



FIRST RESOURCES LIMITED

Unaudited Financial Statements for the Fourth Quarter (“4Q”) and Full Year Ended 31 December 2010

PART I - INFORMATION REQUIRED FOR ANNOUNCEMENTS OF QUARTERLY (Q1, Q2 & Q3), HALF-YEAR AND FULL YEAR RESULTS

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

	Group					
	FY 2010	FY 2009	Change	4Q 2010	4Q 2009	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Sales	329,877	218,945	50.7%	117,672	67,193	75.1%
Cost of sales	(117,638)	(88,445)	33.0%	(41,168)	(24,438)	68.5%
Gross profit	212,239	130,500	62.6%	76,504	42,755	78.9%
Gains arising from changes in fair value of biological assets	49,531	44,286	11.8%	49,531	44,286	11.8%
Selling and distribution costs	(8,164)	(2,653)	207.7%	(5,698)	(418)	1,263.2%
General and administrative expenses	(15,106)	(14,893)	1.4%	(6,449)	(7,066)	(8.7%)
Other operating expenses	(1,512)	(824)	83.5%	(730)	(240)	204.2%
Profit from operations	236,988	156,416	51.5%	113,158	79,317	42.7%
(Losses)/gains on foreign exchange	(1,978)	10,417	n.m.	(896)	993	n.m.
Gains on derivative financial instruments	6,957	18,141	(61.7%)	1,152	4,063	(71.6%)
Net financial expenses	(30,773)	(20,172)	52.6%	(6,666)	(6,551)	1.8%
Other non-operating income/(expenses)	1,314	(1,095)	n.m.	774	(1,711)	n.m.
Profit before taxation	212,508	163,707	29.8%	107,522	76,111	41.3%
Tax expense	(61,569)	(44,750)	37.6%	(33,192)	(20,182)	64.5%
Profit for the year/period	150,939	118,957	26.9%	74,330	55,929	32.9%
Attributable to :						
Owners of the parent	143,084	112,505	27.2%	70,467	52,642	33.9%
Non-controlling interests	7,855	6,452	21.7%	3,863	3,287	17.5%
	150,939	118,957	26.9%	74,330	55,929	32.9%

n.m. – not meaningful

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

	Group					
	FY 2010	FY 2009	Change	4Q 2010	4Q 2009	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
Profit for the year/period	150,939	118,957	26.9%	74,330	55,929	32.9%
Other comprehensive income						
Foreign currency translation adjustments	29,165	62,191	(53.1%)	(4,992)	19,028	n.m.
Fair value losses on available-for-sale financial assets	-	(88)	(100.0%)	-	(88)	(100.0%)
Fair value losses on available-for-sale financial assets transferred to the income statement	88	-	n.m.	-	-	n.m.
Fair value losses on cash flow hedges	(2,309)	-	n.m.	(2,309)	-	n.m.
Total comprehensive income for the year/period	177,883	181,060	(1.8%)	67,029	74,869	(10.5%)
Attributable to :						
Owners of the parent	170,028	174,608	(2.6%)	63,166	71,582	(11.8%)
Non-controlling interests	7,855	6,452	21.7%	3,863	3,287	17.5%
	177,883	181,060	(1.8%)	67,029	74,869	(10.5%)

n.m. – not meaningful

Additional Information

	Group					
	FY 2010	FY 2009	Change	4Q 2010	4Q 2009	Change
	US\$'000	US\$'000	(%)	US\$'000	US\$'000	(%)
EBITDA						
Profit from operations	236,988	156,416	51.5%	113,158	79,317	42.7%
Depreciation of property, plant and equipment	14,631	8,886	64.7%	4,162	2,655	56.8%
Amortisation of land use rights and intangible assets	1,632	861	89.5%	819	260	215.0%
Gains arising from changes in fair value of biological assets	(49,531)	(44,286)	11.8%	(49,531)	(44,286)	11.8%
EBITDA	203,720	121,877	67.2%	68,608	37,946	80.8%
EBITDA margin	61.8%	55.7%		58.3%	56.5%	
Underlying Net Profit						
Profit attributable to owners of the parent	143,084	112,505	27.2%	70,467	52,642	33.9%
Gains from changes in fair value of biological assets	(49,531)	(44,286)	11.8%	(49,531)	(44,286)	11.8%
Tax and non-controlling interests on gains from changes in fair value of biological assets	15,342	6,341	141.9%	15,342	6,341	141.9%
Underlying net profit	108,895	74,560	46.1%	36,278	14,697	146.8%
Underlying net profit margin	33.0%	34.1%		30.8%	21.9%	

