

INDOFOOD AGRI RESOURCES LTD.
(Incorporated in the Republic of Singapore)
(Company Registration No.: 200106551G)

INCORPORATION OF A NEW SUBSIDIARY AND PROPOSED INTERNAL RESTRUCTURING OF THE SHAREHOLDING STRUCTURE OF CERTAIN ENTITIES WITHIN THE GROUP

1. BACKGROUND

The Board of Directors (the **"Board"**) of Indofood Agri Resources Ltd. (the **"Company"**, and together with its subsidiaries, the **"Group"**) wishes to announce that the Company's 90% owned subsidiary, PT Salim Ivomas Pratama (**"PT SIMP"**) has on 14 May 2010 entered into an agreement (**"Agreement"**) with certain members of the Salim Group (namely, PT Giat Sembada Sentosa, PT Purwa Wana Lestari, PT Bangun Sriwijaya Sentosa and Indogreen Energy Resources Pte. Ltd.) to effect an internal restructuring of the shareholding structure of certain entities within the Group (the **"Relevant Entities"**) so as to consolidate all its joint ventures with the Salim Group¹ (a controlling shareholder of the Company) under a single investment holding company (the **"Proposed Internal Restructuring"**).

As part of the Proposed Internal Restructuring, the Board wishes to announce that it has incorporated a subsidiary in Singapore known as IndoInternational Green Energy Resources Pte. Ltd. (**"IGER"**), of which 60% is owned by PT SIMP and 40% is held by Indogreen Energy Resources Pte. Ltd. (**"SG Sing Co"**) (a Singapore-incorporated entity which is a member of the Salim Group) (the **"IGER Incorporation"**).

Following the incorporation of IGER, it is proposed that IGER will subscribe for new shares in each of the Relevant Entities, as well as acquire a portion of some of the existing shares in one of the Relevant Entities from PT SIMP and the Salim Group (collectively, the **"Relevant Entities Restructuring"**) for an aggregate cash consideration of approximately Rp362 billion (which is equivalent to approximately S\$55.0 million²) (the **"Relevant Entities Consideration"**).

The net result of the Proposed Internal Restructuring (comprising the IGER Incorporation and the Relevant Entities Restructuring) is that the effective shareholding interests of PT SIMP and the Salim Group in the Relevant Entities will remain the same as they are as at the date of this Announcement. In particular, PT SIMP's shareholding interest in the Relevant Entities (including its effective shareholding interest held through IGER) will remain at 60%, following the Proposed Internal Restructuring. Diagrammatic representations of the shareholding structure of the Relevant Entities before and after the Proposed Internal Restructuring are attached as Appendices 1 and 2 respectively, to this Announcement.

2. INCORPORATION OF A NEW SUBSIDIARY

IGER is a private limited company incorporated in Singapore on 14 May 2010. As at the date of this Announcement, it has an issued and paid-up share capital of S\$10 comprising 10 ordinary shares. PT SIMP and SG Sing Co have subscribed for 6 and 4 new ordinary shares in IGER representing 60% and 40%, respectively, of the total number of issued shares in IGER.

¹ Mr Anthoni Salim and the group of companies controlled by him or, as the context requires, Mr Anthoni Salim.

² For purposes of this Announcement, an exchange rate of Rp6,580 : S\$1 was used for translation purposes, where applicable.

The Agreement provides that subject to the satisfaction of the conditions set out in section 3.4 below, PT SIMP and SG Sing Co will subscribe for additional new ordinary shares in IGER at S\$1 for each new share, such that their resulting shareholding will be 3,360,000 new ordinary shares, representing 60% of the total number of issued shares in IGER, and 2,240,000 new ordinary shares, representing 40% of the total number of issued shares in IGER, respectively. The total subscription amount to be paid by PT SIMP in cash for the 3,360,000 new ordinary shares in IGER would be S\$3,360,000 (the “**PT SIMP Subscription Amount**”) and the total subscription amount to be paid by SG Sing Co in cash for the 2,240,000 new ordinary shares in IGER would be S\$2,240,000 (both the subscriptions amounting in aggregate to S\$5,600,000 (which is equivalent to approximately Rp36.8 billion)).

In addition, it is proposed that each of PT SIMP and SG Sing Co will extend shareholders’ loans amounting in aggregate to Rp326 billion (equivalent to approximately S\$49.5 million) and on the same terms and conditions, to IGER in proportion to their 60% : 40% shareholding interests in IGER, to fund the Relevant Entities Consideration. Of this Rp326 billion of shareholders’ loans, PT SIMP’s portion would be approximately Rp196 billion (equivalent to approximately S\$29.7 million) (the “**PT SIMP Shareholder’s Loan**”) and SG Sing Co’s portion would be approximately Rp130 billion (equivalent to approximately S\$19.8 million). A loan agreement of a term of no more than 3 years will be entered into between PT SIMP, SG Sing Co and IGER in due course prior to the advance of the shareholders’ loans.

