

This document is not an offer of securities for sale in the United States or elsewhere. The securities of First Resources Limited are not being registered under the United States Securities Act of 1933, as amended (the "Securities Act"), and may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements under the Securities Act. There will be no public offering of the securities in the United States.

FIRST RESOURCES LIMITED
(Incorporated in the Republic of Singapore)
Company Registration No.: 200415931M

ANNOUNCEMENT

TERMS AND FINANCIAL EFFECTS OF ISSUE OF CONVERTIBLE BONDS DUE 2014

1. INTRODUCTION

First Resources Limited (the "**Company**") refers to its earlier announcement on SGXNET dated 20 August 2009 and wishes to announce that it has on 20 August 2009 entered into a subscription agreement (the "**Subscription Agreement**") for the issue (the "**Issue**") of Convertible Bonds (as defined below) with Credit Suisse (Singapore) Limited, as the sole bookrunner, lead manager and underwriter (the "**Manager**").

Under the terms of the Subscription Agreement, the Company has agreed to issue as issuer, and the Manager has agreed to subscribe and/or procure subscription for an aggregate of US\$100,000,000 convertible bonds due 2014 (the "**Convertible Bonds**"), convertible into new ordinary shares in the capital of the Company (the "**Shares**").

The Convertible Bonds will be constituted by a trust deed (the "**Trust Deed**") to be executed by the Company and a trustee for the holders of the Convertible Bonds (the "**Trustee**"). The terms and conditions of the Convertible Bonds (the "**Conditions**") will be set out in, and will constitute part of the Trust Deed.

Each Convertible Bond will, at the option of the relevant holder, be convertible (unless previously redeemed, converted or purchased and cancelled) into new Shares at an initial conversion price of S\$1.24735 per Share (the "**Conversion Shares**"). The conversion price is subject to adjustment in the circumstances set out in the Trust Deed.

For the purposes of facilitating the Issue, Eight Capital Inc. (a substantial shareholder of the Company) (the "**Lender**") and Credit Suisse Securities (Europe) Limited (the "**Borrower**") have entered into a securities lending agreement (the "**Securities Lending Agreement**") on 20 August 2009, pursuant to which the Lender agreed to lend and the Borrower agreed to borrow existing Shares (the "**Loan Securities**"). Under the Securities Lending Agreement, the Borrower shall effect the return of the Loan Securities by crediting the securities account of the Lender with securities of an identical type, description and amount to the Loan Securities.

2. PRINCIPAL TERMS OF THE CONVERTIBLE BONDS

The principal Conditions are summarised as follows:

- Issue Size : US\$100,000,000 in principal amount of Convertible Bonds.
- Issue Price : 100 per cent. of the principal amount of the Convertible Bonds.
- Settlement and Payment : Subject to fulfillment of the conditions of the Subscription Agreement, settlement and payment for the Convertible Bonds is expected to take place in Singapore on 22 September 2009 or such other date as may be agreed between the Company and the Manager.
- Interest : The Convertible Bonds will bear interest at the rate of 5.625 per cent. per annum, payable semi-annually.
- Yield-to-Put / Yield-to-Maturity : 6.375 per cent. per annum, calculated on a semi-annual basis.
- Conversion Premium : 23.5 per cent. above the Reference Share Price.
"Reference Share Price" means S\$1.01, being the market closing price of the Shares traded on Singapore Exchange Securities Trading Limited (the "**SGX-ST**") on 20 August 2009.
- Initial Conversion Price : S\$1.24735 for each new Share.
- Conversion : The number of new Shares to be issued on conversion of a Bond will be determined by dividing the principal amount of the Bond to be converted (translated into Singapore dollars at the Fixed Exchange Rate (as defined below)) by the then prevailing conversion price in respect of the Convertible Bonds.
"Fixed Exchange Rate" means S\$1.4479 = US\$1.00.
- Conversion Period : Convertible at the option of the holder, at any time from on or after 2 November 2009 up to the close of business on 12 September 2014.
- Status of the Convertible Bonds : The Convertible Bonds constitute direct, unsubordinated, unconditional and unsecured obligations of the Company and shall at all times rank *pari passu* and without any preference or priority among themselves. The payment obligations of the Company under the Convertible Bonds shall, save for such exceptions as may be provided by mandatory provisions of applicable laws and the Conditions, rank at least equally with all its other present and future direct, unsubordinated, unconditional and unsecured obligations.
- Status of the Conversion Shares : The Conversion Shares to be issued upon conversion of the Convertible Bonds will, when issued and delivered in accordance with the Trust Deed, be freely transferable, free and clear of all liens, encumbrances, security interests or claims of third parties and will not be subject to calls for further payment.

