment holding	95.31	95.31
PT Muriniwood Indah Industry ("PT MII") (3)	Indonesia	Oil palm plantation	95.31	95.31
Subsidiaries of PT PSBS				
PT Subur Arummakmur ("PT SAM") (3)	Indonesia	Oil palm plantation	95.30	95.30
PT Arindo Trisejahtera ("PT ATS") (3)	Indonesia	Oil palm plantation	95.30	95.30

1. GENERAL (CONT'D)

(b) Subsidiaries (cont'd)

Subsidiaries	Country of incorporation	Activities	Proportion of ownership interest 2009 %	2008 %
Indirect Ownership:				
Subsidiaries of PT ATS				
PT Pancasurya Agrosejahtera ("PT PSAS") (5)	Indonesia	Oil palm plantation	85.77	85.77
PT Pancasurya Agrindo Perkasa ("PT PSAP") (5)	Indonesia	Oil palm plantation	95.29	95.29
Subsidiaries of PT SDA				
PT Andalan Mitrasawit Sejati ("PT AMS") (5)	Indonesia	Dormant	95.40	95.40
PT Dharma Bhakti Utama ("PT DBU") (5)	Indonesia	Dormant	95.40	95.40
Subsidiaries of PT BKP				
PT Limpah Sejahtera ("PT LS") (5)	Indonesia	Oil palm plantation	94.97	94.97
PT Mitra Karya Sentosa ("PT MKS") (5)	Indonesia	Oil palm plantation	94.97	94.97
PT Umekah Saripratama ("PT USP") (5)	Indonesia	Oil palm plantation	94.97	94.97
PT Pulau Tiga Lestari Jaya ("PTLJ") (5)	Indonesia	Oil palm plantation	94.97	94.97
Subsidiary of Ivory Asset Management Pte Ltd				
PT Aditya Seraya Korita ("PT ASK") (5)	Indonesia	Investment holding	95.00	95.00

(1) *PT PSA is 62.00% held by PT CLP and 38.00% held by PT Aditya Seraya Korita, which is 95.00% held by Ivory Asset Management.*

(2) *PT MSSP is 32.00% held by PT CLP, 27.00% held by Pinebrook, 26.00% held by Pacific Eagle and 10.00% held by Global Paragon.*

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

(4) *Audited by Ernst & Young LLP Singapore.*

(5) *Audited by Johan Malonda, Astika & Rekan in Indonesia.*

(6) *Not statutorily required to be audited and not significant to the Group. Currently in the process of members' voluntary liquidation.*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

The consolidated financial statements of the Group and the balance sheet and statement of changes in equity of the Company have been prepared in accordance with Singapore Financial Reporting Standards (“FRS”).

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

The financial statements are presented in Indonesian Rupiah (“Rp”) and all values are rounded to the nearest million (“Rp’million”) except when otherwise indicated.

2.2 Changes in accounting policies

The accounting policies adopted are consistent with those of the previous financial year except as follows:

On 1 January 2009, the Group adopted the following standards and interpretations mandatory for annual financial periods beginning on or after 1 January 2009.

- FRS 1 *Presentation of Financial Statements (Revised)*
- Amendments to FRS 18 *Revenue*
- Amendments to FRS 23 *Borrowing Costs*
- Amendments to FRS 32 *Financial Instruments: Presentation* and FRS 1 *Presentation of Financial Statements* - Puttable Financial Instruments and Obligations Arising on Liquidation
- Amendments to FRS 101 *First-time Adoption of Financial Reporting Standards* and FRS 27 *Consolidated and Separate Financial Statements* - Cost of an Investment in a Subsidiary, Jointly Controlled Entity or Associate
- Amendments to FRS 102 *Share-based Payment* - Vesting Conditions and Cancellations
- Amendments to FRS 107 *Financial Instruments: Disclosures*
- FRS 108 *Operating Segments*
- Improvements to FRSs issued in 2008
- INT FRS 113 *Customer Loyalty Programmes*
- INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*
- Amendments to INT FRS 109 *Reassessment of Embedded Derivatives* and FRS 39 *Financial Instruments: Recognition and Measurement* - Embedded Derivatives
- INT FRS 118 *Transfer of Assets from Customers*

Adoption of these standards and interpretations did not have any effect on the financial performance or position of the Group. They did however give rise to additional disclosures, including, in some cases, revisions to accounting policies.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

The principal effects of these changes are as follows:

FRS 1 *Presentation of Financial Statements* - Revised presentation

The revised FRS 1 separates owner and non-owner changes in equity. The statement of changes in equity includes only details of transactions with owners, with all non-owner changes in equity presented in the statement of other comprehensive income. In addition the Standard introduces the statement of comprehensive income which presents income and expense recognised in the period. This statement may be presented in one single statement, or two linked statements. The Group has elected to present this statement as two linked statements.

Amendments to FRS 107 *Financial Instruments: Disclosures*

The amendments to FRS 107 require additional disclosure about fair value measurement and liquidity risk. Fair value measurements are to be disclosed by source of inputs using a three level hierarchy for each class of financial instrument. In addition, reconciliation between the beginning and ending balance for Level 3 fair value measurements is now required, as well as significant transfers between Level 1 and Level 2 fair value measurements. The amendments also clarify the requirements for liquidity risk disclosures. The fair value measurement disclosures and liquidity risk disclosures are presented in Note 44 and Note 45 respectively.

FRS 108 *Operating Segments*

FRS 108 requires disclosure of information about the Group's operating segments and replaces the requirement to determine primary and secondary reporting segments of the Group. The Group determined that the reportable operating segments are the same as the business segments previously identified under FRS 14 *Segments Reporting*. As the Group operates in only one business segment, no segment information is presented.

Improvements to FRSs issued in 2008

In 2008, the Accounting Standards Council issued an omnibus of amendments to FRS.

The Improvements to FRSs issued in 2008 comprise amendments to the following FRSs that are effective for annual periods beginning on or after 1 January 2009:

- FRS 1 *Presentation of Financial Statements*
- FRS 16 *Property, Plant and Equipment*
- FRS 19 *Employee Benefits*
- FRS 20 *Accounting for Government Grants and Disclosures of Government Assistance*
- FRS 23 *Borrowing Costs*
- FRS 27 *Consolidated and Separate Financial Statements*
- FRS 28 *Investments in Associates and* FRS 31 *Interests in Joint Ventures*
- FRS 29 *Financial Reporting in Hyperinflationary Economies*
- FRS 36 *Impairment of Assets*
- FRS 38 *Intangible Assets*
- FRS 39 *Financial Instruments: Recognition and Measurement*
- FRS 40 *Investment Property*
- FRS 41 *Agriculture*

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (cont'd)

There are separate transitional provisions for each amendment. The adoption of the following amendments resulted in changes to the Group's accounting policies but did not have any impact on the financial position or performance of the Group:

- FRS 1 *Presentation of Financial Statements:* Assets and liabilities classified as held for trading in accordance with FRS 39 *Financial Instruments: Recognition and Measurement* are not automatically classified as current in the balances sheet. The Group amended its accounting policy accordingly and analysed whether management's expectation of the period of realisation of financial assets and liabilities differed from the classification of the instrument. This did not result in any re-classification of financial instruments between current and non-current in the balance sheet.

- FRS 16 *Property, Plant and Equipment:* Replaces the term "net selling price" with "fair value less costs to sell". The Group amended its accounting policy accordingly, which did not result in any change in the financial position.

- FRS 23 *Borrowing Costs:* The definition of borrowings costs is revised to consolidate the two types of items that are considered components of "borrowing costs" into one- the interest expense calculated using the effective interest rate method calculated in accordance with FRS 39. The Group has amended its accounting policy accordingly which did not result in any change in its financial position.

2.3 Standards issued but not yet effective

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

Description	Effective for annual periods beginning on or after
Amendments to FRS 27 *Consolidated and Separate Financial Statements*	1 July 2009
Amendments to FRS 39 *Financial Instruments: Recognition and Measurement*	
– Eligible Hedged Item	1 July 2009
Revised FRS 103 *Business Combinations*	1 July 2009
Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 July 2009
INT FRS 117 *Distributions of Non-cash Assets to Owners*	1 July 2009
Improvement to FRSs issued in 2009:	
– Amendments to FRS 38 *Intangible Assets*	1 July 2009
– Amendments to FRS 102 *Share-based Payment*	1 July 2009
– Amendments to FRS 108 *Operating Segments*	1 July 2009
– Amendments to INT FRS 109 *Reassessment of Embedded Derivatives*	1 July 2009
– Amendments to INT FRS 116 *Hedges of a Net Investment in a Foreign Operation*	1 July 2009
– Amendments to FRS 1 *Presentation of Financial Statements*	1 January 2010
– Amendments to FRS 7 *Statement of Cash Flows*	1 January 2010
– Amendments to FRS 17 *Leases*	1 January 2010
– Amendments to FRS 36 *Impairment of Assets*	1 January 2010
– FRS 39 *Financial Instruments: Recognition and Measurement*	1 January 2010
– Amendments to FRS 105 *Non-current Assets Held for Sale and Discontinued Operations*	1 January 2010
– Amendments to FRS 108 *Operating Segments*	1 January 2010

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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

Except for the amendments to FRS 1, revised FRS 103 and the amendments to FRS 27, the directors expect that the adoption of the other standards and interpretations above will have no material impact on the financial statements in the period of initial application. The nature of the impending changes in accounting policy on adoption of the amendments to FRS 1, revised FRS 103 and the amendments to FRS 27 are described below.

Amendments to FRS 1 *Presentation of Financial Statements*

The Amendments to FRS 1 clarify that the terms of a liability that could result, at anytime, in its settlement by the issuance of equity instruments at the option of the counterparty do not affect its classification. Prior to the proposed amendment, the Group would have classified the liability component of its convertible bonds as current liabilities solely on the basis of the holder's choice to settle that liability with equity. Upon adoption of the Amendments to FRS 1, the convertible bonds will now be classified as non-current liability instead. The Group has decided to early-adopt the Amendments to FRS 1 in advance of its adoption date. The early adoption has resulted in no material impact to the financial statements apart from classification of convertible bonds.

Revised FRS 103 *Business Combinations* and Amendments to FRS 27 *Consolidated and Separate Financial Statements*

The revised standards are effective for annual periods beginning on or after 1 July 2009. The revised FRS 103 introduces a number of changes in the accounting for business combinations occurring after 1 July 2009. These changes will impact the amount of goodwill recognised, the reported results in the period that an acquisition occurs, and future reported results. The Amendments to FRS 27 require that a change in the ownership interest of a subsidiary (without loss of control) is accounted for as an equity transaction. Therefore, such transactions will no longer give rise to goodwill, nor will they give rise to gain or loss. Furthermore, the amended standard changes the accounting for losses incurred by the subsidiary as well as the loss of control of a subsidiary. Other consequential amendments were made to FRS 7 *Statement of Cash Flow*, FRS 12 *Income Taxes*, FRS 21 *The Effects of Changes in Foreign Exchange Rates*, FRS 28 *Investments in Associates* and FRS 31 *Interests in Joint Ventures*. The changes from the revised FRS 103 and Amendments to FRS 27 will affect future acquisitions or loss of control and transactions with minority interests. The standards may be early applied. However, the Group does not intend to early-adopt.

2.4 Basis of consolidation

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

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

Acquisitions of subsidiaries are accounted for by applying the purchase method. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. Adjustments to those fair values relating to previously held interests are treated as a revaluation and recognised in equity.

Any excess of the cost of the business combination over the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities is recorded as goodwill. Any excess of the Group's share in the net fair value of the acquired subsidiary's identifiable assets, liabilities and contingent liabilities over the cost of the business combination is recorded as negative goodwill. The accounting policies for goodwill and negative goodwill are set out in Note 2.12(a) and Note 2.13 respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.4 Basis of consolidation (cont'd)

Principles of consolidation

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

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

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2.5 Transactions with minority interests

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group and are presented separately in profit or loss of the Group and within equity in the consolidated balance sheet, separately from parent shareholders' equity. Transactions with minority interests are accounted for using the entity concept method, whereby, transactions with minority interests are accounted for as transactions with owners. On acquisition of minority interests, the difference between the consideration and book value of the share of the net assets acquired is reflected as being a transaction between owners and recognised directly in equity in the "capital reserve" line. Gain or loss on disposal to minority interests is recognised directly in equity.

2.6 Foreign currency

Management has determined the currency of the primary economic environment in which the entities of the Group reside in and operate, i.e. functional currency, to be Indonesian Rupiah ("IDR"). Major costs of providing goods and services including major operating expenses are mainly transacted in IDR. The functional currency of the Company has changed from the Singapore Dollar ("SGD") to the United States Dollar ("USD") with effect from the third quarter of 2009 as a result of increasing influence of the USD over the Company's primary economic environment in which the entity operates as an investment holding company, upon the issuance of the Group's convertible bonds.

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

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

The assets and liabilities of foreign operations are translated into IDR at the rate of exchange ruling at the balance sheet date and their statement of comprehensive income are translated at the weighted average exchange rates for the year. The exchange differences arising on the translation are taken directly to other comprehensive income. On disposal of a foreign operation, the cumulative amount recognised in other comprehensive income relating to that particular foreign operation is recognised in profit or loss of the Group.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the Board of Directors.

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

2.8 Biological assets

Biological assets, which primarily comprise oil palm plantations, are stated at fair value less estimated costs to sell. Gains or losses arising on initial recognition of plantations at fair value less estimated costs to sell and from the changes in fair value less estimated costs to sell of plantations at each reporting date are included in the profit or loss for the period in which they arise.

The fair value of the oil palm plantations is estimated by reference to independent professional valuations using the discounted cash flows of the underlying biological assets. The expected cash flows from the whole life cycle of the oil palm plantations are estimated using the estimated yield of the oil palm plantation and the estimated market price of the crude palm oil ("CPO"). In determining the present value of expected net cash flows, an entity includes the net cash flows that market participants would expect the asset to generate in its most relevant market. The estimated yield of the oil palm plantations is dependent on the age of the oil palm trees, the location, soil type and infrastructure.

Oil palm trees have an average life that ranges from 20 to 25 years; with the first three to four years as immature and the remaining as mature. Oil palm plantation is classified as mature plantation if 70 % of total plants per block are ready to be harvested with the average fresh fruit bunch ("FFB").weight of at least 3.5 kg or with the plant age of minimum of 36 months.

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

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

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. The cost of an item of property, plant and equipment is recognised as an asset if, and only if, it is probable that future economic benefits associated with the item will flow to the Group and the cost of the item can be measured reliably.

Subsequent to initial recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. When significant parts of property, plant and equipment are required to be replaced in intervals, the Group recognises such parts as individual assets with specific useful lives and depreciation, respectively. Likewise, when a major inspection is performed, its cost is recognised in the carrying amount of the property, plant and equipment as a replacement if the recognition criteria are satisfied. All other repair and maintenance costs are recognised in the profit or loss as incurred.

