

CIRCULAR DATED 20 JUNE 2008

THIS CIRCULAR IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.

IF YOU ARE IN ANY DOUBT AS TO THE ACTION YOU SHOULD TAKE, YOU SHOULD CONSULT YOUR STOCKBROKER, BANK MANAGER, SOLICITOR, ACCOUNTANT, TAX ADVISER OR OTHER PROFESSIONAL ADVISER IMMEDIATELY.

Unless otherwise stated, capitalised terms on this cover are defined in this Circular under the section entitled "DEFINITIONS".

If you have sold or transferred all your Shares, you should forward this Circular, the Notice of Extraordinary General Meeting and the attached Proxy Form immediately to the purchaser or transferee or to the bank, stockbroker or other agent through whom the sale or transfer was effected for onward transmission to the purchaser or transferee.

The Singapore Exchange Securities Trading Limited assumes no responsibility for the correctness of any of the statements made, reports contained or opinions expressed in this Circular.



INDOFOOD AGRI RESOURCES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200106551G)

CIRCULAR TO SHAREHOLDERS

in relation to

THE PROPOSED SUBSCRIPTION BY THE COMPANY'S SUBSIDIARY, PT SALIM IVOMAS PRATAMA, OF NEW SHARES REPRESENTING 60% OF THE ENLARGED SHARE CAPITAL OF PT LAJUPERDANA INDAH

Independent Financial Adviser to the Independent Directors



Deloitte & Touche Corporate Finance Pte Ltd

(Incorporated in the Republic of Singapore)
(Company Registration No. 200200144N)

IMPORTANT DATES AND TIMES

Last date and time for lodgement of Proxy Form : 5 July 2008 at 3.00 p.m.

Date and time of Extraordinary General Meeting : 7 July 2008 at 3.00 p.m.

Place of Extraordinary General Meeting : Ballroom I and II
Level 3, Singapore Marriott Hotel
320 Orchard Road
Singapore 238865

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DEFINITIONS

The following definitions shall apply throughout unless otherwise stated in this Circular:

Companies, Organisations and Agencies

<i>“Asian Appraisal”</i>	:	Has the meaning ascribed to it in Section 2.1 of this Circular
<i>“CDP”</i>	:	The Central Depository (Pte) Limited
<i>“Company”</i>	:	Indofood Agri Resources Ltd.
<i>“DTCF”</i>	:	Deloitte & Touche Corporate Finance Pte Ltd
<i>“FPIL”</i>	:	First Pacific Investments Limited
<i>“FPIL BVI”</i>	:	First Pacific Investments (B.V.I.) Limited
<i>“Group”</i>	:	The Company and its subsidiaries
<i>“ISHPL”</i>	:	Indofood Singapore Holdings Pte. Ltd.
<i>“PT BSS”</i>	:	PT Bangun Sriwijaya Sentosa
<i>“PT ISM”</i>	:	PT Indofood Sukses Makmur Tbk
<i>“PT LPI”</i>	:	PT Lajuperdana Indah
<i>“PT SIMP”</i>	:	PT Salim Ivomas Pratama, a 90 per cent.-owned subsidiary of the Company
<i>“Salim Group”</i>	:	Mr Anthoni Salim and the group of companies controlled by him or, as the context requires, Mr Anthoni Salim
<i>“SGX-ST”</i>	:	Singapore Exchange Securities Trading Limited

General

<i>“Balance Amount”</i>	:	Has the meaning ascribed to it in Section 2.1 of this Circular
<i>“Board”</i>	:	The board of directors of the Company from time to time
<i>“Circular”</i>	:	This circular dated 20 June 2008 to Shareholders
<i>“Companies Act”</i>	:	The Companies Act, Chapter 50 of Singapore
<i>“Completion”</i>	:	Has the meaning ascribed to it in Section 2.2.1 of this Circular
<i>“Completion Date”</i>	:	Has the meaning ascribed to it in Section 2.2.2 of this Circular
<i>“Controlling Shareholder”</i>	:	Has the meaning ascribed thereto in the Listing Manual, being a person who holds directly or indirectly 15% or more of the total number of issued shares, excluding treasury shares, in the Company (unless the SGX-ST determines otherwise) or who in fact exercises control over the Company
<i>“Deposit”</i>	:	Has the meaning ascribed to it in Section 2.1 of this Circular

DEFINITIONS

<i>“Directors”</i>	:	The directors of the Company as at the date of this Circular
<i>“EGM”</i>	:	The Extraordinary General Meeting of the Company, notice of which is given on page C-1 of this Circular
<i>“EPS”</i>	:	Earnings per Share
<i>“FY”</i>	:	Financial year ended, or as the case may be, ending 31 December
<i>“Independent Directors”</i>	:	The Directors who are independent for the purposes of the Proposed Subscription, namely, all the Directors other than Messrs Benny Setiawan Santoso, Tjhie Tje Fie and Axton Salim
<i>“Indonesian Business Day”</i>	:	Any day (other than Saturdays, Sundays, and National Holidays in Indonesia) on which banks are open for business in Jakarta, Indonesia
<i>“Indonesian GAAP”</i>	:	Generally accepted accounting principles of Indonesia
<i>“Interested Directors”</i>	:	Has the meaning ascribed to it in Section 12 of this Circular
<i>“Latest Audited NTA”</i>	:	Has the meaning ascribed to it in Section 1.1 of this Circular
<i>“Latest Practicable Date”</i>	:	16 June 2008, being the latest practicable date prior to the printing of this Circular
<i>“Listing Manual”</i>	:	The listing manual of the SGX-ST, as amended from time to time
<i>“Long-Stop Date”</i>	:	Has the meaning ascribed to it in Section 2.2.2 of this Circular
<i>“Minority Shareholders of PT LPI” or the “Samsuddin family”</i>	:	Irsan Samsuddin, Iwan Samsuddin and Suriati Samsuddin
<i>“NAV”</i>	:	Net asset value
<i>“New Shares”</i>	:	187,500 new shares having a nominal value of Rp1,000,000 each, in the share capital of PT LPI
<i>“Notice of EGM”</i>	:	The Notice of EGM as set out on page C-1 of this Circular
<i>“NTA”</i>	:	Net tangible assets
<i>“Partnership Program”</i>	:	Has the meaning ascribed to it in Section 4.4(iv) of this Circular
<i>“Proposed Subscription”</i>	:	The proposed subscription by PT SIMP of the New Shares
<i>“PT LPI Shares”</i>	:	Class A and Class B shares having a nominal value of Rp1,000,000 each, in the share capital of PT LPI
<i>“Securities Account”</i>	:	Securities account maintained by a Depositor with CDP but does not include a securities sub-account
<i>“SGXNET”</i>	:	A system network used by listed companies to send information and announcements to the SGX-ST or any other system networks prescribed by the SGX-ST

DEFINITIONS

“Shareholders”	:	Registered holders of Shares, except that where the registered holder is CDP, the term “Shareholders” shall, in relation to such Shares, mean the persons named as Depositors in the Depository Register and whose Securities Accounts maintained with CDP are credited with Shares
“Shares”	:	Ordinary shares in the share capital of the Company
“Subscription Agreement”	:	The conditional agreement dated 9 May 2008 entered into amongst PT SIMP, PT BSS, PT LPI and the Minority Shareholders of PT LPI in relation to the Proposed Subscription
“Subscription Consideration”	:	The aggregate cash consideration of Rp375 billion (which is equivalent to approximately S\$56 million) payable by PT SIMP to PT LPI for the New Shares under the Subscription Agreement
“Substantial Shareholder”	:	A person who has an interest in one or more voting shares in a company and the total votes attached to such share(s) is not less than 5% of the total votes attached to all the voting shares in the company

Countries, currencies, units, and others

“Indonesia”	:	Republic of Indonesia
“ha” or “hectare”	:	Hectare (equivalent to 10,000 square metres)
“Rp” or “Rupiah”	:	Indonesian Rupiah, the lawful currency of the Republic of Indonesia
“S\$” and “cents”	:	Singapore dollars and cents respectively, the lawful currency of the Republic of Singapore
“US\$”	:	United States dollars, the lawful currency of the United States of America
“%”	:	Per centum or percentage

The expressions “Depositor”, “Depository Agent” and “Depository Register” shall have the meanings ascribed to them respectively in Section 130A of the Companies Act.

The term “subsidiary” shall have the meaning ascribed to it by Section 5 of the Companies Act.

Words importing the singular shall, where applicable, include the plural and *vice versa* and words importing the masculine gender shall, where applicable, include the feminine and neuter genders and *vice versa*. Words importing persons shall include corporations.

Any reference in this Circular to “Rule” or “Chapter” is a reference to the relevant rule or chapter in the Listing Manual as for the time being amended.

Any reference in this Circular to any statute or enactment or the Listing Manual is a reference to that statute or enactment or the Listing Manual as for the time being amended or re-enacted. Any word defined under the Companies Act or the Listing Manual or any modification thereof, and used in this Circular shall, where applicable, have the meaning assigned to it under the Companies Act or the Listing Manual or such modification thereof, as the case may be, unless otherwise provided.

DEFINITIONS

Any reference to a time of day in this Circular shall be a reference to Singapore time unless otherwise stated.

Any discrepancies in the tables in this Circular between the listed amounts and the totals thereof are due to rounding.

Unless otherwise stated, the exchange rate of Rp6,748.92 : S\$1.00 was used in this Circular, being the mid-rate quoted by the Central Bank of Indonesia on 8 May 2008 (the day immediately preceding the date of the Subscription Agreement).

This Circular may include market and industry data and information that have been obtained from, *inter alia*, internal studies, where appropriate as well as market research by Bloomberg L.P., PT Capricorn Indonesia Consult Inc. and Bulog, and publicly available information such as government statistical and industry reports, and industry publications. Please note that such information is supplied to you for your personal use only. Industry publications generally state that the information they contain has been obtained from sources believed to be reliable but the accuracy and completeness of that information is not guaranteed, and may contain other disclaimers in relation to reliance on their contents. There can therefore be no assurance as to the completeness or accuracy of such information. While reasonable steps have been taken to ensure that the information is extracted accurately, the Company has not independently verified any of the data from third party sources or ascertained the underlying bases or assumptions relied upon therein, nor have the consents of these sources been obtained for the inclusion of such data or information in this Circular.

LETTER TO SHAREHOLDERS

INDOFOOD AGRI RESOURCES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200106551G)

Directors:-

Lee Kwong Foo, Edward (*Chairman and Lead Independent Director*)
Benny Setiawan Santoso (*Vice Chairman and Non-Executive Director*)
Mark Julian Wakeford (*Chief Executive Officer and Executive Director*)
Moleonoto Tjang (*Executive Director*)
Gunadi (*Executive Director*)
Suaimi Suriady (*Executive Director*)
Tjhie Tje Fie (*Non-Executive Director*)
Axtan Salim (*Non-Executive Director*)
Lim Hock San (*Independent Director*)
Goh Kian Chee (*Independent Director*)
Hendra Susanto (*Independent Director*)

Registered Office:-

80 Raffles Place
#22-23 UOB Plaza 2
Singapore 048624

20 June 2008

To: **The Shareholders of Indofood Agri Resources Ltd.**

Dear Sir / Madam

THE PROPOSED SUBSCRIPTION BY THE COMPANY'S SUBSIDIARY, PT SALIM IVOMAS PRATAMA, OF NEW SHARES REPRESENTING 60% OF THE ENLARGED SHARE CAPITAL OF PT LAJUPERDANA INDAH

1. INTRODUCTION

1.1 The Proposed Subscription

On 24 March 2008, the Board announced that PT SIMP had signed a non-binding Memorandum of Understanding with PT BSS to explore the possibility of participating as a shareholder of PT BSS' subsidiary, PT LPI.

On 10 May 2008, the Board announced that PT SIMP had on 9 May 2008 entered into the Subscription Agreement with (i) PT BSS, (ii) PT LPI and (iii) the Minority Shareholders of PT LPI, under which PT LPI has agreed to issue, and PT SIMP has agreed to subscribe for, the New Shares, representing 60% of the enlarged total number of issued shares in PT LPI, for an aggregate cash consideration of Rp375 billion (which is equivalent to approximately S\$56 million), upon the terms and subject to the conditions of the Subscription Agreement.

The Proposed Subscription is an interested person transaction within the meaning of Chapter 9 of the Listing Manual. As the Subscription Consideration exceeds 5% of the latest audited NTA of the Group of Rp4,198 billion as at 31 December 2007 (the "**Latest Audited NTA**"), completion of the Proposed Subscription is subject to, amongst other things, the approval of the Shareholders at the EGM.

DTCF has been appointed as the independent financial adviser to advise the Independent Directors in relation to the Proposed Subscription. DTCF's letter of advice to the Independent Directors is set out in Appendix B to this Circular.

LETTER TO SHAREHOLDERS

1.2 Purpose of this Circular

The purpose of this Circular is to provide Shareholders with information on the Proposed Subscription, for which the approval of the Shareholders will be sought at the EGM.

This Circular has been prepared solely for the purpose set out herein and may not be relied upon by any persons (other than the Shareholders) or for any other purpose.

2. THE PROPOSED SUBSCRIPTION

2.1 Subscription Consideration

The Subscription Consideration was arrived at after taking into consideration, amongst other things, the NAV and the business prospects of PT LPI.

PT SIMP has appointed an independent valuer, namely, PT Asian Appraisal Indonesia (“**Asian Appraisal**”), to undertake an independent business valuation of PT LPI as at 31 December 2007. Asian Appraisal is an appraisal firm established in Jakarta, Indonesia since 1973 and was one of the first firms engaged in appraisal services in Indonesia. It is an affiliate of the Asian Appraisal Company Pte Ltd in Singapore and a member of the Association of Indonesian Appraisal Companies and the National Association of Indonesian Consultants. It has been registered with the Indonesian Capital Markets and Financial Institutions Supervisory Agency (Bapepam) as an authorised appraiser since 1980. Asian Appraisal has stated in its valuation report dated 30 April 2008 (the “**Asian Appraisal Valuation Report**”) that it is of the opinion that the fair market value of 60% equity of PT LPI as at 31 December 2007, after injection of the Subscription Consideration, was approximately Rp420.6 billion (equivalent to approximately S\$62.3 million) based on an average of the asset based approach and the income approach. DTCF has highlighted the salient points in relation to Asian Appraisal’s asset based approach and income approach in its letter of advice set out in Appendix B to this Circular. A copy of the Asian Appraisal Valuation Report is attached in Appendix A to this Circular.

The Subscription Consideration shall be satisfied fully in cash. Pursuant to the Subscription Agreement, PT SIMP has paid a deposit (the “**Deposit**”) of 10% of the Subscription Consideration to PT LPI. The balance 90% of the Subscription Consideration (the “**Balance Amount**”) is payable on the date of completion of the Proposed Subscription.

The Subscription Consideration is proposed to be financed by way of internal resources.

2.2 Certain Principal Terms of the Proposed Subscription

2.2.1 Conditions Precedent

Completion of the Proposed Subscription (“**Completion**”) is conditional upon, amongst other things:

- (i) PT SIMP being in its sole and absolute discretion satisfied with the results of a due diligence carried out on PT LPI;
- (ii) PT LPI having received all necessary approvals and consents from all relevant governmental, statutory, regulatory and other authorities and third parties including Badan Koordinasi Penanaman Modal (BKPM) (if required) in relation to the Proposed Subscription;
- (iii) PT LPI having obtained all necessary approvals, consents and authorisations required under its constitutional documents, in relation to the Proposed Subscription;
- (iv) PT LPI, PT BSS and the Minority Shareholders of PT LPI having obtained the approval of their respective creditors (if required) in relation to the change of shareholders of PT LPI, on terms satisfactory to PT SIMP;

LETTER TO SHAREHOLDERS

- (v) all the existing members of the board of directors and the board of commissioners of PT LPI appointed by PT BSS and the Minority Shareholders of PT LPI having tendered their resignation from the board of directors and the board of commissioners of PT LPI as of the Completion Date;
- (vi) PT LPI having obtained the approval of its shareholders in general meeting for the increase in the authorised and issued share capital of PT LPI, the change in the categorisation of the Class A shares and the Class B shares into one class of shares, the waiver of the pre-emption rights by the other shareholders of PT LPI, the participation of PT SIMP as a new shareholder in PT LPI and the appointment of such persons as PT SIMP may nominate as directors and commissioners of PT LPI;
- (vii) PT LPI, PT BSS and the Minority Shareholders of PT LPI having obtained all waivers, releases, consents and authorisations which are necessary or required under any existing contractual, financing or security arrangements binding on PT LPI, PT BSS or the Minority Shareholders of PT LPI (as the case may be); and
- (viii) 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 Proposed Subscription.

As at the Latest Practicable Date, condition (i) has been fulfilled.

2.2.2 Certain other terms of the Proposed Subscription

Under the Subscription Agreement and subject to its terms and conditions, Completion is to take place five (5) Indonesian Business Days after the last in time of the conditions to Completion is satisfied or waived (as the case may be) or such other date as may be agreed in writing between the parties (the “**Completion Date**”).

In the event the Subscription Agreement is terminated by PT SIMP due to a material breach of any provision in the Subscription Agreement by PT BSS and/or PT LPI and such breach has not been waived in writing by PT SIMP, or in the event any of the conditions to Completion has not been satisfied on or before 31 July 2008 or such other date as the parties may mutually agree in writing (the “**Long-Stop Date**”), or if satisfaction of certain of the conditions by the Long-Stop Date is or becomes impossible and PT SIMP has not waived in writing such condition(s), the Deposit (plus interest based on the fixed deposit rate quoted by a bank designated by PT SIMP) shall be refunded by PT LPI to PT SIMP in full.

In the event that the Subscription Agreement is terminated by PT BSS and/or PT LPI as a result of a failure by PT SIMP to comply with its obligations to pay the Balance Amount on the Completion Date, PT LPI will be required to refund to PT SIMP the Deposit (without any interest thereon).

3. **RATIONALE FOR THE PROPOSED SUBSCRIPTION**

The Group is a vertically integrated agribusiness group with business operations that range from research and development in the breeding and cultivation of oil palms, to the milling and refining of crude palm oil, and the marketing and distribution of cooking oil, margarine, shortening and other derivative products. The Group also engages in the cultivation of other crops such as rubber, cocoa and tea. The Proposed Subscription will enable the Group to expand and diversify its existing agribusiness activities into the areas of sugar cultivation and processing.

The sugar industry is an attractive proposition with growing demand in both the Indonesian and international markets. Domestic demand for sugar in the Indonesian market is increasing, driven by factors such as population growth, the rapid development of the processed food and beverage industries, and the expansion of sugar-based industries such as ethanol processing which utilises molasses as a basic raw material. According to PT Capricorn Indonesia Consult Inc’s business

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report INDOCOMMERCIAL dated 25 August 2007, Indonesia was once among the world's largest producers of sugar. However, in recent years, the country has been a net importer of sugar. In 2006, the country's shortfall in domestic production of sugar was more than one million tons (which represents approximately 35% of its sugar requirement in 2006). Whilst the report does state that sugar production in Indonesia has been increasing in recent years, the report also notes that even with such increase, sugar production still falls far short of the sugar requirement in Indonesia. Please see the table below which shows the sugar supply and consumption data for Indonesia for the period from 2001 to 2006:

Supply and Consumption of Sugar in Indonesia (2001-2006)

	2001	2002	2003	2004	2005	2006
Population (million)	206.6	209.2	211.8	214.5	217.2	221.0
Per capita consumption (kg)	15.46	15.53	15.62	15.75	15.93	16.18
Total Consumption (million tons)	3.19	3.25	3.31	3.38	3.46	3.58
Domestic Production (million tons)	1.73	1.76	1.63	2.05	2.24	2.31
Shortfall in Domestic Production (million tons)	1.46	1.49	1.68	1.33	1.22	1.27

Source: PT Capricorn Indonesia Consult Inc's business report INDOCOMMERCIAL dated 25 August 2007.

The increase in domestic demand for sugar, coupled with a shortfall in domestic supply in Indonesia and a prevailing global shift in land use from the growing of food crops to the growing of energy crops, implies a likely positive trend in the price of sugar in the future.

In addition, being part of the PT ISM group, PT LPI will, following completion of the Proposed Subscription, be able to leverage on the PT ISM group's established distribution network in Indonesia.

As stated in Section 2.1 of this Circular, the Subscription Consideration of Rp375 billion was arrived at after taking into consideration, amongst other things, the NAV and the business prospects of PT LPI. This is notwithstanding that PT LPI was loss-making in FY2006 and FY2007 as it was in its start-up and projects development period then. The Company therefore considered that it was not practicable to determine the amount of the Subscription Consideration for the New Shares based on the past two years' earnings of PT LPI. Accordingly, it had taken into consideration, amongst other things, the NAV and the business prospects of PT LPI. Separately, PT SIMP had appointed an independent valuer, namely, Asian Appraisal, to undertake an independent business valuation of PT LPI as at 31 December 2007 to determine the fairness of the Subscription Consideration amount of Rp375 billion.

4. INFORMATION ON PT LPI

4.1 Background Information and Business Overview

PT LPI was incorporated in Indonesia as a limited liability company on 18 November 1992. As at the Latest Practicable Date, it has an authorised capital of Rp200 billion divided into 100,000 Class A shares and 100,000 Class B shares of Rp1,000,000 each, and an issued and paid-up share capital of Rp125 billion divided into 62,500 Class A shares and 62,500 Class B shares of Rp1,000,000 each. As at the Latest Practicable Date, PT BSS owns 80% of each of the Class A shares and the Class B shares. The remaining 20% of each of the Class A shares and the Class B shares is held as to 18% by the Samsuddin family (8.8% by Irsan Samsuddin, 6.4% by Suriati Samsuddin and 2.8% by Iwan Samsuddin) and as to 2% by Darsono. There is no difference between the Class A and the Class B shares in any aspect. As stated in Section 2.2.1(vi) of this

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Circular, it is a condition precedent to Completion that PT LPI must have obtained the approval of its shareholders in general meeting for, amongst other things, the change in the categorisation of the Class A shares and the Class B shares into one class of shares. Accordingly, on Completion, PT SIMP will be issued New Shares in the capital of PT LPI which will be of the same class of shares existing in the capital of PT LPI following such change in categorisation.