Maturity Date	:	22 September 2014 (the " <u>Maturity Date</u> ").
Final Redemption	:	Unless previously redeemed, converted or purchased and cancelled, the Convertible Bonds will be redeemed by the Company at 104.34 per cent. of their principal amount on the Maturity Date.
Early Redemption Amount	:	The Early Redemption Amount of a Bond, for each US\$100,000 principal amount of such Bond, is determined so that it represents on any day for the Bondholder a gross yield of 6.375 per cent. per annum, on a semi-annual basis, calculated in accordance with the formula set out in the Conditions.
Delisting Put Right	:	In the event the Shares cease to be listed or admitted to trading on the SGX-ST, the holders of the Convertible Bonds shall have the right to require the Company to redeem all (but not less than all) of their Convertible Bonds at the Early Redemption Amount together with accrued interest, in accordance with the Conditions.
Redemption at the Option of the Company	:	On or at any time after 22 September 2012 but not less than seven (7) business days prior to the Maturity Date, the Company may redeem the Convertible Bonds, in whole or in part, provided that no such redemption may be made unless the closing price of the Shares (as quoted on the SGX-ST) for each of 30 consecutive Trading Days (as defined in the Conditions), the last day of which period occurs no more than 20 Trading Days prior to the date on which notice of such redemption is given, was at least 130 per cent. of the Conversion Price (as defined in the Conditions) in effect on such Trading Day. If there shall occur an event giving rise to a change in the Conversion Price during any such 30 consecutive Trading Day period, appropriate adjustments shall be made for the purpose of calculating the Closing Price for the relevant days.
Listing	:	Application will be made to list the Convertible Bonds and the Conversion Shares to be issued pursuant to the conversion of the Convertible Bonds on the Official List of the SGX-ST.
Governing Law	:	English law.

3. **NEW SHARES**

The number of Conversion Shares to be allotted and issued by the Company, pursuant to the full conversion of the Convertible Bonds, is approximately 116.1 million (based on the Issue Size, the Initial Conversion Price of S\$1.24735 and assuming no adjustments to the Initial Conversion Price). The Conversion Shares represent approximately 7.90 per cent. of the existing issued Shares (including treasury shares).

4. USE OF PROCEEDS

The estimated net proceeds from the issue of the Convertible Bonds are approximately US\$97.4 million (the "**Net Proceeds**"). The Company intends to use the Net Proceeds in the following manner:

- (a) approximately 85.0 per cent. of the Net Proceeds will be used to finance new investments; and
- (b) approximately 15.0 per cent. of the Net Proceeds will be used for general working capital and general corporate purposes.

5. FINANCIAL EFFECTS

For the purposes of illustration, the financial effects of the issue of the Convertible Bonds, based on the audited consolidated financial statements of the Company and its subsidiaries (the "**Group**") as at 31 December 2008, and the unaudited consolidated financial statements of the Group as at 30 June 2009, on the share capital, net tangible assets ("**NTA**"), earnings and net gearing of the Group are as follows:

(a) Share Capital

	The Group	
	31 December 2008 '000	30 June 2009 '000
Number of Shares		
As reported (including treasury shares)	1,468,459	1,468,459
After the issue of the Convertible Bonds but before any conversion	1,468,459	1,468,459
Assuming full conversion of the Convertible Bonds	1,584,537	1,584,537