Cost includes purchase price and other incidental expenses to acquire or to secure the assets and bring the assets to its current location and condition. Incidental expenses include expenses incurred for the acquisition or renewal of land rights such as legal fees, measuring and mapping fees, notary fees, taxes and other expenses.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.9 Property, plant and equipment (cont'd)

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

Buildings and improvements	-	5-20 years
Machinery and installation	-	5-15 years
Farming equipment and motor vehicles	-	5 years
Furniture and fittings, office equipment and others	-	5 years

Depreciation of property, plant and equipment related to the plantations are allocated proportionately based on the area of mature and immature plantations.

Assets under construction included in property, plant and equipment is stated at cost and not depreciated as these assets are not yet available for use. Accumulated cost is transferred to the related asset when the asset is completed and ready for use and is then depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with Note 2.14.

The residual value, useful life and depreciation method are reviewed at each financial year-end and adjusted prospectively, if appropriate.

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

2.10 Land use rights

Hak Guna Usaha ("HGU") or *Right to Cultivate* and *Hak Guna Bangunan ("HGB")* or *Right to Build* are land rights that grant the registered holders of such rights use of the land for a maximum period of 35 years, which can be extended for a further period of 25 years.

Land use rights are initially measured at cost. Following initial recognition, land use rights are measured at cost less accumulated amortisation and accumulated impairment losses. The land use rights are amortised over the period of 25 to 35 years.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Plasma plantation receivables

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

The Group assumes responsibility for developing oil palm plantations to the productive stage. When the plantation is at its productive stage, it is considered to be completed and is transferred to the landholders (conversion of plasma plantations). All cost incurred will be reviewed by the Government and the Group will be compensated for all approved cost and financed by KUD or a bank. Under this scheme, the farmers sell all harvest to the Group at a price determined by the Government which approximates the market price. Part of the cost from these purchases will be retained by the Group and be used to pay KUD or the bank for the loan taken under the landholder's name.

Amount incurred and recoverable from KUD or the bank, for the development of the plantations less amount received as compensation, are presented in the balance sheet as "plasma plantation receivables".

The difference between the accumulated development costs of plasma plantations and their conversion value is charged to the profit or loss. The plasma plantation receivables are assessed for impairment in accordance with Note 2.14.

2.12 Intangible assets

(a) Goodwill

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

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

The cash-generating unit to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the cash-generating unit maybe be impaired, by comparing the carrying amount of the cash-generating unit, including the allocated goodwill, with the recoverable amount of the cash-generating unit. Where the recoverable amount of the cash-generating unit is less than the carrying amount, an impairment loss is recognised in the profit or loss. Impairment losses recognised for goodwill are not reversed in subsequent periods.

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

Goodwill and fair value adjustments arising on the acquisition of foreign operations on or after 1 January 2005 are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated in accordance with the accounting policy set out in Note 2.6.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.12 Intangible assets (cont'd)

(b) Other intangible assets

Intangible assets acquired separately are measured initially at cost. The cost of these intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, these intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses.

Other intangible assets with finite useful lives

Intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. Their amortisation period and the amortisation method are reviewed at least at each financial year-end. Changes in the expected useful life or the expected pattern of consumption of future economic benefits embodied in the asset is accounted for by changing the amortisation period or method, as appropriate, and are treated as changes in accounting estimates. The amortisation expense on intangible assets with finite lives is recognised in the profit or loss in the expense category consistent with the function of the intangible asset.

Other intangible assets with indefinite useful lives

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

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

2.13 Negative goodwill

Negative goodwill arising on acquisition represents the excess of the acquirer's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition. Any negative goodwill arising on acquisition is recognised immediately in profit or loss of the Group on the date of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.14 Impairment of non-financial assets

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

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs to sell, an appropriate valuation model is used. These calculations are corroborated by valuation multiples, quoted share prices for publicly traded subsidiaries or other available fair value indicators. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the profit or loss.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increase cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised previously. Such reversal is recognised in the profit or loss.

2.15 Financial assets

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

When financial assets are recognised initially, they are measured at fair value, plus in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs.

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

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

The Group has two classes of financial assets, namely loans and receivables and available-for-sale financial assets.

(a) Loans and receivables

Financial assets with fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. Subsequent to initial recognition, loans and receivables are measured at amortised cost using the effective interest method. Gains and losses are recognised in profit or loss when the loans and receivables are derecognised or impaired, and through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Financial assets (cont'd)

(b) Available-for-sale financial assets

Available-for-sale financial assets are financial assets that are not classified in any of the other categories. After initial recognition, available-for-sale financial assets are measured at fair value. Any gains or losses from changes in fair value of the financial assets are recognised in other comprehensive income, except that impairment losses, foreign exchange gains and losses on monetary instruments and interest calculated using the effective interest method are recognised in profit or loss. The cumulative gain or loss previously recognised in other comprehensive income is reclassified from equity to the profit or loss as a reclassification adjustment when the financial asset is derecognised.

Investments in equity instruments whose fair value cannot be reliably measured are measured at cost less impairment loss.

2.16 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired.

(a) Assets carried at amortised cost

If there is objective evidence that an impairment loss on financial assets carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The impairment loss is recognised in profit or loss.

When the asset becomes uncollectible, the carrying amount of impaired financial assets is reduced directly or if an amount was charged to the allowance account, the amounts charged to the allowance account are written off against the carrying value of the financial asset.

To determine whether there is objective evidence that an impairment loss on financial assets has been incurred; the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

If in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed to the extent that the carrying amount of the asset does not exceed its amortised cost at the reversal date. The amount of reversal is recognised in profit or loss.

(b) Available-for-sale financial assets

Significant or prolonged decline in fair value below cost, significant financial difficulties of the issuer or obligor, and the disappearance of an active trading market are considerations to determine whether there is objective evidence that investment securities classified as available-for-sale financial assets are impaired.

If an available-for-sale financial asset is impaired, an amount comprising the difference between its cost (net of any principal payment and amortisation) and its current fair value, less any impairment loss previously recognised in profit or loss, is transferred from equity to profit or loss. Reversals of impairment losses in respect of equity instruments are not recognised in profit or loss. Reversals of impairment losses on debt instruments are recognised in profit or loss if the increase in fair value of the debt instrument can be objectively related to an event occurring after the impairment loss was recognised in profit or loss.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.17 Inventories

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

Cost of CPO, palm kernel ("PK"), inventories for fertilizer, chemicals, spare parts and other consumables is determined using the weighted average method. FFB is initially recognised at fair value and subsequently lower of net realisable value and initial recognition value.

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

2.18 Cash and cash equivalents

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

2.19 Financial liabilities

Financial liabilities

Financial liabilities within the scope of FRS 39 are recognised on the balance sheet when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

Financial liabilities are recognised initially at fair value, plus, in the case of financial liabilities other than derivatives, directly attributable transaction costs.

Subsequent to initial recognition, derivatives are measured at fair value. Other financial liabilities (except for financial guarantee) are measured at amortised cost using the effective interest method.

For financial liabilities other than derivatives, gains and losses are recognised in profit or loss when the liabilities are derecognised, and through the amortisation process.

A financial liability is derecognised when the obligation under the liability is extinguished. When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as a derecognition of the original liability and the recognition of a new liability, and the difference in the respective carrying amounts is recognised in the profit or loss.

Derivative financial instruments

Derivative financial instruments which do not qualify for hedge accounting, are classified as financial assets or liabilities at fair value through profit or loss and are initially recognised at fair value on the date on which a derivative contract is entered into (trade date). They are subsequently re-measured at fair value at each balance sheet date.

Any gains or losses arising from changes in fair value on such derivative financial instruments are taken to the profit or loss for the year. Net gains or losses on derivatives include exchange differences.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.19 Financial liabilities (cont'd)

Financial guarantee

A financial guarantee contract is a contract that requires the issuer to make specified payments to reimburse the holder for a loss it incurs because a specified debtor fails to make payment when due.

Financial guarantees are recognised initially as a liability at fair value, adjusted for transaction costs that are directly attributable to the issuance of the guarantee. Subsequent to initial recognition, financial guarantees are recognised as income in profit or loss over the period of the guarantee. If it is probable that the liability will be higher than the amount initially recognised less amortisation, the liability is recorded at the higher amount with the difference charged to profit or loss.

2.20 Provisions

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

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

2.21 Hedge accounting

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

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

- Fair value hedges when hedging the exposure to changes in the fair value of a recognised asset or liability or an unrecognised firm commitment;

- Cash flow hedges when hedging exposure to variability in cash flows that is either attributable to a particular risk associated with a recognised asset or liability or a highly probable forecast transaction or the foreign currency risk in an unrecognised firm commitment; and

- Hedges of a net investment in a foreign operation.

At the inception of a hedge relationship, the Group formally designates and documents the hedge relationship to which the Group wishes to apply hedge accounting and the risk management objective and strategy for undertaking the hedge. Such hedges are expected to be highly effective in achieving offsetting changes in fair value or cash flows and are assessed on an ongoing basis to determine that they actually have been highly effective throughout the financial reporting periods for which they were designated.

The Group does not have any fair value hedge or hedges of net investment in foreign operations for the financial years ended 2009 and 2008.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.21 Hedge accounting (cont'd)

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

Cash flow hedges

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

Amounts taken to equity are transferred to the profit or loss when the hedged transaction affects the profit or loss, such as when the hedged financial income or financial expense is recognised or when a forecast sale occurs. Where the hedged item is the cost of a non-financial asset or non-financial liability, the amounts taken to equity are transferred to the initial carrying amount of the non-financial asset or liability.

If the forecast transaction or firm commitment is no longer expected to occur, amounts previously recognised in equity are transferred to the profit or loss. If the hedging instrument expires or is sold, terminated or exercised without replacement or rollover, or if its designation as a hedge is revoked, amounts previously recognised in equity remain in equity until the forecast transaction or firm commitment occurs.

2.22 Convertible bonds

Convertible bonds that can be converted into share capital where the number of shares issued does not vary with changes in the fair value of the bonds are accounted for as compound financial instruments. Should there be embedded derivatives, the fair value of the embedded derivatives is to be independently valued and separately presented on the balance sheet. The gross proceeds are allocated to the equity, liability and embedded derivative components, with the equity component being assigned the residual amount after deducting the fair value of the liability component and the fair value of the embedded derivative component from the fair value of the compound financial instrument.

Subsequent to initial recognition, the liability component of convertible bonds is measured at amortised cost using the effective interest method until the debt is extinguished on conversion or redemption of the convertible bonds. The equity component of convertible bonds is not subsequently re-measured. When the conversion option is exercised, its carrying amount will be transferred to share capital. When the conversion option lapses, its carrying amount will be transferred to retained earnings.

When a convertible bond is repurchased before its original maturity date, the purchase consideration (including directly attributable costs, net of tax effects) are allocated according to the original proportion of the liability and equity components assigned at the date of transaction. Any resulting gain or loss relating to the liability component is recognised in the profit or loss; and the amount of the consideration relating to the equity component is recognised in equity.

2.23 Borrowing costs

Borrowing costs are capitalised as part of the cost of a qualifying asset if they are directly attributable to the acquisition, construction or production of that asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are incurred. Borrowing costs are capitalised until the assets are substantially completed for their intended use or sale.

2.24 Rupiah bonds, convertible bonds and notes issuance costs

Rupiah bonds, convertible bonds and notes issuance costs are deducted from their respective proceeds in the balance sheet as discounts and amortised over their maturity period using the effective interest method.

In the case of convertible bonds, the issuance costs allocated to the equity component would not be amortised but will be offset in full against the equity component at the date of inception.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.25 Share capital and share issue expenses

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

2.26 Treasury shares

When shares recognised as equity are reacquired, the amount of consideration paid is recognised directly in equity. Reacquired shares are classified as treasury shares and presented as a deduction from total equity. No gain or loss is recognised in profit or loss on the purchase, sale, issue or cancellation of treasury shares.

2.27 Employment benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations.

In particular, the Singapore companies in the Group make contribution to the Central Provident Fund ("CPF") scheme in Singapore, a defined contribution scheme. Contributions to defined contribution pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Defined benefit plans

The Group also provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labor Law No.13/2003. The said additional provisions, which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

Actuarial gains or losses are recognised in the profit or loss when the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting year exceed 10.0% of the higher of the present value of the defined benefit obligation or the fair value of the plan assets, if any, at that date. Such gains or losses in excess of the 10.0% corridor are amortised on a straight-line method over the expected average remaining service years of the covered employees.

Past service cost arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan is required to be amortised over the period until the benefit becomes vested. To the extent that the benefit is already vested immediately following the introduction of, or changes to, the employee benefits program, the Group recognises past service cost immediately.

The related estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligation at balance sheet date and actuarial gains and losses not recognised, less past service cost not yet recognised.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.28 Leases

The determination of whether an arrangement is, or contains a lease is based on the substance of the arrangement at inception date: whether fulfilment of the arrangement is dependent on the use of a specific asset or assets or the arrangement conveys a right to use the asset.

As lessee

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to profit or loss. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in profit or loss on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.29 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. Revenue is measured at the fair value of consideration received or receivable. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sales arising from physical delivery of palm based products is recognised when significant risks and rewards of ownership of goods are transferred to the customer, which generally coincide with their delivery and acceptance. Revenue is not recognised to the extent where there are significant uncertainties regarding recovery of the consideration due, the associated costs or possible return of goods.

(b) Interest income

Interest income is recognised using the effective interest method.

(c) Dividend income

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Income taxes

(a) Current tax

Current tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantially enacted by the balance sheet date.

Current taxes are recognised in profit or loss except that tax relating to items recognised outside the profit or loss is recognised either in other comprehensive income or directly in equity.

(b) Deferred tax

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

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

- where the deferred tax arises from the initial recognition of goodwill or an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of temporary differences associated with investments in subsidiaries, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

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

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, deferred income tax assets are recognised only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilised.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the deferred tax asset to be utilised. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that it has became probable that future taxable income will allow the deferred tax assets to be utilised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.30 Income taxes (cont'd)

(b) Deferred tax (cont'd)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply in the period when the asset is realised on the liability is settled, based on tax rates and tax laws that have been enacted or substantively enacted at the balance sheet date.

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

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and the deferred income taxes relate to the same taxation entity and the same taxation authority.

(c) Sales tax

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

- where the sales tax or VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the sales tax or VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and

- receivables and payables that are stated with the amount of sales tax or VAT included.

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

2.31 Segment reporting

As the Group only has one line of business at present and operates in one country, it does not present separate segmental information.

2.32 Contingencies

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

Contingent liabilities and assets are not recognised on the balance sheet.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS AND ESTIMATES

The preparation of the Group's financial statements requires management to make judgements, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities at the reporting date. However, 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.