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

	Group		Company	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	US\$'000	US\$'000	US\$'000	US\$'000
ASSETS				
Non-current assets				
Biological assets	668,885	534,953	-	-
Plasma plantation receivables	15,925	16,166	-	-
Property, plant and equipment	214,857	186,287	322	297
Land use rights	33,585	19,236	-	-
Investment in subsidiaries	-	-	276,984	249,829
Goodwill	7,073	7,073	-	-
Other intangible assets	19,457	30,489	-	-
Tax recoverable	3,212	278	-	-
Deferred tax assets	1,667	2,743	91	132
Available-for-sale financial assets	-	7,977	-	7,977
Derivative financial assets	11,765	-	9,732	-
Other non-current assets	1,057	132	525	525
Total non-current assets	977,483	805,334	287,654	258,760
Current assets				
Inventories	18,394	15,395	-	-
Trade receivables	10,501	8	847	-
Other receivables	3,152	3,848	1,013	1,233
Derivative financial assets	1,036	-	1,804	-
Advance for purchase of plant, property and equipment	10,709	2,123	-	-
Other advances and prepayments	3,862	2,956	12	12
Prepaid taxes	920	3,356	-	-
Advance subscription for shares in subsidiary	-	-	51,525	37,980
Cash and bank balances	209,031	179,598	83,587	98,954
Total current assets	257,605	207,284	138,788	138,179
Total assets	1,235,088	1,012,618	426,442	396,939

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

	Group		Company	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	US\$'000	US\$'000	US\$'000	US\$'000
EQUITY AND LIABILITIES				
Current liabilities				
Trade payables	15,023	11,043	3,403	-
Other payables and accruals	21,020	18,196	2,743	2,814
Advances from customers	9,901	4,275	-	-
Loans and borrowings from financial institutions	13,933	10,929	14	12
Derivative financial liabilities	2,429	-	1,939	-
Provision for taxation	18,996	12,882	146	157
Total current liabilities	81,302	57,325	8,245	2,983
Non-current liabilities				
Loans and borrowings from financial institutions	150,791	1,453	38	49
Notes payable	-	137,743	-	-
Rupiah bonds payable	53,494	51,252	-	-
Liability component of convertible bonds	87,462	83,923	87,462	83,923
Derivative financial liabilities	10,696	2,536	9,732	-
Provision for post employment benefits	6,163	4,306	-	-
Deferred tax liabilities	99,763	80,789	-	16
Other non-current liabilities	500	500	500	500
Total non-current liabilities	408,869	362,502	97,732	84,488
Total liabilities	490,171	419,827	105,977	87,471
Net assets	744,917	592,791	320,465	309,468
Equity attributable to owners of the parent				
Share capital	288,735	288,735	288,735	288,735
Treasury shares	(6,816)	(6,816)	(6,816)	(6,816)
Differences arising from restructuring transactions involving entities under common control	35,016	35,066	-	-
Other reserves	8,093	(18,851)	393	305
Equity component of convertible bonds	13,971	13,971	13,971	13,971
Retained earnings	371,454	251,573	24,182	13,273
	710,453	563,678	320,465	309,468
Non-controlling interests	34,464	29,113	-	-
Total equity	744,917	592,791	320,465	309,468

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

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

	Group					
	As at 31 Dec 2010			As at 31 Dec 2009		
	US\$'000			US\$'000		
	Secured	Unsecured	Total	Secured	Unsecured	Total
Amount repayable in one year or less, or on demand	11,428	2,505	13,933	9,636	1,293	10,929
Amount repayable after one year	202,267	89,480	291,747	188,995	85,376	274,371
Total	213,695	91,985	305,680	198,631	86,669	285,300