PT LPI is engaged in the plantation business and, as at the Latest Practicable Date, has:

- (i) a sugar cane plantation located in Kabupaten Ogan Komering Ulu Timur in the province of South Sumatra, Indonesia, with a total land bank of approximately 37,500 hectares, of which HGU¹ has been obtained in respect of approximately 21,500 hectares and *Ijin Lokasi*² (Location Permit) has been obtained in respect of 16,000 hectares of land. The expiry period for the *Ijin Lokasi* is December 2010.

As of 31 December 2007, approximately 2,549 hectares of land were planted with sugar cane. As of 31 March 2008, approximately 2,745 hectares of land were planted with sugar cane. PT LPI intends to plant approximately 18,600 hectares of land with sugar cane, from the total concession area of approximately 37,500 hectares as identified above;

- (ii) a sugar production factory located in Kabupaten Pati in the province of Central Java, Indonesia, which is currently being rehabilitated to re-commence sugar production and is expected to commence production in the second half of 2008; and
- (iii) commenced the project to construct a sugar production factory located in Kabupaten Ogan Komering Ulu Timur in the province of South Sumatra, Indonesia, in April 2008 and production is presently expected to commence by the end of 2010. PT LPI has obtained the HGU in respect of such land.

4.2 Certain Financial Information on PT LPI

A summary of the performance highlights of PT LPI for FY2006 and FY2007, based on the audited financial statements of PT LPI for the respective financial years, which were prepared under Indonesian GAAP, is as follows. The auditors of PT LPI are Eddy Prakarsa Permana & Siddharta, which is a member of Kreston International Limited, a worldwide association of independent accountancy and advisory firms founded in 1971.

For the Condensed Income Statement and the Condensed Balance Sheet, the Indonesian Rupiah has been converted into Singapore Dollars at the exchange rate of Rp6,103 : S\$1.00 (which is the average of the closing mid-rates quoted on the Central Bank of Indonesia in 2007), and the exchange rate of Rp6,502 : S\$1.00 (which is the closing exchange rate quoted on the Central Bank of Indonesia on 31 December 2007), respectively. For the Condensed Cashflow Statement, the Indonesian Rupiah has been converted into Singapore Dollars at the exchange rate of Rp6,502 : S\$1.00 (which is the closing exchange rate quoted on the Central Bank of Indonesia on 31 December 2007).

Condensed Income Statement

	FY2006	FY2007	FY2006	FY2007
	Rp' million	Rp' million	S\$' million	S\$' million
Net Sales	–	–	–	–
Loss from operations	(9,292)	(17,988)	(1.5)	(2.9)
Net Loss	(6,855)	(17,670)	(1.1)	(2.9)

¹ HGU refers to the right to cultivate (referred to in Indonesia as Hak Guna Usaha). HGU gives its holder the right to exploit/use or to cultivate the land.

² Ijin Lokasi is an approval granted by the Indonesian government to a company which permits the company to commence land relinquishment or acquisition and/or cultivation within a certain prescribed period, after which the company can apply for HGU.

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Condensed Balance Sheet

	As at 31 December			
	2006	2007	2006	2007
	Rp' million	Rp' million	S\$' million	S\$' million
Assets				
Current ⁽¹⁾	18,278	42,465	2.8	6.5
Non current	78,831	136,964	12.1	21.1
Total Assets	97,109	179,429	14.9	27.6
Liabilities and Equity				
Liabilities				
Current	7,342	17,053	1.1	2.6
Non current	83,144	98,423	12.8	15.1
Total Liabilities	90,486	115,476	13.9	17.8
Capital stock	50,000	125,000	7.7	19.2
Revenue reserve	(43,377)	(61,047)	(6.7)	(9.4)
Shareholders' Equity	6,623	63,953	1.0	9.8
Total Liabilities and Equity	97,109	179,429	14.9	27.6

Note:

(1) This includes the cost value of PT LPI's biological assets.

Condensed Cash Flow Statement

	FY2006	FY2007	FY2006	FY2007
	Rp' million	Rp' million	S\$' million	S\$' million
Operating activities	(13,552)	(38,790)	(2.1)	(6.0)
Investing activities	(17,946)	(54,611)	(2.8)	(8.4)
Financing activities	32,946	92,402	5.1	14.2
Cash brought forward	665	2,113	0.1	0.3
Cash at end of year	2,113	1,114	0.3	0.2

There were no sales recorded in FY2006 and FY2007 as the sugar cane plantations of PT LPI were still in immature stage. The net losses incurred in FY2006 and FY2007 were basically due to payment of salaries and overhead costs during the start-up and projects development period. These included depreciation of property, plant and equipment amounting to approximately Rp2.8 billion in FY2006 and approximately Rp2.9 billion in FY2007. Included in the net loss for FY2007 was approximately Rp2.2 billion arising from a fire.

The total assets of PT LPI increased from approximately Rp97.1 billion in FY2006 to approximately Rp179.4 billion in FY2007 due mainly to an increase in capital expenditure for the development of the sugar cane plantations, the acquisition of equipment, the construction of facilities for the South Sumatra project and the rehabilitation of the sugar factory for the Kabupaten Pati, Central Java project. Project expenditures in FY2006 and FY2007 were financed substantially by additional paid-up capital and loans from shareholders and lease financing for some agriculture equipment.

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4.3 Other Information

4.3.1 Commissioners and directors of PT LPI

The members of the board of commissioners of PT LPI as at the Latest Practicable Date are:

President Commissioner	:	Darsono
Vice President Commissioner	:	Sugiarso Tanzil
Commissioner	:	Budijati Wangsit
Commissioner	:	Iwan Samsuddin
Commissioner	:	Bima Widjaja Saputra
Commissioner	:	Siswanto

The directors of PT LPI as at the Latest Practicable Date are:

President Director	:	Daddy Hariadi
Vice President Director	:	Irsan Samsuddin
Director	:	Suriati Samsuddin
Director	:	Edie Harjadi

4.3.2 Employees of PT LPI

Based on information provided by PT LPI, as at 31 March 2008, PT LPI had a total of approximately 340 permanent employees and there has been no labour unrests in the last three financial years and up to the Latest Practicable Date.

4.3.3 Shareholders and Share Capital of PT LPI before and after the Proposed Subscription

Names of shareholders of PT LPI	Before the Proposed Subscription			After the Proposed Subscription		
	No. of PT LPI Shares	%	Paid Up Capital (in Rp 'million)	No. of PT LPI Shares	%	Paid Up Capital (in Rp 'million)
PT SIMP	–	–	–	187,500	60.00%	187,500
PT BSS	100,000	80.00%	100,000	100,000	32.00%	100,000
Irsan Samsuddin	11,000	8.80%	11,000	11,000	3.52%	11,000
Suriati Samsuddin	8,000	6.40%	8,000	8,000	2.56%	8,000
Iwan Samsuddin	3,500	2.80%	3,500	3,500	1.12%	3,500
Darsono	2,500	2.00%	2,500	2,500	0.80%	2,500
Total	125,000	100.00%	125,000	312,500	100.00%	312,500

4.3.4 Loan arrangements

In January 2008, PT LPI entered into a loan facility agreement with PT Bank DBS Indonesia, for the grant of various facilities amounting to an aggregate of Rp175 billion to finance (i) the rehabilitation of the sugar production factory located in Kabupaten Pati, Central Java and (ii) the Partnership Program. As at the Latest Practicable Date, PT LPI has drawn down approximately Rp55.6 billion of the loan facilities from PT Bank DBS Indonesia.

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In April 2008, PT LPI entered into a loan facility agreement with PT Bank Rakyat Indonesia Tbk, for the grant of facilities amounting to an aggregate of approximately Rp992.5 billion, to finance the construction of the sugar production factory and the cultivation of sugar cane plantations (both located in Kabupaten Ogan Komering Ulu Timur), and for general working capital purposes. As at the Latest Practicable Date, PT LPI has drawn down approximately Rp110.7 billion of this loan facility.

Under the loan agreement entered into with PT Bank DBS Indonesia, PT LPI is required to repay Rp120 billion of the facilities eighteen (18) months after the date of the loan agreement and Rp10 billion of the facilities twenty (20) months after the date of the loan agreement. The balance Rp45 billion of the facilities is repayable from the date falling twenty (20) months after the date of the loan agreement, over fourteen quarterly instalments. Under the loan agreement entered into with PT Bank Rakyat Indonesia Tbk, PT LPI is required to repay the loan from the date falling four (4) years after the date of the loan agreement, via quarterly instalments. The loan from PT Bank Rakyat Indonesia Tbk has to be fully repaid 10 years from the date of the loan agreement.

The Company expects that by the time the loans are due for repayment, the sugar production factory in Kabupaten Pati, Central Java, Indonesia and in Kabupaten Ogan Komering Ulu Timur in the province of South Sumatra, Indonesia, would start generating sufficient cash flows to repay the loans.

4.3.5 Insurance

The Company understands that PT LPI maintains insurance coverage for its assets with the exception of its sugar cane plantations. Its insurance policies cover, amongst others, property/industrial all risks, earthquake, contractors all risks and all assets of PT LPI including but not limited to heavy equipment, buildings, furniture, tractors, motor vehicles, the sugar production factory located at Kabupaten Pati, Central Java, and third party liability.

As for the sugar cane plantations, the Company understands that PT LPI is currently evaluating and considering taking up insurance coverage for its sugar cane crops.

As for PT LPI's new sugar production factory located in Kabupaten Ogan Komering Ulu Timur, the Company intends to take up insurance coverage for such sugar production factory upon its completion whilst the contractor is to be responsible for the insurance coverage during the construction period.

4.3.6 Environmental Compliance

The Group considers environmental compliance to be an important factor in the conduct of its operations and it is committed to achieving high standards of environmental management. The Group has a zero burning policy for clearing its plantation land and intends to maintain and/or promote such policy in its future acquisition and development of sugar cane plantation land.

Based on information provided by PT LPI, PT LPI has a core strategy of ensuring the environmental sustainability of its operations. It does not use the slash and burn approach for land clearing. Land clearing is done by levelling trees and vegetation using heavy equipment, windrowing the levelled vegetation, plowing the roots and manually collecting the discarded roots. PT LPI adopts a green cane strategy for harvesting for environmental and commercial reasons.

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4.4 Risk Factors

The Proposed Subscription may involve the risks described below. To the best knowledge of the Directors, the risks described below are the risks which PT LPI faces. However, the following should not be construed to be a comprehensive listing of all the risk factors. There may be additional risks not presently known to the Group, or that the Group may currently deem immaterial but may subsequently turn out to be so, which could affect its operations or the sugar industry. If any of the following considerations, risks and uncertainties develops into actual events, the financial position, financial performance, cash flow, business operations and prospects of the Group could be, directly or indirectly, materially and adversely affected.

(i) Land disputes and deviations from PT LPI's planting program

The Company understands that under PT LPI's current planting program, it is anticipated that up to 18,600 hectares of land is intended to be cultivated with sugar cane.

The Company understands that PT LPI is currently in dispute with third parties who are occupying approximately 6,384 hectares of PT LPI's certificated land bank (which represents approximately 30% of the certificated land of approximately 21,500 hectares owned by PT LPI) without having obtained any permission from PT LPI, and part of such land is being planted with oil palm. The Company understands that PT LPI intends to negotiate with such third parties with a view to reaching a settlement agreement with such third parties so that such land can be taken back and utilised by PT LPI. The Company presently expects such negotiations with the third parties to take less than one (1) year.

However, there can be no assurance that PT LPI will be able to reach agreement with the respective third parties within the aforesaid timeframe, or at all. If PT LPI is unable to reach agreement with such third parties, then PT LPI will have to resort to legal means including court proceedings which can be lengthy and can take more than a year, and costly. Any delay, breakdown in negotiations or legal disputes could have a material adverse effect on PT LPI's ability to carry out its planting program, which will impact the volume of production of sugar and the utilisation of the sugar production factory.

However, PT LPI has already obtained the *Ijin Lokasi* in respect of 16,000 hectares of land, which it intends to apply for HGU after the relinquishment of the land within the 3-year period from the date of issue of the *Ijin Lokasi* (i.e., before the expiry period of the *Ijin Lokasi* in December 2010). Accordingly, in the event the land disputes with the third parties cannot be resolved expeditiously, it intends to cultivate the sugar cane on the *Ijin Lokasi* land after the HGU has been obtained.

(ii) Delay in completion of sugar production factory

Based on PT LPI's current planting program, the Company understands that the project for the construction of the sugar production factory located in Kabupaten Ogan Komering Ulu Timur, which started in April 2008, is to be completed by the end of 2010.

However, whilst HGU has been obtained in respect of such land in Kabupaten Ogan Komering Ulu Timur, there can be no assurance that the construction of the sugar production factory will be completed as scheduled, due to uncertainties in external factors such as the supply of building materials or work delays caused by third party contractors. A delay in the completion of the sugar production factory would mean that PT LPI will have to sell its sugar cane to third parties for further processing. Such third parties may or may not have sufficient processing capacity. This may have a material adverse impact on PT LPI's sales revenue, profitability and financial condition.

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(iii) Fluctuations in the price of sugar

In recent years, as can be seen in the table below, the domestic sugar price in Indonesia has been higher compared to the sugar price in the international market. This is due to a policy set by the Indonesian government which regulates the minimum sugar price according to the economic conditions in Indonesia.



Source: Bloomberg and Bulog Website

There can be no assurance that such policy regulating the minimum sugar price will continue to be applied. In the event that such policy is no longer applied by the Indonesian government, the domestic sugar price may correlate to the international sugar price.

Other factors, such as Indonesian government regulations, may also affect the prices at which PT LPI is able to sell its sugar products in the Indonesian domestic market.

Any or all of the above factors could cause a downward fluctuation in the international or domestic prices for PT LPI's sugar products which would materially and adversely affect PT LPI's operations, sales revenue, profitability and financial condition.

(iv) Risk of decrease in the sugar cane supply from farmers in Kabupaten Pati

The sugar production facilities of PT LPI in Kabupaten Pati have a production capacity of approximately 3,000 tonnes of cane per day ("TCD"). PT LPI has entered into a partnership program ("**Partnership Program**") with approximately 120 local farmers who own land in Kabupaten Pati, Central Java, Indonesia in relation to the sugar cane supply requirement for such sugar production facilities of PT LPI in Kabupaten Pati. Under the Partnership Program, PT LPI will provide credit facilities to such farmers for a period of approximately two (2) years, secured by the land certificates of the farmers. Pursuant to the Partnership Program, the farmers will supply the sugar cane to PT LPI, which sugar cane will then be further processed into sugar and molasses. Whilst the credit facilities are outstanding, the local farmers are required to meet at least 80% of the target of production as determined by PT LPI, failing which the farmer concerned will be required to pay a certain amount of fine based on the shortage of production.

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The sales proceeds from the sugar and molasses are to be shared between PT LPI and the farmers in the proportion of 34%:66% respectively, as agreed in the Partnership Program. The farmers' portion of the sales proceeds is applied to offset the credit facilities provided by PT LPI to such farmers. As at 31 May 2008, the outstanding credit facilities extended by PT LPI to the farmers amounted to approximately Rp8.5 billion (which is equivalent to approximately S\$1.3 million).

The farmers are not obliged to supply their sugar cane to PT LPI after their credit facilities have been fully repaid. There is therefore no assurance that PT LPI will get the sugar cane supply from the farmers after their credit facilities have been fully repaid. Any material decrease in the supply of sugar cane would reduce PT LPI's sugar production which will have a material impact on the business of PT LPI.

(v) Risk of default by farmers in Kabupaten Pati on repayment of loans extended by PT LPI

As stated above, under the Partnership Program, the farmers are required to supply their sugar cane to PT LPI for it to further process into sugar and molasses. The sales proceeds from the sugar and molasses are to be shared between PT LPI and the farmers in the proportion of 34%:66% respectively. The farmers' portion of the sales proceeds is applied to offset outstanding amounts under the credit facilities provided by PT LPI to such farmers.

There is no assurance that the farmers will not default on their obligation to supply their sugar cane to PT LPI and this may result in them defaulting on their loan repayments to PT LPI. Any material default by such farmers on their obligations to PT LPI would have a material adverse impact on the business of PT LPI.

(vi) Area over which HGU is obtained may differ from the area over which the *Ijin Lokasi* was granted

In Section 4.1(i) of this Circular, it was stated that PT LPI has obtained *Ijin Lokasi* (Location Permit) in respect of 16,000 hectares of land in Kabupaten Ogan Komering Ulu Timur.

Pursuant to the location permit, PT LPI may conduct land relinquishment, acquisition and/or cultivation within the period stated in the location permit and eventually apply for the granting of HGU over the relinquished land.

There can be no assurance that the area over which HGU is obtained will be the same as the area over which the *Ijin Lokasi* (Location Permit) was granted. It is therefore possible that PT LPI may not be able to control and cultivate the allocated land under the *Ijin Lokasi* (Location Permit). Any material deviation in the area of land over which PT LPI is able to obtain the HGU may have a material adverse impact on the business of PT LPI.

The Company will update Shareholders on the status of obtaining the HGU through SGXNET announcement(s).

4.5 Future Plans for PT LPI

The objective of the Proposed Subscription is to enable the Group to expand and diversify its existing agribusiness activities into the areas of sugar cultivation and processing. Following the completion of the Proposed Subscription, the Group intends for PT LPI to develop its sugar business by focusing on the following key strategies:-

(a) PT LPI's planting program

Currently, PT LPI has a planting target of approximately 18,600 hectares in order to meet the production capacity of approximately 8,000 TCD, as stated in Section 4.5(b) below.

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As of 31 March 2008, the sugar cane planted area is approximately 2,745 hectares, whilst the remaining land is still in raw land condition. The Company intends for PT LPI to develop its raw land into sugar cane planted area in order that it may achieve a total planted area of approximately 18,600 hectares by the end of 2011.

Sugar cane typically takes approximately one (1) year to reach maturity from the time it is planted to the time it can be harvested and this process is estimated to cost approximately US\$1,200 per hectare. The annual harvest cycle of sugar cane will last for four (4) years before it needs to be replanted i.e., after the first time harvest of the planted crop, it may be followed by three ratoon crops³. After four (4) years of production, the re-planting cost is approximately US\$900 per hectare.

(b) Completion of the building of a new sugar production factory located in Kabupaten Ogan Komering Ulu Timur

PT LPI has commenced the project to construct a sugar production factory located in Kabupaten Ogan Komering Ulu Timur in the province of South Sumatra, Indonesia, in April 2008 and production is presently expected to commence by the end of 2010. Upon completion of the construction of such sugar production factory, it is expected to have a production capacity of approximately 8,000 TCD. The construction of the aforesaid sugar production factory is expected to cost approximately US\$118 million.

(c) Completion of the rehabilitation of a sugar production factory located in Kabupaten Pati

The sugar production factory located in Kabupaten Pati in the province of Central Java, Indonesia, which is currently being rehabilitated to re-commence sugar production and is expected to commence production in the second half of 2008, has a production capacity of approximately 3,000 TCD. The anticipated cost of rehabilitation of the aforesaid sugar production factory is approximately US\$10 million.

(d) Optimise operating efficiency and productivity

The Group intends for PT LPI to continue enhancing the level of integration in its operations and improving on its cultivation, production, marketing and logistical processes so as to achieve greater cost efficiencies, productivity, economies of scale and effective service delivery. These include investment in information technology to enhance the pace and accuracy of information gathering, processing and dissemination throughout the organisation.

As at the Latest Practicable Date, the funding methods for the above may include a combination of shareholders' loans and/or bank borrowings (including those mentioned in Section 4.3.4 above), in addition to the Subscription Consideration. In this respect, the Company will have regard, *inter alia*, to its cash flow, market conditions and available credit facilities at the relevant times.

The Company understands that the sale of sugar cane by PT LPI to a third party has started generating revenue since April 2008. The Company expects the sale of sugar and molasses to start generating revenue upon the completion of the rehabilitation of the sugar production factory located in Kabupaten Pati in the second half of 2008 as well as the completion of the construction of a new sugar production factory located in Kabupaten Ogan Komering Ulu Timur, which is expected to take place by the end of 2010.

³ A ratoon crop is the new cane which grows from the stubble left behind after harvesting.

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5. CERTAIN FINANCIAL EFFECTS OF THE PROPOSED SUBSCRIPTION

5.1 Bases and Assumptions

The unaudited proforma financial effects of the Proposed Subscription on the Group in respect of FY2007 have been prepared based on the audited consolidated financial statements of the Group for FY2007 and the audited financial statements of PT LPI for FY2007. The objective of the financial effects analysis is to illustrate what the historical information of the Group might have been had the Proposed Subscription been completed at an earlier date. However, such information is not necessarily indicative or a projection of the financial performance and financial position of the Group after the completion of the Proposed Subscription.

