1. INTRODUCTION

The Board of Directors of Indofood Agri Resources Ltd. (the "Company" and together with its subsidiaries, the "Group") is pleased to announce the proposed acquisition of a majority interest in PT Perusahaan Perkebunan London Sumatra Indonesia Tbk (the "Target Company"), strongly supported by Mr Eddy Sariaatmadja ("Mr Sariaatmadja"), a commissioner of the Target Company. Pursuant to the proposed acquisition, Mr Sariaatmadja will acquire a shareholding interest in the Company, reflecting his desire to work together with the Group to grow the businesses of the Target Group (as defined below).

The Company and its 90 per cent.-owned subsidiary, PT Salim Ivomas Pratama (the "Buyer") have, on 25 May 2007, entered into a conditional agreement ("Agreement") with (i) First Durango Singapore Pte. Ltd. ("First Durango"), (ii) certain funds that have appointed, directly or indirectly, Ashmore Investment Management Limited as their investment manager (the "Ashmore Funds") and (iii) Mr Sariaatmadja (together, the "Vendors") pursuant to which:

(a) the Buyer will acquire:

(i) from First Durango and the Ashmore Funds, an aggregate of 500,095,000 issued ordinary shares ("Target Shares") in the share capital of the Target Company, representing approximately 45.7% of the existing issued share capital of the Target Company and 36.6% of the enlarged issued share capital of the Target Company assuming conversion of the MCNs referred to below ("Enlarged Capital"); and

(ii) from the Ashmore Funds, US$47,000,000 mandatory convertible notes due 2009 ("MCNs") issued by the Target Company which are convertible at face value into 269,343,500 fully paid newly issued ordinary shares in the share capital of the Target Company, representing approximately 19.7% of the Enlarged Capital, for a total cash consideration of approximately Rp5.0 trillion (which is equivalent to approximately S$879.1 million1 or Rp6,500 per Target Share) (the "Cash Consideration"); and

(b) the Company will acquire from Mr Sariaatmadja an aggregate of 109,521,000 Target Shares, which Mr Sariaatmadja in turn will acquire from First Durango prior to completion of the Proposed Acquisition (as defined below), representing approximately 8.0% of the Enlarged Capital of the Target Company (the "ES Target Shares"), at the price of

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1 For purpose of this announcement, an exchange rate of Rp5,688.99 : S$1 was used for translation purposes, where applicable.

CIMB-GK Securities Pte. Ltd. was the financial adviser to the Company in relation to the acquisition of the entire issued share capital of Indofood Oil & Fats Pte. Ltd. It assumes no responsibility for the contents of this announcement.
Rp6,500 per Target Share, in consideration for the issue by the Company of 98,082,830 new ordinary shares (the “IFAR Shares”) in the share capital of the Company (the “IFAR Consideration Shares”), at the issue price of S$1.2758 for each IFAR Consideration Share (the “IFAR Issue Price”). The IFAR Consideration Shares will represent approximately 6.8% of the total number of issued IFAR Shares (after taking into account the issue of the IFAR Consideration Shares). This will result in Mr Sariaatmadja having a substantial shareholding interest of approximately 6.8% in the Company,

(the “Proposed Acquisition”).

Assuming that the MCNs are converted, the Target Shares (including the ES Target Shares) purchased by the Group pursuant to the Proposed Acquisition, which amount to an aggregate of 878,959,500 Target Shares, will represent approximately 64.4% of the Enlarged Capital.

The Target Company is listed on the Jakarta and Surabaya stock exchanges. On completion of the Proposed Acquisition, a tender offer for the remaining Target Shares (amounting to approximately 35.6% of the Enlarged Capital) at the price of Rp6,900 per Target Share as determined based on the rules of the Indonesian Capital Markets and Financial Institutions Supervisory Agency (BAPEPAM) (the “Tender Offer”), will be triggered. Based on the above, the value of the Tender Offer (assuming full acceptances of the Tender Offer) is approximately Rp3.3 trillion (which is equivalent to approximately S$589.0 million). First Durango and Mr Sariaatmadja have undertaken to the Buyer not to accept the Tender Offer in respect of any Target Shares held by it/him as at the date of the Tender Offer.