Details of any collateral

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

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

	Group			
	FY 2010	FY 2009	4Q 2010	4Q 2009
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from operating activities				
Profit before taxation	212,508	163,707	107,522	76,111
<u>Adjustments for:</u>				
Depreciation of property, plant and equipment	14,631	8,886	4,162	2,655
Amortisation of land use rights and intangible assets	1,632	861	819	260
Interest expenses	29,545	21,109	6,910	7,009
Interest income	(901)	(834)	(244)	(355)
Loss on redemption of notes payable	2,146	-	-	-
Gain on redemption of Rupiah bonds payable	(17)	(103)	-	(103)
Gains on derivative financial instruments	(6,957)	(18,141)	(1,152)	(4,063)
Gain on disposal of subsidiaries	(3)	-	(3)	-
Fair value gains on biological assets	(49,531)	(44,286)	(49,531)	(44,286)
Unrealised foreign exchange losses/(gains)	873	(5,296)	(766)	4,086
Operating cash flows before changes in working capital	203,926	125,903	67,717	41,314
<u>Changes in working capital</u>				
(Increase)/decrease:				
Inventories	(2,999)	513	4,427	(1,740)
Trade receivables	(10,493)	4,305	(4,801)	237
Other receivables	661	3,712	981	3,315
Advances and prepayments	(906)	2,370	3,325	1,037
Prepaid taxes	(483)	2,668	(1,186)	2,823
Other non-current assets	(925)	(103)	(1,011)	(17)
Increase/(decrease):				
Trade payables	3,980	3,253	(4,106)	(6,599)
Other payables and accruals	3,109	5,326	10,159	2,405
Advances from customers	5,626	(3,765)	242	817
Changes in provision for post-employment benefits	1,857	1,224	1,015	524
Cash flows generated from operations	203,353	145,406	76,762	44,116
Interest paid	(28,676)	(23,478)	(5,410)	(10,612)
Interest received	939	2,231	258	1,771
Tax paid	(41,372)	(50,667)	(12,875)	(11,831)
Net cash generated from operating activities	134,244	73,492	58,735	23,444

1(c) Statement of cash flow (continued)

	Group			
	FY 2010	FY 2009	4Q 2010	4Q 2009
	US\$'000	US\$'000	US\$'000	US\$'000
Cash flows from investing activities				
Capital expenditure on property, plant and equipment	(29,510)	(29,417)	(708)	(7,375)
(Increase)/decrease in advance for purchase of property, plant and equipment	(8,586)	3,718	(1,971)	3,189
Capital expenditure on biological assets	(55,227)	(49,674)	(16,481)	(18,320)
Decrease/(increase) in plasma plantation receivables	241	(2,958)	(1,683)	(486)
Acquisition of land use rights	(2,438)	(253)	(420)	(253)
Acquisition of other intangible assets	(238)	(193)	(20)	(14)
Purchase of available-for-sale financial assets	-	(9,970)	-	(9,970)
Proceeds from disposal of available-for-sale financial assets	7,959	1,993	-	1,993
Proceeds from disposal of subsidiaries	1	-	1	-
Net cash used in investing activities	(87,798)	(86,754)	(21,282)	(31,236)
Cash flows from financing activities				
Proceeds from cross currency swap, net	2,456	1,497	730	467
Redemption of Rupiah bonds payable	(216)	(1,232)	-	(1,232)
Redemption of notes payable	(141,023)	-	-	-
Proceeds from bank loans, net	148,338	8,746	15,729	261
Redemption/(placement) of secured bank balances	10,599	(10,599)	10,599	(265)
Placement of restricted bank balances	(4,100)	-	(4,100)	-
Payment of obligations under capital leases	(1,568)	(803)	(438)	(286)
Payment of consumer financing loans	(615)	(965)	(179)	(273)
Proceeds/(payments) from convertible bonds, net	-	95,435	-	(1,547)
Dividends paid	(25,782)	(11,621)	(1,675)	(846)
Share application monies	25	1,225	-	906
Net cash (used in)/generated from financing activities	(11,886)	81,683	20,666	(2,815)
Net increase/(decrease) in cash and cash equivalents	34,560	68,421	58,119	(10,607)
Effect of exchange rate changes on cash and cash equivalents	1,372	839	239	122
Cash and cash equivalents, at the beginning of the financial year/period	168,999	99,739	146,573	179,484
Cash and cash equivalents, at the end of the financial year/period (Note A)	204,931	168,999	204,931	168,999
<u>Note A</u>				
Reconciliation of cash and cash equivalents :				
Cash on hand and in banks, unsecured	113,952	34,695	113,952	34,695
Time deposits, unsecured	90,979	134,304	90,979	134,304
Cash and cash equivalents	204,931	168,999	204,931	168,999
Cash in banks, secured	-	10,599	-	10,599
Cash held by financial institutions, restricted	4,100	-	4,100	-
Cash and bank balances	209,031	179,598	209,031	179,598

