



Ind@Agri

**Proposed Acquisition of A
Majority Interest in
PT PP London Sumatra Indonesia Tbk**

Date 28 May 2007

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Presentation Outline

IndoAgri

1. Executive Summary
2. Proposed Transaction
3. Overview of Target Company
4. Rationale
5. Financial Effects
6. Shareholding Structure
7. Comparative Valuations
8. Conditions / Timetable



1. Executive Summary



- Target** : PT PP London Sumatra Indonesia Tbk
- % To Be Acquired** : Between 64.4% to 100%⁽¹⁾
(subject to the outcome of Tender Offer)
- Value of Transactions** : Between Rp 5.7tr (S\$1.0 bn) to
Rp 9.1tr (S\$ 1.6 bn)
- Landbank** : Total – 163,400 ha ; Planted – 85,463 ha
- Rationale** :
- : Strengthen IndoAgri's integrated plantation business model
 - : Expansion of core plantation business
 - : Increase in landbank and oil palm planted area
 - : Target's high productivity
 - : Towards self sufficiency in CPO production
 - : Quality oil palm seed producer

(1) Shareholding % assumes that MCNs have been converted, i.e. based on Enlarged Share Capital. MCNs (mandatory convertible notes due 2009) are convertible into 269,343,500 new Target shares

(2) Exchange rate of Rp5,688.99: S\$1 is used in this presentation

2. Proposed Transaction



Securities of Target Price Total Consideration

Proposed Acquisitions

	(1)			
- 500,095,000 Target shares	36.7%	Rp6,500 each	Rp3.3tr	S\$571.4m
- US\$47m Target MCNs ⁽²⁾	19.7%	Rp6,500 / new share	Rp1.7tr	S\$307.7m
	56.4%		Rp5.0tr	S\$879.1m
- 109,521,000 Target shares ⁽³⁾	8.0%	Rp6,500 each	Rp0.7tr	S\$125.1m
	64.4%		Rp5.7tr	S\$1.0 bn

Tender Offer

(Maximum Acceptances)

- 485,613,293 Target shares	35.6%	Rp6,900 each	Rp3.3tr	S\$589.0m
	100%		Rp9.1tr ⁽⁴⁾	S\$1.6 bn

(1) Shareholding % assumes that MCNs have been converted, i.e. based on Enlarged Share Capital

(2) MCNs (mandatory convertible notes due 2009) are convertible into 269,343,500 new Target shares

(3) Approximately 98.1m IndoAgri shares at S\$1.2758 each is issued as consideration

(4) Numbers may not add up due to rounding.

(5) Exchange rate of Rp5,688.99: S\$1

3. Overview of Target Company



PT PP London Sumatra Indonesia Tbk

- a) Established for over 100 years
- b) Listed on Jakarta and Surabaya Stock Exchanges
- c) As at 23 May 2007, the market capitalisation of the Target was approximately Rp 7.0tr (approximately S\$1.2 bn)⁽¹⁾.
- d) Principally engaged in the business of breeding, planting, milling, processing and selling of oil palm products as well as other products such as rubber, cocoa, tea and coffee.
- e) Operates a dedicated research facility (Bah Lias Research Station) that produces approximately 16 million oil palm seeds, recognized for their superior quality and high yielding potential.

(1) Based on existing share capital of Target before conversion of MCNs and based on market price of Target shares at 23 May 2007 of Rp6,400 per share

3. Overview of Target Company



Key Plantation Highlights as at 31 December 2006

Description	Target
Planted	(Hectares)
Oil Palm	63,203
Rubber	16,586
Others	5,674
	85,463
Unplanted	77,937
Total	163,400

Oil Palm Production

FFB Production (MT)	1,455,737
CPO Production (MT)	340,015
CPO Extraction Rate (%)	23.3