(b) NTA

	The Group	
	31 December 2008 IDR million	30 June 2009 IDR million
NTA as reported	4,264,468	4,629,993
Capital reserve arising from the issue of the Convertible Bonds ⁽¹⁾	145,296	145,296
Estimated issue expenses ⁽¹⁾	(26,234)	(26,234)
Adjusted NTA after the issue of the Convertible Bonds but before any conversion	4,383,530	4,749,055
NTA per Share (SGD)		
As reported ⁽²⁾	0.38	0.45
After the issue of the Convertible Bonds but before any conversion ⁽²⁾	0.39	0.46

Notes:

- (1) Based on the exchange rate of IDR/USD of 10,090 as at 20 August 2009.
- (2) Based on the exchange rate of IDR/SGD of 7,607 as at 31 December 2008 and IDR/SGD of 7,055 as at 30 June 2009.

Assuming full conversion of the Convertible Bonds, the effects on the NTA and NTA per Share would be as follows:

	The Group	
	31 December 2008	30 June 2009
Adjusted NTA ⁽¹⁾ (IDR million)	5,247,234	5,612,759
Adjusted NTA per Share (SGD) ⁽²⁾	0.44	0.50

Notes:

(1) Based on the exchange rate of IDR/USD of 10,090 as at 20 August 2009.

(2) Based on the exchange rate of IDR/SGD of 7,607 as at 31 December 2008 and IDR/SGD of 7,055 as at 30 June 2009.

(c) Earnings

The interest expense in respect of the Convertible Bonds prior to any conversion will be at the effective rate of 6.375 per cent. each year plus the amortisation of the fair value of the conversion rights recorded on the date of issue. However, it is not possible to quantify the effects of the issue of the Convertible Bonds on the earnings of the Group until the proceeds from the issue of the Convertible Bonds have been deployed.

(d) Net Gearing

	The Group	
	31 December 2008	30 June 2009
	IDR million	IDR million
Net borrowings, as reported	923,401	1,179,739
Gross borrowings upon issue of convertible bonds ⁽¹⁾	1,009,000	1,009,000
Cash received after deducting of issuance costs ⁽¹⁾	(982,766)	(982,766)
Decrease in net borrowings resulting from recording the fair value of the conversion rights upon the issue of the Convertible Bonds ⁽¹⁾	(145,296)	(145,296)
Adjusted net borrowings after the issue of the Convertible Bonds but before any conversion ⁽²⁾	804,339	1,060,677
Total Equity, as reported	4,162,373	4,509,374
Capital reserve arising from the issue of the Convertible Bonds ⁽¹⁾	145,296	145,296
Estimated issue expenses ⁽¹⁾	(26,234)	(26,234)
Adjusted Total Equity after the issue of the Convertible Bonds	4,281,435	4,628,436
Net gearing (number of times)		

As reported	0.22	0.26
After the issue of the Convertible Bonds	0.19	0.23

Assuming the full conversion of the Convertible Bonds, the effects on the net gearing of the Group would be as follows:

	The Group	
	31 December 2008	30 June 2009
	IDR million	IDR million
Adjusted net borrowings assuming full conversion of the Convertible Bonds	(59,365)	196,973
Adjusted Total Equity assuming full conversion of the Convertible Bonds ⁽¹⁾	5,026,077	5,373,078
Net gearing (number of times) ⁽²⁾	N.M.	0.04

Notes:

- (1) Based on the exchange rate of IDR/USD of 10,090 as at 20 August 2009.
- (2) Pro-forma net borrowings assumes cash proceeds from the Convertible Bond issuance have not been utilised yet. Net borrowings include term loans, notes, overdrafts and other interest bearing instruments, after deducting pro-forma cash.

8. LOCK-UP AGREEMENT

The Company has undertaken to the Manager that neither it, its subsidiaries, nor its associated companies, nor any person acting on its or their behalf will, for a period of 90 days from the closing date of the issue, *inter alia*, issue, offer, sell, contract to sell, pledge or otherwise dispose of securities issued by the Company which will have a maturity of more than one (1) year from the date of issue, any Shares, or securities which confer a right to Shares, save for certain exceptions in the Subscription Agreement.

By Order of the Board

Tan San-Ju
Company Secretary
21 August 2009