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

Group	----- Attributable to owners of the parent-----							Non-controlling interests	Total equity
	Share capital	Treasury shares	Differences arising from restructuring transactions involving entities under common control	Other reserves	Equity component of convertible bonds	Retained earnings	Total share capital and reserves		
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000		
At 1 Jan 2010	288,735	(6,816)	35,066	(18,851)	13,971	251,573	563,678	29,113	592,791
Total comprehensive income for the year	-	-	-	26,944	-	143,084	170,028	7,855	177,883
Dividends paid	-	-	-	-	-	(23,253)	(23,253)	(2,529)	(25,782)
Share application monies	-	-	-	-	-	-	-	25	25
Disposal of subsidiaries	-	-	(50)	-	-	50	-	-	-
At 31 Dec 2010	288,735	(6,816)	35,016	8,093	13,971	371,454	710,453	34,464	744,917
At 1 Jan 2009	277,056	(6,886)	35,066	(80,954)	-	149,285	373,567	22,840	396,407
Total comprehensive income for the year	-	-	-	62,103	-	112,505	174,608	6,452	181,060
Dividends paid	-	-	-	-	-	(10,217)	(10,217)	(1,404)	(11,621)
Issuance of convertible bonds	-	-	-	-	13,971	-	13,971	-	13,971
Share application monies	-	-	-	-	-	-	-	1,225	1,225
Effect of change in functional currency	11,679	70	-	-	-	-	11,749	-	11,749
At 31 Dec 2009	288,735	(6,816)	35,066	(18,851)	13,971	251,573	563,678	29,113	592,791
At 1 Oct 2010	288,735	(6,816)	35,066	15,394	13,971	300,937	647,287	32,276	679,563
Total comprehensive income for the period	-	-	-	(7,301)	-	70,467	63,166	3,863	67,029
Dividends paid	-	-	-	-	-	-	-	(1,675)	(1,675)
Disposal of subsidiaries	-	-	(50)	-	-	50	-	-	-
At 31 Dec 2010	288,735	(6,816)	35,016	8,093	13,971	371,454	710,453	34,464	744,917
At 1 Oct 2009	288,735	(6,816)	35,066	(37,791)	13,971	198,931	492,096	25,766	517,862
Total comprehensive income for the period	-	-	-	18,940	-	52,642	71,582	3,287	74,869
Dividends paid	-	-	-	-	-	-	-	(846)	(846)
Share application monies	-	-	-	-	-	-	-	906	906
At 31 Dec 2009	288,735	(6,816)	35,066	(18,851)	13,971	251,573	563,678	29,113	592,791

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

Company	Share capital	Treasury shares	Other reserves	Equity component of convertible bonds	Retained earnings/ (Accumulated losses)	Total equity
	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000	US\$'000
At 1 Jan 2010	288,735	(6,816)	305	13,971	13,273	309,468
Total comprehensive income for the year	-	-	88	-	34,162	34,250
Dividends paid	-	-	-	-	(23,253)	(23,253)
At 31 Dec 2010	288,735	(6,816)	393	13,971	24,182	320,465
At 1 Jan 2009	277,056	(6,886)	(4,229)	-	2,857	268,798
Total comprehensive income for the year	-	-	4,534	-	20,633	25,167
Dividends paid	-	-	-	-	(10,217)	(10,217)
Issuance of convertible bonds	-	-	-	13,971	-	13,971
Effect of change in functional currency	11,679	70	-	-	-	11,749
At 31 Dec 2009	288,735	(6,816)	305	13,971	13,273	309,468
At 1 Oct 2010	288,735	(6,816)	393	13,971	(1,421)	294,862
Total comprehensive income for the period	-	-	-	-	25,603	25,603
At 31 Dec 2010	288,735	(6,816)	393	13,971	24,182	320,465
At 1 Oct 2009	288,735	(6,816)	393	13,971	3,211	299,494
Total comprehensive income for the period	-	-	(88)	-	10,062	9,974
At 31 Dec 2009	288,735	(6,816)	305	13,971	13,273	309,468

