a subsidiary of:

ANNOUNCEMENT: MATERIAL NON-CASH PROFIT AND LOSS ITEM IN THE 2008 FINANCIAL RESULTS AND GOODWILL IMPAIRMENT ASSESSMENT

Material Non-cash Profit and Loss Item in the 2008 Financial Results

Indofood Agri Resources Ltd. ("the Company") and Subsidiaries (collectively the "Group") have in its consolidated balance sheet biological assets which primarily comprise oil palm and rubber plantations. In accordance with the Singapore Financial Reporting Standards ("SFRS") No. 41, *"Agriculture"*, these biological assets are stated at fair value less estimated point-of-sale costs. Gains or losses arising from the change in fair values of the biological assets at each reporting date are included in the consolidated income statement for the period in which they arise. It is the practice of the Group to engage an independent firm of valuers to prepare the valuation of the biological assets on a half-year basis.

In relation to the above, the Board of Directors of the Company wishes to announce that, as a result of the significant and abrupt downturn in the price of Crude Palm Oil ("CPO") during the second half of 2008 and the prevailing overall adverse global economic conditions, the Group has booked in its 2008 consolidated income statements significant "non-cash" loss arising from decline in fair values of Group's biological assets, with details as follows:

Nature of Charges	Six Months Ended 30 June 2008	4th Quarter Ended 31 Dec. 2008	Year Ended 31 Dec. 2008
	(Amount in Billion Rupiah)		
Gain (loss) on changes in fair values of biological assets	646	(1,593)	(947)
Less deferred tax effect on gain (loss) on changes in fair values of biological assets	(194)	478	284
Net gain (loss)	**452**	**(1,115)**	**(663)**

The above-mentioned gain (loss) were determined based on the results of the valuations prepared by an independent firm of valuers engaged by the Group to determine the fair values of the Group's biological assets. The said valuation was prepared based on the discounted net future cash flows of the underlying plantations over their productive years. The expected future cash flows of the underlying plantations are determined using the forecasted market prices of the related commodity products (i.e., Fresh Fruit Bunches or "FFBs" and rubber) at point of sale. Among others, the significant assumptions used in the aforementioned valuations are as follows:

a. No new planting and re-planting activities are assumed during the projection period.

b. The projected selling prices of CPO (which is used as a reference to determine the forecasted price of FFBs) and rubber are based on independent references (i.e., World Bank projections and others).

c. Assumed discount rate, which represent the asset specific rate for plantation operations.

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In connection with the above, it is important to note that the fair values of the biological assets naturally tends to decline over the years as the projected cash flows are realized (that is, before considering the cash flow effect of additional planted hectares).

Based on the above-mentioned independent valuation, the significant losses on decline in fair values of the Group's biological assets, as shown on the table above, are primarily attributed to said "natural" decline in fair value of the biological assets as mentioned in the preceding paragraph, and on top of that, the effects of the changes in key assumptions used in the valuation, particularly the following:

1. Fluctuations in projected CPO prices

   Below is the comparative summary of the projected price/ton of CPO (FOB – Belawan) used for purposes of the above-mentioned independent valuation:

Projection Period	Valuation Cut-off		
	31 Dec 2007	30 June 2008	31 Dec 2008
	(Amounts in US Dollars)		
2008	639	829	-
2009	620	854	500
2010	475	812	550
2011	475	775	585
Long-term projection of CPO price/ton up to the end of the projection period	*433 (flat starting from 2015)*	*521 (flat starting from 2020)*	*600 (flat starting from 2012)*

2. Difference in discount rates used

   Below is the comparative discount rates applied in the discounted cash flow calculations for purposes of the above-mentioned independent valuation:

Valuation	31 Dec 2007	30 June 2008	31 Dec 2008
Fair value of biological assets			
- Oil palm	18.10%	21.59%	19.33%
- Rubber	17.74%	21.21%	18.21%

Goodwill Impairment Assessment

The Group recognizes goodwill arising from the various business combination transactions, of which a substantial portion is recognized from the Group's acquisition of the majority equity interest in PT Perusahaan Perkebunan London Sumatra Indonesia Tbk ("Lonsum") in October 2007. In accordance with SFRS No. 36, *"Asset Impairment"*, the Group performs a periodic assessment of the goodwill for possible impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired. Any impairment loss is included in the consolidated income statement for the period in which they arise.

Specifically for purposes of the impairment assessment of the above-mentioned goodwill recognized from the acquisition of Lonsum, the Group engaged an independent firm of valuers to determine the recoverable amount of Lonsum. The said valuation was also prepared based on discounted net future cash flows method, using the same sets of key assumptions as those used in the biological asset valuation, except for the discount rate which is based on the weighted average cost of capital ("WACC"). As of 31 December 2008, based on the results of the said independent valuation, the recoverable amount of Lonsum still approximates its net asset value (carrying amount), which has been reduced as a result of the significant decline in fair value of Lonsum's biological assets, as discussed in the foregoing. Accordingly, no impairment in the carrying value of said goodwill arising from the acquisition of Lonsum is recognized during the year.

The consolidated financial statements of the Group are still undergoing audit by the Group's external auditors, and is expected to be finalized by the end of February 2009. Despite the above-mentioned non-cash profit and loss charges, the Group still expects to report a profit after tax for the year. The Company intends to announce its unaudited financial results for financial year ended 31 December 2008 on 27 February 2009.

BY ORDER OF THE BOARD

Mark Julian Wakeford
Chief Executive Officer

Singapore
17 February 2009

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