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

3.1 Judgements made in applying accounting policies

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

(a) Income taxes

The Group has exposure to income taxes in mainly two jurisdictions, Singapore and Indonesia. Significant judgement is involved in determining the Group-wide provision for income taxes. There are certain transactions and computations for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax provisions in the year in which such determination is made.

The carrying amount of the Group's tax payables as at 31 December 2009 were Rp121,092 million (2008: Rp249,099 million). The carrying value of the Group's tax recoverable is disclosed in Note 17.

The carrying values of the Group's deferred tax assets and liabilities are disclosed in Note 9.

(b) Impairment of available-for-sale financial assets

The Group reviews its financial assets classified as available-for-sale financial assets at each balance sheet date to assess whether they are impaired. The Group also records impairment charges on these financial assets when there has been a significant or prolonged decline in the fair value below their cost. The determination of what is "significant" or "prolonged" requires judgement. In making this judgement, the Group evaluates, among other factors, historical share price movements and the duration and extent to which the fair value of a financial asset is less than its cost. For the financial year ended 31 December 2009, the Group did not record any impairment on its available-for-sale financial assets (2008: nil).

(c) Fair value of financial instruments

Where the fair values of financial instruments recorded on the balance sheet cannot be derived from active markets, they are determined using a variety of valuation techniques that include the use of valuation models. The inputs to these models are derived from observable market data where possible, but where observable market data are not available, judgement is required to establish fair values. The judgements include considerations of liquidity and model inputs regarding the future financial performance of the investee, its risk profile, and economic assumptions regarding the industry and geographical jurisdiction in which the investee operates. The valuation of financial instruments is described in more detail in Note 44.

(d) Determination of functional currency

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

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

3.1 *Judgements made in applying accounting policies (cont'd)*

(e) *VAT relating to FFB*

The Group has value added tax receivable relating to the production of FFB. With effect from 1 January 2007, FFB has been classified as a Certain Strategic Taxable Good and is therefore exempted from the imposition of VAT in Indonesia. As such, FFB is no longer subject to VAT and cannot be credited and instead such input VAT components should be charged as an expense. Management is of the opinion that the production of CPO, which uses FFB produced by the Group, is not covered by this exemption and all input VAT in the production of the FFB can be claimed and offset against the output VAT of CPO. Accordingly, the net VAT is accounted for as a recoverable amount in the balance sheet. As at 31 December 2009, the cumulative effect of the input VAT relating to the FFB before offsetting output VAT is Rp56,864 million (2008: Rp52,477 million).

3.2 *Key sources of estimation uncertainty*

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(a) *Biological assets and agricultural products*

The Group carries its oil palm plantations and agriculture products at fair value less estimated costs to sell, which require extensive use of accounting estimates. Significant components of fair value measurement were determined using assumptions including average lives of plantations, period of being immature and mature plantations, yield per hectare, average selling price and annual discount rates. The amount of changes in fair values would differ if there are changes to the assumptions used. Any changes in fair values of these plantations would affect the profit or loss and equity. The carrying amount of the Group's biological assets is disclosed in Note 11. The carrying amount of the Group's FFB is disclosed in Note 19.

(b) *Useful lives of plant and equipment*

The cost of property, plant and equipment is depreciated on a straight-line basis over the property, plant and equipment's estimated economic useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the oil palm industry. Changes in the expected level of usage and technological developments could impact the economic useful lives and the residual values of these assets, therefore, future depreciation charges could be revised. The carrying amount of the Group's property, plant and equipment at the balance sheet date is disclosed in Note 13.

(c) *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.

When value in use calculations are undertaken, management must estimate the expected future cash flows from the asset or cash-generating unit and choose a suitable discount rate in order to calculate the present value of those cash flows. Further details of the key assumptions applied in the impairment assessment of goodwill are given in Note 15.

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

3.2 Key sources of estimation uncertainty (cont'd)

(d) Allowance for inventories

Allowance for inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical condition, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The allowances are re-evaluated and adjusted as additional information received affects the amounts estimated. No allowance is provided in respect of FFB as these are recorded at fair value. The carrying amount of the Group's inventories is disclosed in Note 19.

(e) Impairment of loans and receivables

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset is impaired. To determine whether there is objective evidence of impairment, the Group considers factors such as the probability of insolvency or significant financial difficulties of the debtor and default or significant delay in payments.

Where there is objective evidence of impairment, the amount and timing of future cash flows are estimated based on historical loss experience for assets with similar credit risk characteristics. The carrying amount of the Group's loans and receivables at the balance sheet date is disclosed in Note 41.

(f) Deferred tax assets

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.

The carry value of unrecognised tax losses at 31 December 2009 was Rp129,434 million (2008: Rp80,866 million).

(g) Defined benefit plan

The cost of defined benefit pension plans is determined using actuarial valuations. The actuarial valuation involves making assumptions about discount rates, expected rates of return of assets, future salary increases, mortality rates and future pension increases. All assumptions are reviewed at each reporting date.

In determining the appropriate discount rate, management has derived the applicable interest rates from high quality corporate bonds in Indonesia with an AAA or AA rating. The bonds have been selected based on the expected duration of the defined benefit obligation and taking into consideration the yield curve respectively. In this process, the current credit spread of the underlying bonds has been taken into account to avoid selecting bonds with a significant volatility and inherent risk, which would not address the long term perspective of the cash flows appropriately.

The mortality rate is based on publicly available mortality tables for the specific country. Future salary increases and pension increases are based on expected future inflation rates for the specific country.

The carrying amount of the provision for post employment, together with further details about the assumptions, is disclosed in Note 35.

4. SALES

	Group	
	2009 Rp'million	2008 Rp'million
CPO	2,038,403	2,472,070
PK	238,262	309,522
Others	–	1,356
	2,276,665	2,782,948

5. COST OF SALES

	Group	
	2009 Rp'million	2008 Rp'million
FFB		
Depreciation (Note 13)	39,900	22,585
Maintenance cost	337,750	279,013
Plantation general expenses	83,032	89,716
Harvesting costs	81,335	62,004
Post employment benefits (Note 35)	4,566	3,685
Cost of FFB produced	546,583	457,003
Net changes in FFB inventory	1,260	(1,196)
Cost of FFB transferred to CPO and PK	547,843	455,807
CPO and PK		
Cost of FFB to be processed into CPO and PK	547,843	455,807
Purchase of FFB	213,737	261,911
Depreciation (Note 13)	46,421	38,504
Processing – milling cost	47,213	52,362
Freight	48,383	56,647
Factory general expenses	13,910	19,009
Post employment benefits (Note 35)	1,456	962
Purchases of CPO and PK	–	10,612
Net changes in CPO and PK inventory	639	25,351
Cost of sales – CPO and PK	919,602	921,165
Others	79	1,287
	919,681	922,452

6. SELLING AND DISTRIBUTION COSTS

	Group	
	2009 Rp'million	2008 Rp'million
Export taxes	4,785	136,256
Freight charges	16,491	24,099
Rental of warehouse	5,284	5,217
Others	1,031	583
Total	27,591	166,155

7. GENERAL AND ADMINISTRATIVE EXPENSES

	Group	
	2009 Rp'million	2008 Rp'million
Salaries, wages and allowances (including Central Provident Fund)	96,989	53,440
Post employment benefits (Note 35)	4,172	2,083
Non-audit fees paid to auditors	898	2,543
Other professional fees	13,179	20,573
Operating lease rentals	6,533	5,282
Depreciation of property, plant and equipment (Note 13)	5,965	4,169
Amortisation of other intangible assets (Note 16)	382	382
Directors' fees	2,405	3,171
Others	5,634	23,973
Total	136,157	115,616

8. NET FINANCIAL EXPENSES

	Group	
	2009 Rp'million	**2008 Rp'million**
Interest expenses and amortisation on:		
– notes payable	(174,341)	(183,475)
– Rupiah bonds payable	(61,857)	(58,343)
– convertible bonds payable	(23,459)	–
– loans and borrowings from financial institutions	(7,442)	(38)
	(267,099)	(241,856)
Less:		
Capitalised to biological assets (Note 11)	26,296	49,381
Capitalised to property, plant and equipment (Note 13)	23,163	41,118
Interest expense recognised in profit or loss	(217,640)	(151,357)
Interest and other financial income	8,799	24,899
Gain on redemption of Rupiah bonds (Note 32)	1,075	–
Gain on redemption of notes (Note 31)	–	68,982
Net financial expenses	(207,766)	(57,476)

9. INCOME TAX EXPENSE

(a) *Major components of income tax expense*

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

	Group	
	2009 Rp'million	2008 Rp'million (Restated)
Current income tax	320,049	394,562
Deferred income tax	115,788	41,271
Withholding tax	46,426	34,606
	482,263	470,439

(b) *Relationship between tax expense and accounting profit*

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

	Group	
	2009 Rp'million	2008 Rp'million (Restated)
Profit before taxation	1,718,777	1,622,036
Tax expense at domestic rate applicable to profits in the countries where the Group operates	505,932	453,747
Adjustments:		
Income not subject to taxation	(24,200)	(508)
Non-deductible expenses	18,137	5,068
Deferred tax assets not recognised	7,945	29,029
Reduction in tax rate of subsidiaries	(66,728)	(44,961)
Withholding tax	46,426	34,606
Others	(5,249)	(6,542)
Income tax expense recognised in profit or loss	482,263	470,439

For fiscal year 2009, the corporate tax rate for companies in Indonesia was 28% (2008: 30%). With effect from fiscal year 2010, the corporate income tax rate will be at a single rate of 25%.

For year of assessment 2010, the corporate income tax rate applicable to the Singapore companies of the Group was 17% (Year of assessment 2009: 18%).

The above reconciliation is prepared by aggregating separate reconciliation for each national jurisdiction.

9. INCOME TAX (CONT'D)

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities comprise the following:

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
Deferred tax assets				
Provisions	1,211	–	1,211	–
Post employment benefits	10,118	8,534	–	–
Fair value loss on cross currency swap	14,109	56,669	–	–
Other items	351	415	34	103
Gross deferred tax assets	25,789	65,618	1,245	103
Deferred tax liabilities				
Biological assets	(608,361)	(534,076)	–	–
Differences in depreciation	(68,504)	(68,096)	(87)	–
Obligations under finance leases	(1,654)	(2,406)	–	–
Revaluation of property, plant and equipment arising from acquisition of subsidiary	(80,826)	(80,826)	–	–
Other items	(70)	–	(66)	–
Gross deferred tax liabilities	(759,415)	(685,404)	(153)	–
Net deferred tax liabilities	(733,626)	(619,786)	1,092	103

Unrecognised tax losses

At the balance sheet date, the Group has accumulated tax losses of approximately Rp129,434 million (2008: Rp80,666 million) that are available for offset against future taxable profits. The related deferred tax assets of Rp32,359 million (2008: Rp22,586 million) attributable to such tax losses was not recognised due to uncertainty of its recoverability.

10. EARNINGS PER SHARE

Basic earnings per share are calculated by dividing profit attributable to owners of the parent by the weighted average number of ordinary shares outstanding during the financial year. The weighted average number of shares is adjusted for treasury shares held during the year.

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 year is adjusted for the effects of all dilutive potential ordinary shares.

There were no dilutive potential ordinary shares as at the end of the financial years 2009 and 2008.

The following table reflects the profit attributable to the owners of the parent and the share data in the computation of basic earnings per share for the financial years ended 31 December:

	Group	
	2009 Rp'million	2008 Rp'million
Profit net of tax attributable to owners of the parent	1,169,420	1,091,768
	No. of shares	No. of shares
Weighted average number of ordinary shares	1,453,459,221	1,463,102,650

11. BIOLOGICAL ASSETS

Biological assets comprise primarily oil palm plantations with the following movements in their carrying value:

	Group	
	2009 Rp'million	2008 Rp'million (Restated)
At fair value		
At 1 January	4,027,518	3,274,293
Acquisition of subsidiary (Note 15)	–	76,179
Additions	542,828	299,392
	4,570,346	3,649,864
Gains arising from changes in fair value less estimated costs-to-sell	460,502	377,654
At 31 December	5,030,848	4,027,518
Represented by:		
Oil palm plantations	4,690,576	3,801,176
Field preparation costs	340,272	226,342
Total	5,030,848	4,027,518

Mature oil palm trees produce FFB, which are used to produce CPO and PK. The fair values of oil palm plantations are determined by an independent valuer using the discounted future cash flows of the underlying plantations. The expected future cash flows of the oil palm plantations are determined using the projected selling prices of CPO in the market.

Significant assumptions made in determining the fair values of the oil palm plantations are as follows:

(a) no new planting or re-planting activities are assumed;

(b) oil palm trees have an average life that ranges from 25 years, with the first three years as immature and the remaining years as mature;

(c) yield per hectare of oil palm trees is based on a guideline issued by the Indonesian Oil Palm Research Institute ("*Pusat Penelitian Kelapa Sawit*"), which varies with the average age of oil palm trees;

(d) the discount rate used for the Group's plantation operations which is applied in the discounted future cash flows calculation is 19.22% (2008: 19.33%); and

(e) the projected selling prices of CPO for the financial years ended 31 December 2009 and 31 December 2008 and referenced to independent professional valuer's report with the latest update on 22 June 2009.

11. BIOLOGICAL ASSETS (CONT'D)

	Group	
	2009 Tonnes	**2008 Tonnes**
Production of FFB (excluding plasma plantations)	1,393,384	1,243,747
	Hectares	**Hectares**
Mature oil palm plantation (planted nucleus)	63,684	54,915
Immature oil palm plantation (planted nucleus)	33,174	29,161

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

Depreciation of property, plant and equipment capitalised to biological assets for the financial year ended 31 December 2009 amounted to Rp14,824 million (2008: Rp18,581 million) (Note 13).

Borrowing costs capitalised to biological assets for the financial year ended 31 December 2009 amounted to Rp26,296 million (2008: Rp49,381 million) (Note 8).

Assets pledged as security

As at 31 December 2009, biological assets amounting to Rp355,970 million (2008: Rp327,822 million) were pledged to secure the Group's Rupiah bonds payable (Note 32).

12. PLASMA PLANTATION RECEIVABLES

In support of the Indonesian Government policy, the Group develops plasma plantation under the schemes of *Perkebunan Inti Rakyat Trasmigrasi* ("PIR – Trans") and *Kredit Koperasi Primer untuk Anggotanya* ("KKPA") for farmers who are members of rural cooperatives unit *Koperasi Unit Desa* ("KUD"). When the plasma plantation mature in accordance with the criteria set by the Indonesian Government, the plasma plantation will be handed over to the plasma farmers (conversion of plasma plantations).