Other Reserves

	Group		Company	
	As at		As at	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	US\$'000	US\$'000	US\$'000	US\$'000
Capital reserve	(29,096)	(29,096)	-	-
Foreign translation reserve	39,219	10,054	393	393
Revaluation reserve	279	279	-	-
Hedging reserve	(2,309)	-	-	-
Available-for-sale reserve	-	(88)	-	(88)
Total other reserves	8,093	(18,851)	393	305

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

There were no changes to the Company's share capital in the three months and full year ended 31 December 2010.

	Company	
	31 Dec 2010	31 Dec 2009
Number of shares held as treasury shares	15,000,000	15,000,000
Number of issued shares excluding treasury shares	1,453,459,221	1,453,459,221
Total number of issued shares	1,468,459,221	1,468,459,221
Number of shares that may be issued on conversion of outstanding convertible bonds	116,078,086	116,078,086

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

The Company's total number of issued shares excluding treasury shares as at 31 December 2010 and 31 December 2009 is 1,453,459,221.

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

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

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

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

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

Not applicable.

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

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

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

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

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

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

Basic earnings per share amounts are calculated by dividing earnings for the corresponding periods attributable to owners of the parent by the weighted average number of ordinary shares outstanding at the end of the respective financial period. Diluted earnings per share is calculated on the same basis as the basic earnings per share except that the weighted average number of shares outstanding during the period is adjusted for the effect of all dilutive potential ordinary shares.

Items	Group			
	FY 2010	FY 2009	4Q 2010	4Q 2009
Weighted average number of shares applicable to basic EPS computation	1,453,459,221	1,453,459,221	1,453,459,221	1,453,459,221
Weighted average number of shares based on fully diluted basis	1,569,537,307	1,453,459,221	1,569,537,307	1,453,459,221
EPS - basic (US cents)	9.84	7.74	4.85	3.62
EPS - diluted (US cents)	9.51	7.74	4.49	3.62

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

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

	Group		Company	
	31 Dec 2010	31 Dec 2009	31 Dec 2010	31 Dec 2009
	US\$	US\$	US\$	US\$
Net asset value per ordinary share	0.49	0.39	0.22	0.21

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

REVIEW OF INCOME STATEMENT

Overview

The Group posted a net profit of US\$70.5 million in 4Q2010, up 33.9% against 4Q2009 and a 42.7% increase in profit from operations to US\$113.2 million. The strong performance was mainly driven by higher prices and sales volumes of crude palm oil ("CPO"). For FY2010, the Group's net profit increased 27.2% to US\$143.1 million while its profit from operations jumped 51.5% to US\$237.0 million.

Sales

Sales grew by 75.1% to US\$117.7 million for 4Q2010 and 50.7% to US\$329.9 million for FY2010. These improvements were mainly due to increases in selling prices of CPO and palm kernel. 4Q2010's sales were also boosted by higher sales volume of CPO as compared to the same period last year. On a full year basis, the increase in sales volumes in 2H2010 more than offset the decrease in sales volume in 1H2010, resulting in a net increase of 4.3% and 2.1% for CPO and palm kernel respectively as compared to FY2009.

Sales Volume	FY 2010	FY 2009	Change	4Q 2010	4Q 2009	Change
	Tonne	Tonne	%	Tonne	Tonne	%
Palm oil	378,997	363,259	4.3%	122,529	98,517	24.4%
Palm kernel	86,281	84,484	2.1%	28,155	24,717	13.9%

Average Selling Price/tonne	FY 2010	FY 2009	Change	4Q 2010	4Q 2009	Change
	US\$	US\$	%	US\$	US\$	%
Palm oil	756	540	40.0%	813	612	32.8%
Palm kernel	500	271	84.5%	639	278	129.9%

Note: The above average selling prices are the weighted average of all local, export and destination sales made by the Group.