2. OVERVIEW OF THE PROPOSED ACQUISITION

2.1 Information on the Target Company and its subsidiaries (“Target Group”)

The Target Group has been established for over 100 years and is principally engaged in the business of breeding, planting, milling and selling of oil palm products. It is also engaged in other products such as rubber, cocoa, tea and coffee. The Target Group operates estates in Indonesia located at North and South Sumatera, East Kalimantan, North and South Sulawesi, East and West Java.

The Target Group currently has a total land bank of approximately 163,400 hectares, of which 85,463 hectares are planted area. From this, it operates mature and immature oil palm plantations with total area of approximately 48,703 hectares and 14,500 hectares, respectively. This represents in aggregate approximately 74.0% of the total owned planted area operated by the Target Group. In addition, the Target Group also manages 35,973 hectares of plasma plantations of which the majority are oil palm plantations.

The Target Group is one of the largest producers of crude palm oil (“CPO”) in Indonesia. Based on publicly available information, the Target Group produced approximately 340,015 metric tonnes of CPO in 2006. The Target Group also has high fresh fruit bunch (“FFB”) yields, and CPO extraction rate of approximately 23.3%.

The Target Group also operates a dedicated research facility that produces approximately 16 million oil palm seeds annually with superior quality and high yielding potential.
The financial highlights of the Target Group for the financial years ended 31 December 2004 ("FY2004"), 31 December 2005 ("FY2005") and 31 December 2006 ("FY2006"), and the 3-month period ended 31 March 2007 ("FP 2007") are as follows:-

<table>
<thead>
<tr>
<th>(Rp' million)</th>
<th>FY2004 (1)</th>
<th>FY2005 (1)</th>
<th>FY2006 (3)</th>
<th>FP2007 (4)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Net sales</td>
<td>1,654,294</td>
<td>1,832,860</td>
<td>2,148,413</td>
<td>534,275</td>
</tr>
<tr>
<td>Profit before income tax</td>
<td>357,630</td>
<td>373,942</td>
<td>429,962</td>
<td>134,871</td>
</tr>
<tr>
<td>Net income/(loss)</td>
<td>(247,198)(2)</td>
<td>355,724</td>
<td>303,105</td>
<td>91,319</td>
</tr>
<tr>
<td>Net Asset Value</td>
<td>769,213</td>
<td>1,124,937</td>
<td>1,345,900</td>
<td>1,437,219</td>
</tr>
<tr>
<td>Net Tangible Assets</td>
<td>769,213</td>
<td>1,124,937</td>
<td>1,345,900</td>
<td>1,437,219</td>
</tr>
</tbody>
</table>

Notes:-
(1) Extracted from the Target Group’s annual report for FY2005.
(2) The net loss is after taking into account extraordinary items relating to loss on debts restructuring of Rp617,534 million. Excluding the said loss on debts restructuring, the net income before extraordinary items would have been Rp370,336 million.
(3) Extracted from the Target Group’s audited consolidated financial statements for FY2006.
(4) Extracted from the Target Group’s unaudited consolidated financial statements for FP2007.
(5) For the purpose of this announcement, the information on the Target Group has been calculated based on, or extracted from, publicly available sources including the Target Group’s website, annual report and consolidated financial statements for the relevant financial year or period.

Based on the latest annual report of the Target Group for FY2006, oil palm products and rubber accounted for approximately 69.6% and 22.3% of its total revenue, respectively. The balance was contributed by the sale of its other commodities (including cocoa, tea and coffee) and the oil palm seeds business of approximately 3.7% and 4.4%, respectively.

Based on the unaudited consolidated financial statements of the Target Group for FP2007, the Target Group had a net book value of approximately Rp1.4 trillion (approximately S$252.6 million) as at 31 March 2007. As at 23 May 2007, the market capitalization of the Target Company was approximately Rp7.0 trillion (approximately S$1.2 billion).