For purposes of illustration, the financial effects set out below are based on, amongst other things, the following key assumptions:

- (a) the financial statements of the Group and PT LPI are reported in Indonesian Rupiah;
- (b) the audited financial statements of PT LPI for FY2007 are prepared based on Indonesian GAAP. For the purpose of computing the financial effects, adjustments have been made to record the fair value of the biological assets, and the related tax effects, to comply with the Singapore Financial Reporting Standards (“SFRS”) 41 – Agriculture;
- (c) the Proposed Subscription is required to be accounted for upon Completion in accordance with the accounting policies of the Company (using the purchase method in accordance with SFRS 103-Business Combinations). This requires a purchase price allocation (a valuation exercise on the identifiable assets, liabilities and contingent liabilities of the acquiree) to be performed on PT LPI upon Completion. As the purchase price allocation for PT LPI has not been determined as at the Latest Practicable Date, the carrying values of the assets and liabilities of PT LPI, with the exception of fixed assets, have been assumed to approximate the fair values as at 31 December 2007. The fair values of the fixed assets as at 31 December 2007 were based on the independent appraisal by Asian Appraisal, determined on an existing use basis. Accordingly, for the purposes of preparing the financial effects, the goodwill arising on acquisition of PT LPI has been determined based on the excess of the Subscription Consideration for the Proposed Subscription, over the net assets of PT LPI, adjusted for the fair values of the fixed assets. In addition, no impairment assessment of the resultant goodwill has been performed. The actual fair values of the net assets of PT LPI and resultant goodwill will be determined upon completion of the Proposed Subscription and accounted for in accordance with the accounting policies of the Company and such actual fair values and goodwill may materially differ from the assumptions stated herein;
- (d) the financial effects on the Group’s earnings and EPS are computed assuming that the **Proposed Subscription was completed on 1 January 2007**. The financial effects on the Group’s NAV, NTA and gearing are computed **assuming that the Proposed Subscription was completed on 31 December 2007**;
- (e) there are no outstanding convertible securities and options issued by PT LPI; and
- (f) the two loan arrangements entered into by PT LPI (as described in Section 4.3.4 of this Circular) have not been included in the computation of the financial effects of the Proposed Subscription on the Group.

5.2 Effect on share capital

The Proposed Subscription will not have any impact on the share capital of the Company.

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5.3 Financial effects on NAV and NTA

	Before the Proposed Subscription	Immediately after the Proposed Subscription ⁽¹⁾
Consolidated NAV as at 31 December 2007 (Rp' million)	7,155,684	7,155,684
Consolidated NTA as at 31 December 2007 (Rp' million)	4,198,391	4,183,290
Number of issued Shares ('000)	1,447,783	1,447,783
Consolidated NAV per Share (Rp)	4,943	4,943
Consolidated NTA per Share (Rp)	2,900	2,889

Note:

- (1) In arriving at the financial effects of the Proposed Subscription, adjustments have been made to record the fair value of PT LPI's fixed assets, biological assets, goodwill on acquisition and related tax effects.

5.4 Financial effects on earnings and EPS

	Before the Proposed Subscription	Immediately after the Proposed Subscription ^{(1) / (2)}
Consolidated earnings for the year ended 31 December 2007 (Rp' million)	889,094	874,838
Number of issued Shares ('000)	1,447,783	1,447,783
Consolidated EPS (Rp)	614	604

Notes:

- (1) In arriving at the financial effects of the Proposed Subscription, adjustments have been made to record the additional depreciation arising from the fair valuation of PT LPI's fixed assets, related tax effects and minority interests.
- (2) As the Subscription Consideration is proposed to be financed by way of internal resources, the financial effects do not include any additional borrowing costs to fund the Proposed Subscription.

5.5 Financial effects on gearing

	Before the Proposed Subscription	Immediately after the Proposed Subscription ⁽¹⁾
Adjusted consolidated borrowings as at 31 December 2007 (Rp' million)	5,342,771	5,348,612
Consolidated cash and cash equivalents as at 31 December 2007 (Rp' million)	1,701,512	1,702,626
Adjusted consolidated shareholders' funds as at 31 December 2007 (Rp' million)	7,155,684	7,155,684
Gross Gearing as at 31 December 2007 (times)	0.75	0.75
Net Gearing as at 31 December 2007 (times)	0.51	0.51

Note:

- (1) As the Subscription Consideration is proposed to be financed by way of internal resources, the financial effects do not include any additional borrowings to fund the Proposed Subscription.

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6. INTERESTED PERSON TRANSACTION

6.1 The Proposed Subscription

PT BSS and PT LPI are members of the Salim Group, which is a Controlling Shareholder of the Company with an interest (both direct and deemed) of approximately 69.09% of the total number of issued Shares as at the Latest Practicable Date. The Salim Group owns 100% of the total number of issued shares of PT BSS, which in turn owns 80% of PT LPI. Accordingly, PT BSS and PT LPI are regarded as “associates” of the Salim Group and therefore “interested persons” of the Company under Chapter 9 of the Listing Manual. As such, the Proposed Subscription constitutes an interested person transaction within the meaning of Chapter 9 of the Listing Manual.

As the Subscription Consideration exceeds 5% of the Latest Audited NTA, completion of the Proposed Subscription is subject to, amongst other things, the approval of the Shareholders at the EGM.

6.2 Current total value of all interested person transactions

The current total values of all interested person transactions with (a) PT BSS and PT LPI and (b) all interested persons of the Company, for the period from 1 January 2008 to the Latest Practicable Date (prior to and including the Proposed Subscription), and the percentage of the Group’s Latest Audited NTA represented by such values, are as follows:

	Prior to the Proposed Subscription		Including the Proposed Subscription	
	Amount Rp’ billion	Percentage of Latest Audited NTA	Amount Rp’ billion	Percentage of Latest Audited NTA
Total value of all transactions with PT BSS and PT LPI	–	–	375.0	8.93%
Total value of all transactions with all interested persons ⁴ of the Company	1,488.3	35.45%	1,863.3	44.39%

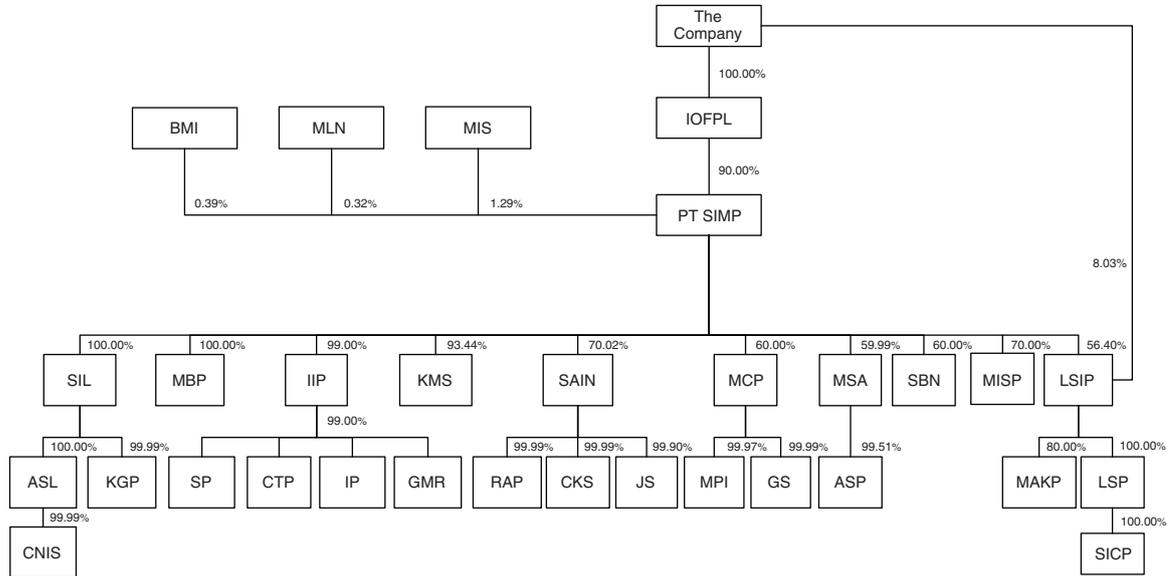
⁴ This includes interested person transactions entered into with PT BSS and PT LPI.

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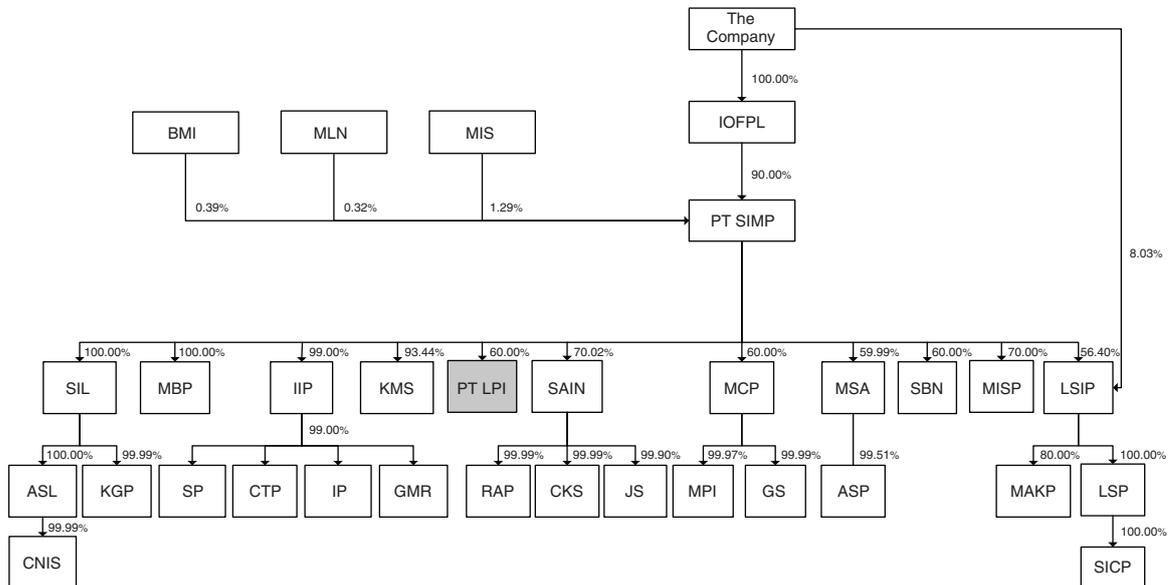
7. GROUP STRUCTURE ON COMPLETION OF THE PROPOSED SUBSCRIPTION

The following diagrams depict the structure of the Group as at the Latest Practicable Date and that of the enlarged Group after the completion of the Proposed Subscription.

As at the Latest Practicable Date



After completion of the Proposed Subscription



ASL : Asian Synergies Limited (BVI)
 ASP : PT Agrosubar Permai
 BMI : PT Bina Makna Indoprata
 CNIS : PT Citranusa Intisawit
 CTP : PT Cibaliung Tunggal Plantations
 GMR : PT Gunung Mas Raya
 GS : PT Gunta Samba
 IIP : PT Indoagri Inti Plantation

IP : PT Perusahaan Perkebunan,
 Industri dan Dagang Indriplant

IOFPL : Indofood Oil & Fats Pte. Ltd.
 JS : PT Jake Sarana
 KGP : PT Kebun Ganda Prima
 KMS : PT Kebun Mandiri Sejahtera
 LSP : Lonsum Singapore Pte. Ltd.
 LSIP : PT PP London Sumatra Indonesia Tbk
 MAKP : PT Multi Agro Kencana Prima
 MBP : PT Manggala Batama Perdana
 MCP : PT Mega Citra Perdana

MIS : PT Mandiri Investama Sejati

MISP : Mitra Sejati Inti Plantation
 MLN : PT Multi Langgeng Nusantara
 MPI : PT Multi Pacific International
 MSA : PT Mentari Subur Abadi
 RAP : PT Riau Agrotama Plantation
 SAIN : PT Sarana Inti Pratama
 SBN : PT Swadaya Bhakti Negaramas
 SIL : Silveron Investments Limited (Mauritius)
 SP : PT Perusahaan Dagang, Perkebunan
 dan Industri Serikat Putra
 SICP : Sumatra Investment Corporation Pte. Ltd.

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8. INTERESTS OF THE DIRECTORS AND CONTROLLING SHAREHOLDERS

Based on information in the Register of Substantial Shareholders and the Register of Directors' Shareholdings as at the Latest Practicable Date, the interests of the Directors and Shareholders of the Company in the Shares as at the Latest Practicable Date, are as follows:

	Direct Interest		Deemed Interest	
	Number of Shares	%	Number of Shares	%
Directors				
Mr Lee Kwong Foo Edward	–	–	–	–
Mr Benny Setiawan Santoso	–	–	–	–
Mr Mark Julian Wakeford ("Mr Wakeford")	200,000	0.01	200,000 ⁽¹⁾	0.01 ⁽¹⁾
Mr Moleonoto Tjang	–	–	–	–
Mr Gunadi	–	–	–	–
Mr Suaimi Suriady	–	–	–	–
Mr Tjhie Tje Fie	–	–	–	–
Mr Axton Salim	–	–	–	–
Mr Lim Hock San	–	–	–	–
Mr Goh Kian Chee	–	–	–	–
Mr Hendra Susanto	–	–	–	–
Substantial Shareholders				
ISHPL	998,200,000	68.95	–	–
PT ISM ⁽²⁾	–	–	998,200,000	68.95
Lapu-Lapu Holdings Limited ("Lapu-Lapu") ⁽³⁾	–	–	998,200,000	68.95
CAB Holdings Limited ("CAB") ⁽³⁾	–	–	998,200,000	68.95
First Pacific Company Limited ("First Pacific") ⁽⁴⁾	–	–	998,200,000	68.95
FPIL ⁽⁵⁾	1,125,344	0.08	998,200,000	68.95
FPIL BVI ⁽⁵⁾	882,444	0.06	998,200,000	68.95
Salerni International Limited ("Salerni") ⁽⁶⁾	–	–	1,000,207,788	69.09
Anthoni Salim ⁽⁷⁾	–	–	1,000,207,788	69.09
Eddy Kusnadi Sariaatmadja ("ES") ⁽⁸⁾	98,082,830	6.77	–	–
Newton Investment Management Ltd.	88,373,000	6.10	–	–
The Bank of New York Mellon Corporation ⁽⁹⁾	–	–	88,373,000	6.10
Public shareholders	261,119,212	18.03	–	–
Total	1,447,782,830	100.00	–	–

Notes:

- (1) Mr Wakeford is deemed to be interested in the 200,000 Shares held by his wife, Ms Tee Foong Sin.
- (2) PT ISM is a holding company of ISHPL with an interest of approximately 83.84% of the total number of issued shares in ISHPL. Accordingly, PT ISM is deemed to be interested in the Shares held by ISHPL.
- (3) Lapu-Lapu, together with its associate, CAB, collectively own not less than 20% of the issued share capital of PT ISM. Accordingly, Lapu-Lapu and CAB are deemed to be interested in the Shares held by ISHPL.
- (4) First Pacific owns 100% of the issued share capital of CAB and Lapu-Lapu respectively. Accordingly, First Pacific is deemed to be interested in the Shares held by ISHPL.

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- (5) FPIL, together with FPIL BVI, collectively own not less than 20% of the issued share capital of First Pacific. Accordingly, FPIL and FPIL BVI are deemed to be interested in the Shares held by ISHPL.
- (6) Salerni owns more than 50% of the issued share capital of FPIL BVI. Accordingly, Salerni is deemed to be interested in the Shares held by ISHPL, FPIL and FPIL BVI.
- (7) Mr Anthoni Salim owns 100% of the issued share capital of Salerni. Accordingly, Mr Anthoni Salim is deemed interested in the Shares held by ISHPL, FPIL and FPIL BVI.
- (8) ES is deemed to be interested in the Shares held by Palm Capital Pte. Ltd..
- (9) The Bank of New York Mellon Corporation is deemed to be interested in the Shares held by Newton Investment Management Ltd..

Save as disclosed in this Circular, none of the Directors or Controlling Shareholders of the Company has any interest, direct or indirect, in the Proposed Subscription.

9. **ADVICE OF THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS**

Pursuant to Chapter 9 of the Listing Manual, DTCF has been appointed as the independent financial adviser to the Independent Directors to advise them on whether or not the Proposed Subscription is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders. A copy of their letter of advice to the Independent Directors is set out in Appendix B to this Circular. Shareholders are advised to read DTCF's letter of advice carefully.

Having considered the factors set out in their letter in Appendix B to this Circular, DTCF is of the view that the Proposed Subscription is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

10. **AUDIT COMMITTEE STATEMENT**

The Audit Committee of the Company (comprising Messrs Goh Kian Chee, Lim Hock San and Hendra Susanto), having reviewed, amongst other things, the terms, rationale and benefit of the Proposed Subscription and after considering the advice of DTCF as set out in their letter of advice, is of the view that the Proposed Subscription is on normal commercial terms and is not prejudicial to the interests of the Company and its minority Shareholders.

11. **INDEPENDENT DIRECTORS' RECOMMENDATION**

Mr Axton Salim, a non-executive Director of the Company, is the son of Mr Anthoni Salim. Messrs Benny Setiawan Santoso and Tjhie Tje Fie, being non-executive Directors of the Company, are nominees of either PT ISM (a parent company of the Company) or ISHPL appointed to the Board of the Company. Both PT ISM and its subsidiary, ISHPL, are companies in which the Salim Group has deemed shareholding interests. Messrs Axton Salim, Benny Setiawan Santoso and Tjhie Tje Fie have abstained from making any recommendation to the Shareholders in respect of the Proposed Subscription.

Having considered, amongst other things, the terms, rationale, benefit and financial effects of the Proposed Subscription and the advice of DTCF as set out in their letter of advice, the Independent Directors are of the view that the Proposed Subscription is in the interests of the Company and, accordingly, recommend that Shareholders **vote in favour** of the resolution relating to the Proposed Subscription to be proposed at the EGM.

Shareholders are advised to read this Circular in its entirety, including Sections 3, 4 and 5 of this Circular relating to the rationale of the Proposed Subscription, information on PT LPI and the financial effects of the Proposed Subscription, and the advice of DTCF as set out in Appendix B to this Circular (and, in particular, Section 5.7 of DTCF's advice as set out in Appendix B to this Circular). In making the above recommendation, the Independent Directors have not had regard to the specific investment objectives, financial situation, tax position or particular needs or constraints of any individual Shareholder.

LETTER TO SHAREHOLDERS

12. EXTRAORDINARY GENERAL MEETING

An EGM, notice of which is set out in this Circular, will be held at Ballroom I and II, Level 3, Singapore Marriott Hotel, 320 Orchard Road, Singapore 238865 on 7 July 2008 at 3.00 p.m. for the purpose of considering and, if thought fit, passing with or without amendments, the ordinary resolution set out in the Notice of EGM to approve the Proposed Subscription.

ISHPL, FPIL and FPIL BVI have undertaken to the Company to abstain from, and to ensure that their respective associates will abstain from, voting in respect of their respective shareholdings in the Company, amounting to an aggregate of approximately 69.09% of the total number of issued Shares of the Company as at the Latest Practicable Date, at the EGM to approve the Proposed Subscription.

In addition, each of Axton Salim, Benny Setiawan Santoso and Tjhie Tje Fie (collectively, the “**Interested Directors**”) has undertaken to the Company to abstain from, and to ensure that their respective associates will abstain from, voting at the EGM in respect of any Shares which they may own as at the date of the EGM.

Each of ISHPL, FPIL, FPIL BVI and the Interested Directors has further undertaken that each of them will not accept appointment as proxy to vote at the EGM, unless the Shareholder concerned has given specific instructions as to the manner in which his votes are to be cast. For the avoidance of doubt, in the event that such persons are appointed by any Shareholder(s) as proxy to attend and vote at the EGM, the Chairman of the EGM shall vote on behalf of such Shareholder(s).

13. ACTION TO BE TAKEN BY SHAREHOLDERS

Shareholders who are unable to attend the EGM and wish to appoint a proxy to attend and vote on their behalf should complete, sign and return the attached Proxy Form in accordance with the instructions printed thereon as soon as possible and, in any event, so as to arrive at the registered office of the Company at 80 Raffles Place, #22-23 UOB Plaza 2, Singapore 048624 not less than 48 hours before the time appointed for holding the EGM. The completion and return of a Proxy Form by a Shareholder does not preclude him from attending and voting in person at the EGM if he subsequently so wishes to do so, in place of his proxy.

14. DIRECTORS’ RESPONSIBILITY STATEMENT

This Circular has been seen and approved by the Directors (including those who have delegated detailed supervision of this Circular) and the Directors collectively and individually accept full responsibility for the accuracy of the information given herein, and confirm that, having made all reasonable enquiries, to the best of their knowledge and belief, the facts stated and opinions expressed in this Circular (save in respect of (i) those expressed by DTCF in its letter of advice set out in Appendix B to this Circular, (ii) in the case of the Directors who are not the Independent Directors, the Independent Directors’ recommendation, and (iii) PT BSS and PT LPI) are fair and accurate in all material respects as at the Latest Practicable Date and that there are no material facts the omission of which would make any statement in this Circular misleading in any material respect as at the Latest Practicable Date.

Where information has been extracted from published or publicly available sources or provided by PT BSS, PT LPI and/or their respective shareholders, the sole responsibility of the Directors has been to ensure that such information has been accurately and correctly extracted from such sources.

In respect of DTCF’s letter of advice set out in Appendix B to this Circular, the sole responsibility of the Directors has been to ensure that the facts stated with respect to the Group are fair and accurate in all material respects.

LETTER TO SHAREHOLDERS

15. MATERIAL LITIGATION

As at the Latest Practicable Date, the Directors are not aware of any legal or arbitration proceedings to which the Company or any of its subsidiaries is a party or which is pending or known to be contemplated, the outcome of which in the opinion of the Directors will have a material and adverse effect on the financial position of the Group taken as a whole.

16. CONSENTS

DTCF has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and its letter of advice to the Independent Directors as set out in Appendix B to this Circular, and all references thereto in the form and context in which they respectively appear in this Circular.