The development of plasma plantation is financed by investment credits from a bank and/or self financing by the Company's subsidiaries (plasma plantation receivable). Conversion value refers to the value reimbursed by the banks to the Group upon conversion of the plasma plantations to the smallholders.

The plasma farmers are obliged to sell all their crops to the Group and the resulting proceeds will be withheld by the Group to repay the bank or the subsidiaries. In situations where the sales proceeds are insufficient to meet the repayment obligations to the banks, the Group also provides temporary funding to the plasma farmers to meet the instalment and interest payment to the banks.

On 6 September 2007, a subsidiary used its own source of funds to finance the conversion of 315 hectares of plasma plantation as stipulated in the loan agreements between that subsidiary and KKPA smallholders. On 11 September 2009, the subsidiary used its own source of funds to finance the conversion of 773 hectares of plasma plantations. The loans bear interest at 16% (2008: 16%) per annum. The repayment periods are from December 2008 to December 2017.

On 8 December 2009, a cooperative obtained an investment credit facility from a bank, which it used to pay Rp27,288 million to the subsidairy, relating to 1,088 hectares of converted plasma plantation.

12. PLASMA PLANTATION RECEIVABLES (CONT'D)

Information regarding the plasma plantation as at 31 December is as follows:

	Group			
	2009		2008	
	PIR Trans Rp'million	KKPA Rp'million	PIR Trans Rp'million	KKPA Rp'million
Accumulated converted value of plasma plantation	55,226	28,438	55,226	7,967
	Hectares	Hectares	Hectares	Hectares
Accumulated converted area of plasma plantation	4,642	1,088	4,642	315

Details of plasma plantation receivables as at 31 December are as follows:

	Group		
	Plasma plantation development costs	Investment credits/self financing	Net plasma plantation receivables
	Rp'million	Rp'million	Rp'million
Group			
2009			
PIR – TRANS			
At 1 January 2009	37,628	–	37,628
Additional development costs	19,755	–	19,755
At 31 December 2009	57,383	–	57,383
KKPA			
At 1 January 2009	76,032	7,542	83,574
Additional development costs	10,134	–	10,134
Conversion value	(20,471)	20,471	–
Differences in accumulated development costs of plasma plantation and conversion value	1,593	–	1,593
Payment of self financing of receivables from plasma plantation	–	(725)	(725)
At 31 December 2009	67,288	27,288	94,576
Total at 31 December 2009	124,671	27,288	151,959

12. PLASMA PLANTATION RECEIVABLES (CONT'D)

	Group		
	Plasma plantation development costs	Investment credits/self financing	Net plasma plantation receivables
	Rp'million	Rp'million	Rp'million
Group			
2008			
PIR – TRANS			
At 1 January 2008	34,900	–	34,900
Additional development costs	2,728	–	2,728
At 31 December 2008	37,628	–	37,628
KKPA			
At 1 January 2008	54,242	7,923	62,165
Additional development costs	21,790	–	21,790
Payment of self financing of receivables from plasma plantations	–	(381)	(381)
At 31 December 2008	76,032	7,542	83,574
Total at 31 December 2008	113,660	7,542	121,202

13. PROPERTY, PLANT AND EQUIPMENT

	Leasehold buildings and improvements	Machinery and installation	Farming equipment and motor vehicles	Furniture and fittings, office equipment and others	Assets under construction	Total
	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million	Rp'million
Group						
Cost						
At 1 January 2008	363,796	429,410	146,095	10,792	346,277	1,296,370
Additions	20,395	8,732	31,082	4,014	517,422	581,645
Acquisition of subsidiaries (Note 15)	9,378	792	6,606	4,110	4,407	25,293
Reclassifications	112,243	17,106	14,016	961	(108,481)	35,845
Disposals	–	–	(17,116)	–	(431)	(17,547)
Exchange differences	–	–	618	30	–	648
At 31 December 2008 and 1 January 2009	505,812	456,040	181,301	19,907	759,194	1,922,254
Additions	11,789	9,547	34,686	11,791	286,639	354,452
Reclassifications	123,013	136,805	–	–	(259,818)	–
Disposals	–	–	–	(19)	–	(19)
Exchange differences	–	–	(543)	(25)	–	(568)
At 31 December 2009	640,614	602,392	215,444	31,654	786,015	2,276,119
Accumulated depreciation						
At 1 January 2008	111,796	110,685	84,780	7,744	–	315,005
Charge for the year	30,387	30,213	21,128	2,111	–	83,839
Reclassifications	16,651	9,014	9,399	781	–	35,845
Disposals	–	–	(16,735)	–	–	(16,735)
Exchange differences	–	–	126	7	–	133
At 31 December 2008 and 1 January 2009	158,834	149,912	98,698	10,643	–	418,087
Charge for the year	40,756	36,991	26,241	3,064	–	107,052
Reclassifications	–	–	2	(2)	–	–
Disposals	–	–	–	(5)	–	(5)
Exchange differences	–	–	(130)	(7)	–	(137)
At 31 December 2009	199,590	186,903	124,811	13,693	–	524,997
Net carrying amount						
As at 31 December 2009	441,024	415,489	90,633	17,961	786,015	1,751,122
As at 31 December 2008	346,978	306,128	82,603	9,264	759,194	1,504,167

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

	Motor vehicle	Furniture and fittings and office equipment	Computers	Total
	Rp'million	Rp'million	Rp'million	Rp'million
Company				
Cost				
At 1 January 2008	1,056	–	69	1,125
Additions	2,873	44	64	2,981
Exchange differences	618	5	25	648
At 31 December 2008 and 1 January 2009	4,547	49	158	4,754
Additions	–	322	258	580
Exchange differences	(543)	(6)	(19)	(568)
At 31 December 2009	4,004	365	397	4,766
Accumulated depreciation				
At 1 January 2008	146	–	12	158
Additions	820	9	37	866
Exchange differences	125	1	7	133
At 31 December 2008 and 1 January 2009	1,091	10	56	1,157
Charge for the year	800	44	94	938
Exchange differences	(130)	(2)	(5)	(137)
At 31 December 2009	1,761	52	145	1,958
Net carrying amount				
At 31 December 2009	2,243	313	252	2,808
At 31 December 2008	3,456	39	102	3,597

Borrowing costs capitalised to property, plant and equipment for the financial year ended 31 December 2009 amounted to Rp23,163 million (2008: Rp41,118 million) (Note 8).

Assets held under finance leases

As at 31 December 2009, the net carrying amount of property, plant and equipment held under consumer financing loans and obligation under finance leases amounted to Rp29,221 million (2008: Rp16,070 million).

Assets pledged as security

As at 31 December 2009, certain of a subsidiary's property, plant and equipment were collectively pledged together with the subsidiary's biological assets and land use rights to secure the Group's Rupiah bonds payable (Note 32).

As at 31 December 2009, certain property, plant and equipment were pledged to secure the Group's Rupiah bonds payable (Note 32).

Assets under construction

The Group's assets under construction included a biodiesel plant, a refinery plant and a fractionation plant with net carrying amount of Rp608,975 million (2008: Rp483,573 million).

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

Depreciation and amortisation

For the financial years ended 31 December, the depreciation and amortisation charge is as follows:

	Group	
	2009 Rp'million	2008 Rp'million (Restated)
Depreciation in property, plant and equipment	107,052	83,839
Amortisation of land use rights (Note 14)	8,569	6,603
Amortisation of intangible assets (Note 16)	382	382
Total	116,003	90,824
Depreciation included in cost of sales (Note 5):		
– FFB	39,900	22,585
– CPO and PK	46,421	38,504
Depreciation capitalised in biological assets (Note 11)	14,824	18,581
Depreciation included in general and administrative expenses (Note 7)	5,965	4,169
Amortisation included in general and administrative expenses (Note 7)	382	382
Amortisation included in other operating expenses	8,569	6,603
Exchange differences	(58)	–
Total	116,003	90,824

14. LAND USE RIGHTS

	Group	
	2009 Rp'million	2008 Rp'million
At 1 January	186,754	78,275
Additions	2,631	4,782
Acquisition of subsidiary (Note 15)	–	110,300
Less: Amortisation charge during the year	(8,569)	(6,603)
At 31 December	180,816	186,754
Amount to be amortised		
– Not later than one year	9,303	8,964
– Later than one year but not more than five years	37,216	35,855
– Later than five years	134,297	141,935
	180,816	186,754

Land use rights represent the cost of land use rights owned by the Group and are amortised on a straight line basis over their terms of 25 to 35 years. The terms can be extended for a period of 25 years subject to agreement with the Government of Indonesia and payments of premium.

Deferred land rights acquisition costs represent cost associated with the legal transfer or renewal for titles of land rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. They are also deferred and amortised using the straight-line method over the period of 25 to 35 years.

14. LAND USE RIGHTS (CONT'D)

Assets pledged as security

As at 31 December 2009, land use rights with net carrying amount of Rp11,482 million (2008: Rp11,864 million) were pledged to secure the Group's Rupiah bonds payable (Note 32).

As at 31 December 2009, the Group's land use rights covering a total land area of 64,814 hectares represents Right to Use ("*Hak Guna Usaha*" or "HGU") and 315 hectares represent Right To Build ("*Hak Guna Bangunan*" or "HGB"). The legal terms of the existing land use rights of the Group expire on various dates between 2020 and 2043.

As at 31 December 2009, the Group's land use rights are as follows:

HGU No.	Total Area	Location (Regency)	Expiry Date of HGU
	Hectares		
PT Ciliandra Perkasa			
HGU No. 55/HGU/BPN/1995	3,787	Kampar	31 December 2030
PT Perdana Intisawit Perkasa			
HGU No. 60/HGU/BPN/1995	2,467	Kampar	31 December 2030
PT Surya Intisari Raya			
HGU No. 40/HGU/BPN/1994	3,609	Pekanbaru	31 December 2024
HGU No. 41/HGU/BPN/1994	1,430	Bengkalis	31 December 2024
HGU No. 12/HGU/BPN RI/2008	628	Siak	17 July 2043
HGU No. 13/HGU/BPN RI/2008	2,048	Siak	17 July 2043
PT Pancasurya Agrindo			
HGU No. 42/VIII/1995	10,600	Kampar	31 December 2020
PT Arindo Trisejahtera			
HGU No. 13/HGU/BPN/1993	7,741	Kampar	31 December 2028
PT Subur Arummakmur			
HGU No. 65/HGU/BPN/1998	7,767	Kampar	21 September 2033
HGU No. 76/HGU/BPNRI/2009	1,504	Kampar	5 July 2044
PT Muriniwood Indah Industry			
HGU No. 10/HGU/BPN/2000	7,886	Bengkalis	4 July 2035
PT Meridan Sejatisurya Plantation			
HGU No. 1/HGU/BPN/1995	4,416	Siak	31 December 2024
HGU No. 2/HGU/BPN/1995	553	Pelalawan	31 December 2024
HGU No. 2/HGU/BPN/1996	1,600	Bengkalis	20 December 2031
HGU No. 6/HGU/BPN/1999	4,257	Siak	26 August 2034
PT Pria Tama Riau			
HGU No. 47/HGU/BPN/1996	1,346	Bengkalis	2 December 2026
HGU No. 48/HGU/BPN/1996	3,175	Bengkalis	2 December 2026
Total	64,814		
PT Panca Surya Garden			
HGB No. 04	315	Kampar	24 September 2025

15. INVESTMENT IN SUBSIDIARIES

	Company	
	2009 Rp'million	2008 Rp'million
Unquoted equity shares, at cost	2,417,330	2,063,957
At 1 January	2,063,957	1,740,140
Payment in cash for acquisition of subsidiaries	–	323,817
Effect of change in functional currency	353,373	–
At 31 December	2,417,330	2,063,957

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

Acquisition of subsidiaries

(a) Acquisition of PT Panca Surya Garden

In September 2008, a subsidiary PT CLP entered into a sales and purchase agreement with PT Plamo Karya ("PT PK"), and 4 individual shareholders to acquire a total of 95.0% of the shares in PT Panca Surya Garden ("PT PSG") for a total consideration of Rp30,305 million (approximately US$3.2 million).

PT PK, from whom PT CLP acquired 56.0% of the shares of PT PSG from, was a related party of the Company, as two of the directors of the Company were deemed interested parties of PT PK prior to the acquisition. Hence, details of this acquisition are also included in Note 43 - Related Party Disclosures.

If the acquisition had taken place at the beginning of the financial year ended 31 December 2008, PT PSG would have contributed a loss for the year of Rp24,329 million and the revenue would have remained at nil.

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(a) Acquisition of PT Panca Surya Garden (cont'd)

The fair values of the identifiable assets and liabilities of PT PSG on the date that PT CLP acquired 95% of PT PSG were:

	Recognised on date of acquisition Rp'million	Carrying amount before acquisition Rp'million
Assets		
Land use rights	110,300	67,789
Property, plant and equipment	8,149	8,149
Cash and cash equivalents	1,082	1,082
Trade and other receivables	314	314
Other assets	120	120
	119,965	77,454
Liabilities		
Trade and other payables	(4,324)	(4,324)
Due to related parties	(60,567)	(60,567)
Due to members	(10,400)	(10,400)
Due to shareholders	(2,548)	(2,548)
Other liabilities	(187)	(187)
Minority interest	29	–
Deferred tax liabilities	(10,628)	–
	(88,625)	(78,026)
Net identifiable assets	31,340	(572)

The total cost of the business combination is as follows:

	Rp'million
Consideration paid for the 95.0% interest acquired	30,305

Goodwill is computed as follows:

Consideration paid	30,305
Share of net identifiable assets acquired (95.0%)	(29,773)
Goodwill	532

As management does not believe that the goodwill of Rp532 million will bring in future economic benefits, it has been written off in 2008.

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) Acquisition of PT Borneo Ketapang Permai

On 22 August 2008, the Company entered into a sale and purchase agreement to acquire 95.0% in PT BKP and subsidiaries ("PT BKP group") from Minbal Resources Limited for a cash consideration of Rp323,817 million (US$33.25 million).

The subsidiaries referred to above are namely PT Limpah Sejahtera ("PT LS"), PT Mitra Karya Sentosa ("PT MKS"), PT Umekah Saripratama ("PT USP") and PT Pulau Tiga Lestari ("PT PTLJ"). Further details can be found in Note 1(b).

If the acquisition had taken place at the beginning of the financial year ended 31 December 2008, the PT BKP group would have contributed a loss for the year of Rp6,963.7 million and the revenue would have remained nil.