No adjustments have been made to the financial information extracted from the Target Group’s annual report and the Target Group’s audited consolidated financial statements for FY2006 or the unaudited consolidated financial statements for the period ended 31 March 2007, which are in accordance with generally accepted accounting principles of Indonesia ("Indo GAAP"), to align it with the accounting policies of the Group, which are in accordance with Singapore Financial Reporting Standards ("SFRS"), which may include, inter alia, adjustments for the fair valuation of biological assets and financial instruments and the resultant tax effects.

2.2 Cash Consideration

The Cash Consideration was arrived at after negotiations on an arm’s length basis and on a willing buyer and willing seller basis, taking into account, inter alia, the market price of the Target Shares, the enterprise value per planted hectarage and the businesses of the Target Group.
The Proposed Acquisition and the Tender Offer are proposed 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.

2.3 IFAR Consideration Shares

The IFAR Issue Price is equal to the volume weighted average price of the IFAR Shares on 23 May 2007, being the full trading day prior to the date of the Agreement.

The IFAR Consideration Shares, when allotted and issued, shall rank pari passu in all respects with the then existing IFAR Shares.

2.4 Aggregate Consideration

The aggregate consideration ("Aggregate Consideration") for the Proposed Acquisition (comprising the Cash Consideration and the aggregate IFAR Issue Price) amounts to approximately Rp5.7 trillion (which is equivalent to approximately S$1.0 billion).

The aggregate consideration for the Proposed Acquisition and the Tender Offer (assuming full acceptances of the Tender Offer) is approximately Rp9.1 trillion (which is equivalent to approximately S$1.6 billion).

3. RATIONALE FOR THE PROPOSED ACQUISITION

The Proposed Acquisition will strengthen the Group’s integrated plantation business model.

(a) Expansion of core plantation business

The Target Group is principally engaged in oil palm cultivation and the milling of fresh fruit bunches, which is similar to a significant part of the Group's core plantation business. In FY2006, oil palm products accounted for approximately 69.6% of the Target Group’s revenue and CPO production amounted to approximately 340,015 tonnes.

(b) Increase in landbank and oil palm planted area

The Proposed Acquisition will enable the Group to expedite its strategy of increasing its oil palm planted area to 250,000 hectares and achieving self-sufficiency in meeting the Group’s CPO requirements. The Directors of the Company believe that the capabilities of both the Group and the Target Group in oil palm plantations will enable the combined group to expand its oil palm acreage further to become one of the largest plantation owners in Indonesia.

As at 31 March 2007, the Group has a land bank of approximately 224,083 hectares, of which approximately 74,878 hectares are planted with oil palm. With the Proposed Acquisition, this will increase its total land bank to approximately 387,483 hectares and the total oil palm planted area to approximately 138,081 hectares.

The total combined planted area, including rubber and other crops, will be approximately 165,000 hectares.

(c) Target Group’s high productivity

The Target Group is recognized as one of the most productive plantation companies in Indonesia, with high FFB yields, and CPO extraction rate of approximately 23.3%.
(d) Self sufficiency

The Proposed Acquisition is consistent with the Group’s strategy of self sufficiency for its internal CPO requirements. The Target Group produced approximately 340,015 metric tonnes of CPO in 2006. Together with the Group’s CPO production of approximately 300,000 metric tonnes in 2006, the combined CPO production would be approximately 640,015 metric tonnes.

(e) Quality oil palm seed producer

The Target Group also operates a dedicated research facility that produces approximately 16 million oil palm seeds annually, recognized for their superior quality and high yielding potential, which would complement the Group’s existing seed production.

4. CERTAIN FINANCIAL EFFECTS

4.1 Bases and Assumptions

The unaudited pro forma financial effects of the Proposed Transactions on the Group in respect of FY2006 have been prepared based on the unaudited consolidated pro forma financial statements of the Group for FY2006 and the audited consolidated financial statements of the Target Group for FY2006. For this purpose, “Proposed Transactions” means the Proposed Acquisition and the Tender Offer. The objective of the financial effects analysis is to illustrate what the historical information of the Group might have been had such transactions 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 Transactions.