Asian Appraisal has given and has not withdrawn its written consent to the issue of this Circular with the inclusion of its name and the Asian Appraisal Valuation Report set out in Appendix A to this Circular, and all references thereto (including in DTCF's letter of advice) in the form and context in which they respectively appear in this Circular.

17. DOCUMENTS AVAILABLE FOR INSPECTION

Copies of the following documents are available for inspection at the registered office of the Company at 80 Raffles Place, #22-23 UOB Plaza 2, Singapore 048624, during normal office hours from the date of this Circular up to and including the date of the EGM:

- (a) the Subscription Agreement;
- (b) the letters of consent of DTCF and Asian Appraisal referred to in Section 16 of this Circular;
- (c) the letter from DTCF to the Independent Directors set out in Appendix B to this Circular;
- (d) the Asian Appraisal Valuation Report issued by Asian Appraisal in relation to the valuation of PT LPI;
- (e) the audited financial statements of PT LPI for FY2006 and FY2007 under Indonesian GAAP;
- (f) the annual report of the Company for FY2007; and
- (g) the Memorandum and Articles of Association of the Company.

Yours faithfully,
For and on behalf of the Board

Mark Julian Wakeford
Chief Executive Officer and Executive Director
Indofood Agri Resources Ltd.

APPENDIX A – ASIAN APPRAISAL VALUATION REPORT

P.T. ASIAN APPRAISAL INDONESIA
Consultant in Property and Business Valuation



Affiliate Offices :

Hongkong	Thailand
Malaysia	China
Singapore	Japan

April 30, 2008

Board of Directors
PT INDOFOOD SUKSES MAKMUR Tbk.
PT SALIM IVOMAS PRATAMA
Indofood Tower, 11th Floor
Sudirman Plaza
Jl. Jenderal Sudirman no. 76-78
Jakarta 12910

Dear Sirs,

Re: File No. AAI 2008-1183/D
Share Valuation Report

Following your request and referring to our letter of proposal No. AAI 08P-138 dated March 31, 2008, we have undertaken a share valuation to arrive at Fair Market Value as per cut off date December 31, 2007 for 187,500 (one hundred eighty seven thousand five hundred) new shares issued by **PT LAJU PERDANA INDAH ("LPI")** which representing 60% (sixty percent) of the LPI shares after the issuance of the new shares.

The purpose of this valuation is to express our opinion of the fair market value of 60% (sixty percent) of the shares of LPI after the issuance of the new shares to support the purpose of subscription of shares by **PT Salim Ivomas Pratama ("SIMP")**; subsidiaries of **PT Indofood Sukses Makmur Tbk ("Indofood")**.

The term "**Fair Market Value**" is defined as the amount of cash or equivalent things would change hands between a willing seller and a willing buyer when neither is under compulsion and when both have reasonable knowledge of the relevant facts.

To arrive at our opinion of the fair market value of the LPI, we have applied:

1. The Income Approach with the Discounted Cash Flow Method, where the equity market value calculated as present value and cash flow less the liabilities.

APPENDIX A – ASIAN APPRAISAL VALUATION REPORT

P.T. Asian Appraisal Indonesia

2. The Asset Based Approach with the Adjusted Book Value Method, where the fair market value generated by doing revaluation of LPI's assets,

Based on our analysis, and by using the above mentioned approach and after taking into consideration of all relevant factors influenced to the valuation, it is our opinion that

Rp. 420,555,410,184.-

(RUPIAHS FOUR HUNDRED TWENTY BILLION FIVE HUNDRED FIFTY FIVE MILLION FOUR HUNDRED TEN THOUSAND ONE HUNDRED AND EIGHTY FOUR)

represent the fair market value as of December 31, 2007 of 60% (sixty percent) of the subscription of shares in LPI after the issuance of the new shares.

In this valuation, PT Asian Appraisal Indonesia has relied upon various confidential and other information supplied by the LPI. As such, the statements and opinions contained in this report are based upon the belief that such information is correct and not misleading. PT Asian Appraisal has not verified such information.

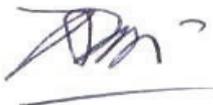
As valuation is our discipline and profession we have made no in depth investigation of and thereby assume no responsibility for titles to or liabilities against the business or equity appraised.

We hereby certify that we have neither present nor prospective interest in the business or equity appraised or in the value reported.

Yours Faithfully,

PT. ASIAN APPRAISAL INDONESIA

Director



Ir. Benny Supriyanto, Msc., MAPPI (Cert)

Valuer License No.: 1.98.0005

STTD No. 03/PM/STTD-P/AB/2006

MAPPI: S-00409

BS/dd/by

P.T. Asian Appraisal Indonesia

VALUER STATEMENT

In the limits of our knowledge and confidence as an independent valuer we, the undersigned explain that the following analysis, opinion, and conclusion that have been described in this report are true and correct.

This report is limited by factors and condition of appraisal that give influences to the analysis, opinion and value conclusion.

This report has been prepared referring to the Indonesian Valuation Standard (*Standar Penilaian Indonesia*) and Indonesia Valuer Code of Ethic (*Kode Etik Penilai Indonesia* ("KEPI")).

No.	Valuer	Registered MAPPI	Signature
1.	Desmar Dam Sitompul	05-P-01864	
2.	Bayu Erriano Affia	-	

P.T. Asian Appraisal Indonesia

LIMITING CONDITIONS

1. The information provided to us by the LPI is considered true and we have no responsibility of our valuation if such information is false or incorrect.
2. The report is prepared merely to support the earlier stated purpose, and thereby the use is limited to the client.
3. We have no responsibility in legal validity of the property information or data provided to us.
4. The value is valid for the date of valuation. The opinion of property condition, usage and occupancy was based on the observation on the sid cut-off date.
5. Values are reported in Rupiah.
6. ***PT. Asian Appraisal Indonesia*** by reason of this appraisal is not required to give testimony of attendance in court or to any government agency with reference to the subject property unless arrangements have been previously made therefore.
7. This appraisal report is invalid unless printed on special papers with the company's logo, and or it bears the service seal of ***PT Asian Appraisal Indonesia***, and signed by the company's authorized personal.
8. Any value estimate provided in the report apply to the entire property, and any probaton or division of the total into fractional interests will invalidate the value estimate, unless such probaton or division of interests has been set forth in the report.

P.T. Asian Appraisal Indonesia**CHAPTER I****General Description****1.1. The Establishment of LPI**

LPI domiciled in Jakarta, was established based on Notarial Deed No. 153 of Drs. Hanifa Halim, S.H., dated November 18, 1992. The Deed of Establishment was approved by the Ministry of Justice in its Decision Letter No. C2-3987.HT.01.01 dated May 29, 1993 and was published in the state Gazette No. 3555. Supplemented No.63 dated August 6, 1993

LPI's articles of association has been amended several times, the latest of which was covered by Deed of Circular in lieu of Extraordinary General Meeting of Shareholders of LPI No.17 dated November 20, 2007 of Gisella Ratnawati. S.H., concerning increase of the issued and fully paid share capital. The said amendment was approved by the Minister of Law and Human Rights Republic of Indonesia in its decision letter No. AHU-AH.01.10-1047 dated January 15, 2008.

1.2. Organization and Capital Share Structure

The members of LPI's board of commissioners and directors as of December 31, 2007

Table 1.1 Board of Commissioners

No.	Name	Position
1.	Letjen TNI (Pur) Darsono	President Commissioner
2.	Drs. Sugiarso Tanzil	Vice President Commissioner
3.	Budijati Wangsit	Commissioner
4.	Iwan Samsuddin	Commissioner
5.	Bima Widjaja Saputra	Commissioner
6.	Brigjen TNI (Pur) Siswanto	Commissioner

Source: LPI

Table 1.2 Board of Directors

No.	Name	Position
1.	Daddy Hariadi	President Director
2.	Irsan Samsuddin	Vice President Director
3.	Suriati Samsuddin	Director
4.	Edie Herjadi	Director

Source: LPI

P.T. Asian Appraisal Indonesia

1.3. LPI Activities

LPI is principally engaged in sugar cane plantation and sugar production.

1.4. General Description of Plantation Area

The LPI's factory are located in Pati, Central Java and the district of East Ogan Komering Ulu, South Sumatra.

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CHAPTER II

**SOURCE OF INFORMATION AND
LPI PERFORMANCE**

2.1. Source of Information

In conducting this valuation, we have used the following source of data and information provided by LPI for our reference:

LPI's audited financial statement for the fiscal year ended December 31st 2004, 2005, 2006 and 2007.

2.2 LPI Financial Performance

Revenues Growth

LPI did not receive any revenue for the period of 2004 through 2007 because during that year, LPI was pre operated.

Cost of Revenues (CoR) to Revenues

LPI did not spend cost of revenue because during that year, LPI was pre operated.

Loss Before Taxes

Loss before taxes in amount of Rp. -7,328,717,467.-, Rp. -8,175,747,374.-, Rp. -9,502,213,714.-, and Rp. -22,249,314,176.- occurred in year period of 2004, 2005, 2006, and 2007.

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Financial and Operating Ratio

Table. 2.1 LPI's Financial and Operating Ratio for the year period of 31 December 2004 through 31 December 2007

	2004	2005	2006	2007
Likuiditas				
<i>Cash Ratio</i>	3,167.61%	620.73%	28.77%	6.53%
<i>Current Ratio</i>	131,150.68%	3,056.47%	248.95%	249.01%
<i>Quick Ratio</i>	5,070.89%	675.06%	29.56%	6.60%
<i>The Debt to Equity Ratio</i>	0%	0%	20.15%	9.13%
Profitabilitas				
<i>Return on Investment (ROI)</i>	-11.53%	-9.00%	-7.00%	-9.85%
<i>Return on Equity (ROE)</i>	-78.00%	-171.00%	-104.00%	-28.00%

Source: LPI

Liquidity

Cash Ratio

During the year period of 2004 through 2007 LPI's ratio for cash to current liabilities ranged between 6.53% to 3,167.61%.

Current Ratio

During the year period of 2004 through 2007 LPI's ratio for current asset to current liabilities ranged between 248.95% to 131,150.68%.

Quick Ratio

In the year period of 2004 through 2007 LPI's ratio for more liquid asset to current liabilities was between 6.60% to 5,070.89%.

The Debt to Equity Ratio

During the year period of 2004 through 2007, the debt to equity ratio was ranged between 0% to 20.15%

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Profitability

Return On Investment

LPI's ratio of Return on Investment during the year period of 2004 through 2007 ranged between -7.00% to -11.53%.

Return On Equity

LPI's ratio of Return On equity during the year period 2004 through 2007 ranged between -28.00% to -171.00%.

The Condition of LPI's financial performance above because of LPI has not been operated yet through year 2004 until 2007.

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CHAPTER III

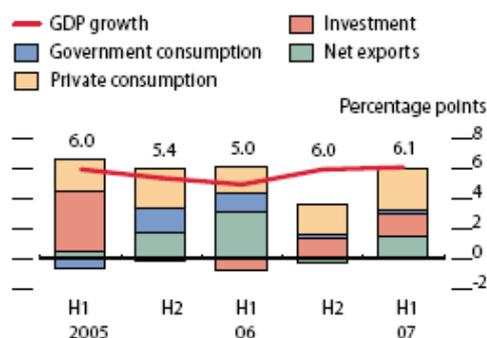
ECONOMIC OUTLOOK AND INDUSTRY ANALYSIS

In this valuation, we have taken into consideration the economic outlook, since it plays an important role in influencing the investor in looking at the alternative investment.

3.1. Indonesian Economic 2007

GDP growth accelerated to 6.3% in the second quarter of 2007 from 6.0% in the first, putting first-half expansion at 6.1%. The main drivers of growth were private consumption, a recovery in private investment, and a solid expansion of net exports. Growth in fixed capital investment increased to 7.3% in the January–June period, the strongest rate in this key indicator for 2 years. In 2006, investment sentiment had been hurt by high inflation that resulted from a sharp lift in administered fuel prices in late 2005, and a subsequent hike in interest rates. According to data from the state investment agency, actual foreign direct investment (FDI) nearly doubled to \$7.3 billion during the first 7 months of 2007 relative to the year-earlier period (the data exclude FDI in oil, natural gas, and banking). Indicators for construction-related investment, such as demand for cement and steel, suggest a recovery in this area, too. A pickup in investment credit also is evident.

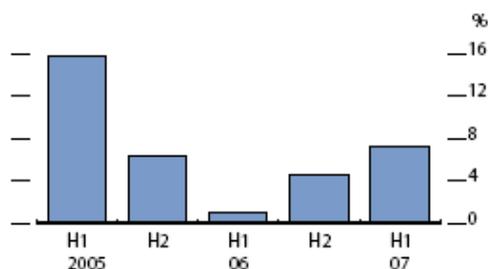
Contribution to Growth



Note: Excluding statistical discrepancy.
 Source: CIBC Data Company Ltd., downloaded 16 August 2007.

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Fixed Capital Investment Growth



Source: CEIC Data Company Ltd., downloaded 16 August 2007.

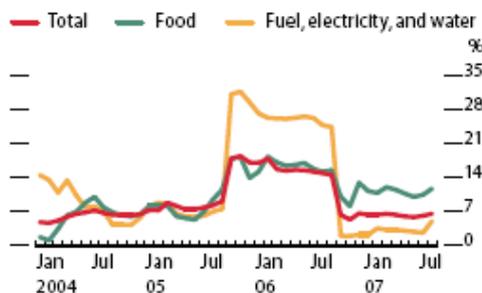
Lower inflation and interest rates have helped push up consumer spending, with private consumption increasing by 4.7% in the first half, up by 1.3 percentage points from the second half of 2006. Consumption indicators such as retail sales have picked up during 2007. On the supply side, services again made the biggest contribution to aggregate GDP growth. Industry also expanded, but agricultural output was little changed.

Overall, private consumption and investment are stronger than was anticipated in ADO 2007, and the full-year GDP growth forecast is revised up to 6.2% from 6.0%.

Inflation slowed to average 6.2% in the first 6 months of 2007, within this year's 5–7% target range set by Bank Indonesia, the central bank. Year-on-year inflation stepped down from 6.6% at end-2006 to 5.8% in June 2007, then quickened to 6.5% in August. The initial drop was mainly a result of moderating food prices, reflecting both a government decision to resume rice imports in response to drought in early 2007, and the start of a delayed rice harvest. The recent increase was attributed to a combination of pressures: higher food prices when the harvest ended, other seasonal factors, and a depreciating rupiah. The stronger domestic demand and higher food prices have led to a marginal upward revision in the 2007 inflation forecast to 6.3% from 6.2% in ADO 2007.

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Monthly Inflation



Source: CBIC Data Company Ltd., downloaded 7 September 2007.

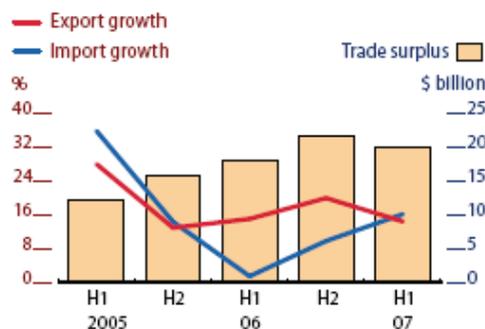
Fiscal policy in 2007 has focused on accelerating development spending, while reducing public debt. Cuts in fuel subsidies 2 years ago and increased revenues from more effective tax administration have permitted higher development outlays. Government forecasts for the budget deficit put it at 1.6% of GDP in 2007, compared with an original target of 1.1%. This variance is due to greater than expected spending (particularly on disaster management, infrastructure, electricity subsidies, and fiscal transfers to regions) and lower revenues (following a shortfall in oil and gas income caused by lower production, and lower privatization receipts relative to budgeted levels).

Higher volumes of concessional borrowings from development banks will provide most of the additional financing for the deficit. The wider fiscal gap is still consistent with a further reduction in the ratio of total central government debt to GDP to around 36% at end-2007, from 39% at end-2006.

Preliminary trade data for the first 6 months of 2007 show that merchandise exports increased by 14.5% to \$53.7 billion. Exports of manufactures and minerals rose by 18.9% and 35.4%, respectively, although sales of oil and gas to overseas markets fell by 7.0% due to lower production. Imports increased 1.7 percentage points faster than exports, by 16.2% to \$33.6 billion, on strong growth in demand for imported consumption goods, raw materials, and (to a lesser extent) intermediate goods, refined oil products, and capital goods. Despite this faster import growth, the trade surplus rose to \$20.0 billion from \$18.0 billion a year earlier, as a consequence of a higher export base.

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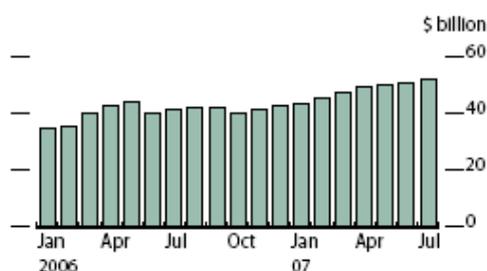
Trade Indicators



Sources: Badan Pusat Statistik, available: <http://www.bps.go.id>; CEIC Data Company Ltd.; both downloaded 7 September 2007.

Even though a surplus on the transfers account was bolstered by growing remittances from migrant workers, the trade surplus was offset to some extent by widening deficits in the services and income accounts. This reflected primarily a rise in imports of construction and financial services, and the repatriation of profits and dividends by foreign companies operating in Indonesia. The upshot is that the current account surplus is estimated to have moderated during the first 6 months of 2007 from the corresponding period of 2006. However, due to continue strong inflows of both foreign portfolio capital and FDI, the overall balance of payments for the first half is estimated at a surplus of \$3.7 billion. This helped lift international reserves to \$51.9 billion at end-July 2007, from \$42.6 billion at end-2006.

Gross International Reserves



Source: Bank Indonesia, available: <http://www.bi.go.id/web/en>, downloaded 31 August 2007.

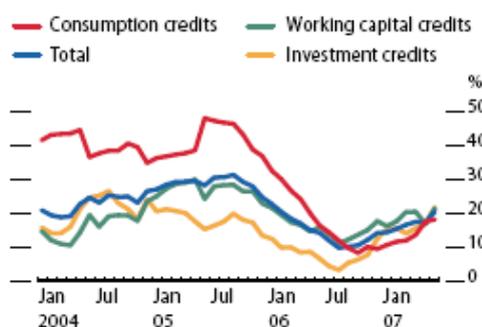
These broad patterns are expected to continue for the rest of the year, and the surplus in the current account is now projected to decline to 1.4% of GDP in 2007 from 2.7% in 2006. This still represents an increase over the ADO 2007 forecast (of 1.0%), due to the higher than expected growth in exports. External reserves, fueled by a likely rise in FDI in the second half of 2007, are seen increasing further to about \$55 billion at the end of the year, providing 7.7 months of import cover. Total external debt is projected

P.T. Asian Appraisal Indonesia

to decline to about 31% of GDP at end-2007 from 37% the previous year, reflecting net repayments of loans by banks and companies.

Slowing inflation enabled Bank Indonesia to lower its policy interest rate by 450 basis points to 8.25% between early May 2006 and late July 2007. The flow-on to lower commercial bank lending rates contributed to a recovery in credit, which rose by 20.4% in June 2007 from a year earlier. Credit to business is now growing at a faster rate than credit to consumers, reversing a trend seen in recent years. Slightly faster growth in credit than deposits raised the loan-to-deposit ratio to 65.8% in April 2007, the highest level in 6 years. With commercial banks' loan rates declining at a more gradual pace than deposit rates, their profitability has improved.

Growth of Commercial Banks' Loan



Source: Bank Indonesia, available: <http://www.bi.go.id/web/en>, downloaded 31 August 2007.

A range of factors, including improved macroeconomic fundamentals, relatively high interest rates on debt securities and deposits, and expectation of currency appreciation attracted significant foreign portfolio inflows and helped propel the Jakarta Composite Index of share prices up by 30% in the first 7 months of this year. The portfolio inflows, in turn, helped support the rupiah. However, the reassessment in financial markets of global risks early in the second half prompted a weakening of the rupiah, and by end-August the currency had depreciated by 4.1% from the start of 2007. The stock market index fell from its July peak, but at end-August was still up by 21.5% from the beginning of the year.

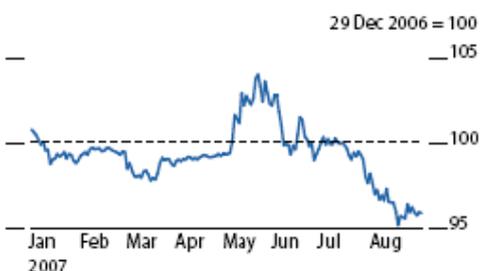
P.T. Asian Appraisal Indonesia

Jakarta Composite Indeks



Source: CIBC Data Company Ltd., downloaded 7 September 2007.

Rupiah Against the US Dollar



Note: An index below 100 signifies a depreciation of the rupiah.

Source: Bank Indonesia, available: <http://www.bi.go.id/web/en>, downloaded 31 August 2007.

Recent data suggest that the pickup in economic growth has helped lower the poverty incidence to around 16.7% in March this year from 17.8% in March 2006. These levels of poverty, however, translate to almost 40 million poor people and remain far from the Millennium Development Goal target of 7.6% by 2015, and the Government's own target of 8.2% by 2009. Deeper structural reforms and pushing through with already-approved changes are necessary to make significant inroads into poverty and unemployment.

Indeed, some progress has been made over the past 2 years in reallocating fiscal expenditures toward programs that favor the poor and away from inefficient fuel subsidies. But Indonesia is still underspending in key sectors, including infrastructure, where the level of spending has fallen from a high of around 6% of GDP before the Asian financial crisis in 1997–98 to 2–3% of GDP recently. (Spending on infrastructure in Viet Nam, for example, in 2006 exceeded 9% of GDP.)