Source: Target's annual report

3. Overview of Target Company



Income Statement

(Rp billion)	FY2004	FY2005	FY2006	FP2007 ⁽²⁾
Revenue	1,654	1,833	2,148	534
Net income/(loss)	(247) ⁽¹⁾	356	303	91
Net income margin (%)	na	19	14	17
EBITDA	514	537	541	175
EBITDA Margin (%)	31	29	25	33

Balance Sheet

(Rp billion)	FY2004	FY2005	FY2006	FP2007 ⁽²⁾
Current Assets	415	398	540	706
Long-term Assets	1,948	2,205	2,445	2,560
Current Liabilities	869	807	950	1,100
Long-term liabilities	725	670	689	728
Shareholders' Equity	769	1,125	1,346	1,437

Source: Target's annual reports and financial statements for FP2007

(1) The net loss is after taking into account extraordinary items relating to loss on debts restructuring of Rp 617bn. Excluding the said loss on debts restructuring, the net income before extraordinary items would have been Rp370bn.

(2) 3 months period ended 31 March 2007

4. Rationale



Strengthen IndoAgri's Integrated Plantation Business Model

- a) Expansion of core plantation business
- b) Increase in landbank and oil palm planted area
- c) Target's high productivity
- d) Towards self sufficiency in CPO production
- e) Quality oil palm seed producer

4. Rationale

Increase in Landbank and Oil Palm Planted Area

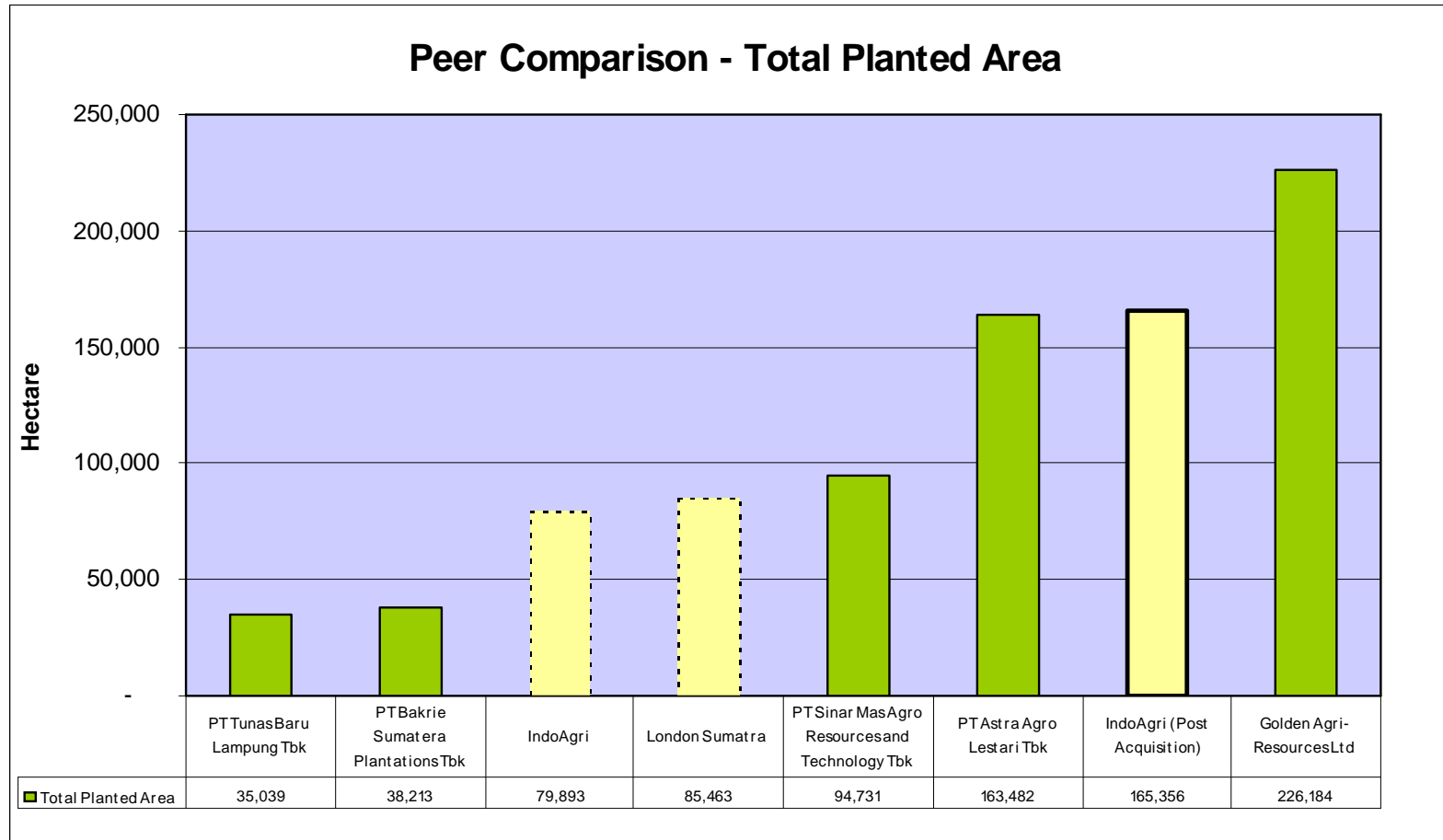
Description	IndoAgri (ha)	Target (ha)	Combined (ha)	% Increase
Oil Palm	74,878	63,203	138,081	84
<i>Mature</i>	61,532	48,703	110,235	79
<i>Immature</i>	13,346	14,500	27,846	208
Rubber	5,015	16,586	21,601	331
<i>Mature</i>	5,015	13,937	18,952	278
<i>Immature</i>	-	2,649	2,649	100
Others	-	5,674	5,674	100
Total Planted	79,893	85,463	165,356	107
Unplanted	144,190	77,937	222,127	54
Total	224,083	163,400	387,483	73