The fair values of the identifiable assets and liabilities of PT BKP group on the date that the Company acquired 95% of PT BKP group were:

	Recognised on date of acquisition	Carrying amount before acquisition
	Rp'million (Restated)	Rp'million (Restated)
Assets		
Land permit	273,459	2,011
Biological assets	76,179	94,198
Property, plant and equipment	17,144	10,298
Inventories	6,182	6,182
Cash and cash equivalents	3,376	3,376
Other assets	5,797	5,797
	382,137	121,862

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(b) *Acquisition of PT Borneo Ketapang Permai (cont'd)*

	Recognised on date of acquisition	Carrying amount before acquisition
	Rp'million	Rp'million
Liabilities		
Amount due to related companies	(30,240)	(30,240)
Trade and other payables	(3,975)	(3,975)
Borrowings from financial institutions	(3,327)	(3,327)
Amount due to contractors	(7,530)	(7,530)
Income tax payable	(493)	(493)
Deferred tax liabilities	(65,069)	–
Other liabilities	(563)	(563)
	(111,197)	(46,128)
Net identifiable assets	270,940	75,734

Total cost of business combination

The total cost of the business combination is as follows:

	Rp'million
Consideration paid for the 95.0% interest acquired	323,817

Goodwill is computed as follows:

Consideration paid	323,817
Share of net identifiable assets acquired (95.0%)	(257,393)
Goodwill	66,424

15. INVESTMENT IN SUBSIDIARIES (CONT'D)

(c) Impairment testing of goodwill

Goodwill arising from business combinations is allocated to the cash-generating unit for the purpose of impairment testing. The cash-generating unit is as follows:

	Group	
	2009 Rp'million	**2008 Rp'million**
PT Borneo Ketapang Permai		
Goodwill	66,424	66,424

The recoverable value of the goodwill of plantation estates as at 31 December 2009 was determined based on value-in-use calculations using cash flow projections from financial budgets approved by management. The calculations were based on the following key assumptions:

	2009
Discount rate (pre-tax)	15%
Terminal growth value	3%
Projected CPO price	US$450/tonne

The recoverable value calculation of the above plantation estate applied a discounted cash flow model using cash flow projections covering a period of 10 years, and a projected CPO price of US$450 per tonne. The cash flows beyond the projected periods are extrapolated using the estimated terminal growth rate indicated above.

The calculations of value-in-use are most sensitive to the following assumptions:

Growth rate - The terminal growth rate is based on published industry research and does not exceed the long-term average growth rates in the industry.

Discount rate - The discounted rate applied to the cash flow projection is pre-tax and derived from the weighted average cost of capital of the plantation estates.

Based on the above analysis, management has assessed that the goodwill is not impaired as at 31 December 2009.

Management has assessed that the goodwill is not impaired as at 31 December 2008.

16. OTHER INTANGIBLE ASSETS

	Group		
	Land permit	Software	Total
	Rp'million (Restated)	Rp'million	Rp'million (Restated)
Cost			
At 1 January 2008	–	1,910	1,910
Additions	350	9,627	9,977
Acquisition of subsidiary (Note 15)	273,459	–	273,459
At 31 December 2008 and 1 January 2009	273,809	11,537	285,346
Additions	–	2,012	2,012
At 31 December 2009	273,809	13,549	287,358
Accumulated amortisation			
At 1 January 2008	–	–	–
Amortisation	–	382	382
At 31 December 2008 and 1 January 2009	–	382	382
Amortisation	–	382	382
At 31 December 2009	–	764	764
Net carrying amount			
At 31 December 2009	273,809	12,785	286,594
At 31 December 2008	273,809	11,155	284,964

The Group's land permits are not amortised. Amortisation would only commence upon reclassification of land permits to land use rights.

17. TAX RECOVERABLE

	Group	
	2009 Rp'million	2008 Rp'million (restated)
VAT	–	600
Income Tax Article 23	–	123
Income Tax Article 26	–	92
Corporate income tax	2,616	2,714
Total	2,616	3,529

On 18 September 2006, a subsidiary received additional tax assessments for the financial year ended 31 December 2004 with regards to Income Tax Article 21, Income Tax Article 23 and Corporate income tax. These additional assessments, including penalties and interest, amounting to Rp6,998 million have been settled in full except for Corporate income tax amounting to Rp2,616 million which is still in the process of finalisation.

18. AVAILABLE-FOR-SALE FINANCIAL ASSETS

	Group and Company	
	2009 Rp'million	2008 Rp'million
Quoted debt securities	74,984	–

The quoted debt securities are denominated in USD.

19. INVENTORIES

	Group	
	2009 Rp'million	2008 Rp'million
At lower of cost and net realisable value		
CPO	55,670	54,937
PK	3,932	5,304
Fertilizer and chemicals	28,416	95,806
Spare parts and other consumables	49,958	31,039
Goods in transit	6,484	6,445
	144,460	193,531
At fair value		
FFB	249	1,509
Total inventories	144,709	195,040
Inventories recognised as an expense in cost of sales	565,905	518,270

20. TRADE RECEIVABLES

All trade receivables are due from third parties. Trade receivables are non-interest bearing and are generally on 30 to 90 days' terms. They are recognised at their original invoice amounts which represent their fair values on initial recognition.

Trade receivables are denominated in the following currencies:

	Group	
	2009 Rp'million	2008 Rp'million
IDR	130	3,290
USD	–	43,936
	130	47,226

Receivables that are past due but not impaired

The Group has trade receivables amounting to Rp130 million (2008: Rp47,226 million) that are past due but not impaired. These receivables are unsecured and the analysis of their ageing at the balance sheet date is as follows:

	Group	
	2009 Rp'million	2008 Rp'million
Trade receivables past due:		
Lesser than 30 days	53	47,212
30 to 60 days	–	–
61 to 90 days	–	–
More than 90 days	77	14
	130	47,226

There are no trade receivables which are impaired either individually or collectively as at year end.

21. OTHER RECEIVABLES

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
Amount due from a financial institution (Note 34 (ii))	6,223	21,031	6,223	21,031
Interest receivable	652	113	652	113
Sundry receivables	29,240	36,275	4,717	801
	36,115	57,419	11,592	21,945

Other receivables are denominated in the following currencies:

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
IDR	17,809	9,618	–	–
USD	17,893	47,252	11,179	21,396
SGD	413	549	413	549
	36,115	57,419	11,592	21,945

22. ADVANCES AND PREPAYMENTS

Advance for purchase of property, plant and equipment

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

	Group	
	2009 Rp'million	2008 Rp'million
Land	13,185	51,189
Machinery and installation	3,856	12,208
Office equipment	1,690	2,653
Buildings	–	2,193
Others	1,222	808
	19,953	69,051

Other advances and prepayments

Other advances and prepayments relate mainly to payments made to suppliers for purchase of inventories and other miscellaneous items. These payments are unsecured, interest-free and the obligations from suppliers are expected to be fulfilled within the next twelve months.

23. PREPAID TAXES

	Group	
	2009 Rp'million	2008 Rp'million
Income Tax Article 25	28,880	–
Income Tax Article 23	3	–
VAT, net	2,660	35,552
	31,543	35,552

24. ADVANCE SUBSCRIPTION FOR SHARES IN SUBSIDIARY

Advance subscription for shares in subsidiary is interest-free, unsecured and expected to be converted to shares within the next twelve months.

25. CASH AND BANK BALANCES

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
Cash on hand and in banks, unsecured	226,496	121,612	17,959	5,632
Time deposits, unsecured	1,362,090	970,527	912,202	277,023
Cash in banks, secured	99,636	–	–	–
	1,688,222	1,092,139	930,161	282,655

Cash at banks earn interest at floating rates based on daily bank deposit rates. Short-term deposits are made for varying periods of between one day and three months depending on the immediate cash requirements of the Group, and earn interests at the respective short-term deposit rates, which range between 0.09% and 9.50% (2008: 0.19% and 4.34%) per annum.

Bank balances amounting to Rp99,636 million (2008: nil) were pledged to secure the Group's bank facilities.

Cash and bank balances are denominated in the following currencies:

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
IDR	38,775	80,191	–	–
USD	1,534,749	861,315	917,532	132,022
SGD	114,698	150,633	12,629	150,633
Total	1,688,222	1,092,139	930,161	282,655

25. CASH AND BANK BALANCES (CONT'D)

Cash and cash equivalents represent the following:

	Group	
	2009 Rp'million	2008 Rp'million
Cash on hand and in banks, unsecured	226,496	121,612
Time deposits, unsecured	1,362,090	970,527
	1,588,586	1,092,139

26. TRADE PAYABLES

All trade payables are due to third parties. These amounts are non-interest bearing. The Group's policy is to settle its trade payables within 30 to 90 days from the date of the invoice.

Trade payables are denominated in the following currencies:

	Group	
	2009 Rp'million	2008 Rp'million
IDR	62,276	64,462
USD	40,735	13,592
Others	788	7,244
Total	103,799	85,298

An analysis of the trade payables ageing schedule, based on the date of invoice, is as follows:

	Group	
	2009 Rp'million	2008 Rp'million
1 - 30 days	57,324	43,671
31 - 90 days	39,980	10,037
More than 90 days	6,495	31,590
Total	103,799	85,298

27. OTHER PAYABLES AND ACCRUALS

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
Accrued staff costs	64,190	17,209	9,334	214
Accrued professional fees	3,418	6,176	1,578	2,453
Accrued interest expenses	29,616	17,029	14,541	–
Accrued contractor fees and retention sums	63,669	75,086	–	–
Other payables and accruals	10,151	13,521	1,001	3,890
Total	171,044	129,021	26,454	6,557

Other payables are denominated in the following currencies:

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
IDR	126,721	71,707	–	–
USD	33,769	53,429	15,900	2,672
SGD	10,554	3,885	10,554	3,885
Total	171,044	129,021	26,454	6,557

28. ADVANCES FROM CUSTOMERS

Advances from customers represent advance payments relating to the sale of CPO and PK, are trade related, unsecured, interest-free and the obligations to the customers are expected to be fulfilled within the next twelve months.

29. DUE TO RELATED PARTIES

Due to related parties are non-trade related, unsecured, non-interest bearing and repayable on demand.

30. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
Bank loan	90,578	–	–	–
Consumer financing loans	7,346	11,753	570	737
Obligations under finance leases	18,464	7,326	–	–
Total	116,388	19,079	570	737
Current				
Bank loan	90,578	–	–	–
Consumer financing loans	3,665	8,280	115	136
Obligations under finance leases	8,492	4,691	–	–
	102,735	12,971	115	136
Non-current				
Consumer financing loans	3,681	3,473	455	601
Obligations under finance leases	9,972	2,635	–	–
	13,653	6,108	455	601
Total	116,388	19,079	570	737

Details of the loans and borrowings are as follows:

Bank loan

On 29 April 2009, a subsidiary obtained a working capital facility from an Indonesian bank with maximum credit of Rp324,000 million. The loan bears interest at Bank Indonesia's rate plus 1.25% per annum. The subsidiary shall fully pay the loan by 29 April 2010. The bank loan is secured over certain of the subsidiary's assets.

Consumer financing loans

The Group entered into consumer financing loan agreements for purchase of farming equipment and motor vehicles incidental to the ordinary course of the business. These consumer financing loans expire within the next three years. The interest rates of these consumer financing loans range from 4.5% to 11.0% (2008: 6.6% to 27.8%) per annum.

Obligations under finance leases

The Group entered into capital lease agreements for purchase of farming equipment and motor vehicles incidental to the ordinary course of the business. These capital leases expire within the next three years. The interest rates of these consumer financing loans range from 5.5% to 14.5% (2008: 5.0% to 12.8%) per annum.

Future minimum lease payments under finance leases and consumer financing loans together with the present value of the net minimum lease payments are disclosed in Note 42(d).

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

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

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
IDR	115,818	18,342	–	–
SGD	570	737	570	737
Total	116,388	19,079	570	737

31. NOTES PAYABLE

	Group	
	2009 Rp'million	2008 Rp'million
Nominal value	1,323,520	1,541,760
Less:		
Notes issuance costs	53,276	53,276
Accumulated amortisation	(24,544)	(14,292)
Total	28,732	38,984
Notes payable, net	1,294,788	1,502,776

On 8 December 2006, CPFC issued US$160,000,000 Guaranteed Secured Notes (the "Notes") which are listed on the Singapore Exchange Securities Trading Limited ("SGX-ST") and are guaranteed by PT CLP and certain of its subsidiaries. The Notes are also secured by certain of PT CLP Group's assets. The Notes will be due on 8 December 2011 and bear interest at 10.75% per annum, payable semi-annually.

In 2008, the Group repurchased a total of US$19.2 million of the Notes through several redemptions, and booked a total gain of US$6.718 million (equivalent to Rp68,982 million). Gain on redemption of Notes net of deferred notes issuance cost is represented as financial income in net financial expenses (Note 8).

32. RUPIAH BONDS PAYABLE

	Group	
	2009 Rp'million	2008 Rp'million
Nominal value	486,000	500,000
Less:		
Bond issuance costs	6,738	6,932
Accumulated amortisation	(2,506)	(617)
Total	4,232	6,315
Rupiah bonds payable, net	481,768	493,685

On 27 November 2007, PT CLP issued Rp500 billion bonds ("Rupiah bonds") which are listed on Bursa Efek Indonesia and are secured by the assets of another subsidiary. The Rupiah bonds will be due on 27 November 2012 and bear interest at 11.50% per annum, payable quarterly.

In 2009, the Group repurchased a total of Rp14,000 million of the Rupiah bonds, through several redemptions and booked a total gain of Rp1,075 million. Gain on redemption of Rupiah bonds net of deferred bond issuance costs is presented as financial income in net financial expenses (Note 8).

PT CLP and its subsidiaries have complied with the covenants required in the Bond Indenture for the financial years ended 31 December 2009 and 31 December 2008.

33. CONVERTIBLE BONDS

On 22 September 2009, the Company issued US$100,000,000 convertible bonds which are listed on SGX-ST. The convertible bonds bear interest at 5.625% per annum, payable quarterly and are due on 22 September 2014 at 104.34% to give a effective yield-to-maturity of 6.375%. The convertible bonds are convertible on or after 2 November 2009 into fully paid ordinary shares of the Company at an initial conversion price of S$1.24735 per share with a fixed exchange rate of S$1.4479 to US$1.00.

The liability component was determined on the date of issue using a market interest rate for an equivalent non-convertible bond. The residual amount, representing the value of the equity conversion component, is included in shareholders' equity as "equity component of convertible bonds".

In subsequent periods, the liability component is carried at amortised cost over the maturity period. The equity conversion component is not subsequently re-measured.

Issuance costs relating to the liability component would be amortised using the effective interest method over the maturity period. Issuance cost relating to the equity component is offset against the fair value of the equity component at inception date and is not subsequently amortised.