The directors of IGER are:

- (i) Mark Julian Wakeford;
- (ii) Moleonoto Tjang;
- (iii) Tjhie Tje Fie;
- (iv) Axton Salim;
- (v) Gunadi;
- (vi) Soenardi Winarto; and
- (vii) Thio Djiang Han.

The directors listed in (i) to (v) above are also directors of the Company.

3. THE RELEVANT ENTITIES RESTRUCTURING

3.1 Present shareholding structure

As at the date of this Announcement, the Company (through PT SIMP) owns 60% of the shares in the following entities which are collectively referred to as the “**Relevant Entities**”:-

- (a) PT Mega Citra Perdana (“**MCP**”) which in turn owns approximately 100% of each of PT Multi Pacific International (“**MPI**”) and PT Gunta Samba (“**GS**”);
- (b) PT Mentari Subur Abadi (“**MSA**”) which in turn owns approximately 100% of PT Agro Subur Permai (“**ASP**”);
- (c) PT Swadaya Bhakti Negaramas (“**SBN**”); and
- (d) PT Lajuperdana Indah (“**LPI**”).

The balance of 40% of the shares in each of MCP, MSA and SBN are owned by Indonesian entities which are members of the Salim Group (hereinafter referred to as the “**SG Indo Co**”). The remaining shares in LPI are held as to 32% by the SG Indo Co and 8% by members of the Samsuddin family. Please refer to Appendix 1 of this Announcement for a diagrammatic representation of the shareholding structure of the Relevant Entities as at the date of this Announcement.

3.2 Certain information on the Relevant Entities

Each of the companies listed in paragraphs 3.1(a) to (c) above is involved in the oil palm plantation business. Such companies (together with their subsidiaries) own an aggregate land bank of approximately 81,068 hectares in East and Central Kalimantan and South Sumatra, of which approximately 32,476 hectares have been planted with oil palm as of 31 December 2009.

LPI is engaged in the sugar plantation business with a landbank of approximately 41,525 hectares, of which approximately 8,672 hectares are planted with sugar cane as of 31 December 2009.

3.3 The Relevant Entities Restructuring and Consideration

Under the Relevant Entities Restructuring, IGER will subscribe in cash for the following number of new shares in the Relevant Entities:

<u>Name of Relevant Entity</u>	<u>Number of new shares to be subscribed for by IGER</u>
(a) MCP	105,000 shares
(b) MSA	3,600 shares
(c) SBN	860 shares
(d) LPI	170,756 shares

IGER will also acquire 81,500 existing shares in LPI from PT SIMP and the Salim Group (“**LPI Share Acquisition**”), representing approximately 16.3% of the enlarged share capital of LPI following the issuance of new shares to IGER (as described in the above paragraph).

As stated above, the aggregate cash consideration for the aforesaid subscription by IGER of new shares in the Relevant Entities and the LPI Share Acquisition is approximately Rp362 billion (which is equivalent to approximately S\$55.0 million).

The Relevant Entities Consideration of Rp362 billion for the Relevant Entities Restructuring was arrived at after taking into consideration, amongst other things, the net asset value and the business prospects of the Relevant Entities. PT SIMP has appointed an independent valuer, namely, Messrs Benny, Desmar & Rekan (“**BD&R**”) to undertake an independent share valuation of each of the Relevant Entities as at 31 December 2009 as well as to issue a fairness opinion on the Relevant Entities Restructuring (“**Fairness Opinion Report**”). BD&R has stated in its Fairness Opinion Report dated 22 April 2010 that it is of the opinion that the Relevant Entities Restructuring is fair.

The Relevant Entities Consideration shall be satisfied fully in cash.

3.4 Timing for the completion of the Relevant Entities Restructuring

Completion of the Relevant Entities Restructuring is conditional upon :-

- a) the Relevant Entities having obtained the approval of its shareholders in extraordinary general meeting for the increase in the authorized and issued share capital of each of the Relevant Entities;
- b) the Relevant Entities having received all necessary approvals and consents from the Badan Koordinasi Penanaman Modal (BKPM) in relation to the Relevant Entities Restructuring;
- c) the Relevant Entities having obtained the waiver and approval of their respective creditors (if required) in relation to the Relevant Entities Restructuring which are necessary or required under any existing contractual, financing or security arrangements binding on the Relevant Entities (if any); and
- d) PT SIMP and its parent companies having obtained the approvals required under their respective constitutional documents and prevailing laws, regulations and stock exchange rules in their respective jurisdictions of incorporation, for the Relevant Entities Restructuring (if any).

Subject to the satisfaction of the aforesaid conditions, completion of the Proposed Internal Restructuring will be on the date the necessary approvals from the Ministry of Justice and Human Rights for the increase in share capital of each of the Relevant Entities are obtained, which is expected to take place in or around the end of June 2010.