No adjustments have been made to the financial information contained in this announcement to align differences resulting from the adoption of accounting policies of the Group, which are in accordance with SFRS and those of the Target Group, which are in accordance with Indo GAAP, which may include, inter alia, adjustments for the fair valuation of biological assets and financial instruments and the resultant tax effects.

For example, under Indo GAAP, the Target Group’s biological assets are carried at cost less depreciation whereas they would be accounted for at their fair values under SFRS. The potential adjustment to the Target Group’s assets to bring the carrying value of the biological assets to their fair values and the resultant tax effects of the fair value adjustments have not been determined nor adjusted for the purposes of this announcement.

For purposes of illustration, the financial effects set out below are based on, inter alia, the following key assumptions:

(a) The financial statements of the Group and the Target Group are reported in Indonesian Rupiah (“Rp”);

(b) The unaudited consolidated pro forma financial statements of the Group for FY2006 are prepared based on SFRS and pro forma assumptions as disclosed in the Company’s annual report for the financial year ended 31 December 2006 adjusted for the completion of the acquisition of the entire issued share capital of Indofood Oil & Fats Pte. Ltd., the subsequent placement of 338,000,000 new IFAR Shares at the issue price of S$1.25 each (the “Placement Exercise”) and the partial use of the placement proceeds;
(c) The audited consolidated financial statements of the Target Group for FY2006 are prepared based on Indo GAAP and no adjustments have been made to align the financial statements with SFRS;

(d) As the purchase price allocation for the Target Group has not been determined as at the date of this announcement, the carrying value of the net assets of the Target Group have been assumed to approximate the fair values. Accordingly, the goodwill arising on acquisition of the Target Group has been determined based on the excess of the Aggregate Consideration, and the value of the Tender Offer, as the case may be, over the net assets of the Target Group. In addition, no impairment assessment of the resultant goodwill has been performed. The actual fair values of the net assets of the Target Group and goodwill will be 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;

(e) The financial effects on the Group’s earnings and earnings per IFAR Share (“EPS”) are computed assuming that the Proposed Transactions were completed on 1 January 2006. The financial effects on the Group’s Total Assets, Net Asset Value (“NAV”), Net Tangible Assets (“NTA”) and gearing are computed assuming that the Proposed Transactions were completed on 31 December 2006;

(f) The MCNs were converted into an aggregate of 269,343,500 fully paid new Target Shares; and

(g) There are no other outstanding convertible securities and options issued by the Target Group,

and are for the scenarios where:

(i) there is no acceptance of the Tender Offer by shareholders of the Target Company; and

(ii) there are full acceptances of the Tender Offer by shareholders of the Target Company.

4.2 Effect on share capital

<table>
<thead>
<tr>
<th>Description</th>
<th>No. of IFAR Shares '000</th>
</tr>
</thead>
<tbody>
<tr>
<td>Total number of issued IFAR Shares as at date of this announcement and immediately prior to the Proposed Transactions</td>
<td>1,349,700</td>
</tr>
<tr>
<td>Add: Issue of IFAR Consideration Shares</td>
<td>98,083</td>
</tr>
<tr>
<td>Total number of issued IFAR Shares immediately after the Proposed Transactions</td>
<td>1,447,783</td>
</tr>
</tbody>
</table>
### 4.3 Financial effects on Total Assets, NAV and NTA

<table>
<thead>
<tr>
<th></th>
<th>Before the Proposed Transactions</th>
<th>Immediately after the Proposed Transactions</th>
<th>Assuming no acceptance of the Tender Offer&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Assuming full acceptances of the Tender Offer&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated total assets as at 31 December 2006 (Rp’ million)</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>7,963,964</td>
<td></td>
<td>13,165,156</td>
<td>15,892,759</td>
</tr>
<tr>
<td><strong>Consolidated NAV as at 31 December 2006 (Rp’ million)</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>5,172,109</td>
<td></td>
<td>5,883,996</td>
<td>5,883,996</td>
</tr>
<tr>
<td><strong>Consolidated NTA as at 31 December 2006 (Rp’ million)</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>5,135,257</td>
<td>1,261,770</td>
<td>(1,465,832)</td>
<td></td>
</tr>
<tr>
<td><strong>Number of issued IFAR Shares (’000)</strong>&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>1,349,700</td>
<td>1,447,783</td>
<td>1,447,783</td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated total assets per IFAR Share (Rp)</strong></td>
<td>5,901</td>
<td>9,093</td>
<td>10,977</td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated NAV per IFAR Share (Rp)</strong></td>
<td>3,832</td>
<td>4,064</td>
<td>4,064</td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated NTA per IFAR Share (Rp)</strong></td>
<td>3,805</td>
<td>872</td>
<td>(1,012)</td>
<td></td>
</tr>
</tbody>
</table>