The carrying amount of the convertible bonds at the balance sheet date is derived as follows:

	Group and Company	
	2009 Rp'million	2008 Rp'million
Face value on issuance date	969,050	–
Less: Value of equity component	(139,619)	–
Value of liability component at issuance date	829,431	–
Value of liability component at issuance date	829,431	–
Less: Translation difference	(24,865)	–
Add: Accretion of interest	7,357	–
Less: Issuance cost, net of amortisation	(23,045)	–
Value of liability component at balance sheet date	788,878	–
Value of equity component	139,619	–
Less: Issuance cost	(4,232)	–
Value of equity component at issuance date and balance sheet date	135,387	–

34. DERIVATIVE FINANCIAL LIABILITIES

(i) Cross currency swap

PT CLP has entered into a Cross Currency Swap Agreement with a financial institution ("Bank A") for swapping its IDR bond indebtedness effectively into USD liabilities.

Based on the Agreement, PT CLP or Bank A is obliged to pay the net amount whereby PT CLP's obligation is based on the amount of US$53,418,803 at 7.40% per annum while Bank A's obligation is based on the amount of Rp500,000 million at 11.50% per annum. At the termination date, one of the parties is obliged to pay the difference in principal amounts.

The changes in the cross currency swap are as follows:

	Group	
	2009 Rp'million	**2008 Rp'million**
At 1 January	196,912	3,747
(Gains)/losses on cross currency swap	(172,457)	192,555
Net proceeds earned	(16,184)	(16,242)
Net proceeds settled	15,566	16,852
At 31 December	23,837	196,912

(ii) Biodiesel swap

On 15 September 2008 to 18 September 2008, the Company entered into a Biodiesel Commodity Swap Agreements with a financial institution ("Bank B").

The Company has completely closed its position with Bank B. The amount due from Bank B would be repaid in 12 monthly instalments (Note 21).

35. PROVISION FOR POST EMPLOYMENT BENEFITS

The Group recognised employment benefits for all its permanent employees in Indonesia pursuant to Indonesian Labor Law No. 13/2003. The provision for employment benefits is based on the calculation of an independent actuary, using the "Projected Unit Credit" method. No fund was provided for such liability for employment benefits. As at 31 December 2009, 8,000 (2008: 6,429) employees were included in this calculation. The balance of the post employment benefits liability amounted to Rp40,475 million (2008: Rp33,744 million).

The assumptions used in determining the employment benefits up to the balance sheet dates are as follows:

	2009	2008
Normal Pension Age	55 Years	55 Years
Salary Increment Rate per annum	8%	8%
Discount Rate per annum	10.8%	10%
Mortality Rate	The Commissioners 1980 Standard Ordinary Mortality Table	The Commissioners 1958 Standard Ordinary Mortality Table
Disability Rate	1% of mortality rate	1% of mortality rate
Resignation Rate	0% to 1%	0% to 1%
Calculation Method	Projected Unit Credit	Projected Unit Credit

The estimated liability for employee benefits as at balance sheet date is as follows:

	Group	
	2009 Rp'million	2008 Rp'million
Present value of employee benefits obligation in addition to the defined contribution scheme	41,129	30,336
Unrecognised net actuarial (gain)/loss	(1,505)	3,773
Unrecognised past service cost	851	(365)
Post employment benefits liability	40,475	33,744

35. PROVISION FOR POST EMPLOYMENT BENEFITS (CONT'D)

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

	Group	
	2009 Rp'million	2008 Rp'million
At 1 January	33,744	26,801
Net employee benefit expense	10,722	9,883
Benefits paid	(3,991)	(2,940)
At 31 December	40,475	33,744

The following table summarises the component of net employee benefit expense recognised in profit or loss as follows:

	Group	
	2009 Rp'million	2008 Rp'million
Current service cost	7,996	6,009
Interest cost on benefit obligation	3,454	2,952
Amortisation of past service cost	153	247
Amortisation of actuarial losses	(116)	–
Allowance of internal movement of employees	(765)	675
Net employee benefit expense	10,722	9,883

The breakdown of net employee benefit expense is as follows:

	Group	
	2009 Rp'million	2008 Rp'million
Cost of goods sold (Note 5)		
– FFB	4,566	3,685
– CPO and PK	1,456	962
General and administrative expense (Note 7)	4,172	2,083
Capitalised to biological assets	528	3,153
	10,722	9,883

36. SHARE CAPITAL

	Group and Company			
	2009		2008	
	No. of shares '000	Rp'million	No. of shares '000	Rp'million
At 1 January	1,468,459,221	2,350,605	1,468,459,221	2,350,605
Effect of change in functional currency	–	443,170	–	–
At 31 December	1,468,459,221	2,793,775	1,468,459,221	2,350,605

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

37. TREASURY SHARES

	Group and Company			
	2009		2008	
	No. of shares '000	Rp'million	No. of shares '000	Rp'million
At 1 January	15,000	63,517	–	–
Acquired during the financial year	–	–	15,000	63,517
Effect of change in functional currency	–	2,435	–	–
At 31 December	15,000	65,952	15,000	63,517

38. DIFFERENCE ARISING FROM RESTRUCTURING TRANSACTIONS INVOLVING ENTITIES UNDER COMMON CONTROL

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

39. OTHER RESERVES

The composition of other reserves is as follows:

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
Capital reserve	(274,056)	(274,056)	–	–
Asset revaluation reserve	2,565	2,565	–	–
Foreign translation reserve	(344,758)	126,856	3,582	128,000
Available-for-sale reserve	(822)	–	(822)	–
Total	(617,071)	(144,635)	2,760	128,000

Capital reserve

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

Asset revaluation reserve

Asset revaluation reserve represents the fair value adjustment of property, plant and equipment at the point of acquisition of shares of a subsidiary.

Foreign translation reserve

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

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
At 1 January	126,856	65,066	128,000	65,066
Foreign currency translation adjustments	(118,241)	61,790	228,955	62,934
Effect of change in functional currency	(353,373)	–	(353,373)	–
At 31 December	(344,758)	126,856	3,582	128,000

Available-for-sale reserve

Available-for-sale reserve represents the cumulative fair value changes, net of tax, of available-for-sale financial assets.

	Group and Company	
	2009 Rp'million	2008 Rp'million
Net loss from changes in fair value and balance at 31 December	(822)	–

40. DIVIDENDS

	Group and Company	
	2009 Rp'million	2008 Rp'million
Declared and paid during the financial year:		
Dividends on ordinary shares:		
– Interim tax exempt (one-tier) interim dividend for 2009: S$0.01 (2008: S$0.014) per share	101,254	133,512
Proposed but not recognised as a liability as at 31 December:		
Dividends on ordinary shares, subject to shareholder's approval at the AGM		
– Proposed tax exempt (one-tier) final dividend for 2009: S$0.0118 (2008: nil) per share	122,521*	–

* *based on SGD/IDR exchange rate of 7,144.*

41. CLASSES OF FINANCIAL ASSETS AND LIABILITIES

As at 31 December, the following are the different classes of financial assets and liabilities:

	Group		Company	
	2009 Rp'million	2008 Rp'million	2009 Rp'million	2008 Rp'million
Assets				
Loans and receivables				
Trade receivables	130	47,226	–	–
Other receivables	36,115	57,419	11,592	21,945
Cash and bank balances	1,688,222	1,092,139	930,161	282,655
Total	1,724,467	1,196,784	941,753	304,600
Available-for-sale financial assets				
Quoted debt securities	74,984	–	74,984	–
Liabilities				
At amortised cost				
Trade payables	103,799	85,298	–	–
Other payables and accruals	171,044	129,021	26,454	6,557
Due to related parties	–	1,308	–	–
Loans and borrowings (current)	102,735	12,971	115	136
Loans and borrowings (non-current)	13,653	6,108	455	601
Notes payable	1,294,788	1,502,776	–	–
Rupiah bonds payable	481,768	493,685	–	–
Liability component of convertible bonds	788,878	–	788,878	–
Total	2,956,665	2,231,167	815,902	7,294
At fair value through profit or loss				
Derivative financial liabilities	23,837	196,912	–	–

42. COMMITMENTS AND CONTINGENCIES

(a) Sales Contracts

As at 31 December 2009, the Group has no outstanding commitment (2008: 112,500 tonnes) of CPO at pre-determined terms to its customers.

(b) Capital commitments

Capital commitments contracted for at the balance sheet date but not recognised in the financial statements are as follows:

	Group	
	2009 Rp'million	**2008 Rp'million**
Capital commitments in respect of property, plant and equipment	6,504	18,850

(c) Operating lease commitments

As lessee

The Group has entered into commercial leases to lease land and buildings. These non-cancellable operating leases have remaining lease terms of between one to two years. There are no restrictions placed upon the lessee by entering into these leases. Operating lease payments recognised in the profit or loss are Rp6,533 million (2008: Rp5,282 million) (Note 7).

Future minimum lease payments under non-cancellable operating leases are as follows:

	Group	
	2009 Rp'million	**2008 Rp'million**
Within one year	4,679	7,435
After one year but not more than five years	224	5,610
	4,903	13,045

42. COMMITMENTS AND CONTINGENCIES (CONT'D)

(d) Finance leases and consumer financing loans

As lessee

The Group has finance leases and consumer financing loans for certain property, plant and equipment. These leases have terms of renewal but no purchase options and escalation clauses. Renewals are at the option of the specific entity that holds the lease.

Future minimum lease payments under finance leases and consumer financing loans together with the present value of the net minimum lease payments are as follows:

	Group			
	Minimum lease payments	Present value of minimum lease payments (Note 30)	Minimum lease payments	Present value of minimum lease payment (Note 30)
	2009 Rp'million		2008 Rp'million	
Not later than one year	14,583	12,157	16,113	12,971
Later than one year but not more than five years	16,159	13,653	7,090	6,108
More than five years	–	–	–	–
Total minimum lease payments	30,742	25,810	23,203	19,079
Less: Amount representing finance charges	(4,932)	–	(4,124)	–
Present value of minimum lease payments	25,810	25,810	19,079	19,079

(e) Contingent liabilities

A subsidiary has guaranteed Rp55,226 million (2008: Rp55,226 million) in respect of plasma farmers' loans repayable to the bank at the time when the plasma plantations are converted. These loans are being repaid by the plasma farmers on an instalment basis through a withholding mechanism on sales of the plasma crops to the Group.

43. RELATED PARTY DISCLOSURES

The immediate holding company is Eight Capital Inc and the ultimate holding company is Lizant Investment Ltd. Related companies in these financial statements refer to the members of the ultimate holding company's group of companies.

Related parties are those parties which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

In addition to those related party information provided elsewhere in the relevant notes to the consolidated financial statements, the following are the significant transactions between the Group and related parties (who are not members of the Group) that took place during the financial years ended 31 December 2009 and 31 December 2008 at the terms agreed between the parties, which are conducted at arm's length.

	Group	
	2009 Rp'million	2008 Rp'million
Director-related companies		
– Acquisition of subsidiary (Note 15)	–	30,305
– Lease of office space	7,215	5,331

Compensation of key management personnel

	Group	
	2009 Rp'million	2008 Rp'million
Salaries, wages, allowances and other benefits	21,338	30,038
Directors' fees	2,405	3,171
Post-employment benefits	2,671	1,333
Central Provident Fund contributions	95	67
	26,509	34,609
Comprise amounts paid to:		
- Directors of the Company	8,033	8,573
- Other key management personnel	18,476	26,036
Total	26,509	34,609

44. FAIR VALUE OF FINANCIAL INSTRUMENTS

a) Fair value of financial instruments that are carried at fair value

Fair value hierarchy

The Group classifies fair value measurement using a fair value hierarchy that reflects the significance of the inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1- Quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2- Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3- Inputs for the asset or liability that are not based on observable market data (unobservable inputs)

The following table shows an analysis of financial instruments carried at fair value by level of fair value hierarchy:

	Group 2009 Rp'million			
	Quoted prices in active market for identical instruments	Significant other observable inputs	Significant un-observable inputs	Total
	(Level 1)	(Level 2)	(Level 3)	
Financial assets:				
Available-for-sale financial assets (Note 18)	74,984	–	–	74,984
	74,984	–	–	74,984
Financial Liabilities				
Cross currency swap (Note 34)	–	23,837	–	23,837
	–	23,837	–	23,837

Determination of fair value

Available-for-sale financial assets (Note 18)

Fair value is determined directly by reference to their published market bid price at the balance sheet date.

Cross currency swap (Note 34)

Cross currency swap is valued using market observable inputs. The valuation model calculates the present value of the two cashflow streams (cash inflow in IDR and cash outflow in USD) to determine the value of the swap. The primary inputs to the model are the foreign exchange rate and the discount rates used to discount the cashflows.

44. FAIR VALUE OF FINANCIAL INSTRUMENTS (CONT'D)

b) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are reasonable approximation of fair value

Trade receivables (Note 20), Other receivables (Note 21), Trade payables (Note 26), Other payables and accruals (Note 27), Due to related parties (Note 29) and Loans and borrowings from financial institutions (Note 30).

The carrying amounts of these financial assets and liabilities are reasonable approximation of fair values, either due to their short-term nature or they are floating rate instruments that are re-priced to market interest rates on or near the balance sheet date.

c) Fair value of financial instruments by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value

The fair value of financial assets and liabilities by classes that are not carried at fair value and whose carrying amounts are not reasonable approximation of fair value are as follows:

	Group			
	2009 Rp'million		2008 Rp'million	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:				
Loans and borrowings (non-current)				
Notes payable	1,294,788	1,365,451	1,502,776	953,566
Rupiah bonds payable	481,768	490,860	493,685	447,803
Liability and equity component of convertible bonds	924,265	967,683	–	–

	Company			
	2009 Rp'million		2008 Rp'million	
	Carrying amount	Fair value	Carrying amount	Fair value
Financial liabilities:				
Loans and borrowings (non-current)				
Liability and equity component of convertible bonds	924,265	967,683	–	–

<u>Determination of fair value</u>

Notes payable (Note 31) and Liability and equity component of convertible bonds (Note 33)

The fair values are estimated by reference to the market prices as at balance sheet date.

Rupiah bonds payable (Note 32)

The fair value is estimated by reference to the latest transacted price, which occurred on 23 December 2009.

45. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group and the Company are exposed to financial risks arising from its operations and the use of financial instruments. The key financial risks include interest rate risk, market risk (including currency risk and commodity price risk), credit risk and liquidity risk. The board of directors reviews and agrees policies and procedures for the management of these risks. The audit committee provides independent oversight to the effectiveness of the risk management process. It is, and has been throughout the current and previous financial year, that the Group's policy is that no derivatives shall be undertaken except for the use as hedging instruments where appropriate and cost-efficient.

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

(a) Interest rate risk

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

The Group's exposure to interest rate risk mainly arises from its financial assets and liabilities which bear interest at floating rates.

All of the Group's and the Company's interest-bearing financial assets and liabilities are at fixed rates except for:

i. time deposits which earn interests at the respective short-term deposit rates, and are placed for varying periods of between seven days to three months; and

ii. short-term bank loan for a subsidiary which bears interest at Bank Indonesia's rate + 1.25% per annum.