Source : Target's 2006 annual report and IndoAgri @ 31 March 2007

4. Rationale



One of the Largest Plantation Owners in Indonesia



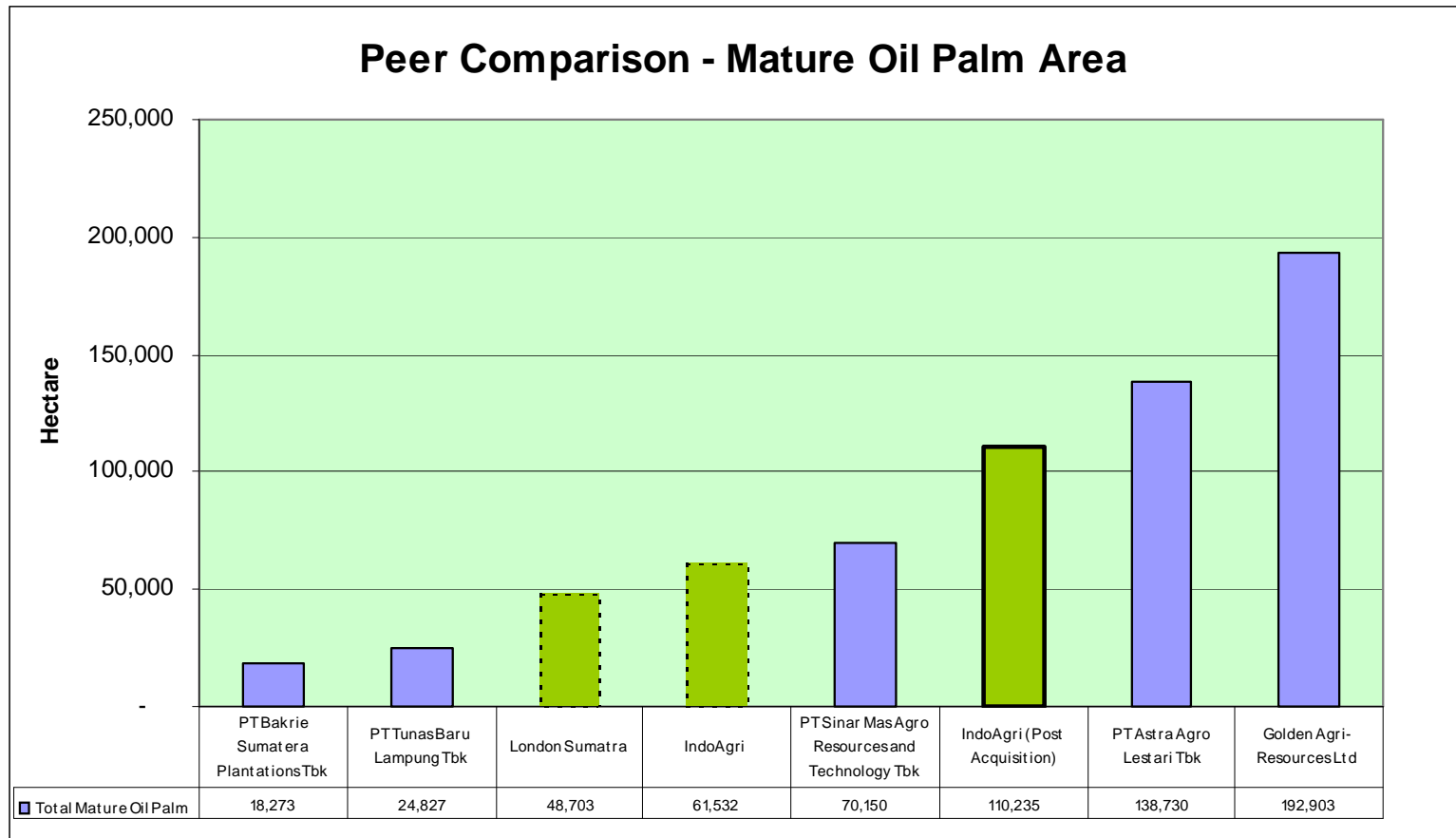
For illustration purposes only

Source: Latest annual reports and company websites (excluding plasma)

4. Rationale



One of the Largest Plantation Owners in Indonesia



For illustration purposes only

Source: Latest annual reports and company websites (excluding plasma)

4. Rationale



Towards self sufficiency in CPO production

Consistent with IndoAgri's strategy of self sufficiency for its internal CPO requirements

As at 31 Dec 06 (Tonnes)	IndoAgri	Target	Combined	% Increase
FFB Production	1,324,000	1,455,737	2,779,737	110
CPO Production	300,000	340,015	640,015	113
Palm Kernel Production	63,000	77,333	140,333	123

5. Financial Effects



Bases & Assumptions

1. Proposed Transactions assumed to have been completed on 1 January 2006 (for earnings) and 31 December 2006 (for Total Assets, NAV, NTA and Gearing)
2. Based on FY2006 financial information, with certain adjustments
3. MCNs are converted
4. IndoAgri financial information based on SFRS
5. Target financial information based on Indo GAAP
6. No adjustment for difference in accounting policies, including adjustments for fair valuation of biological assets and resultant tax effects
7. For further details of bases and assumptions, refer to Company's announcement dated 25 May 2007

Funding

Proposed Transactions to be funded by internal resources and borrowings. Subject to further review, such borrowings may be refinanced in part by equity and other related fund raising