Cost of Sales

Cost of sales comprises mainly harvesting costs, plantation maintenance costs, FFB purchases from plasma farmers, plantation general expenses and mill processing costs. In 4Q2010, cost of sales increased by 68.5% to US\$41.2 million and in FY2010, cost of sales increased 33.0% to US\$117.6 million. These increases were mainly due to the higher maintenance costs (due to larger mature hectareage), depreciation of property, plant and equipment (due to the completion of the biodiesel, refinery and fractionation plants as well as additions to plantation housing and infrastructure in 2010), plantation general expenses (due to increases in minimum wage rate and variable wages) and the increase in value of purchase of FFB from plasma farmers. For 4Q2010, the increase in cost of sales was also due to the higher production and sales volumes as compared to the same period last year.

Gross Profit

Gross profit increased by 78.9% to US\$76.5 million in 4Q2010 and gross profit margin improved to 65.0% as compared to 63.6% in 4Q2009. For FY2010, gross profit increased by 62.6% to US\$212.2 million, and gross profit margin improved to 64.3% from 59.6% in the previous year. The better margins were mainly driven by the Group's higher average selling prices and cost management efforts.

8. Review of Group Performance (continued)

Gains arising from Changes in Fair Value of Biological Assets

The Group recognised gains arising from changes in fair value of biological assets amounting to US\$49.5 million in 4Q2010 and FY2010, as compared to US\$44.3 million in the corresponding period last year. The gains in 4Q2010 and FY2010 arose from the rise in CPO prices as well as the new plantings carried out during 2010.

Selling and Distribution costs

Selling and distribution expenses, comprising mainly freight charges, warehousing charges and export taxes, increased to US\$5.7 million in 4Q2010 and US\$8.2 million in FY2010. The increases were mainly due to higher freight charges and higher export taxes incurred as a result of the progressive CPO export tax rates applicable to the higher CPO prices during the period.

General and Administrative expenses

General and administrative expenses, comprising professional fees, remuneration of office staff, licences and software fees, declined by US\$0.6 million to US\$6.4 million in 4Q2010 and increased marginally by 1.4% to US\$15.1 million in FY2010 as compared to the corresponding period last year.

(Losses)/gains on Foreign Exchange, net

We recorded a loss of US\$0.9 million on foreign exchange in 4Q2010 versus a gain of US\$1.0 million in 4Q2009. In FY2010, the Group recorded a loss of US\$2.0 million on foreign exchange versus a gain of US\$10.4 million in FY2009.

The gain in foreign exchange in FY2009 mainly resulted from revaluation of the Group's borrowings while the loss in foreign exchange in FY2010 was contributed by the losses arising from a refinancing exercise to redeem our USD Notes as well as the capital distribution of the issuer of the Notes in 2Q2010.

Gains on Derivative Financial Instruments

Gains on derivative financial instruments relate primarily to a cross currency swap entered into by the Group to convert our 11.50% Rp500 billion bond (issued in November 2007) into a 7.40% US\$53.4 million liability. Changes in the mark-to-market position as at the end of every balance sheet date are booked in the income statement.

In 4Q2010, there was a gain of US\$1.2 million versus a gain of US\$4.1 million in 4Q2009. For FY2010, we recorded a gain of US\$7.0 million mainly due to an improvement in the market-to-market position of the swap, as compared to a gain of US\$18.1 million in FY2009.

Net Financial Expenses

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

Net financial expenses totaled US\$6.7 million in 4Q2010, a marginal increase of 1.8% from 4Q2009. In FY2010, net financial expenses stood at US\$30.8 million, a 52.6% increase over FY2009.

A portion of the increase in net financial expenses in FY2010 was attributed to the issuance of our 5.625% US\$100 million convertible bonds on 22 September 2009. Apart from recognising interest expense on the convertible bond coupon, convertible bond accounting also requires the non-cash accretion of the liability value to be expensed in the income statement. In addition, we conducted a refinancing exercise to redeem our USD Notes in 2Q2010. The redemption of these Notes caused the remaining unamortised issuance costs to be immediately recognised in the income statement.