The Group monitors its interest rate risk closely. The Group prefers fixed rates for longer term borrowings to minimise interest rate risk. The Group may use interest rate swaps to manage interest rate risk arising from floating rate debt.

Sensitivity analysis for interest rate risk

As at 31 December 2009, had the interest rates of the Group's financial assets and liabilities which are at floating rates been 50 basis points higher/lower (2008: 50 basis points), ceteris paribus, profit before taxation for the financial year ended 31 December 2009 would have been Rp6,445 million (2008: Rp6,439 million) higher/lower accordingly.

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

(b) Foreign currency risk

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

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

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

The Group does not have any formal hedging policy for foreign exchange exposure. However, it may enter into foreign currency options to hedge against volatility in exchange rates.

The Group's foreign currency exposures are highlighted in Notes 18, 20, 21, 25, 26, 27 and 30 respectively.

Sensitivity analysis for foreign currency risk

The following table demonstrates the sensitivity of the Group's increase/(decrease) to profit before tax and equity to changes in exchange rates as a result of translation gains/(losses) from the Group's financial assets and liabilities as at the financial year-end.

	Group			
	2009 Rp'million		2008 Rp'million	
	Profit before tax	Equity	Profit before tax	Equity
USD vs IDR				
- strengthened 10% (2008: 10%)	(78,874)	(44,373)	(94,841)	(51,237)
- weakened 10% (2008: 10%)	78,874	44,373	94,841	51,237
SGD vs IDR				
- strengthened 10% (2008: 10%)	10,129	7,582	(27)	14,637
- weakened 10% (2008: 10%)	(10,129)	(7,582)	27	(14,637)

(c) Commodity price risk

Commodity price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in commodity prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market.

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

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

(c) Commodity price risk (cont'd)

Sensitivity analysis for CPO price risk

At 31 December 2009 and 2008, had the CPO and PK average selling prices been 10% higher/lower, ceteris paribus, profit before tax in 2009 would have been Rp227,667 million (2008 : Rp278,159 million) higher/lower.

(d) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

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

The Group trades only with recognised and creditworthy third parties. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For domestic sales, we conduct business by requiring payment in advance, cash on delivery terms or may grant customers credit terms, where appropriate. All our export sales require letters of credit from our customers. In addition, receivable balances are monitored on an ongoing basis with the result that the Group's exposure to bad debts is not significant.

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

Exposure to credit risk

At the balance sheet date, the Group's and the Company's maximum exposure to credit risk is represented by:

- the carrying amount of each class of financial assets recognised in the balance sheets; and
- an amount of Rp55,226 million (2008: Rp55,226 million) relating to a financial gurantee provided by a subsidiary for repayment of plasma farmers' loans to a bank.

Credit risk concentration profile

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

At 31 December 2009, the Group does not have any concentration of credit risk with any one customer.

Financial assets that are neither past due nor impaired

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

Financial assets that are either past due or impaired

The Group does not have any financial assets that are either past due or impaired.

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

(e) Liquidity risk

Liquidity risk is the risk that the Group or the Company will encounter difficulty in meeting obligations associated with financial liabilities.

The Group's and the Company's exposure to liquidity risk arise primarily from mismatches of the maturities of financial assets and liabilities.

As at 31 December 2009, approximately 3.7% (2008: 0.6%) of the Group's total loans and borrowings (Notes 30, 31, 32 and 33) will mature in less than one year based on the carrying amount reflected in the financial statements. 0.01% (2008: 18.5%) of the Company's loans and borrowings will mature in less than one year at the balance sheet date.

Analysis of financial instruments by remaining contractual maturities

The table below summarises the Group's and the Company's financial liabilities at the balance sheet date based on contractual undiscounted repayment obligations.

	1 year or less	1 to 5 years	Over 5 years	Total
	Rp'million	Rp'million	Rp'million	Rp'million
Group				
2009				
Trade and other payables	274,843	–	–	274,843
Loans and borrowings from financial institutions	105,161	16,159	–	121,320
Notes payable	144,254	1,458,289	–	1,602,543
Rupiah bonds payable	56,666	594,054	–	650,720
Convertible bonds payable	60,757	1,207,179	–	1,267,936
Derivative financial liabilities:				
- Cross currency swap – gross receipts	(58,139)	(611,007)	–	(669,146)
- Cross currency swap - gross payments	37,571	573,873	–	611,444
	621,113	3,238,547	–	3,859,660
Group				
2008				
Trade and other payables	214,319	–	–	214,319
Due to related parties	1,308	–	–	1,308
Loans and borrowings from financial institutions	16,113	7,090	–	23,203
Notes payable	186,712	1,915,185	–	2,101,897
Rupiah bonds payable	58,139	669,146	–	727,285
Derivative financial liabilities:				
- Cross currency swap – gross receipts	(58,139)	(669,146)	–	(727,285)
- Cross currency swap – gross payments	43,766	712,267	–	756,033
	462,218	2,634,542	–	3,096,760

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

(e) *Liquidity risk (cont'd)*

	1 year or less	1 to 5 years	Over 5 years	Total
	Rp'million	Rp'million	Rp'million	Rp'million
Company				
2009				
Trade and other payables	26,454	–	–	26,454
Loans and borrowings from financial institutions	149	510	–	659
Convertible bonds payable	60,757	1,207,179	–	1,267,936
	87,360	1,207,689	–	1,295,049
Company				
2008				
Trade and other payables	6,557	–	–	6,557
Loans and borrowings from financial institutions	170	749	–	919
	6,727	749	–	7,476

46. CAPITAL MANAGEMENT

The primary objective of the Group's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares. No changes were made in the objectives, policies or processes during the financial years ended 31 December 2009 and 31 December 2008.

The Group monitors capital using a gearing ratio, which is gross debt divided by Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"). The Group's policy is to maintain a gross debt to EBITDA ratio of no more than 3.75 times.

	Group	
	2009 Rp'million	2008 Rp'million
Loans and borrowings from financial institutions (Note 30)	116,388	19,079
Notes payable (Note 31)	1,294,788	1,502,776
Rupiah bonds payable (Note 32)	481,768	493,685
Convertible bonds payable (Note 33)	924,265	–
Gross debt	2,817,209	2,015,540
EBITDA	1,285,903	1,645,323
Gearing ratio	2.19	1.23

47. SEGMENT INFORMATION

The Group operates in only one business segment, which is the plantation segment and in one geographical location, Indonesia. Accordingly, no segmental information is prepared based on business segment or on geographical distribution as it is not meaningful.

48. COMPARATIVES

The following have been reclassified to better reflect the nature of the balances and to conform to current financial year's presentation:

	Group	
	2008 Rp'million (Restated)	2008 Rp'million (Previous)
Income statement		
Other operating (expenses)/income	(5,645)	22,156
(Losses)/gains on foreign exchange, net	(122,710)	103,333
Other non-operating income	27,801	–
Losses on cross currency swap	(176,313)	–
Net financial expenses	(57,476)	(459,832)
	(334,343)	(334,343)
Balance sheet		
Biological assets	4,027,518	4,025,157
Other intangible assets	284,964	287,325
	4,312,482	4,312,482

Certain other reclassifications have been made in order to conform to current financial year presentation.

The balance sheet for 1 January 2008 is not presented as there were no changes arising from the reclassification of the balance sheet as at 31 December 2008.

49. AUTHORISATION OF FINANCIAL STATEMENTS FOR ISSUE

The financial statements for the financial year ended 31 December 2009 were authorised for issue in accordance with a resolution of the directors on 31 March 2010.

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2010

SHARE CAPITAL AS AT 16 MARCH 2010

Number of issued shares (excluding treasury shares)	:	1,453,459,221
Number/percentage of treasury shares	:	15,000,000 (1.03%)
Class of shares	:	Ordinary share
Voting rights (excluding treasury shares)	:	One vote per share

DISTRIBUTION OF SHAREHOLDINGS

Size of Shareholdings	No. of Shareholders	%	No. of Shares	%
1 - 999	4	0.09	1,578	0.00
1,000 - 10,000	3,252	74.81	17,955,010	1.23
10,001 - 1,000,000	1,065	24.50	49,977,605	3.44
1,000,001 and above	26	0.60	1,385,525,028	95.33
TOTAL :	4,347	100.00	1,453,459,221	100.00

TWENTY LARGEST SHAREHOLDERS

No.	Name	No. of Shares	%
1.	Eight Capital Inc	745,800,130	51.31
2.	ABN AMRO Nominees Singapore Pte Ltd	301,350,000	20.73
3.	DB Nominees (S) Pte Ltd	138,176,728	9.51
4.	Citibank Nominees Singapore Pte Ltd	45,849,767	3.15
5.	DMG & Partners Securities Pte Ltd	33,372,000	2.30
6.	Raffles Nominees (Pte) Ltd	24,136,823	1.66
7.	HSBC (Singapore) Nominees Pte Ltd	22,086,480	1.52
8.	United Overseas Bank Nominees Pte Ltd	14,205,100	0.98
9.	OCBC Securities Pte Ltd	10,284,000	0.71
10.	DBS Nominees Pte Ltd	7,011,000	0.48
11.	Cheryl Darmadi	6,363,000	0.44
12.	DBSN Services Pte Ltd	5,867,000	0.40
13.	DBS Vickers Securities (S) Pte Ltd	5,229,000	0.36
14.	Silvia Caroline	3,918,000	0.27
15.	Meryani	3,875,000	0.27
16.	Kim Eng Securies Pte Ltd	2,801,000	0.19
17.	UOB Kay Hian Pte Ltd	2,314,000	0.16
18.	Irawaty	2,250,000	0.15
19.	Phillip Securities Pte Ltd	1,862,000	0.13
20.	Ng Mei Hwee Warni	1,585,000	0.11
	Total :	1,378,336,028	94.83

STATISTICS OF SHAREHOLDINGS

AS AT 16 MARCH 2010

SUBSTANTIAL SHAREHOLDERS

(As recorded in the Register of Substantial Shareholders as at 16 March 2010)

Size of Shareholdings	Direct Interest	%	Deemed Interest	%
Eight Capital Inc	1,045,800,130	71.95	30,000,000	2.06
Lizant Investment Ltd.	–	–	1,075,800,130 (1)	74.02
Ciliandra Fangiono	–	–	1,075,800,130 (2)	74.02
Wirastuty Fangiono	–	–	1,076,965,130 (2) (3)	74.10
Cik Sigih Fangiono	–	–	1,075,800,130 (2)	74.02
Wirasneny Fangiono	–	–	1,075,800,130 (2)	74.02
Ciliandrew Fangiono	4,900,000	0.34	1,075,800,130 (2)	74.02
Wirashery Fangiono	–	–	1,075,800,130 (2)	74.02
Infinite Capital Fund Limited	133,909,091	9.21	–	–
King Fortune International Inc.	–	–	133,909,091 (4)	9.21
DB International Trust (Singapore) Limited	–	–	133,909,091 (5)	9.21

Notes:

1. Lizant Investment Ltd. ("Lizant") is the sole Shareholder of Eight Capital Inc. ("Eight Capital") and is deemed to be interested in the shares held by Eight Capital.

2. Ciliandra Fangiono, Wirastuty Fangiono, Cik Sigih Fangiono, Wirasneny Fangiono, Ciliandrew Fangiono and Wirashery Fangiono are deemed to be interested in the shares held by Eight Capital by virtue of their interest in Lizant.

3. Wirastuty Fangiono is deemed to be interested in the shares held by her spouse.

4. King Fortune International Inc. ("King Fortune") holds the entire issued and paid-up share capital of Infinite Capital Fund Limited and is deemed to be interested in the shares held by Infinite Capital Fund Limited.

5. DB International Trust (Singapore) Limited (the "Trustee") is the sole shareholder of King Fortune and the trustee of the King Fortune Trust (the "Trust"), a discretionary family trust. The shares held indirectly by King Fortune are property that is subject to the Trust. Distribution of the income and capital of the Trust to the beneficiaries of the Trust are at the discretion of the Trustee.

SHARES HELD BY THE PUBLIC

As at 16 March 2010, approximately 16.2% of the Company's shares are held in the hands of public. Accordingly, the Company has complied with Rule 723 of the Listing Manual of SGX-ST which requires that at least 10% of the equity securities (excluding preference shares and convertible equity securities) in a class that is listed to be in the hands of the public.

BONDHOLDER OF 5.625% CONVERTIBLE BONDS DUE 2014

The US$100 million 5.625% convertible bonds due 2014 issued by First Resources Limited on 22 September 2009 (the "Convertible Bonds") are represented by a Global Certificate registered in the name of DB Trustees (Hong Kong) Limited, as common depositary for Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking,société anonyme ("Clearstream, Luxembourg").

As at 16 March 2010, DB Trustees (Hong Kong) Limited is entered in the register of Bondholders as the holder of US$100 million in principal amount of the Convertible Bonds.

NOTICE OF ANNUAL GENERAL MEETING

FIRST RESOURCES LIMITED
(Company Registration No. 200415931M)
(Incorporated in Singapore with limited liability)

NOTICE IS HEREBY GIVEN that the Annual General Meeting of First Resources Limited ("the Company") will be held at Suntec Singapore International Convention and Exhibition Centre, Meeting Room 201, Level 2, Raffles Boulevard, Suntec City, Singapore 039593 on Wednesday, 28 April 2010 at 2.30 p.m. for the following purposes:

AS ORDINARY BUSINESS

1. To receive and adopt the Directors' Report and the Audited Accounts of the Company for the year ended 31 December 2009 together with the Auditors' Report thereon. **(Resolution 1)**

2. To declare a final dividend of Singapore 1.18 cents (S$0.0118) (one-tier, tax-exempt) per ordinary share for the year ended 31 December 2009. (2008: Nil) **(Resolution 2)**

3. To re-elect the following Directors of the Company retiring pursuant to Article 93 of the Articles of Association of the Company:

   Mr Lim Ming Seong **(Resolution 3)**
   Mr Teng Cheong Kwee **(Resolution 4)**

   Mr Lim Ming Seong will, upon re-election as a Director of the Company, remain as Chairman of the Nominating Committee and will be considered independent.

   Mr Teng Cheong Kwee will, upon re-election as a Director of the Company, remain as Chairman of the Audit Committee and as a member of the Remuneration Committee and will be considered independent.