5. Financial Effects



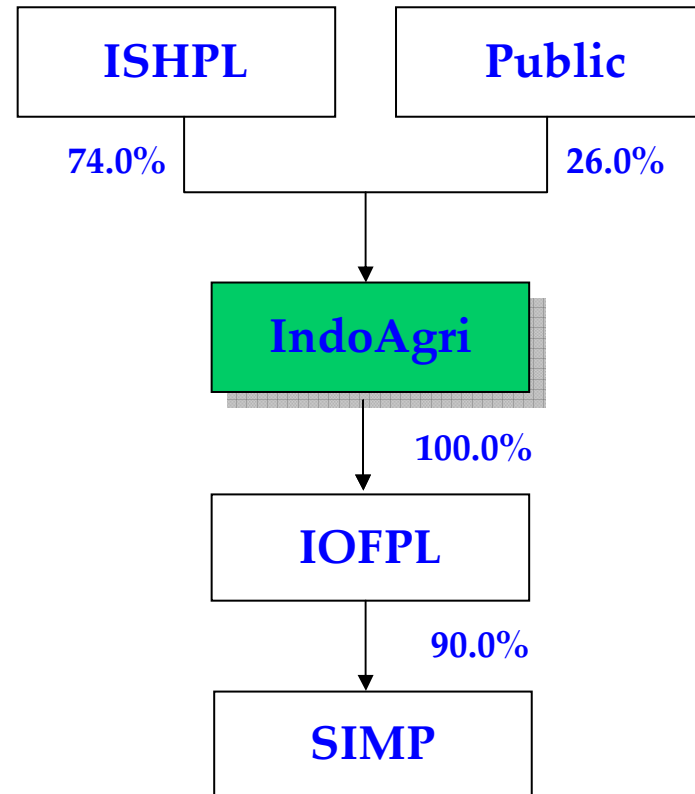
IndoAgri

	Before (IndoAgri)	Immediately after Proposed Transactions	
		No acceptance of the Tender Offer	Maximum acceptance of the Tender Offer
Total Assets (Rp million)	7,963,964	13,165,156	15,892,759
Net Asset Value (Rp million)	5,172,109	5,883,996	5,883,996
Net Tangible Assets (Rp million)	5,137,257	1,261,770	(1,465,832)
Earnings (Rp million)	570,169	521,431	407,415
Total Assets per share (Rp)	5,901	9,093	10,977
Net Asset Value per share (Rp)	3,832	4,064	4,064
Net Tangible Assets per share (Rp)	3,805	872	(1,012)
Earnings/(loss) per share (Rp)	422	360	281
Gearing (times)	0.02	0.74	1.31
Net gearing ratio (times)	Net cash	0.64	1.21