8. Review of Group Performance (continued)

Net Financial Expenses (continued)

The following table reflects the computation of net financial expenses:

	FY 2010	FY 2009	4Q 2010	4Q 2009
	US\$'000	US\$'000	US\$'000	US\$'000
Interest expenses and amortisation on:				
- notes payable	9,336	16,766	379	3,749
- Rupiah bonds payable	6,267	5,949	1,592	1,563
- convertible bonds payable	9,164	2,460	2,332	2,266
- loans and borrowings from financial institutions	9,693	779	4,138	470
	34,460	25,954	8,441	8,048
Less:				
Capitalised to biological assets	(3,711)	(2,617)	(1,227)	(639)
Capitalised to property, plant and equipment	(1,204)	(2,228)	(304)	(400)
Interest expenses recognised in profit or loss	29,545	21,109	6,910	7,009
Loss on redemptions of notes payable	2,146	-	-	-
Gain on redemption of Rupiah bonds payable	(17)	(103)	-	(103)
Interest and other financial income	(901)	(834)	(244)	(355)
Net financial expenses	30,773	20,172	6,666	6,551

Tax Expense

Tax expense increased by 64.5% to US\$33.2 million in 4Q2010 in line with higher taxable income. Similarly, for FY2010, tax expense increased 37.6% to US\$61.6 million.

Profit Attributable to Owners of the Parent

As a result of the foregoing, net profit for 4Q2010 increased by 33.9% to US\$70.5 million. In FY2010, net profit increased by 27.2% to US\$143.1 million.

Excluding the effect from the gains arising from changes in fair value of biological assets, the underlying net profit of the Group for 4Q2010 and FY2010 would have increased by 146.8% and 46.1% respectively.

REVIEW OF BALANCE SHEET

Total assets of the Group increased from US\$1,012.6 million as at 31 December 2009 to US\$1,235.1 million as at 31 December 2010. Current assets increased by US\$50.3 million mainly as a result of the larger cash and bank balances and trade receivables. The Group's non-current assets increased by US\$172.1 million mainly due to the fair value gains and additions of biological assets, capital expenditure relating to plantation housing and infrastructure, and construction works for the new palm oil mill and fractionation plant.

Total liabilities of the Group increased by 16.8% from US\$419.8 million as at 31 December 2009 to US\$490.2 million as at 31 December 2010, mainly due to the higher borrowings and deferred tax liabilities of the Group.

Despite the increase in gross borrowings by US\$20.4 million, the Group's net borrowings has decreased from US\$105.7 million as at 31 December 2009 to US\$96.6 million as at 31 December 2010, reflecting the increase in cash and bank balances during 2010.

8. Review of Group Performance (continued)

REVIEW OF CASH FLOW STATEMENT

The Group generated cash of US\$58.7 million from its operating activities in 4Q2010, compared to US\$23.4 million in 4Q2009. For FY2010, net cash generated from operating activities was US\$134.2 million, compared to US\$73.5 million in FY2009. The higher cash flows from operations was in line with the improved performance of the Group, mainly driven by the increases in selling prices of CPO and palm kernel.

Net cash used in investing activities was US\$21.3 million in 4Q2010, primarily relating to the Group's continued capital expenditure on its oil palm plantations and property, plant and equipment. For FY2010, net cash used in investing activities was US\$87.8 million, compared to US\$86.8 million in FY2009.

Net cash generated from financing activities amounted to US\$20.7 million in 4Q2010, mainly arising from the additional proceeds from bank loans during the quarter. For FY2010, net cash used in financing activities was US\$11.9 million, as compared to net cash generated from financing activities of US\$81.7 million in FY2009. This was mainly due to the proceeds from the convertible bonds issuance in September 2009 as well as the higher dividends paid during FY2010.

Overall, the Group registered an increase in cash and cash equivalents of US\$34.6 million in FY2010, bringing the Group' cash balance to US\$209.0 million as at 31 December 2010.