**Notes:**

1. In arriving at the financial effects of the Proposed Transactions, no adjustments have been made to align differences resulting from the adoption of accounting policies of the Group, which are in accordance with SFRS and those of the Target Group, which are in accordance with Indo GAAP, which may include, *inter alia*, adjustments for the fair valuation of biological assets and financial instruments and the resultant tax effects.

2. The consolidated total assets, NAV and NTA of the Group as at 31 December 2006 has been adjusted for the impact from the acquisition of the entire issued share capital of Indofood Oil & Fats Pte. Ltd. and the completion of the Placement Exercise.

3. The number of issued IFAR Shares has been adjusted to include the IFAR Shares issued pursuant to the Placement Exercise.

### 4.4 Financial effects on earnings and EPS

<table>
<thead>
<tr>
<th></th>
<th>Before the Proposed Transactions</th>
<th>Immediately after the Proposed Transactions</th>
<th>Assuming no acceptance of the Tender Offer&lt;sup&gt;(1)&lt;/sup&gt;</th>
<th>Assuming full acceptances of the Tender Offer&lt;sup&gt;(1)&lt;/sup&gt;</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Consolidated earnings for the year ended 31 December 2006 (Rp’ million)</strong>&lt;sup&gt;(2)&lt;/sup&gt;</td>
<td>570,169</td>
<td></td>
<td>521,431</td>
<td>407,415</td>
</tr>
<tr>
<td><strong>Number of issued IFAR Shares (’000)</strong>&lt;sup&gt;(3)&lt;/sup&gt;</td>
<td>1,349,700</td>
<td>1,447,783</td>
<td>1,447,783</td>
<td></td>
</tr>
<tr>
<td><strong>Consolidated EPS (Rp)</strong></td>
<td>422</td>
<td>360</td>
<td>281</td>
<td></td>
</tr>
</tbody>
</table>
Notes:
(1) In arriving at the financial effects of the Proposed Transactions, no adjustments have been made to align differences resulting from the adoption of accounting policies of the Group, which are in accordance with SFRS and those of the Target Group, which are in accordance with Indo GAAP, which may include, inter alia, adjustments for the fair valuation of biological assets and financial instruments and the resultant tax effects.
(2) The consolidated earnings for the financial year ended 31 December 2006 has been adjusted for the goodwill arising from the acquisition of the entire issued share capital of Indofood Oil & Fats Pte. Ltd..
(3) The number of issued IFAR Shares has been adjusted to include the IFAR Shares issued pursuant to the Placement Exercise.