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In surveys, businesses continue to identify this lack of investment in infrastructure—along with a weak legal system, labor-market rigidities, excessive bureaucracy, and corruption—as major impediments to business activity and investment. But reforms are slowly being made. Parliament finally passed a new investment law in March 2007, having earlier prevaricated. Among other changes, the law provides for equal treatment of local and foreign investors and for the resolution of contract disputes between the Government and investors (a major source of disputes in the past) through international arbitration. As part of the implementing regulations of the new law, the authorities have clarified which business sectors are open to foreign investors.

Steps in the appropriate direction include an investment climate policy package (adopted in February 2006), which includes proposals to reduce the time required to set up a company, and measures to boost smaller enterprises (adopted June 2007), which aim to improve access to finance. But against these potentially useful measures, labor unions have blocked amendments to the Labor Law intended to increase flexibility of labor regulations. Businesses criticize the current law for, among other things, mandating layoff payments that are much higher than in comparable countries, and limiting the ability of employers to outsource work.

Companies see these requirements as stifling employment generation, particularly in labor-intensive sectors such as textiles and footwear.

3.2. Prospect 2008

Growth in 2008 is likely to be driven by domestic demand. The reductions in domestic interest rates since May 2006 and an improving investment climate are set to push investment growth next year, while a recovery in consumer confidence will lead to an acceleration in private consumption expenditure. GDP growth will be supported by higher rates of credit expansion to the private sector as bank and corporate balance sheets strengthen. Moreover, government infrastructure outlays are expected to increase.

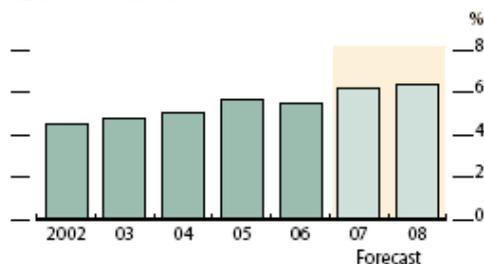
These positive developments are likely to be partly offset by a smaller surplus in net exports as imports rise in response to stronger investment and consumption demand, and as exports moderate in line with a projected decline in global nonfuel commodity prices. Overall, GDP growth in 2008 is forecast to edge up to 6.4%, a marginal upward revision from that in ADO 2007.

The 2008 budget predicts a wider deficit of 1.7% of GDP, reflecting a near 50% increase in capital spending from the revised 2007 budget; a 16.2% reduction in state spending on consumption; and increased allocations for education and health, and for transfers to the regions. The authorities aim

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to meet the additional financing needs through the issuance of government securities, the recovery of state bank assets as part of banks' restructuring efforts, increased privatization receipts, and external loans. But even with these higher budget financing requirements, the central Government's total debt-to-GDP ratio is projected to decline further to around 33% in 2008 from 36% this year.

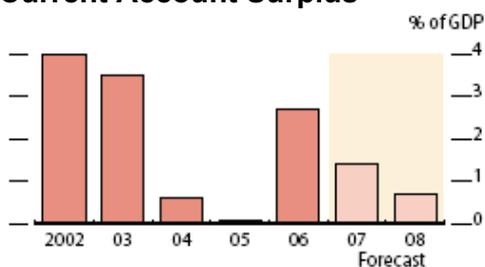
GDP Growth



Sources: CEIC Data Company Ltd., downloaded 16 August 2007; staff estimates.

On the external side, the current account surplus is projected to fall to 0.7% of GDP in 2008 (the same as forecast in ADO 2007), as export growth eases while stronger domestic investment and consumption demand lifts imports. In addition to a smaller trade surplus, wider deficits are likely in the services and income accounts. However the overall external balance will remain in surplus owing to growth in FDI and portfolio investment flows, which will contribute to the further accumulation of foreign exchange reserves. Total international reserves should be about \$62 billion at the end of next year, or 7.4 months of import cover.

Current Account Surplus



Sources: CEIC Data Company Ltd., downloaded 16 August 2007; staff estimates.

Food prices are expected to be more stable than this year (assuming normal weather and food production) paving the way for inflation to ease to an average 6.0% in 2008, against 6.1% forecast in ADO 2007.

Domestic risks to this outlook are headed by inadequate effective action on structural reforms, insufficient investment in infrastructure (which could lead

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to supply bottlenecks), and regional governments' inability to implement projects. Despite budgeted increases in national public infrastructure expenditure in 2008, actual disbursement might come in below target. In the regions, too, despite their now larger role in spending, earlier this year they were holding cash deposits equal to an estimated 2.5% of GDP, reflecting their weak capacity to carry out projects (thereby hindering GDP growth).

Source: Asian Development Bank

3.3 Sugar Industry

The country's sugar industry has declined in the past decade both in production and plantation areas despite improvement in the past two years. The country's sugar production in the past decade shrank by 1.8% annually on the average and the plantations have not changed from 340,000 hectares in the past five years, the sugar content is also declining – with productivity down from 76.9 tons per hectares in 1990s to 62.7 tons in the 2000s.

Hoping to improve the performance of the industry, the government has announced plan to revitalize the industry with a production target set a 1 million tons in 2009. Revitalization is aimed at increasing the production capacity of sugar factories, productivity and content of sugarcane and expansion of plantation. At least 20 sugar factories have been proposed by industrialists to be included in the revitalization program, which is expected to have support from the banking industry. Revitalization of the 20 factories also including expansion of plantations is estimated to cost Rp. 4.13 trillion.

Meanwhile the country's product of doubled refined sugar as a basic material for food and beverage processing industries are facing imported products, which are more competitive in prices. Large imports of cheaper in price doubled refined sugar also have impact on the market of consumption sugar in the country.

3.3.1 Structure of sugar industry

The biggest problem faced by the country sugar industry is shortage in supply of basic material as a result of shrinking plantations areas and the productivity of plantations. Data at the Directorate General of Plantations Production Development show that in the past nine years, sugar plantations and productivity have declined significantly.

Many sugar factories, therefore, have operated below their installed capacity leaving large idle capacity. The industry, therefore, has low efficiency. A number of sugar factories in java have a milling capacity of 23.8 millions tons of cane a year but they have only a supply of 12.8 million tons of cane a year. As a result they operate only at around 53.9% of their capacity. Sugar factories outside java have a processing capacity of 14.2

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million tons of cane but annual supply of basic materials average only 8.6 millions tons leaving idle capacity of 39.4%. Sugar plantations in areas are still dominated by smallholders plantations accounting for 50% of the total plantations areas.

3.3.2 Sugar price development on the domestic market

The condition in international market has strong impact on the domestic market despite government's attempt to control the price with a series of regulations. The policies are not effective enough to control the prices on the domestic market after the monopoly of Bulog was abolished in 1998. The prices of sugar at the level of farmers are often controlled by the government through a type of basic price.

Currently the basic price has been modified into a kind of minimum price guaranteed by private investors. If the price of farmer's sugar through an auction is higher than the minimum price, the excess is divided equally between the farmers and the investor. In the milling season of 2005, the minimum price was set at Rp. 3,800/kg. Meanwhile, the prices on the domestic market soared to exceed the government set price. For example, the retail price in 2005 was Rp. 5,744 per kg.

Table 3.1 Average retail prices of sugar in Indonesia

Year	Sugar price on the average
2000	3,027
2001	3,822
2002	3,636
2003	4,319
2004	4,243
2005	5,744
2006	5,975

Source: Agriculture Ministry

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CHAPTER IV

VALUATION METHODOLOGY

In business valuation there are 3 (three) approaches that can be applied, namely income approach, market approach, and asset based approach.

4.1. Income Approach

Through this approach, value of the business is indicated by converting the anticipated income for the certain period, to a present worth, applying an appropriate rate.

4.2. Market Approach

Through the application of this approach, the value of the business is derived by comparison between the business being valued to the similiar business that has been sold in the open market.

4.3 Asset Based Approach

Through the application of this approach, the value of the business is indicated based on the revaluation of assets and liabilities of LPI.

From three valuation approaches above, we applied the Income Approach with the Discounted Cash Flow and Asset Based approach with the Adjusted Book Value method.

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CHAPTER V

VALUATION PROCESS

As a described before, the valuation approach that applied in LPI is with the Income Approach and Asset Based Approach. Through financial statement 2004, 2005 , 2006 and 2007 as a based on this calculation.

5.1. Income Approach With The Disounted Cash Flow Method

5.1.1 Key Assumption

1. Sugar Sales Price

Sugar sales price is assumed growth 3% from Rp. 5,000,000,- per ton which is based on the average wholesale price prevailing in 2005.

2. Molasses Sales Price

Molasses price of US\$ 50,- per ton assumed for the Komering Ulu Project is based on the prevailing price of Cinta Manis, a neighboring state-owned sugar mill in South Sumatra while the Rp. 630,000,- per ton assumed for the Pati Project is based on prevailing prices of neighboring factories PG Trangkil and PTP IX in Central Java.

3. Cane Yield

Cane yield is assumed at 80 tons per hectare. This is based on the actual production results of the 3 former Salim Group sugar companies in Lampung, South Sumatra wherein the average cane yield from 1998 to 2001 was 81 tons per hectare.

4. Sugar Production

Sugar yield is assumed at 7.5 tons per hectare. The sugar yield of the 3 former Salim Group sugar companies in 2000 & 2001, the last 2 years under Salim Group management, reached 7.42 and 7.96 tons per hectare, respectively.

5. Molasses Production

Molasses production is constantly projected at 4% of total cane milled. This is based on the average molasses yield of sugar factories in Indonesia.

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6. Exchange Rate

The financial projections are prepared based on Rp. 9,200,- as the Rupiah to US Dollar exchange rate in “constant price” terms. This method implicitly assumes that future movements in the nominal Rupiah to US Dollar exchange rate will exactly offset difference in the Rupiah and the US Dollar inflation rates so that the real exchange rate stays unchanged.

7. Operating Costs

a. Agriculture Costs

- New land development cost – this includes the estimated costs of land clearing, initial land preparation before the area is planted to cane. It is assumed at Rp. 4,928,270,- per hectare.
- Cost of new plant cane – this is the estimated cost to plant and maintain the area initially planted with seed cane. It is assumed at Rp. 6,088,903,- per hectare broken down into the following field activities:

Activity	Rp/Ha
Planting	2,718,926
Fertilizing	1,843,876
Weed, pest & disease control	1,397,828
Others	128,273
Total	6,088,903

- Cost of ratoon cane – this is the estimated cost to maintain area under ratoon cane. It is assumed at Rp. 3,649,563,- per hectare broken down into the following field activities:

Activity	Rp/Ha
Land preparation	267,921
Fertilizing	1,878,823
Weed, pest & disease control	1,462,435
Others	40,384
Total	3,649,563

- Cost of replant cane – this is the estimated cost to replant and maintain cane area after the 3rd ratoon. It is assumed at Rp. 8,403,211,- per hectare broken down into the following field activities:

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Activity	Rp/Ha
Land preparation	2,314,308
Planting	2,718,926
Fertilizing	1,843,876
Weed, pest & disease control	1,397,828
Others	128,273
Total	8,403,211

- Salaries and wages – this represents the estimated labor cost for management, supervision and indirect labor for the plantation department. This cost is assumed at Rp. 4.302 Billion a year.
- Agronomy, administration and general charges – this is the estimated indirect cost and overhead for the plantation department. It is assumed at US\$ 315,000,- a year.
- Road maintenance – this is the estimated cost to maintain the main road, access roads and field roads with the project site. It is assumed at US\$ 300,000,- a year.
- Harvesting cost – this includes the estimated costs to cut and transport the cane from the field to the sugar factory. It is estimated at Rp. 27,000,- per ton cane.

b. Factory

- Variable costs
 - Factory chemicals – this is the estimated cost of chemicals used in the processing of cane into semi-refined sugar. It is assumed at US\$ 6.50 per ton sugar.
 - Lubricants – this is the estimated costs of oil, grease and lubricants applied to factory machinery and equipments during the milling season. It is assumed at US\$ 1.75 per ton sugar.
 - Sugar bag – this is the estimated cost to package the semi-refined sugar into 50 kilogram bags. It is assumed at US\$ 9.0 per ton sugar.
 - Energy – this is the estimated cost of fuel used by the sugar factory during its milling season. It is assumed at US\$ 7.50 per ton sugar.

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- Fixed costs
 - Repairs and maintenance – this is the estimated cost to clean, repair and maintain the sugar factory. It is assumed at US\$ 800,000 a year with the bulk of the cost incurred after the milling season.
 - Salaries and wages – this represents the estimated labor cost for management, supervision and indirect labor for the factory department. This cost is assumed at Rp. 12.32 Billion a year.
 - Factory administration – this is the estimated overhead cost for the factory department. It is assumed at US\$ 300,000 a year.

c. Administration

- Salaries and wages – this represents the estimated labor cost of supporting departments (Administration, Finance and Jakarta Office). It is assumed at Rp. 7.68 Billion a year.
- General administration – this is the estimated overhead cost for the supporting departments and Jakarta Office. It is assumed at Rp. 9.281 Billion a year.

8. Sale of Cane to Cinta Manis

Cinta Manis is the sugar business unit of the state-owned company PTPN VII situated nearest to the Komering Ulu Project. Prior to the commissioning of the new 8,000 Ton Cane Per Day (TCD) sugar factory (2 years construction period) in mid-2010, cane production will be sold to Cinta Manis.

9. Capital Expenditure

a. Komering Ulu Project

- Land acquisition – this represents the estimated cost to acquire 10,000 hectares additional land. It is estimated at Rp. 10 Million per hectare.
- Land development – this is the new land development cost.
- Agriculture equipment – this is based on the number of machinery, implements and other equipments required to develop the cane plantations.
- Factory, plant and equipment – this is based on the US\$ 118.17 Million contract price of China CAMCE Engineering Co., Ltd. to construct the new 8,000 TCD sugar factory.

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- Building – this is the estimated cost to construct offices, housing units, warehouse and other facilities for the project.
- Administration equipment – this is the estimated cost for motor vehicles, office furniture and equipments.

b. Pati Project

- Rehabilitation of the sugar factory – this is the estimated cost to rehabilitate the existing 3,000 TCD sugar factory. It is assumed at Rp. 74.822 Billion.
- Building – this is the estimated cost to construct offices, housing units and other facilities.
- Administration equipment – this is the estimated cost for motorvehicle, office furniture and equipments.

10. Pati Cane Supply

At present, the only real competition for cane supply comes from neighboring sugar factories PG Trangkil (owned by Bank Indonesia) and the state-owned PTPN IX factory at Rendeng. Since the closure of our factory, these 2 sugar mills have very much their own way in dealing with cane farmers. Some farmers, regardless of the additional costs, even send their cane to as far as Jogjakarta (Rajawali Nusantara factory at Madukismo) or to PTPN IX factory at Tasikmadu near Solo where they feel they might be more fairly treated.

In our opinion, there is not much competition for cane supply for the following reasons:

- a. Currently, there is more than enough cane, or potential cane, for 3 sugar mills;
- b. The reputations of both PG Trangkil and PG Rendeng leave a great deal to be desired (many farmers would gladly stop dealing with them if there is an alternative factory);
- c. The partnership program with farmers introduced for the Pati project is exclusive and such limited to about 8,000 hectares. The objective is to make this a permanent arrangement, involving a “family” of farmers who are attached to the factory as the factory is to them. Therefore, the Pati project does not need to “shop around” for cane but will only be dependent on committed farmers who are in turn dependent on the factory.

11. Loan to Farmers

It is the practice of sugar factories in Java to extend credit to cane farmers to finance their cane planting, maintenance and harvesting activities in order to improve cane yield and quality to be supplied to the

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sugar mill. In principle, the sugar factory that extends credit to farmers will mill the cane production of the farmer-borrower and thus have the resulting sugar production in its possession. From the proceeds of the sugar revenue, any outstanding credit will be reclaimed by the factory prior to paying the farmers any balance due them.

The Pati project also intends to provide loans to cane farmers who join its partnership program under the following terms:

- a. Loan amount is based on type of land (irrigated or non-irrigated) and cane category (plant cane or ratoon cane);
- b. Loan is disbursed on stages based on field activity to be conducted (ie. land preparation, planting of seed cane, fertilizing, maintenance and harvesting);
- c. Sugar produce from farmers' cane will be shared 66% for the farmers and 34% to the factory.
- d. Total amount of loan will be deducted after receipt by LPI of the proceeds from the sale of farmers' share of the sugar production.
- e. Interest on loan to farmers is 2.5% above the actual rates charged by the financing bank during the term of the loan.

12. Basis of sugar and molasses sales

Sugar and molasses will be sold on open tender basis.

5.1.5 Discount Rate

Cost of Equity calculated by

- Risk Free	10.18%
- Risk Premium	7.50%
- Beta	1.26
- Capital Structure (Debt : Equity)	50% : 50%
Cost of Equity	19.64 %
Cost of Debt	8.40 %
WACC	14.02 %

5.1.6 Summary

Based on the Income Approach, the fair market value of 60% share is **Rp. 466,542,792,040.-**

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5.2. Asset Based Approach With the Adjusted Book Value Method

5.2.1 Adjustment

There are several Adjustment:

Growing and Standing Crops

Adjusted from Rp. 27,036,872,090.- to Rp. 25,991,300,000.-

Land, Land Rights, and Land Development

Adjusted from Rp. 74,330,829,826.- to Rp. 254,108,500,000.-

Building

Adjusted from Rp. 16,755,610,513.- to Rp. 20,284,800,000.-

Machineries and Equipment

Adjusted from Rp. 16,229,324,742.- to Rp. 56,548,565,000.-

Heavy Equipment

Adjusted from Rp. 4,231,364,010.- to Rp. 10,499,000,000.-

Transportation Equipment

Adjusted from Rp. 2,368,729,469.- to Rp. 3,469,000,000.-

Furniture, Fixtures, and Office Equipment (“FFOE”)

Adjusted from Rp. 918,847,270.- to Rp. 796,353,000.-

Based on the above result we are of our opinion that the adjustment is **Rp. 229,825,940,080**

5.2.6 Summary

Based on the Asset Based Approach, the fair market value of 100% shares is **Rp. 249,712,018,885.-**

5.3 Reconciliation

The fair market value of 60% resulted from DCF Method of **Rp. 466,542,792,040.-** has already indicated the post money after capital enlargement.

On the contrary, the fair market value of 100% shares resulted from ABV method of **Rp. 249,712,018,885.-** indicated the pre money before capital enlargement. Given this we need to make the pre money resulted from the ABV method into post money, so that we can reconcile those two method. LPI will issue 187,500 of the new shares, hence The number of LPI share

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after issuance of the new share will be 312,500 shares. The fair market value of 100% LPI's share after the issuance of the new shares will become Rp. 624,280,047,212.- (Rp. 249,712,018,885 : 125,000 shares x 312,500 shares). Based on that, we can calculate the fair market value of 60% share after issuance of the new shares is Rp. 374,568,028,327.-

Both of the fair market value has indicated the post money after capital enlargement, and the reconciliation is as follow:

No.	Method	Fair Market Value of 60% Share (Rp.)	Proportion (%)	Reconciliation
1.	Discounted Cash Flow	466,542,792,040	50	233,271,396,020
2.	Adjusted Book Value	374,568,028,327	50	187,284,014,164
Fair Market Value of 60% Share after the new issuance		Rp. 420,555,410,184.-		

Based on Indonesian standard of valuation, there is a reconciliation of one or more method to calculate the fair market value. According to the reconciliation, the fair market value 60% share of LPI after the new issuance of the new shares is **Rp. 420,555,410,184.-**

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ENCLOSURE

APPENDIX A – ASIAN APPRAISAL VALUATION REPORT

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Enclosure 1. Comparative Income Statement

PT LAJU PERDANA INDAH
Income Statement Comparative

	2004	2005	2006	2007
Sales				
Cost Of Goods sold				
Gross Profit	-	-	-	-
Operating Expense	7,322,381,052	8,179,262,738	9,292,545,409	17,988,306,683
Operating Profit (loss)	(7,322,381,052)	(8,179,262,738)	(9,292,545,409)	(17,988,306,683)
Other income (expense)				
interest income	1,346,585	3,700,088	14,043,570	37,828,103
Forex gain (loss)	180,000	(184,724)	(9,856,497)	(88,397,997)
Interest leasing expense	(7,513,000)		(46,704,007)	(569,634,884)
Other	(350,000)		(167,151,371)	(3,640,802,715)
	(6,336,415)	3,515,364	(209,668,305)	(4,261,007,493)
Income before income tax	(7,328,717,467)	(8,175,747,374)	(9,502,213,714)	(22,249,314,176)
Tax Income/expense				
Current tax				
Deferred Income Tax		2,216,560,885	2,646,997,290	6,149,846,166
Extra Ordinary loss, net	-	-	-	(1,570,208,514)
Net Income	(7,328,717,467)	(5,959,186,489)	(6,855,216,424)	(17,669,676,524)

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Enclosure 2. Comparative Balance Sheet