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

Not applicable

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

Palm oil prices have remained firm in the first quarter of 2011. This can be attributed to supply disruption brought about by adverse weather conditions that affected palm and other soft commodities, as well as continued resilient demand from emerging economies. Although the Group is an upstream producer of palm oil and therefore a direct beneficiary of strong palm oil prices, part of the increase in palm oil prices has been offset by the higher export taxes imposed by the Indonesian government. On the production front, the Group expects production volumes to outperform that in FY2010, driven mainly by our young plantation age profile. This volume growth, under the current market environment, should enable the Group to record strong underlying profits from operations in FY2011.

11. Dividends

(a) Current financial period reported on

Any dividend declared for the current financial period reported on?

Yes.

Name of Dividend	Interim dividend	Proposed final dividend
Dividend Type	Cash	Cash
Dividend Amount per Share	1.00 Singapore cents	1.90 Singapore cents
Tax Rate	1-tier tax-exempt	1-tier tax-exempt

(b) Corresponding period of the immediately preceding financial year

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

Yes.

Name of Dividend	Interim dividend	Final dividend
Dividend Type	Cash	Cash
Dividend Amount per Share	1.00 Singapore cents	1.18 Singapore cents
Tax Rate	1-tier tax-exempt	1-tier tax-exempt

(c) Date payable

Payment of the final dividend, if approved by the members at the Annual General Meeting to be held on 28 April 2011, will be made on 25 May 2011.

(d) Books closure date

Notice is hereby given that the Share Transfer Books and Register of Members of the Company will be closed on 11 May 2011 for the preparation of dividend warrants.

Duly completed registrable transfers received by the Company's Share Registrar, Boardroom Corporate & Advisory Services Pte. Ltd., 50 Raffles Place, #32-01, Singapore Land Tower, Singapore 048623 up to 5.00 p.m. on 10 May 2011 will be registered to determine shareholders' entitlements to the proposed final dividend. Members whose Securities Accounts with The Central Depository (Pte) Limited are credited with shares at 5.00 p.m. on 10 May 2011 will be entitled to the proposed final dividend.

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

Not applicable.

PART II - ADDITIONAL INFORMATION REQUIRED FOR FULL YEAR ANNOUNCEMENT

13. Segmented revenue and results for business or geographical segments (of the group) in the form presented in the issuer's most recently audited annual financial statements, with comparative information for the immediately preceding year

Currently the Group operates in only one country and has one business segment. Hence, no segmental information is presented.

14. In the review of performance, the factors leading to any material changes in contributions to turnover and earnings by the business or geographical segments

Not applicable.

15. A breakdown of sales

	Group		
	FY 2010	FY 2009	Change
	US\$'000	US\$'000	%
Sales reported for the first half year	124,052	90,069	37.7%
Operating profit attributable to the owners of the parent for the first half year	35,710	33,525	6.5%
Sales reported for the second half year	205,825	128,876	59.7%
Operating profit attributable to the owners of the parent for second half year	107,374	78,980	36.0%

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

	FY 2010		FY 2009	
	S\$'000	US\$'000 equivalent	S\$'000	US\$'000 equivalent
Ordinary – Interim (paid)	14,535	10,864	14,535	10,217
Ordinary – Final (paid)	-	-	17,151	12,389
Ordinary – Final (proposed)	27,901	21,664 *	-	-
Total	42,436	32,528	31,686	22,606

* based on SGD/USD exchange rate of 1.2879.

17. Interested person transactions disclosure

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)
	US\$'000	US\$'000
PT Surya Dumai Industri	404	Nil
Fangiono Resources Pte. Ltd.	468	Nil
Total	872	Nil

18. Events after the balance sheet date

On 19 January 2011, the Company undertook a placement exercise pursuant to which the 15,000,000 treasury shares held by the Company were sold to Citigroup Global Markets Singapore Pte. Ltd (the "Placing Agent") at a price of S\$1.48 per share. At the same time, the Company's controlling shareholder, Eight Capital Inc. also sold 75,000,000 ordinary shares to the Placing Agent at S\$1.48 each. As a result of both placements, the Company no longer holds any treasury shares and its free float percentage has increased to 25%.

BY ORDER OF THE BOARD

Ciliandra Fangiono
Director and Chief Executive Officer
01 March 2011