4. RATIONALE FOR THE PROPOSED INTERNAL RESTRUCTURING

As stated above, the Proposed Internal Restructuring is to consolidate all the Group's joint ventures with the Salim Group under a single investment holding company, being IGER, to achieve better efficiency in management and resources.

With IGER's majority stake in the Relevant Entities, IGER will be positioned to be an agribusiness group with oil palm plantations and sugar business to explore potential business opportunities in this area that may arise in the future, if any. This will be of benefit to the Company and its shareholders who will continue to have a 60% shareholding interest in the Relevant Entities. In the event of any future joint ventures with the Salim Group, the intention is to place such joint ventures under IGER.

5. CHAPTER 9 OF THE SGX-ST LISTING MANUAL

5.1 IGER Incorporation

SG Sing Co is wholly-owned by a member of the Salim Group, which is a controlling shareholder of the Company with an interest (both direct and deemed) of approximately 69.52% of the total number of issued shares of the Company as at the date of this Announcement. Accordingly, SG Sing Co is regarded as an "associate" of the Salim Group and therefore an "interested person" of the Company under Chapter 9 of the Singapore Exchange Securities Trading Limited Listing Manual (the "**SGX-ST Listing Manual**"). The PT SIMP Subscription Amount represents approximately 0.22% of the audited net tangible assets³ of the Group of Rp9,824 billion as at 31 December 2009 (the "**Audited NTA**").

³ "Net tangible assets" is defined as the net assets of the Group net of goodwill.

In the incorporation of IGER, each of PT SIMP and SG Sing Co had paid proportionate amounts (proportionate to their 60%:40% shareholdings) for their respective subscription of new shares in IGER. SG Sing Co did not have an existing equity interest in IGER prior to the participation of the Group in IGER.

The PT SIMP Shareholder's Loan, when aggregated with the PT SIMP Subscription Amount, represents approximately 2.2% of the Audited NTA.

5.2 The Relevant Entities Restructuring

As stated above, as at the date of this Announcement, each of MCP, MSA and SBN is held as to 40% by SG Indo Co, and LPI is held as to 32% by SG Indo Co, which is a member of the Salim Group. Accordingly, each of the Relevant Entities is regarded as an "associate" of the Salim Group and therefore an "interested person" of the Company under Chapter 9 of the SGX-ST Listing Manual.

Under the Relevant Entities Restructuring, the amount "at risk" to the Group is approximately Rp217 billion (which is equivalent to approximately S\$33.0 million), being 60% of the Relevant Entities Consideration (representing the Group's effective interest in the Relevant Entities Restructuring). This amount, when aggregated with the PT SIMP Subscription Amount and the PT SIMP Shareholder's Loan, represents approximately 4.4% of the Group's Audited NTA.

5.3 Audit Committee Statement

The Audit Committee of the Company has reviewed the terms of the Proposed Internal Restructuring and is of the view that:-

- (a) the risks and rewards of each of the joint ventures in IGER as well as in the Relevant Entities are in proportion to the equity interest of each joint venture party; and
- (b) the terms of each of the joint ventures in IGER as well as in the Relevant Entities are not prejudicial to the interests of the Company and its minority shareholders.

The Audit Committee of the Company has also reviewed the terms of the provision of the PT SIMP Shareholder's Loan and is of the view that:-

- (i) the provision of the PT SIMP Shareholder's Loan is not prejudicial to the interests of the Company and its minority shareholders; and
- (ii) the risks and rewards of the joint venture in IGER are in proportion to the equity interest of each joint venture party and the terms for the provision of the PT SIMP Shareholder's Loan are not prejudicial to the interests of the Company and its minority shareholders.

5.4 Current total value of all interested person transactions

The current total values of all interested person transactions, excluding transactions which are less than S\$100,000 and transactions conducted under the Company's IPT Mandate pursuant to Rule 920 of the SGX-ST Listing Manual ("**Non-mandated**"), with (a) the Salim Group and (b) all interested persons of the Company, for the period from 1 January 2010 to the date of this Announcement (prior to and including the Proposed Internal Restructuring), and the percentage of the Group's Audited NTA represented by such values, are as follows:

	Prior to the Proposed Internal Restructuring		Including the Proposed Internal Restructuring	
	Amount Rp' billion	Percentage of Audited NTA	Amount Rp' billion	Percentage of Audited NTA
Total value of all Non-mandated transactions with the Salim Group	-	-	435	4.4%
Total value of all Non-mandated transactions with all interested persons of the Company	-	-	435	4.4%

6. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

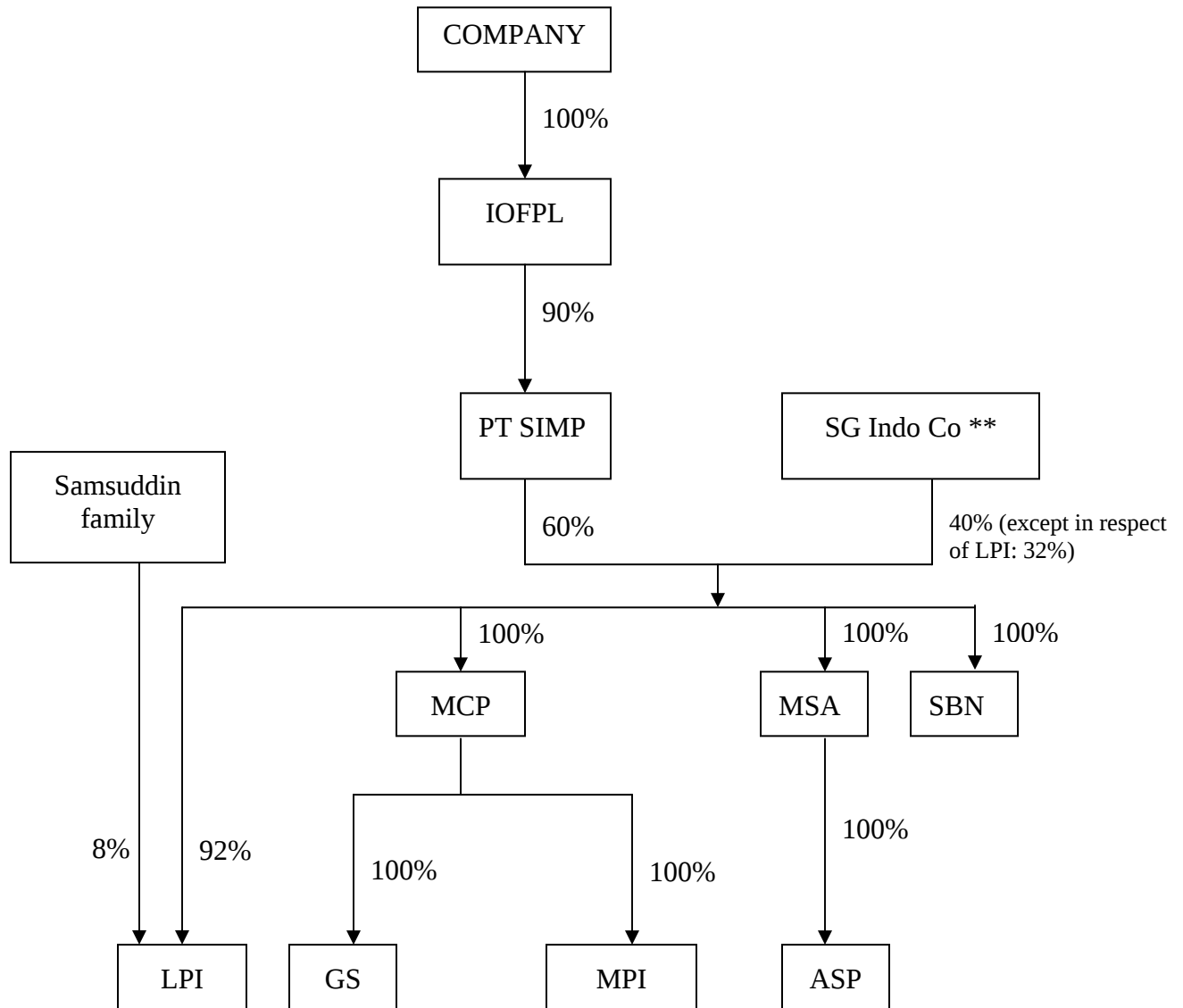
Mr Axton Salim, a non-executive Director of the Company, is the son of Mr Anthoni Salim, who is a controlling shareholder of the Company. Mr Tjhie Tje Fie, a non-executive Director of the Company, is the nominee of Indofood Singapore Holdings Pte. Ltd. ("ISHPL"). ISHPL is a company in which the Salim Group has deemed shareholding interests.

Save as disclosed in this Announcement, none of the Directors or controlling shareholders of the Company has any interest, direct or indirect, in the Proposed Internal Restructuring.

By Order of the Board of the Company

Mark Julian Wakeford
Chief Executive Officer and Executive Director
15 May 2010

APPENDIX 1 - CURRENT SHAREHOLDING STRUCTURE OF THE RELEVANT ENTITIES



** Controlled by Mr Anthoni Salim

“IOFPL” means Indofood Oil & Fats Pte. Ltd.

APPENDIX 2 - SHAREHOLDING STRUCTURE OF RELEVANT ENTITIES IMMEDIATELY AFTER THE PROPOSED INTERNAL RESTRUCTURING