PT LAJU PERDANA INDAH
Comparative Balance Sheet

	2004	2005	2006	2007
ASSETS				
Current Assets				
Cash and cash equivalent	93,200,418	664,655,476	2,112,599,915	1,113,679,982
Other Receivable, Net	56,000,000	58,176,500	57,476,500	11,067,911
Advance			5,048,130,018	4,929,422,308
Inventories			223,534,439	3,238,428,093
Future crops expenditures	3,702,594,328	4,433,491,878	9,769,720,576	27,036,872,090
Prepaid taxes and expenses	7,042,475	28,224,058	1,237,734,293	6,135,134,759
Total Current Assets	3,858,837,221	5,184,547,912	18,449,195,741	42,464,605,143
Non-Current Asset				
Property, plant, and equipment	71,356,019,743	71,371,012,743		
Depreciation cost	(11,666,940,344)	(14,435,705,951)		
Book value	59,689,079,399	56,935,306,792	73,796,719,048	124,919,387,609
Deffered tax asset			2,574,897,306	11,686,350,846
Other assets				358,814,350
Total Non-Current Asset	59,689,079,399	56,935,306,792	76,371,616,354	136,964,552,805
TOTAL ASSETS	63,547,916,620	62,119,854,704	94,820,812,095	179,429,157,948
LIABILITIES AND EQUITY				
Current liabilities				
Account payable			5,772,448,826	12,878,528,596
Consumer finance	-	-	-	743,299,983
Taxes payable			996,576,841	722,893,090
Other payable	2,942,293	107,076,393	15,676,436	
Current portion of obligation under capital lease			557,594,836	2,708,765,463
Total current liabilities	2,942,293	107,076,393	7,342,296,939	17,053,487,132
Non-current liabilities				
Obligation under capital lease, net of current maturities			777,067,430	3,132,740,813
Provision for post employee benefits				32,639,433
Other Payables		8,544,805,992	5,761,500	95,257,384,903
Total Non-Current Liabilities	-	8,544,805,992	782,828,930	98,422,765,149
EQUITY				
Share Capital	40,000,000,000	40,000,000,000	50,000,000,000	125,000,000,000
Other Paid in Capital	54,107,989,223	52,205,524,588	82,361,764,903	
Deficit	(30,563,014,896)	(38,737,552,269)	(45,666,078,677)	(61,047,094,333)
TOTAL EQUITY	63,544,974,327	53,467,972,319	86,695,686,226	63,952,905,667
TOTAL LIABILITIES AND EQUITY	63,547,916,620	62,119,854,704	94,820,812,095	179,429,157,948

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Enclosure 3. Income Statement Projection

PT LAJU PERDANA INDAH
Income Statement Projection

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
Sales	151,810,880,000	272,781,680,000	689,407,323,500	886,540,397,330	987,219,228,970	1,038,986,679,676	1,068,927,772,866	1,099,767,098,852	1,131,531,604,618	1,164,249,045,656
Cost of Goods Sold	157,220,470,003	262,501,497,566	396,694,037,058	443,424,826,440	475,862,838,408	499,778,224,972	552,916,157,868	548,115,035,080	583,256,485,552	579,873,924,095
Gross Profit	(5,409,590,003)	20,280,182,434	292,713,286,442	443,115,570,890	511,356,390,562	539,208,454,704	516,011,614,999	551,652,063,773	548,273,119,066	584,375,121,462
Operating Expense										
EBITDA	(5,409,590,003)	20,280,182,434	292,713,286,442	443,115,570,890	511,356,390,562	539,208,454,704	516,011,614,999	551,652,063,773	548,273,119,066	584,375,121,462
Depreciation	12,466,255,815	17,661,704,114	67,256,751,607	82,844,772,279	80,256,329,383	77,486,141,883	76,409,704,383	75,816,579,383	77,570,016,883	79,454,391,883
EBIT	(17,875,845,818)	2,618,478,321	225,456,534,835	360,270,798,611	431,100,061,179	461,722,312,821	439,601,910,615	475,835,484,389	470,703,102,183	504,920,729,578
Interest expense	21,874,758,257	33,988,640,466	78,586,523,806	121,463,548,741	114,163,359,931	104,788,920,000	82,283,190,000	60,767,890,000	38,004,390,000	10,479,440,000
EBT	(39,750,604,076)	(31,370,162,145)	146,870,011,029	238,807,249,869	316,936,701,248	356,933,392,821	357,318,720,615	415,067,594,389	432,698,712,183	494,441,289,578
Tax	-	-	44,043,503,309	71,624,674,961	95,063,510,374	107,062,517,846	107,178,116,185	124,502,778,317	129,792,113,655	148,314,886,874
EAT	(39,750,604,076)	(31,370,162,145)	102,826,507,720	167,182,574,909	221,873,190,874	249,870,874,975	250,140,604,431	290,564,816,073	302,906,598,528	346,126,402,705

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Enclosure 4. Balance Sheet Projection

PT LAJU PERDANA INDAH BALANCE SHEET PROJECTION

	2007	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017
ASSETS											
Current Assets											
Cash and cash equivalent	1,113,679,982	146,527,210,154	245,409,678,386	227,706,831,062	386,233,780,886	637,506,912,891	857,132,148,478	977,350,342,742	1,083,820,075,805	1,223,748,523,346	1,330,438,942,434
Other Receivable, Net	11,067,911	11,067,911	11,067,911	11,067,911	11,067,911	11,067,911	11,067,911	11,067,911	11,067,911	11,067,911	11,067,911
Advance	4,929,422,308	4,929,422,308	4,929,422,308	4,929,422,308	4,929,422,308	4,929,422,308	4,929,422,308	4,929,422,308	4,929,422,308	4,929,422,308	4,929,422,308
Inventories	3,238,428,093	6,238,803,288	11,210,206,027	28,331,807,815	36,433,167,014	40,570,653,245	42,698,082,726	43,928,538,611	45,195,908,172	46,501,298,820	47,845,851,187
Future crops expenditures	27,036,872,090	52,736,872,090	91,542,766,990	116,028,416,290	120,740,941,844	120,740,941,844	120,740,941,844	120,740,941,844	120,740,941,844	120,740,941,844	120,740,941,844
Prepaid taxes and expenses	6,135,134,759	6,135,134,759	6,135,134,759	6,135,134,759	6,135,134,759	6,135,134,759	6,135,134,759	6,135,134,759	6,135,134,759	6,135,134,759	6,135,134,759
Total Current Assets	42,464,605,143	216,578,510,510	359,238,276,381	383,142,680,145	564,483,514,731	809,894,132,958	1,031,646,798,027	1,153,095,448,175	1,270,832,550,799	1,402,066,388,888	1,510,101,360,443
Non-Current Asset											
Property, plant, and equipment	145,840,348,297	717,288,120,222	1,316,959,880,222	1,579,186,960,222	1,590,917,780,222	1,595,932,820,222	1,600,732,820,222	1,647,131,980,222	1,695,481,660,222	1,750,712,940,222	1,805,994,580,222
Depreciation cost	(20,920,960,688)	(33,387,216,503)	(51,046,920,617)	(118,305,672,223)	(201,150,444,503)	(281,406,773,886)	(358,892,915,769)	(435,302,620,152)	(511,119,199,535)	(588,689,216,419)	(668,143,608,302)
Book value	124,919,387,609	683,900,903,719	1,265,910,959,605	1,460,881,288,000	1,389,767,335,720	1,314,526,046,336	1,241,839,904,453	1,211,829,360,070	1,184,362,460,687	1,162,023,723,803	1,137,850,971,920
Deferred tax asset	11,686,350,846	11,686,350,846	11,686,350,846	11,686,350,846	11,686,350,846	11,686,350,846	11,686,350,846	11,686,350,846	11,686,350,846	11,686,350,846	11,686,350,846
Other assets	358,814,350	358,814,350	358,814,350	358,814,350	358,814,350	358,814,350	358,814,350	358,814,350	358,814,350	358,814,350	358,814,350
Total Non-Current Asset	136,964,552,805	695,946,068,915	1,277,956,124,801	1,472,926,453,195	1,401,815,500,916	1,326,571,211,532	1,253,885,069,649	1,223,874,525,266	1,196,407,625,883	1,174,068,888,999	1,149,896,137,116
TOTAL ASSETS	179,429,157,948	912,524,579,425	1,637,194,401,182	1,856,069,133,340	1,966,296,015,647	2,136,465,344,490	2,285,531,867,676	2,376,969,973,440	2,467,240,176,681	2,576,135,277,888	2,659,997,497,559
LIABILITIES AND EQUITY											
Current liabilities											
Account payable	12,878,528,596	12,822,230,411	20,753,547,745	32,604,989,347	36,444,876,146	39,112,014,116	41,077,662,326	45,444,163,660	45,050,550,828	47,939,053,607	47,660,870,474
Consumer Finance	722,893,090	722,893,090	722,893,090	722,893,090	722,893,090	722,893,090	722,893,090	722,893,090	722,893,090	722,893,090	722,893,090
Taxes payable	534,254,389,159	949,424,046,871	1,039,792,579,400	1,039,792,579,400	978,896,000,000	924,626,000,000	821,856,000,000	686,786,000,000	486,886,000,000	261,886,000,000	11,686,350,846
Bank Loan	13,601,421,686	547,899,512,660	970,900,487,706	1,073,120,461,837	1,016,164,769,236	964,460,907,206	863,656,555,416	704,954,056,750	504,659,443,918	310,647,946,697	48,383,763,564
Total current liabilities	14,136,097,161	16,294,466,137	22,646,817,941	34,137,663,667	34,338,139,272	34,638,704,292	34,667,416,732	35,134,016,506	35,330,000,716	35,710,000,000	35,897,000,000
Non-current liabilities											
Obligation under capital lease, net of current maturities	6,584,806,259	3,132,740,837	1,171,749,694	0	0	0	0	0	0	0	0
Provision for post employee benefits	32,639,433	32,639,433	32,639,433	32,639,433	32,639,433	32,639,433	32,639,433	32,639,433	32,639,433	32,639,433	32,639,433
Other Payables	95,257,384,903	95,257,384,903	95,257,384,903	95,257,384,903	95,257,384,903	95,257,384,903	95,257,384,903	95,257,384,903	95,257,384,903	95,257,384,903	95,257,384,903
Total Non-Current Liabilities	101,874,830,895	98,422,765,173	96,461,774,030	95,290,024,336							
EQUITY											
Share Capital	125,000,000,000	367,000,000,000	702,000,000,000	717,000,000,000	717,000,000,000	717,000,000,000	717,000,000,000	717,000,000,000	717,000,000,000	717,000,000,000	717,000,000,000
Deficit	(61,627,094,333)	(100,797,698,409)	(132,167,698,409)	(29,341,352,834)	(37,841,222,075)	(389,714,412,949)	(609,595,287,923)	(859,725,892,354)	(1,150,250,708,427)	(1,453,197,306,955)	(1,789,323,709,659)
EQUITY	63,982,905,667	266,202,301,591	569,832,301,591	687,658,647,166	679,158,777,925	677,285,587,051	677,404,712,077	677,274,107,646	677,000,000,000	677,000,000,000	677,000,000,000
TOTAL LIABILITIES AND EQUITY	179,429,157,948	912,524,579,425	1,637,194,401,182	1,856,069,133,340	1,966,296,015,647	2,136,465,344,490	2,285,531,867,676	2,376,969,973,440	2,467,240,176,681	2,576,135,277,888	2,659,997,497,559

P.T. Asian Appraisal Indonesia

Enclosure 5. Discounted Cash Flow

PT LAJU PERDANA INDAH
Discounted cash flow

	2008	2009	2010	2011	2012	2013	2014	2015	2016	2017	Perpetuity
EBIT	(17,875,845,818)	2,618,478,321	225,456,534,835	360,270,798,611	431,100,061,179	461,722,312,821	439,601,910,615	475,835,484,389	470,703,102,183	504,920,729,578	
Interest	21,874,758,257	33,988,640,466	78,586,523,806	121,463,548,741	114,163,359,931	104,788,920,000	82,283,190,000	60,767,890,000	38,004,390,000	10,479,440,000	
EBT	(39,750,604,076)	(31,370,162,145)	146,870,011,029	238,807,249,869	316,936,701,248	356,932,392,821	357,318,720,615	415,067,594,389	432,698,712,183	494,441,289,578	
Tax	-	-	44,043,503,309	71,624,674,961	95,063,510,374	107,062,517,846	107,178,116,185	124,502,776,317	129,792,113,655	148,314,886,874	
EAT	(39,750,604,076)	(31,370,162,145)	102,826,507,720	167,182,574,908	221,873,190,874	249,870,874,975	250,140,604,431	290,564,818,073	302,906,598,528	346,126,402,705	
Depreciation, Amortization and other non cash charges	12,466,255,815	17,661,704,114	67,256,751,607	82,844,772,279	80,256,329,383	77,486,141,883	76,409,704,383	75,816,579,383	77,570,016,883	79,454,391,883	
Interest (1-4), I=30%	21,874,758,257	33,988,640,466	55,010,566,665	85,024,484,119	79,914,351,951	73,352,244,000	57,598,233,000	42,537,523,000	26,603,073,000	7,335,608,000	
Capital Expenditure (Capex)	(697,147,771,925)	(638,477,654,900)	(286,712,729,300)	(16,443,345,554)	(5,015,040,000)	(4,800,000,000)	(46,399,160,000)	(48,349,660,000)	(55,231,280,000)	(55,281,640,000)	
Changes in Working Capital	(2,956,673,378)	2,859,914,594	(5,270,160,186)	(4,260,472,400)	(1,471,348,262)	(161,781,270)	3,137,045,449	(1,661,892,383)	1,583,112,131	(1,622,735,501)	
Free Cash Flow to Firm	(605,514,035,307)	(615,337,557,877)	(66,889,063,494)	314,348,013,352	375,557,483,946	395,747,479,588	340,866,427,263	358,907,256,063	353,431,520,542	376,012,027,087	4,377,063,791,051
<i>r</i>	5.00%										11
Discount Rate	14.02%	14.02%	14.02%	14.02%	14.02%	14.02%	14.02%	14.02%	14.02%	14.02%	14.02%
Discount Factor	0.8770	0.7692	0.6746	0.5917	0.5189	0.4551	0.3991	0.3501	0.3070	0.2693	0.2362
Present Value	(531,059,337,319)	(473,315,899,732)	(45,124,418,727)	185,988,486,397	194,881,492,021	180,107,238,634	136,063,473,872	125,641,443,901	108,511,256,985	101,248,847,095	1,033,689,396,349
INDICATED ENTERPRISE VALUE	1,016,831,979,475										
DEBT	101,842,191,162										
Indicated Fair Market Value Equity	914,789,788,313										
Lack of Marketability discount	137,216,468,247	15%									
Fair Market Value Equity	777,571,320,066										
60% Share	466,542,792,040										

APPENDIX A – ASIAN APPRAISAL VALUATION REPORT

P.T. Asian Appraisal Indonesia

Enclosure 6. Adjusted Book Value

PT LAJU PERDANA INDAH
Adjusted Book Value

	Book Value	2007 Adjustment	Adjusted BV
ASSET			
Current Asset			
Cash and cash equivalent	1,113,679,982		1,113,679,982
Other Receivable, net	11,067,911		11,067,911
Advance	4,929,422,308		4,929,422,308
Inventories	3,238,428,093		3,238,428,093
Future crops expenditures	27,036,872,090	(1,045,572,090)	25,991,300,000
Prepaid taxes and expenses	6,135,134,759		6,135,134,759
Total Current Assets	42,464,605,143	(1,045,572,090)	41,419,033,053
Non-Current Assets			
Property, plant and equipment, net			
Land	275,000,000		
Land rights	37,556,952,193	179,777,670,174	254,108,500,000
Land Development	36,498,877,633		
Building	16,755,610,513	3,529,189,487	20,284,800,000
Machineries and Equipment	16,229,324,742	40,319,240,258	56,548,565,000
Heavy equipment	4,231,364,010	6,267,635,990	10,499,000,000
Transportation Equipment	2,368,729,469	1,100,270,531	3,469,000,000
FEOE	918,847,270	(122,494,270)	796,353,000
Construction in progress	10,084,681,779		10,084,681,779
Total property, plant and equipment, net	124,919,387,609	230,871,512,170	355,790,899,779
Deffered tax asset	11,686,350,846		11,686,350,846
Other assets	358,814,350		358,814,350
Total Non-Current Assets	136,964,552,805	230,871,512,170	367,836,064,975
TOTAL ASSETS	179,429,157,948	229,825,940,080	409,255,098,028
LIABILITIES AND EQUITY			
Current Liabilities			
Account payable	12,878,528,596		12,878,528,596
Consumer finance	743,299,983		743,299,983
Taxes payable	722,893,090		722,893,090
Current portion of obligation under capital lease	2,708,765,463		2,708,765,463
Total Current Liabilities	17,053,487,132	-	17,053,487,132
Non-Current Liabilities			
Obligation under capital lease, net of current maturities	3,132,740,813		3,132,740,813
Provision for post employee benefits	32,639,433		32,639,433
Other payables	95,257,384,903		95,257,384,903
Total Non-Current Liabilities	98,422,765,149	-	98,422,765,149
EQUITY			
Share capital	125,000,000,000		125,000,000,000
Deficit	(61,047,094,333)		(61,047,094,333)
EQUITY	63,952,905,667	229,825,940,080	293,778,845,747
TOTAL LIABILITIES AND EQUITY	179,429,157,948	229,825,940,080	409,255,098,028
INDICATED ENTERPRISE VALUE	395,621,036,909		
DEBT	101,842,191,162		
Indicated Fair Market Value Equity	293,778,845,747		
Lack of Marketability discount	15%	44,066,826,862	
Fair Market Value Equity		249,712,018,885	

Calculation after capital enlargement		Before	After
No. Of Shares		125,000	312,500
Portion		100%	100%
Fair Market Value		249,712,018,885	624,280,047,212
Subscription	60%		374,568,028,327

P.T.ASIAN APPRAISAL INDONESIA
Consultant in Property and Business Valuation



Affiliate Offices :

Hongkong	Thailand
Malaysia	China
Singapore	Japan

9 Juni 2008

Board of Directors
PT INDOFOOD SUKSES MAKMUR Tbk.
PT SALIM IVOMAS PRATAMA
Indofood Tower, 11th Floor
Sudirman Plaza
Jl. Jenderal Sudirman no. 76-78
Jakarta 12910

Ref. No. AAI 2008/DIR-RHP/VI/302

Re: Revised For Share Valuation
File Report No. AAI 2008-1183/D Dated April 30, 2008

Dear Sir / Madam

After looking at the Valuation Share report No. No. AAI 2008-1183/D Dated April 30, 2008, we found a typing error in chapter 5 valuation process page 21 as follow:

Sugar sales price is assumed growth 3% from Rp. 5,000,000,- per ton which is based on the average wholesale price prevailing in 2005.

Supposed to be:

Sugar sales price is assumed growth 3% from Rp. 5,000,000,- per ton which is based on the average wholesale price prevailing in 2006.

APPENDIX A – ASIAN APPRAISAL VALUATION REPORT

P.T. Asian Appraisal Indonesia

We hereby certify that the typing error above were not have the effect to the value in the report.

This letter was used as a revised for the typing error above

Thank you for the attention

Yours Faithfully,
PT. ASIAN APPRAISAL INDONESIA
Director



Ir. Benny Supriyanto, Msc., MAPPI (Cert)

Valuer License No.: 1.98.0005

STTD No. 03/PM/STTD-P/AB/2006

MAPPI: S-00409

BS/dd/by
P 3

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

Deloitte & Touche Corporate Finance Pte Ltd

6 Shenton Way #32-00
DBS Building Tower Two
Singapore 068809

20 June 2008

The Independent Directors
Indofood Agri Resources Ltd.
80 Raffles Place
#22-23 UOB Plaza 2
Singapore 048624

Dear Sirs,

THE PROPOSED SUBSCRIPTION OF NEW SHARES REPRESENTING 60% OF THE ENLARGED SHARE CAPITAL OF PT LAJUPERDANA INDAH (“PROPOSED SUBSCRIPTION”)

For the purpose of this letter, capitalised terms not otherwise defined shall have the meaning given to them in the circular dated 20 June 2008 to the shareholders of Indofood Agri Resources Ltd. (the “Circular”).

1. INTRODUCTION

On 10 May 2008, the Board announced that PT SIMP had on 9 May 2008 entered into the Subscription Agreement with (i) PT BSS, (ii) PT LPI and (iii) the Samsuddin family in respect of the subscription by PT SIMP of the New Shares, representing 60% of the enlarged total number of issued shares in PT LPI, for an aggregate cash consideration of Rp375 billion (equivalent to approximately S\$56 million), upon the terms and subject to the conditions of the Subscription Agreement.

PT BSS and PT LPI are members of the Salim Group, which is a controlling shareholder of the Company with an interest (both direct and deemed) of approximately 69.09%. The Salim Group owns 100% of the total number of issued shares of PT BSS, which in turn owns 80% of PT LPI. Accordingly, PT BSS and PT LPI are regarded as “**associates**” of the Salim Group and therefore, “**interested persons**” of the Company under Chapter 9 of the Listing Manual.

The Proposed Subscription is an interested person transaction within the meaning of Chapter 9 of the Listing Manual. As the Subscription Consideration exceeds 5% of the latest audited NTA of the Group of Rp4,198 billion as at 31 December 2007 (the “**Latest Audited NTA**”), completion of the Proposed Subscription is subject to, amongst other things, the approval of the Shareholders at the EGM.

We, Deloitte & Touche Corporate Finance Pte Ltd (“**DTCF**”), have been appointed as independent financial adviser to the Independent Directors to opine as to whether the financial terms of the Proposed Subscription are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders. This letter, which sets out our evaluation for the Independent Directors in respect of this engagement, is an integral part of the Circular.

2. TERMS OF REFERENCE

Our responsibility is to provide our opinion as to whether the financial terms of the Proposed Subscription are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

We have not been a party to the negotiations entered into in relation to the Proposed Subscription nor have we been involved in the deliberations leading up to the decision on the part of the Directors to enter into this transaction.

We do not, by this letter or otherwise, advise or form any judgement on the strategic, commercial or financial merits or risks of the Proposed Subscription. All such evaluations, advice, judgements or comments remain the sole responsibility of the Directors and the advisers to the Company. We have however drawn upon such evaluations, judgements and comments as we deem appropriate in arriving at our opinion.