4. To approve the payment of Directors' fees of S$335,000 for the year ended 31 December 2009. (2008: S$370,000) **(Resolution 5)**

5. To re-appoint Messrs Ernst & Young LLP as the Auditors of the Company and to authorise the Directors of the Company to fix their remuneration. **(Resolution 6)**

6. To transact any other ordinary business which may properly be transacted at an Annual General Meeting.

AS SPECIAL BUSINESS

To consider and if thought fit, to pass the following resolutions as Ordinary Resolutions, with or without any modifications:

7. **Authority to issue shares**

   That pursuant to Section 161 of the Companies Act, Cap. 50 and Rule 806 of the Listing Manual of the Singapore Exchange Securities Trading Limited, the Directors of the Company be authorised and empowered to:

   (a) (i) issue shares in the Company ("shares") whether by way of rights, bonus or otherwise; and/or

   (ii) make or grant offers, agreements or options (collectively, "Instruments") that might or would require shares to be issued, including but not limited to the creation and issue of (as well as adjustments to) options, warrants, debentures or other instruments convertible into shares,

   at any time and upon such terms and conditions and for such purposes and to such persons as the Directors of the Company may in their absolute discretion deem fit; and

FIRST RESOURCES LIMITED
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(b) (notwithstanding the authority conferred by this Resolution may have ceased to be in force) issue shares in pursuance of any Instruments made or granted by the Directors of the Company while this Resolution was in force,

provided that:

(1) the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) to be issued pursuant to this Resolution shall not exceed fifty per centum (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below), of which the aggregate number of shares to be issued other than on a pro rata basis to shareholders of the Company shall not exceed twenty per centum (20%) of the total number of issued shares (excluding treasury shares) in the capital of the Company (as calculated in accordance with sub-paragraph (2) below);

(2) (subject to such calculation as may be prescribed by the Singapore Exchange Securities Trading Limited) for the purpose of determining the aggregate number of shares that may be issued under sub-paragraph (1) above, the total number of issued shares (excluding treasury shares) shall be based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time of the passing of this Resolution, after adjusting for:

(a) new shares arising from the conversion or exercise of any convertible securities;

(b) new shares arising from exercising share options or vesting of share awards which are outstanding or subsisting at the time of the passing of this Resolution; and

(c) any subsequent bonus issue , consolidation or subdivision of shares;

(3) (until 31 December 2010 or such other expiration date as may be determined by Singapore Exchange Securities Trading Limited), the limit on the aggregate number of shares (including shares to be issued in pursuance of the Instruments, made or granted pursuant to this Resolution) of fifty per cent (50%) of the total number of issued shares (excluding treasury shares) in the capital of the Company set out in sub-paragraph (1) above, shall be increased to 100%, for purposes of enabling the Company to undertake pro-rata renounceable rights issues;

(4) in exercising the authority conferred by this Resolution, the Company shall comply with the provisions of the Listing Manual of the Singapore Exchange Securities Trading Limited for the time being in force (unless such compliance has been waived by the Singapore Exchange Securities Trading Limited) and the Articles of Association of the Company; and

(5) unless revoked or varied by the Company in a general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting of the Company or the date by which the next Annual General Meeting of the Company is required by law to be held, whichever is earlier.
[See Explanatory Note (i)] **(Resolution 7)**

8. **Authority to issue shares other than on a pro-rata basis pursuant to the aforesaid share issue mandate at discounts not exceeding twenty per centum (20%) of the weighted average price for trades done on the Singapore Exchange Securities Trading Limited ("SGX-ST").**

That subject to and pursuant to the aforesaid share issue mandate being obtained, the Directors of the Company be hereby authorised and empowered to issue shares (other than on a pro-rata basis to the shareholders of the Company) at a discount ("the Discount") not exceeding ten per centum (10%) to the weighted average price ("the Price") for trades done on SGX-ST for the full market day on which the placement or subscription agreement in relation to such shares is executed (or if not available for a full market day, the weighted average price must be based on the trades done on the preceding market day up to the time the placement or subscription agreement is executed), provided that in exercising the authority conferred by this Resolution:-

(a) the Company complies with the provisions of the Listing Manual of the SGX-ST for the time being in force (unless such compliance has been waived by the SGX-ST); and

(b) the Company may, until 31 December 2010 or such other expiration date as may be determined by SGX-ST, increase the Discount to an amount exceeding ten per centum (10%) but not more than twenty per centum (20%) of the Price for shares to be issued,

(c) unless revoked or varied by the Company in general meeting, such authority shall continue in force until (a) the conclusion of the next Annual General Meeting of the Company, or (b) the date by which the next Annual General Meeting of the Company is required by law to be held whichever is earlier.
[See Explanatory Note (ii)] **(Resolution 8)**

By Order of the Board

Tan San-Ju
Secretary
Singapore, 12 April 2010

NOTICE OF ANNUAL GENERAL MEETING

FIRST RESOURCES LIMITED
(Company Registration No. 200415931M)
(Incorporated in Singapore with limited liability)

Explanatory Notes:

(i) The Ordinary Resolution 7 in item 7 above, if passed, will empower the Directors of the Company, effective until the conclusion of the next Annual General Meeting of the Company, or the date by which the next Annual General Meeting of the Company is required by law to be held or such authority is varied or revoked by the Company in a general meeting, whichever is the earlier, to issue shares, make or grant Instruments convertible into shares and to issue shares pursuant to such Instruments, up to a number not exceeding, in total, 50% of the total number of issued shares (excluding treasury shares) in the capital of the Company, of which up to 20% may be issued other than on a pro-rata basis to shareholders. The 50% limit referred to in the preceding sentence may be increased to 100% for the Company to undertake pro-rata renounceable rights issues subject to timeline stated below.

For determining the aggregate number of shares that may be issued, the total number of issued shares (excluding treasury shares) will be calculated based on the total number of issued shares (excluding treasury shares) in the capital of the Company at the time this Ordinary Resolution is passed after adjusting for new shares arising from the conversion or exercise of any convertible securities or share options or vesting of share awards which are outstanding or subsisting at the time when this Ordinary Resolution is passed and any subsequent bonus issue , consolidation or subdivision of shares.

The 100% renounceable pro-rata rights issue limit is one of the new measures implemented by the SGX-ST as stated in a press release entitled “SGX introduces further measures to facilitate fund raising” dated 19 February 2009 and which became effective on 20 February 2009 until 31 December 2010. The effectiveness of these measures will be reviewed by the SGX-ST at the end of the period. It will provide the Directors with an opportunity to raise funds and avoid prolonged market exposure by reducing the time taken for shareholders’ approval, in the event the need arises. Minority shareholders’ interests are mitigated as all shareholders have equal opportunities to participate and can dispose their entitlements through trading of nil-paid rights if they do not wish to subscribe for their rights shares. It is subject to the condition that the Company makes periodic announcements on the use of the proceeds as and when the funds are materially disbursed and provides a status report on the use of proceeds in the annual report.

(ii) The Ordinary Resolution 8 in item 8 above is pursuant to measures implemented by the SGX-ST as stated in a press release entitled “SGX introduces further measures to facilitate fund raising” dated 19 February 2009 and which became effective on 20 February 2009 until 31 December 2010. The effectiveness of these measures will be reviewed by SGX-ST at the end of the period. Under the measures implemented by the SGX-ST, issuers will be allowed to undertake non pro-rata placements of new shares priced at discounts of up to 20% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed, subject to the conditions that (a) shareholders’ approval be obtained in a separate resolution (the “Resolution”) at a general meeting to issue new shares on a non pro-rata basis at discount exceeding 10% but not more than 20%; and (b) that the resolution seeking a general mandate from shareholders for issuance of new shares on a non pro-rata basis is not conditional upon the Resolution.

It should be noted that under the Listing Manual of the SGX-ST, shareholders’ approval is not required for placements of new shares, on a non pro-rata basis pursuant to a general mandate, at a discount of up to 10% to the weighted average price for trades done on the SGX-ST for a full market day on which the placement or subscription agreement in relation to such shares is executed.

Notes:

1. A Member entitled to attend and vote at the Annual General Meeting (the “Meeting”) is entitled to appoint a proxy to attend and vote in his/her stead. A proxy need not be a Member of the Company.

2. The instrument appointing a proxy must be deposited at the Registered Office of the Company at 8 Temasek Boulevard #36-02, Suntec Tower Three, Singapore 038988 not less than forty-eight (48) hours before the time appointed for holding the Meeting.

PROXY FORM

FIRST RESOURCES LIMITED

(Company Registration No. 200415931M)
(Incorporated In The Republic of Singapore)

IMPORTANT:

1. For investors who have used their CPF monies to buy First Resources Limited's shares, this Report is forwarded to them at the request of the CPF Approved Nominees and is sent solely FOR INFORMATION ONLY.
2. This Proxy Form is not valid for use by CPF investors and shall be ineffective for all intents and purposes if used or purported to be used by them.
3. CPF investors who wish to attend the Meeting as an observer must submit their requests through their CPF Approved Nominees within the time frame specified. If they also wish to vote, they must submit their voting instructions to the CPF Approved Nominees within the time frame specified to enable them to vote on their behalf.

I/We, ______________________________

of ______________________________

being a member/members of First Resources Limited (the "Company"), hereby appoint:

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

And/or (delete as appropriate)

Name	NRIC/Passport No.	Proportion of Shareholdings	
		No. of Shares	%
Address			

or failing the person, or either or both of the persons, referred to above, the Chairman of the Meeting as my/our proxy/proxies to vote for me/us on my/our behalf at the Annual General Meeting (the "Meeting") of the Company to be held at Suntec Singapore International Convention and Exhibition Centre, Meeting Room 201, Level 2, Raffles Boulevard, Suntec City, Singapore 039593 on Wednesday, 28 April 2010 at 2.30 p.m. and at any adjournment thereof. I/We direct my/our proxy/proxies to vote for or against the Resolutions proposed at the Meeting as indicated hereunder. If no specific direction as to voting is given or in the event of any other matter arising at the Meeting and at any adjournment thereof, the proxy/proxies will vote or abstain from voting at his/her discretion. The authority herein includes the right to demand or to join in demanding a poll and to vote on a poll.

(Please indicate your vote "For" or "Against" with a tick [√] within the box provided.)

NO.	RESOLUTIONS RELATING TO:	FOR	AGAINST
1	Directors' Report and Audited Accounts for the year ended 31 December 2009		
2	Payment of proposed final dividend		
3	Re-election of Mr Lim Ming Seong as a Director		
4	Re-election of Mr Teng Cheong Kwee as a Director		
5	Approval of Directors' fees amounting to S$335,000		
6	Re-appointment of Messrs Ernst & Young LLP as Auditors		
7	Authority to issue new shares		
8	Authority to issue new shares up to discount of 20%		

Dated this ____________ day of ____________ 2010

Total number of Shares in:	No. of Shares
(a) CDP Register	
(b) Register of Members	

____

Signature of Shareholder(s)
or, Common Seal of Corporate Shareholder

(Please see notes overleaf before completing this Form)

PROXY FORM

FIRST RESOURCES LIMITED

(Company Registration No. 200415931M)
(Incorporated In The Republic of Singapore)

Notes :

1. Please insert the total number of Shares held by you. If you have Shares entered against your name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), you should insert that number of Shares. If you have Shares registered in your name in the Register of Members, you should insert that number of Shares. If you have Shares entered against your name in the Depository Register and Shares registered in your name in the Register of Members, you should insert the aggregate number of Shares entered against your name in the Depository Register and registered in your name in the Register of Members. If no number is inserted, the instrument appointing a proxy or proxies shall be deemed to relate to all the Shares held by you.

2. A member of the Company entitled to attend and vote at a meeting of the Company is entitled to appoint one or two proxies to attend and vote in his/her stead. A proxy need not be a member of the Company.

3. Where a member appoints two proxies, he/she shall specify the proportion of his/her shareholding (expressed as a percentage of the whole) to be represented by each proxy. If no such proportion is specified, the first named proxy shall be treated as representing 100% of the shareholding and any second named proxy as an alternate to the first named proxy.

4. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the meeting in person, and in such event, the Company reserves the right to refuse to admit any person or persons appointed under the instrument of proxy to the Meeting.

5. The instrument appointing a proxy or proxies must be deposited at the registered office of the Company at 8 Temasek Boulevard #36-02, Suntec Tower Three, Singapore 038988 not less than 48 hours before the time appointed for the Meeting.

6. The instrument appointing a proxy or proxies must be under the hand of the appointor or of his attorney duly authorised in writing. Where the instrument appointing a proxy or proxies is executed by a corporation, it must be executed either under its seal or under the hand of an officer or attorney duly authorised. Where the instrument appointing a proxy or proxies is executed by an attorney on behalf of the appointor, the letter or power of attorney or a duly certified copy thereof must be lodged with the instrument.

7. A corporation which is a member may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Meeting, in accordance with Section 179 of the Companies Act, Chapter 50 of Singapore.

General:

The Company shall be entitled to reject the instrument appointing a proxy or proxies if it is incomplete, improperly completed or illegible, or where the true intentions of the appointor are not ascertainable from the instructions of the appointor specified in the instrument appointing a proxy or proxies. In addition, in the case of Shares entered in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if the member, being the appointor, is not shown to have Shares entered against his name in the Depository Register as at 48 hours before the time appointed for holding the Meeting, as certified by The Central Depository (Pte) Limited to the Company.

CORPORATE INFORMATION

BOARD OF DIRECTORS

Lim Ming Seong
Chairman and Independent Director

Ciliandra Fangiono
Director and Chief Executive Officer

Teng Cheong Kwee
Independent Director

Hee Theng Fong
Independent Director

Ng Shin Ein
Independent Director

Ray Yoshuara
Non-Executive Director

AUDIT COMMITTEE

Teng Cheong Kwee (Chairman)
Ray Yoshuara
Hee Theng Fong

REMUNERATION COMMITTEE

Ng Shin Ein (Chairman)
Hee Theng Fong
Teng Cheong Kwee

NOMINATING COMMITTEE

Lim Ming Seong (Chairman)
Ng Shin Ein
Ciliandra Fangiono

COMPANY SECRETARY

Tan San-Ju, FCIS

REGISTERED OFFICE

8 Temasek Boulevard #36-02
Suntec Tower Three
Singapore 038988
Tel: +65 6333 6788
Fax: +65 6333 6711

PLACE & DATE OF INCORPORATION

Singapore, 9 December 2004

COMPANY REGISTRATION NUMBER

200415931M

SHARE REGISTRAR

Boardroom Corporate & Advisory
Services Pte. Ltd.
50 Raffles Place
#32-01, Singapore Land Tower
Singapore 048623
Tel: +65 6536 5355
Fax: +65 6536 1360

AUDITORS

Ernst & Young LLP
One Raffles Quay
North Tower, Level 18
Singapore 048583
Partner-In-Charge : Vincent Toong
(Appointed since 11 June 2007)

STOCK EXCHANGE LISTING

Singapore Exchange Securities Trading
Limited

First Resources Limited

8 Temasek Boulevard
#36-02 Suntec Tower Three
Singapore 038988

Tel: +65 6333 6788
Fax: +65 6333 6711
Email: contactus@first-resources.com
www.first-resources.com

Company Registration Number : 200415931M