6. Shareholding Structure

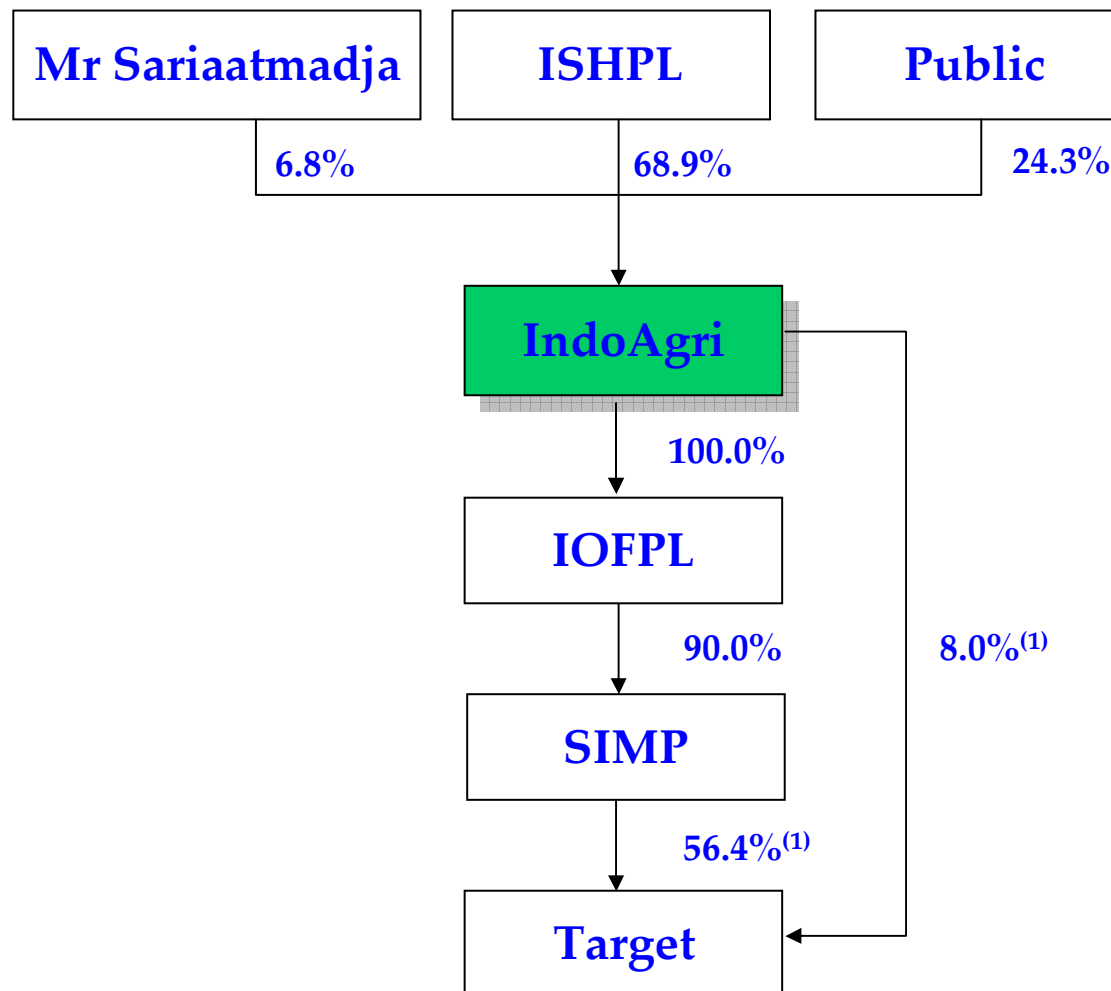


Structure Before Transaction



6. Shareholding Structure

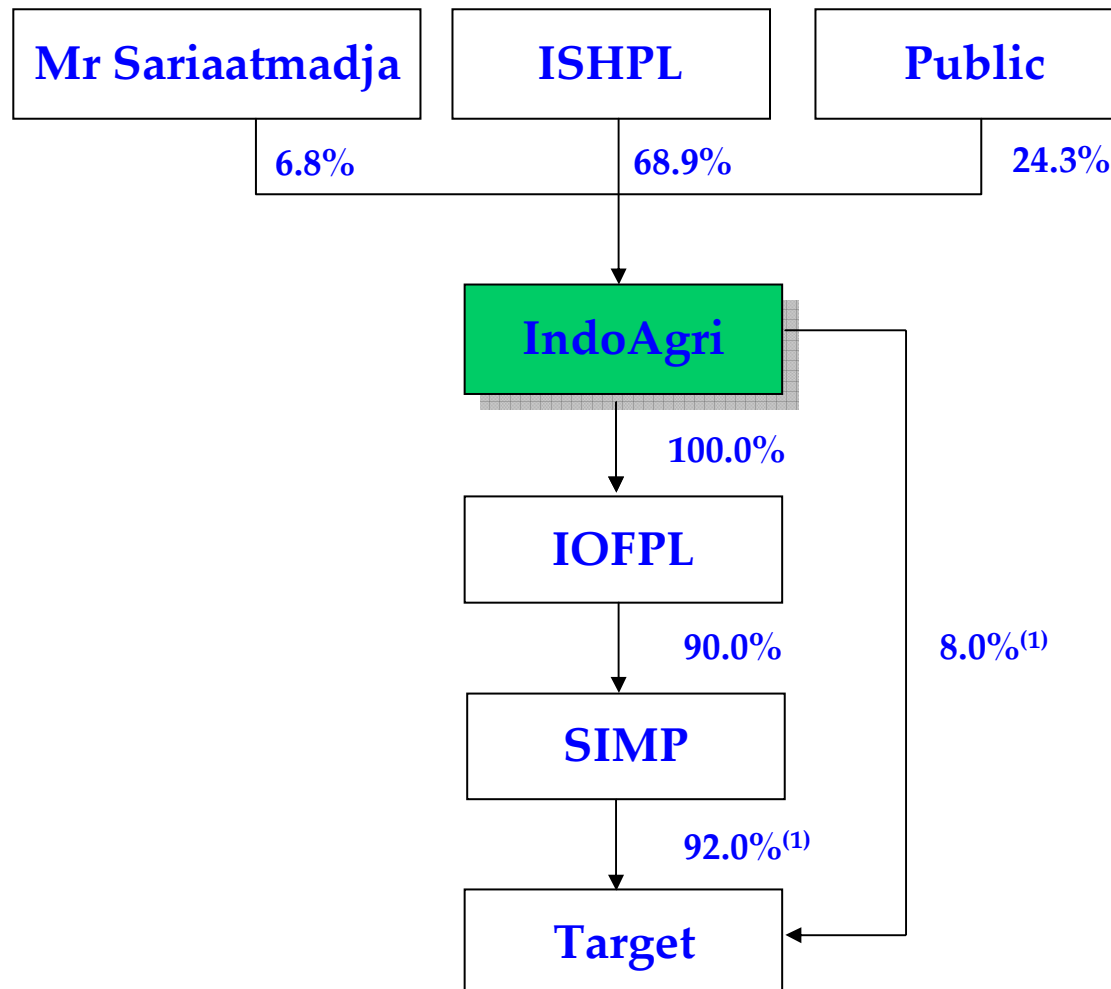
After the Proposed Acquisitions & before Tender Offer



(1) Assuming the MCNs are converted and before Tender Offer

6. Shareholding Structure

After the Proposed Acquisitions & Tender Offer



(1) Assuming the MCNs are converted & maximum acceptance for the Tender Offer

7. Comparative Valuations



Peer Comparison in Indonesia

		Market Capitalisation	EV/EBITDA	Total Planted Area	EV/ Total Planted Area
		<i>US\$'mil</i>	<i>times</i>	<i>hectares</i>	<i>US\$</i>
Astra Agro Lestari	JKSE	2,686.4	17.8	163,482	16,482
Bakrie Sumatera Plantations	JKSE	393.6	13.2	38,213	12,847
Tunas Baru Lampung	JKSE	222.7	17.4	35,039	7,799
SMART	JKSE	1,253.8	15.6	94,731	14,097
Golden Agri-Resources	SGX	4,547.5	23.2	226,184	21,644
IndoAgri	SGX	1,120.3	13.2	79,893	15,130
London Sumatra					
Rp6,500	JKSE	1018.9	17.9	85,463	12,982

For illustration purposes only

Source : Bloomberg, annual reports and company websites

- (1) Market capitalization is as at 23 May 2007
- (2) Market capitalization of London Sumatra is calculated based on the enlarged share capital (after conversion of MCNs)
- (3) Exchange rate of Rp8705:US\$1 and S\$1.5301:US\$1 as at 23 May 2007
- (4) EBITDA is based on FY2006 figures.
- (5) Planted Areas exclude plasma

8. Conditions / Timetable



Conditions to completion

The Proposed Transactions are conditional, *inter alia*, on the following (please refer to Company's announcement on 25 May 2007 for further details):-

- (a) completion of due diligence on the Target;
- (b) necessary shareholders' approval (First Pacific, PT ISM, Company);
- (c) finalization of funding;
- (d) completion of audit of Target's accounts for the period ended 30 April 2007; and
- (e) all necessary regulatory approvals.

Timetable

Target Completion : 4Q 2007



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Thank you