We have relied upon certain assurances by the Directors, who have accepted full responsibility for the accuracy and completeness of the information provided to us. The Directors have confirmed to us that to the best of their knowledge, information and belief, all material information available to them in connection with the Proposed Subscription has been disclosed to us, that such information constitutes full and true disclosure of all material information relating to such transaction and that there is no other information the omission of which would cause any of the information disclosed to us or relied on by us in making our recommendation to be inaccurate, incomplete, untrue or misleading in any material respect. We have assumed that all statements of fact, belief, opinion and intention made by the Directors in the Circular have been reasonably made after due and careful enquiry. Accordingly, no representation or warranty (whether express or implied) is made and no responsibility is accepted by us concerning the accuracy, completeness or adequacy of such information. We have nonetheless made reasonable enquiries and used our judgement in assessing such information and have found no reason to doubt the reliability of such information.

We have not made any independent evaluation or appraisal of the Proposed Subscription or the constituent assets and liabilities thereof. We have been furnished with the valuation report prepared by PT Asian Appraisal Indonesia (“**Asian Appraisal**”) in relation to the independent valuation of PT LPI. The scope of our appointment does not require us to express, and we do not express, a view on the future growth prospects, value and earnings potential of the Company or of the Proposed Subscription. We do not express any view as to the price at which the Shares may trade in the future, irrespective of whether the Proposed Subscription completes, or on the future value, financial performance or condition of the Company after the Proposed Subscription.

Our views are based on market, economic, industry, monetary and other conditions (where applicable) and on the information made available to us as at the Latest Practicable Date. We assume no responsibility to update, revise or re-affirm our opinion, factors or assumptions in light of any subsequent development after the Latest Practicable Date that may affect our opinion or factors or assumptions contained herein.

The Company has been separately advised by its own legal adviser in the preparation of the Circular (other than this letter). We have had no role or involvement and have not provided any advice (financial or otherwise) whatsoever in the preparation, review and verification of the Circular (other than this letter) and our responsibility is as set out above in relation to this letter. Accordingly, we take no responsibility for, and express no views, whether express or implied, on the contents of the Circular (except for this letter).

3. TERMS OF THE PROPOSED SUBSCRIPTION

The terms of the Proposed Subscription are set out in section 2.2 of the Circular. We set out the relevant extracts as follows:

3.1 Subscription Consideration

The Subscription Consideration was arrived at after taking into consideration, amongst other things, the NAV and the business prospects of PT LPI.

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

PT SIMP has appointed an independent valuer, namely, Asian Appraisal, to undertake an independent business valuation of PT LPI as at 31 December 2007. Asian Appraisal is an appraisal firm established in Jakarta, Indonesia since 1973 and was one of the first firms engaged in appraisal services in Indonesia. It is an affiliate of the Asian Appraisal Company Pte Ltd in Singapore and a member of the Association of Indonesian Appraisal Companies and the National Association of Indonesian Consultants. It has been registered with the Indonesian Capital Markets and Financial Institutions Supervisory Agency (Bapepam) as an authorised appraiser since 1980. Asian Appraisal has stated in its valuation report dated 30 April 2008 (the “**Asian Appraisal Valuation Report**”) that it is of the opinion that the fair market value of 60% equity of PT LPI as at 31 December 2007, after injection of the Subscription Consideration, was approximately Rp420.6 billion (equivalent to approximately S\$62.3 million) based on an average of the asset based approach and the income approach.

The Subscription Consideration shall be satisfied fully in cash. Pursuant to the Subscription Agreement, PT SIMP has paid a deposit of 10% of the Subscription Consideration to PT LPI. The balance 90% of the Subscription Consideration is payable on the date of completion of the Proposed Subscription.

The Subscription Consideration is proposed to be financed by way of internal resources.

3.2 Conditions Precedent

Completion of the Proposed Subscription is conditional upon, *inter alia*:

- (a) PT SIMP being in its sole and absolute discretion satisfied with the results of a due diligence carried out on PT LPI;
- (b) PT LPI having received all necessary approvals and consents from all relevant governmental, statutory, regulatory and other authorities and third parties including Badan Koordinasi Penanaman Modal (BKPM) (if required) in relation to the Proposed Subscription;
- (c) PT LPI having obtained all necessary approvals, consents and authorisations required under its constitutional documents, in relation to the Proposed Subscription;
- (d) PT LPI, PT BSS and the Samsuddin family having obtained the approval of their respective creditors (if required) in relation to the change of shareholders of PT LPI, on terms satisfactory to PT SIMP;
- (e) all the existing members of the Board of Directors and Board of Commissioners of PT LPI appointed by PT BSS and the Samsuddin family having tendered their resignation from the Board of Directors and Board of Commissioners of PT LPI as of the Completion Date;
- (f) PT LPI having obtained the approval of its shareholders in general meeting for the increase in the authorised and issued share capital of PT LPI, the change in the categorisation of the Class A shares and the Class B shares into one class of shares, the waiver of the pre-emption rights by the other shareholders of PT LPI, the participation of PT SIMP as a new shareholder in PT LPI and the appointment of such persons as PT SIMP may nominate as Directors and Commissioners of PT LPI;
- (g) PT LPI, PT BSS and the Samsuddin family having obtained all waivers, releases, consents and authorisations which are necessary or required under any existing contractual, financing or security arrangements binding on PT LPI, PT BSS or the Samsuddin family (as the case may be); and
- (h) 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 Proposed Subscription.

APPENDIX B – LETTER FROM THE INDEPENDENT FINANCIAL ADVISER TO THE INDEPENDENT DIRECTORS

As at the Latest Practicable Date, condition (a) has been fulfilled.

3.3 Completion Date

Completion is to take place five (5) Indonesian Business Days after the last in time of the conditions precedent to Completion is satisfied or waived (as the case may be) or such other date as may be agreed in writing between the parties to the Subscription Agreement (the “**Completion Date**”).

3.4 Long-Stop Date

In the event the Subscription Agreement is terminated by PT SIMP due to a material breach of any provision in the Subscription Agreement by PT BSS and/or PT LPI and such breach has not been waived in writing by PT SIMP, or in the event any of the conditions to Completion has not been satisfied on or before 31 July 2008 or such other date as the parties may mutually agree in writing (the “**Long-Stop Date**”), or if satisfaction of certain of the conditions by the Long-Stop Date is or becomes impossible and PT SIMP has not waived in writing such condition(s), the Deposit (plus interest based on the fixed deposit rate quoted by a bank designated by PT SIMP) shall be refunded by PT LPI to PT SIMP in full.

In the event that the Subscription Agreement is terminated by PT BSS and/or PT LPI as a result of a failure by PT SIMP to comply with its obligations to pay the Balance Amount on the Completion Date, PT LPI will be required to refund to PT SIMP the Deposit (without any interest thereon).

4. INFORMATION ON PT LPI

4.1 Background information on PT LPI

Background information on PT LPI is set out in section 4.1 of the Circular. We recommend that the Independent Directors advise the Company’s minority Shareholders to read this section of the Circular very carefully.

We highlight the following in respect of the information on PT LPI:

- (a) As at the Latest Practicable Date, it has an authorised capital of Rp200 billion divided into 100,000 Class A shares and 100,000 Class B shares of Rp1,000,000 each, and an issued and paid-up share capital of Rp125 billion divided into 62,500 Class A shares and 62,500 Class B shares of Rp1,000,000 each. As at the Latest Practicable Date, PT BSS owns 80% of each of the Class A shares and the Class B shares in PT LPI. The remaining 20% of each of the Class A shares and the Class B shares is held as to 18% by the Samsuddin family (8.8% by Irsan Samsuddin, 6.4% by Suriati Samsuddin and 2.8% by Iwan Samsuddin) and as to 2% by Darsono. There is no difference between the Class A and Class B shares in any aspect. As stated in Section 2.2.1(vi) of the Circular, it is a condition precedent to Completion that PT LPI must have obtained the approval of its shareholders in general meeting for, amongst other things, the change in the categorisation of the Class A shares and the Class B shares into one class of shares. Accordingly, on Completion, PT SIMP will be issued New Shares in the capital of PT LPI which will be of the same class of shares existing in the capital of PT LPI following such change in categorisation.
- (b) PT LPI is engaged in the plantation business and, as at the Latest Practicable Date, has:
 - (i) a sugar cane plantation located in Kabupaten Ogan Komering Ulu Timur in the province of South Sumatra, Indonesia, with a total land bank of approximately 37,500 hectares, of which HGU⁽¹⁾ has been obtained in respect of approximately 21,500 hectares and *Ijin Lokas*⁽²⁾ (Location Permit) has been obtained in respect of 16,000 hectares of land. The expiry period for the *Ijin Lokasi* is December 2010;

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As of 31 December 2007, approximately 2,549 hectares of land were planted with sugar cane. As of 31 March 2008, approximately 2,745 hectares of land were planted with sugar cane. PT LPI intends to plant approximately 18,600 hectares of land with sugar cane, from the total concession area of approximately 37,500 hectares as identified above;

- (ii) a sugar production factory located in Kabupaten Pati in the province of Central Java, Indonesia, which is currently being rehabilitated to re-commence sugar production and is expected to commence production in the second half of 2008; and
- (iii) commenced the project to construct a sugar production factory located in Kabupaten Ogan Komering Ulu Timur in the province of South Sumatra, Indonesia, in April 2008 and production is presently expected to commence by the end of 2010. PT LPI has obtained the HGU in respect of such land;

(the above collectively being referred to as the “**LPI Plantation Business**”).

Notes:

- (1) HGU refers to the right to cultivate (referred to in Indonesia as Hak Guna Usaha). HGU gives its holder the right to exploit/use or to cultivate the land.
- (2) Ijin Lokasi is an approval granted by the Indonesian government to a company which permits the company to commence land relinquishment or acquisition and/or cultivation within a certain prescribed period, after which the company can apply for HGU.

4.2 Certain financial information on PT LPI

Certain financial information on PT LPI is set out in section 4.2 of the Circular. We recommend that the Independent Directors advise the Company’s minority Shareholders to read this section of the Circular very carefully.

5. EVALUATION OF THE PROPOSED SUBSCRIPTION

In our evaluation of the Proposed Subscription, we have given due consideration to the following factors:

- 5.1 Current status of the LPI Plantation Business;
- 5.2 Process undertaken and key developments prior to the Proposed Subscription;
- 5.3 Rationale for the Proposed Subscription;
- 5.4 Valuation of PT LPI by Asian Appraisal;
- 5.5 Comparison of ratings implied by the Subscription Consideration with comparable companies;
- 5.6 Financial effects of the Proposed Subscription; and
- 5.7 Other considerations.

5.1 Current status of the LPI Plantation Business

The LPI Plantation Business can be considered to be in its start-up phase given that:

- (i) as at 31 March 2008, approximately 2,745 hectares was planted with sugar cane out of the 18,600 hectares that is intended to be planted with sugar cane in Kabupaten Ogan Komering Ulu Timur;

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- (ii) the sugar production factory in Kabupaten Pati is currently being rehabilitated and is expected to commence production in the second half of 2008;
- (iii) the project to construct a sugar production factory in Kabupaten Ogan Komering Ulu Timur has commenced in April 2008 and production is presently expected to commence by the end of 2010; and
- (iv) for FY2007, PT LPI had nil revenues and a net loss of approximately Rp17.7 billion. The losses incurred in FY2007 were primarily due to the salary and overhead costs during the start-up and development phase. The total accumulated loss of PT LPI as at 31 December 2007 was approximately Rp61.0 billion.

PT LPI plans to increase its planted sugar cane area from approximately 2,745 hectares as at 31 March 2008 to approximately 18,600 hectares progressively over 2008 – 2011 and construct the sugar production factory in Kabupaten Ogan Komering Ulu Timur over 2008 – 2010. These plans will require significant capital expenditure which will be primarily funded by the Proposed Subscription, debt and may include shareholders' loans. The full text of the future plans for PT LPI is set out in section 4.5 of the Circular.

5.2 Process undertaken and key developments prior to the Proposed Subscription

We have had discussions with PT LPI in order to understand the process and procedures undertaken by them to assess the viability of the LPI Plantation Business as well as the key developments prior to the date of this letter. We have also had discussions with PT SIMP to understand the process and procedures undertaken by them in their evaluation of the proposed investment in PT LPI.

5.2.1 Feasibility study

PT LPI had appointed an independent expert, which specialises in providing investment, management and development services to certain agribusiness, including sugar, to undertake a feasibility study of the "greenfield" project involving the sugar cane plantation and production factory located in Kabupaten Ogan Komering Ulu Timur (the "**Komering Ulu Project**"). The purpose of the feasibility study was to:

- (i) determine the status and prospects of the sugar industry in Indonesia and the financial, technical and environmental feasibility of the Komering Ulu Project; and
- (ii) support the company's financing proposals to various banks.

The report of the independent expert was submitted to PT LPI in March 2006.

5.2.2 Debt financing for the Komering Ulu Project

The capital expenditure for the Komering Ulu Project will be funded by a combination of equity from the Proposed Subscription, debt and may include shareholders' loans. In respect to the debt financing, the management of PT LPI had in April 2008, entered into a loan facility agreement with PT Bank Rakyat Indonesia Tbk for the grant of facilities amounting to an aggregate of approximately Rp992.5 billion.

The said loan facility agreement is subject to certain conditions. To the extent that the conditions are satisfied and PT LPI can draw upon the debt facilities, the uncertainty with respect to Komering Ulu Project financing is reduced. As at the Latest Practicable Date, PT LPI has drawn down approximately Rp110.7 billion of this loan facility.

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5.2.3 Independent valuation

PT SIMP has appointed Asian Appraisal to undertake an independent business valuation of PT LPI as at 31 December 2007. The purpose of the valuation is to determine the fairness of the Subscription Consideration of Rp375 billion.

The salient points of the Asian Appraisal's independent valuation are set out under section 5.4 of this letter.

5.2.4 Legal due diligence

PT SIMP has appointed an external legal counsel to undertake certain legal due diligence procedures on PT LPI.

5.3 Rationale for the Proposed Subscription

The full text of the rationale for the Proposed Subscription has been extracted from section 3 of the Circular and set out below. We recommend that the Independent Directors advise the Company's minority Shareholders to read the extract below carefully.

"The Group is a vertically integrated agribusiness group with business operations that range from research and development in the breeding and cultivation of oil palms, to the milling and refining of crude palm oil, and the marketing and distribution of cooking oil, margarine, shortening and other derivative products. The Group also engages in the cultivation of other crops such as rubber, cocoa and tea. The Proposed Subscription will enable the Group to expand and diversify its existing agribusiness activities into the areas of sugar cultivation and processing.

The sugar industry is an attractive proposition with growing demand in both the Indonesian and international markets. Domestic demand for sugar in the Indonesian market is increasing, driven by factors such as population growth, the rapid development of the processed food and beverage industries, and the expansion of sugar-based industries such as ethanol processing which utilises molasses as a basic raw material. According to PT Capricorn Indonesia Consult Inc's business report INDOCOMMERCIAL dated 25 August 2007, Indonesia was once among the world's largest producers of sugar. However, in recent years, the country has been a net importer of sugar. In 2006, the country's shortfall in domestic production of sugar was more than one million tons (which represents approximately 35% of its sugar requirement in 2006). Whilst the report does state that sugar production in Indonesia has been increasing in recent years, the report also notes that even with such increase, sugar production still falls far short of the sugar requirement in Indonesia. Please see the table below which shows the sugar supply and consumption data for Indonesia for the period from 2001 to 2006:

Supply and Consumption of Sugar in Indonesia (2001-2006)

	2001	2002	2003	2004	2005	2006
Population (million)	206.6	209.2	211.8	214.5	217.2	221.0
Per capita consumption (kg)	15.46	15.53	15.62	15.75	15.93	16.18
Total Consumption (million tons)	3.19	3.25	3.31	3.38	3.46	3.58
Domestic Production (million tons)	1.73	1.76	1.63	2.05	2.24	2.31
Shortfall in Domestic Production (million tons)	1.46	1.49	1.68	1.33	1.22	1.27

Source: PT Capricorn Indonesia Consult Inc's business report INDOCOMMERCIAL dated 25 August 2007.

The increase in domestic demand for sugar, coupled with a shortfall in domestic supply in Indonesia and a prevailing global shift in land use from the growing of food crops to the growing of energy crops, implies a likely positive trend in the price of sugar in the future.

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In addition, being part of the PT ISM group, PT LPI will, following completion of the Proposed Subscription, be able to leverage on the PT ISM group's established distribution network in Indonesia.

As stated in Section 2.1 of this Circular, the Subscription Consideration of Rp375 billion was arrived at after taking into consideration, amongst other things, the NAV and the business prospects of PT LPI. This is notwithstanding that PT LPI was loss-making in FY2006 and FY2007 as it was in its start-up and projects development period then. The Company therefore considered that it was not practicable to determine the amount of the Subscription Consideration for the New Shares based on the past two years' earnings of PT LPI. Accordingly, it had taken into consideration, amongst other things, the NAV and the business prospects of PT LPI. Separately, PT SIMP had appointed an independent valuer, namely, Asian Appraisal, to undertake an independent business valuation of PT LPI as at 31 December 2007 to determine the fairness of the Subscription Consideration amount of Rp375 billion."

5.4 Valuation of PT LPI by Asian Appraisal

As stated in paragraph 5.2.3 of this letter, PT SIMP has appointed Asian Appraisal to undertake an independent business valuation of PT LPI as at 31 December 2007 to determine the fairness of the Subscription Consideration of Rp375 billion.

Asian Appraisal is an appraisal firm established in Jakarta, Indonesia since 1973 and was one of the first firms engaged in appraisal services in Indonesia. It is an affiliate of the Asian Appraisal Company Pte Ltd in Singapore and a member of the Association of Indonesian Appraisal Companies and the National Association of Indonesian Consultants. It has been registered with the Indonesian Capital Markets and Financial Institutions Supervisory Agency (Bapepam) as an authorised appraiser since 1980.

5.4.1 Key highlights of the Asian Appraisal valuation

In arriving at the Fair Market Value ("FMV") of 60% of PT LPI to be owned by PT SIMP following completion of the Proposed Subscription, Asian Appraisal had applied the "Income Approach" and the "Asset Based Approach". FMV is defined as the amount of cash or equivalent things that would change hands between a willing seller and a willing buyer when neither is under compulsion and when both have reasonable knowledge of the relevant facts.

(i) Asset Based Approach

The salient points in relation to Asian Appraisal's Asset Based Approach are as follows:

- (a) the methodology used for valuation of market value of PT LPI's assets is the adjusted book method, which involves a revaluation of a company's assets;
- (b) Asian Appraisal used a combination of methodologies in the revaluation of the assets. In respect of the sugar cane plantation, Asian Appraisal used an income approach in the revaluation of the sugar cane plantation, which involves discounting the future cash flows of the plantation over its useful economic life to a present value. With respect to the other assets such as plant and machinery, Asian Appraisal adopted a depreciated replacement approach. These methodologies are appropriate in the circumstances;

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- (c) Asian Appraisal had arrived at a value for 100% equity of PT LPI as at 31 December 2007 of approximately Rp249.7 billion. This represents the valuation under the Asset Based Approach prior to the injection of the Subscription Consideration; and
 - (d) Asian Appraisal also concluded that the value of 100% of PT LPI following the injection of the Subscription Consideration was Rp624.3 billion (i.e. Rp249.7 billion plus Rp375 billion) and concluded that the value of 60% of PT LPI on the same basis was Rp374.6 billion.
- (ii) Income Approach
- The salient points in relation to Asian Appraisal's Income Approach are as follows:
- (a) the methodology used for valuation of equity value of PT LPI is the discounted cash flow analysis, which involves discounting future cash flows using an appropriate discount rate. We consider that this methodology is appropriate in the circumstances of the valuation. Asian Appraisal had informed us that they had analysed and discussed the assumptions used as basis in the preparation of the PT LPI's production forecasts, and concluded that such assumptions were reasonable;
 - (b) Asian Appraisal had arrived at a value for 60% equity of PT LPI as at 31 December 2007 of approximately Rp466.5 billion, which implies a value of approximately Rp777.6 billion for 100% of PT LPI; and
 - (c) the weighted average cost of capital used by Asian Appraisal in arriving at the FMV of PT LPI was 14.0 %.
- (iii) Asian Appraisal's conclusion as to the value of 60% of PT LPI after the injection of the Subscription Consideration

Asian Appraisal concluded that the FMV for 60% equity of PT LPI as at 31 December 2007 after injection of the Subscription Consideration was approximately Rp420.6 billion based on an average of the Asset Based Approach and Income Approach.

5.4.2 Analysis of the Subscription Consideration

The nature of the Proposed Subscription is that PT SIMP will inject Rp375 billion of cash into PT LPI by subscribing for new shares in PT LPI, which will represent 60% of the enlarged share capital of PT LPI.

The Subscription Consideration of Rp375 billion for a 60% interest in the enlarged PT LPI implies a post-subscription value of Rp625 billion for PT LPI (the "**Implied Post Subscription Value**") and a value of Rp250 billion for the balance 40% interest in the enlarged PT LPI.

The Subscription Consideration was arrived at after taking into consideration, amongst other things, the NAV and the business prospects of PT LPI.

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PT LPI has yet to report any profit and hence it is not possible to consider the reasonableness of the Subscription Consideration by reference to earnings. We have assessed the Subscription Consideration by reference to NTA and revalued net asset value (“RNAV”) of PT LPI as follows:

	Implied Pre Subscription Value of PT LPI	Subscription Consideration	Implied Post Subscription Value of PT LPI
Value (Rp billion)	250 ⁽¹⁾	375	625
Percentage of equity	40%	60%	100%
NTA of PT LPI as at 31 December 2007 (Rp billion)	64.0 ⁽²⁾		
Revalued NTA of PT LPI after revaluation by Asian Appraisal (Rp billion)	293.8 ⁽³⁾		
Asset Based value calculated by Asian Appraisal (Rp billion)	249.7 ⁽⁴⁾		

Notes:

- (1) The structure of the Proposed Subscription implies that the value of Rp250 billion represents the current value for PT LPI prior to the Proposed Subscription (the “**Implied Pre Subscription Value**”).
- (2) The NTA of PT LPI as at 31 December 2007 of Rp64 billion is derived from total assets of approximately Rp179.4 billion and total liabilities of Rp115.4 billion. There are no intangible assets in the books of PT LPI as at 31 December 2007.
- (3) Asian Appraisal’s assessment of the RNAV of PT LPI was Rp293.8 billion as at 31 December 2007.

Therefore, the Implied Pre Subscription Value of Rp250 billion represents a discount of approximately 14.9% from the revalued NTA of PT LPI of Rp293.8 billion as at 31 December 2007 computed by Asian Appraisal but is consistent with the value of Rp249.7 billion determined by Asian Appraisal under the Asset Based Approach.
- (4) In determining the value of PT LPI under the Asset Based Approach, Asian Appraisal applied a 15% marketability discount to the revalued NTA.

In addition, we note that Asian Appraisal has arrived at an implied valuation of PT LPI using the Income Approach of Rp777.6 billion. The Implied Post Subscription Value of Rp625 billion represents a discount of approximately 19.6% from the FMV of PT LPI of Rp777.6 billion under the Income Approach as at 31 December 2007 computed by Asian Appraisal.

5.5 Comparison of Ratings Implied by the Subscription Consideration with Comparable Companies

We have benchmarked the Implied Pre Subscription Value of PT LPI of Rp250 billion by generating selected valuation statistics for PT LPI implied by the financial terms of the Subscription Consideration and compared those statistics with those companies which, in our opinion are broadly comparable to PT LPI (the “**Comparable Companies**”).

We have taken into consideration the nature of the sugar cane industry and highlight that there is/are no company or companies or businesses listed globally which may be considered truly comparable to PT LPI in terms of size of operations, composition of business activities, asset base, geographical spread, historical track record, financial performance, operating and financial leverage, risk profile, liquidity, future prospects and other relevant criteria. **As a result, any comparisons drawn can serve only as an illustrative guide.**

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The selected valuation statistics of the Comparable Companies are based upon their closing prices on the Latest Practicable Date while those of PT LPI are as implied in the financial terms of the Subscription Consideration. Such comparisons are affected by differences in their accounting policies. Our analysis has not attempted to adjust for such differences.

The following is the list of Comparable Companies, together with a brief description of their principal activities:

Company	Principal Activities	FY	Market Capitalisation (US\$ 'm)	Revenue (US\$ 'm)	Profit After Tax (US\$ 'm)
Cosan Limited ("Cosan")	Manufacturing and trading of sugar and alcohol, and co-generation of electric power from sugar cane from own plantations and those of third parties	30 April 2007	4,440.9	1,818.0	166.4
Sao Martinho S.A. ("Sao Martinho")	Planting, harvesting and processing of sugar cane for alcohol production, and distribution of alcohol and related products	31 March 2007	1,643.6	383.6	29.9
Acucar Guarani S.A. ("Acucar Guarani")	Plantation of sugar cane, and manufacture and sale of sugar, ethanol and other sugar cane by-products	30 April 2007	1,037.0	430.2	54.4
Bajaj Hindusthan Limited ("Bajaj Hindusthan")	Owner and operator of sugar mills, and distilleries which produces industrial alcohols	30 September 2007	574.1	448.1	0.5
Khon Kaen Sugar Industry PCL ("Khon Kaen Sugar")	Production and distribution of sugar, operation of sugar cane plantations and investor in power plant projects	31 October 2007	642.7	275.1	25.2
Sucrierie De Bourbon Tay Ninh ("Sucrierie")	Production and trading of sugar and its by-products, planting of sugar cane and development of real estate	31 December 2007	88.8	41.9	11.9
Maryborough Sugar Factory Limited ("Maryborough")	Growing of sugar cane, manufacturing of raw sugar and production of molasses	30 June 2007	78.6	38.7	1.1

Source: Annual reports of the respective companies and Bloomberg.

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In our analysis, we have collated and presented the Price-to-NTA ratio (“**P/NTA**”), which illustrates the ratio of the current market value of a company’s shares relative to its net asset backing as measured by historical consolidated net tangible asset value in its financial statements. For PT LPI, we have also presented the P/NTA based on its revalued net tangible asset value as at 31 December 2007 determined by Asian Appraisal.

We wish to highlight that the NTA basis of valuation is only meaningful insofar as it indicates the extent to which the value of PT LPI is backed by tangible assets. It does not necessarily reflect the value of the company as a going concern.

The analysis set out below is only meant for illustrative purposes as the comparability of financial information between PT LPI and the Comparable Companies is necessarily limited.

Company	P/NTA (times) ⁽¹⁾
PT LPI (based on historical NTA)	3.9 ⁽²⁾
PT LPI (based on Asset Approach)	1.0 ⁽³⁾
PT LPI (based on revalued NTA)	0.85 ⁽⁴⁾
Cosan	4.9
Sao Martinho	1.8
Acucar Guarani	4.0
Sucrerie	0.9
Bajaj Hindusthan	1.6
Khon Kaen Sugar	2.0
Maryborough Sugar	2.3
Mean	2.5
Median	2.0
Maximum	4.9
Minimum	0.9

Source: Interim financial statements and annual reports of the respective companies, and Bloomberg.

Notes:

- (1) The NTAs of the Comparable Companies are extracted from the latest available interim financial statements prior to the Latest Practicable Date. Where such interim financial statements were unavailable, NTA was extracted from the latest available annual report. In addition, it should be noted that the NTA of the Comparable Companies may have been based on cost or subject to revaluations or a combination of the two, and may not be strictly comparable to PT LPI.
- (2) Based on the Implied Pre Subscription Value and the historical NTA of PT LPI of approximately Rp64.0 billion as at 31 December 2007.
- (3) Based on the Implied Pre Subscription Value and the revalued NTA of PT LPI of approximately Rp249.7 billion after incorporating a marketability discount of 15% ascribed by Asian Appraisal.
- (4) Based on the Implied Pre Subscription Value and the revalued NTA of PT LPI of approximately Rp293.8 billion (as per Asian Appraisal’s Asset Based Approach).

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We note that the Price-to-NTA ratios arrived at based on the Implied Pre Subscription Value are as follows:

- (i) the Price-to-NTA of PT LPI (based on historical NTA) is within the range of Price-to-NTA of the Comparable Companies and higher than the mean and median Price-to-NTA of the Comparable Companies;
- (ii) the Price-to-NTA of PT LPI (based on Asset Approach) is close to the lower end of the range of Price-to-NTA of the Comparable Companies; and
- (iii) the Price-to-NTA of PT LPI (based on revalued NTA) is below the lower end of the range of Price-to-NTA of the Comparable Companies.

5.6 Financial Effects of the Proposed Subscription

The financial effects of the Proposed Subscription are set out in section 5 of the Circular. We recommend that the Independent Directors advise the Company's minority Shareholders to read section 5 of the Circular carefully and to highlight that such financial effects are proforma in nature and for illustrative purposes only.

The unaudited proforma financial effects of the Proposed Subscription on the Group in respect of FY2007 have been prepared based on the audited consolidated financial statements of the Group for FY2007 and the audited financial statements of PT LPI for FY2007. The objective of the financial effects analysis is to illustrate what the historical information of the Group might have been had the Proposed Subscription been completed at an earlier date. However, such information is not necessarily indicative or a projection of the financial performance and financial position of the Group after the completion of the Proposed Subscription.

For purposes of illustration, the financial effects set out below are based on, amongst other things, the following key assumptions:

- (a) the financial statements of the Group and PT LPI are reported in Indonesian Rupiah;
- (b) the audited financial statements of PT LPI for FY2007 are prepared based on Indonesian GAAP. For the purpose of computing the financial effects, adjustments have been made to record the fair value of the biological assets, and the related tax effects, to comply with the Singapore Financial Reporting Standards ("SFRS") 41-Agriculture;
- (c) the Proposed Subscription is required to be accounted for upon Completion in accordance with the accounting policies of the Company (using the purchase method in accordance with SFRS 103-Business Combinations). This requires a purchase price allocation (a valuation exercise on the identifiable assets, liabilities and contingent liabilities of the acquiree) to be performed on PT LPI upon Completion. As the purchase price allocation for PT LPI has not been determined as at the Latest Practicable Date, the carrying values of the assets and liabilities of PT LPI, with the exception of fixed assets, have been assumed to approximate the fair values as at 31 December 2007. The fair values of the fixed assets as at 31 December 2007 were based on the independent appraisal by Asian Appraisal, determined on an existing use basis. Accordingly, for the purposes of preparing the financial effects, the goodwill arising on acquisition of PT LPI has been determined based on the excess of the Subscription Consideration for the Proposed Subscription, over the net assets of PT LPI, adjusted for the fair values of the fixed assets. In addition, no impairment assessment of the resultant goodwill has been performed. The actual fair values of the net assets of PT LPI and resultant goodwill will be determined upon completion of the Proposed Subscription and accounted for in accordance with the accounting policies of the Company and such actual fair values and goodwill may materially differ from the assumptions stated herein;

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- (d) the financial effects on the Group's earnings and EPS are computed **assuming that the Proposed Subscription was completed on 1 January 2007**. The financial effects on the Group's NAV, NTA and gearing are computed **assuming that the Proposed Subscription was completed on 31 December 2007**;
- (e) there are no outstanding convertible securities and options issued by PT LPI; and
- (f) the two loan arrangements entered into by PT LPI (as described in Section 4.3.4 of the Circular) have not been included in the computation of the financial effects of the Proposed Subscription on the Group.

5.6.1 Share capital

We note that the Proposed Subscription will not have any impact on the share capital of the Company.

5.6.2 NTA

We note that the NTA per Share as at 31 December 2007 decreases marginally from Rp2,900 before the Proposed Subscription to Rp2,889 after the Proposed Subscription, such difference in NTA per Share of Rp11 representing a marginal decrease of approximately 0.4%.

5.6.3 EPS

We note that the EPS for FY2007 decreases marginally from Rp614 before the Proposed Subscription to Rp604 after the Proposed Subscription, such difference in EPS of Rp10 representing a marginal decrease of approximately 1.6%.

5.7 Other Considerations

5.7.1 Future plans

The full text of the future plans of PT LPI have been included in section 4.5 of the Circular. **We recommend that the Independent Directors advise the Company's minority Shareholders to read the extract below carefully.**

In summary, the objective of the Proposed Subscription in PT LPI is to develop the sugar business by focusing on the following key strategies:-

- (a) PT LPI's planting programme;
- (b) completion of the building of a new sugar production factory located in Kabupaten Ogan Komering Ulu Timur;
- (c) completion of the rehabilitation of a sugar production factory located in Kabupaten Pati; and
- (d) optimise operating efficiency and productivity.

5.7.2 Risk factors

The risk factors in relation to the Proposed Subscription are set out in section 4.4 of the Circular. We would advise the Independent Directors to recommend that the Company's minority Shareholders read this section carefully. Our terms of reference are limited to our evaluation of the financial terms of the Proposed Subscription and we have not taken into account the commercial risks and merits of the Proposed Subscription. Our terms of reference do not require us to evaluate or comment on the strategic or long-term commercial merits of the Proposed Subscription or on the prospects of either the Group or on the Proposed Subscription.

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5.7.3 No sale of vendor shares

As at 31 December 2007, the existing shareholders of PT LPI have contributed total equity capital of Rp125 billion to PT LPI and provided a shareholders loan of Rp95 billion, which has been used for funding the development to date.

The Proposed Subscription involves the subscription of new shares in PT LPI by PT SIMP and is intended to partially fund the Komerang Ulu Project and provide working capital to PT LPI. The Proposed Subscription does not involve a sale of vendor shares and can be considered as an indication of the commitment of the existing shareholders of PT LPI to its business and growth.

5.7.4 The Company will be the majority shareholder of PT LPI following the Proposed Subscription

The Proposed Subscription will result in the Company becoming the majority shareholder of PT LPI. This will provide the Company with control over strategic and operational matters relating to PT LPI, which include, *inter alia*, the business, operations, capital expenditures, financing as well as the acquisitions and divestments of assets and businesses of PT LPI.

6. RECOMMENDATION

In arriving at our recommendation in respect of the Proposed Subscription, we have taken into account all the factors which we consider to have a significant bearing on our assessment of the Proposed Subscription including the following:

- (a) the current status of the LPI Plantation Business;
- (b) the processes and procedures undertaken and key developments prior to the Proposed Subscription, based on our discussions with PT LPI and PT SIMP;
- (c) the rationale set out by the Directors for the Proposed Subscription in section 3 of the Circular;
- (d) the valuation of PT LPI by Asian Appraisal;
- (e) the Proposed Subscription has a negligible effect in relation to the EPS and NTA per Share of the Group, and no effect on gearing of the Group;
- (f) the Price-to-NTA ratio based on the Implied Pre Subscription Value compared to the Price-to-NTA of the Comparable Companies;
- (g) the future plans of PT LPI;
- (h) the fact that the Proposed Subscription does not involve the sale of vendor shares; and
- (i) the Proposed Subscription would result in the Company becoming the majority shareholder of PT LPI and will allow it to consolidate the accounts of PT LPI.

Having considered all of the above and subject to the assumptions set out in this letter, we are of the opinion that the financial terms of the Proposed Subscription are on normal commercial terms and are not prejudicial to the interests of the Company and its minority Shareholders.

In arriving at our recommendations, we wish to emphasise that we have, *inter alia*, relied on representations made by the Directors and the management of the Company and PT SIMP relating to current intentions and future directions of the Company and PT LPI. In addition, the Independent Directors should note that we have arrived at these conclusions based on information made available to us prior to and including the Latest Practicable Date.

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The Independent Directors should note that trading in the Shares is subject to possible market fluctuations and, accordingly, our advice on the Proposed Subscription cannot and does not take into account the future trading activity or patterns or price levels that may be established for the Shares as these are governed by factors beyond the ambit of our review and would not fall within the terms of reference in connection with the Proposed Subscription.

Our recommendations are addressed to the Independent Directors for their benefit in connection with and for the purposes of their consideration of the Proposed Subscription. Any recommendations made by the Independent Directors in respect of the Proposed Subscription shall remain their responsibility.

In rendering the above advice, we have not had regard to the specific investment objectives, financial situation, tax position or particular needs and constraints of any individual Shareholder. As each Shareholder has different investment objectives and profiles, we would advise that individual Shareholders who require specific advice in relation to their investment objectives or portfolio should consult their stockbroker, bank manager, solicitor, accountant, tax adviser or other professional adviser immediately.

Our recommendations may not be used and/or relied on by any other person for any purpose at any time and in any manner except with our prior written consent in each specific case. Our recommendations are governed by the laws of Singapore, and are strictly limited to the matters stated in this letter and do not apply by implication to any other matter.

Yours faithfully

Deloitte & Touche Corporate Finance Pte Ltd

Andrew Grimmett
Executive Director

NOTICE OF EXTRAORDINARY GENERAL MEETING

INDOFOOD AGRI RESOURCES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200106551G)

NOTICE IS HEREBY GIVEN that an Extraordinary General Meeting of Indofood Agri Resources Ltd. will be held at Ballroom I and II, Level 3, Singapore Marriott Hotel, 320 Orchard Road, Singapore 238865 on 7 July 2008 at 3.00 p.m. for the purpose of considering and, if thought fit, passing the following Ordinary Resolution:

AS AN ORDINARY RESOLUTION

Approval of the Proposed Subscription

THAT :

- (a) approval be and is hereby given for the subscription by PT SIMP of 187,500 new shares in the share capital of PT LPI for an aggregate cash consideration of Rp375 billion (the "**Proposed Subscription**"); and
- (b) the Independent Directors (as defined in the Company's circular to shareholders dated 20 June 2008) be and are hereby authorised to exercise such discretions, to complete and do all such acts and things, including without limitation, to sign, seal and execute and deliver all such documents and deeds, and to approve any amendment, alteration or modification to the Subscription Agreement or any other document, as they may consider necessary, desirable or expedient in connection with the Proposed Subscription and/or this Ordinary Resolution as they may deem fit.

All capitalised terms used in this Notice which are not defined herein shall unless the context otherwise requires have the same meanings ascribed to them in the Company's Circular to Shareholders dated 20 June 2008 (including supplements and modifications thereto).

BY ORDER OF THE BOARD
Indofood Agri Resources Ltd.

Mark Julian Wakeford
Chief Executive Officer and Executive Director
Singapore

20 June 2008

Notes:

- (1) A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. A proxy need not be a member of the Company.
- (2) The instrument or form appointing a proxy, duly executed, must be deposited at the registered office of the Company at 80 Raffles Place, #22-23 UOB Plaza 2, Singapore 048624 not less than 48 hours before the time appointed for holding the Extraordinary General Meeting in order for the proxy to be entitled to attend and vote at the Extraordinary General Meeting.

PROXY FORM

INDOFOOD AGRI RESOURCES LTD.

(Incorporated in the Republic of Singapore)
(Company Registration No. 200106551G)

Important

1. For investors who have used their CPF monies to buy Indofood Agri Resources Ltd. shares, this Circular is forwarded to them at the request of their CPF Approved Nominees and is sent 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.

*I/We _____ (Name)

of _____ (Address)

being a *member/members of **Indofood Agri Resources Ltd.** (the “**Company**”), hereby appoint:

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

*and/or

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

or failing *him/them, the Chairman of the Meeting, as *my/our *proxy/proxies to vote for *me/us on *my/our behalf, and if necessary, to demand a poll, at the Extraordinary General Meeting of the Company to be held at Ballroom I and II, Level 3, Singapore Marriott Hotel, 320 Orchard Road, Singapore 238865 on 7 July 2008 at 3.00 p.m. and at any adjournment thereof.

*I/We direct *my/our *proxy/proxies to vote for or against the Ordinary Resolution to be proposed at the Extraordinary General Meeting as indicated with an “X” in the spaces provided hereunder. If no specific directions as to voting are given, the *proxy/proxies will vote or abstain from voting at *his/their discretion.

	To be used on a show of hands		To be used in the event of a poll	
	For ⁽¹⁾	Against ⁽¹⁾	No. of votes for ⁽²⁾	No. of votes against ⁽²⁾
Ordinary Resolution				
Approval of the Proposed Subscription				

(1) Please indicate your vote “For” or “Against”.

(2) If you wish to use all your votes “For” or “Against”, please indicate with an “X” within the box provided. Otherwise, please indicate the number of votes.

All capitalised terms used in this Proxy Form which are not defined herein shall have the same meanings ascribed to them in the Circular dated 20 June 2008 to Shareholders.

Dated this _____ day of _____ 2008

	Total Number of Shares Held
CDP Register	
Register of Members	

Signature(s) or Common Seal of member(s)

* Delete accordingly

IMPORTANT: Please read notes overleaf



PROXY FORM

Notes:

1. A member of the Company entitled to attend and vote at the Extraordinary General Meeting is entitled to appoint not more than two proxies to attend and vote in his stead. Such proxy need not be a member of the Company.
2. Where a member of the Company appoints two proxies, he shall specify the proportion of his shareholding (expressed as a percentage of the whole) to be represented by each such proxy. If no such proportion or number is specified, the first-named proxy may be treated as representing 100% of the shareholdings and any second-named proxy as an alternate to the first-named proxy.
3. Completion and return of this instrument appointing a proxy shall not preclude a member from attending and voting at the Extraordinary General Meeting. Any appointment of a proxy or proxies shall be deemed to be revoked if a member attends the Extraordinary General 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 Extraordinary General Meeting.
4. This instrument appointing a proxy or proxies must be under the hand of the appointor or 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 common seal or under the hand of its attorney or duly authorised officer. Where an instrument appointing a proxy or proxies is signed on behalf of the appointor by an attorney, the power of attorney or other authority or a duly certified copy thereof must (failing previous registration with the Company) be lodged with the instrument of proxy, failing which the instrument may be treated as invalid.
5. A corporation which is a member of the Company may authorise by resolution of its directors or other governing body such person as it thinks fit to act as its representative at the Extraordinary General Meeting, in accordance with its Articles of Association and Section 179 of the Companies Act, Chapter 50 of Singapore.
6. This instrument appointing a proxy or proxies, together with the power of attorney or other authority (if any) under which it is signed, or a duly certified copy thereof, must be deposited at the registered office of the Company at 80 Raffles Place, #22-23 UOB Plaza 2, Singapore 048624 not less than 48 hours before the time appointed for holding the Extraordinary General Meeting.
7. A member should insert the total number of shares held. If the member has shares entered against his name in the Depository Register (as defined in Section 130A of the Companies Act, Chapter 50 of Singapore), he should insert that number of shares. If the member has shares registered in his name in the Register of Members of the Company, he should insert that number of shares. If the member has shares entered against his name in the Depository Register and shares registered in his name in the Register of Members of the Company, he should insert the aggregate number of shares. If no number is inserted, this form of proxy will be deemed to relate to all the shares held by the member of the Company.
8. 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 members of the Company whose shares are entered against their names in the Depository Register, the Company may reject any instrument appointing a proxy or proxies lodged if such members are not shown to have shares entered against their names in the Depository Register 48 hours before the time appointed for holding the Extraordinary General Meeting as certified by The Central Depository (Pte) Limited to the Company.
9. A Depositor shall not be regarded as a member of the Company entitled to attend the Extraordinary General Meeting and to speak and vote thereat unless his name appears on the Depository Register 48 hours before the time appointed for holding the Extraordinary General Meeting.

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