4.5 Financial effects on gearing

<table>
<thead>
<tr>
<th></th>
<th>Before the Proposed Transactions</th>
<th>Immediately after the Proposed Transactions</th>
<th>Immediately after the Proposed Transactions</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>Adjusted consolidated</td>
<td>Assuming no acceptance of the Tender Offer</td>
<td>Assuming full acceptance of the Tender Offer</td>
</tr>
<tr>
<td></td>
<td>borrowings as at 31</td>
<td></td>
<td></td>
</tr>
<tr>
<td></td>
<td>December 2006 (Rp’million)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted consolidated</td>
<td>123,169</td>
<td>4,365,084</td>
<td>7,715,816</td>
</tr>
<tr>
<td>borrowings as at 31</td>
<td>123,169</td>
<td>4,365,084</td>
<td>7,715,816</td>
</tr>
<tr>
<td>December 2006 (Rp’million)</td>
<td>(1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Consolidated cash</td>
<td>1,730,633</td>
<td>587,687</td>
<td>587,687</td>
</tr>
<tr>
<td>and cash equivalents</td>
<td>1,730,633</td>
<td>587,687</td>
<td>587,687</td>
</tr>
<tr>
<td>as at 31 December 2006</td>
<td>(Rp’million) (1)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Adjusted consolidated</td>
<td>5,172,109</td>
<td>5,883,996</td>
<td>5,883,996</td>
</tr>
<tr>
<td>shareholders’ funds as</td>
<td>5,172,109</td>
<td>5,883,996</td>
<td>5,883,996</td>
</tr>
<tr>
<td>at 31 December 2006</td>
<td>(Rp’million) (2)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Gross Gearing as at 31</td>
<td>0.02</td>
<td>0.74</td>
<td>1.31</td>
</tr>
<tr>
<td>December 2006 (times)</td>
<td>(a)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Net Gearing as at 31</td>
<td>-</td>
<td>0.64</td>
<td>1.21</td>
</tr>
<tr>
<td>December 2006 (times)</td>
<td>(b)</td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

Notes:
(1) The consolidated borrowings of the Group as at 31 December 2006 have been adjusted to reflect the repayment of borrowings from the proceeds received by the Group from the Placement Exercise.
(2) The consolidated shareholders’ funds of the Group as at 31 December 2006 have been adjusted for the impact from the acquisition of the entire issued share capital of Indofood Oil & Fats Pte. Ltd. and the completion of the Placement Exercise.

5. SHAREHOLDERS’ APPROVAL

The relative figures for the Proposed Transactions computed on the bases below are as follows:-

<table>
<thead>
<tr>
<th>Bases</th>
<th>Relative Figures</th>
</tr>
</thead>
<tbody>
<tr>
<td>(a) Net asset value of the Target Group as compared with the Group’s net asset value as at 31 December 2006</td>
<td>Not applicable</td>
</tr>
<tr>
<td>(b) Net profits(^{(1)}) attributable to the Target Group as compared with the Group’s net profits(^{(2)}) for FY2006</td>
<td>46.9%</td>
</tr>
</tbody>
</table>
(c) Aggregate value of the consideration given as compared with the market capitalisation\(^{(3)}\) of the Group as at 23 May 2007: 92.5%

(d) The number of equity securities to be issued by the Company as consideration for the Proposed Transactions, compared with the number of equity securities previously in issue: 7.3%

Notes:
(1) The net profits attributable to the Target Group was derived from the Target Group’s audited consolidated financial statements for FY2006 which were prepared in accordance with Indo GAAP and no adjustments have been made to align the net profits to SFRS.

(2) The Group’s net profits are based on the unaudited consolidated proforma financial statements of the Group for FY2006 which are prepared based on SFRS and the proforma assumptions as disclosed in the Company’s annual report for the financial year ended 31 December 2006.

(3) The market capitalisation of the Company is based on 1,349,700,000 IFAR Shares in issue as at 23 May 2007 (being the full trading day prior to the date of the Agreement) and the weighted average price of the IFAR Shares of S$1.2758 transacted on 23 May 2007.

As this is a significant transaction, the Company intends to convene an extraordinary general meeting (“EGM”) to seek the approval of the shareholders of the Company (“Shareholders”) for the Proposed Transactions.

6. CERTAIN PRINCIPAL TERMS OF THE PROPOSED ACQUISITION

6.1 Conditions to Completion

Completion of the sale of the Target Shares and MCNs by the Vendors (other than Mr Sariaatmadja) to the Buyer under the Agreement (the “Completion”) is conditional upon, inter alia:

(a) the approval of the Tender Offer and the acquisition by the Buyer of the Target Shares and the MCNs from First Durango and the Ashmore Funds and any other transaction contemplated by the Agreement by a general meeting of shareholders of each of the Buyer, the Company, PT Indofood Sukses Makmur Tbk (“PT ISM”) and First Pacific Company Limited (“FPC”) (PT ISM and FPC, being the parent companies of the Company) (unless, in each case, such shareholders’ approval is not necessary), within the period specified in the Agreement;

(b) the Target Company agreeing to grant access to the Buyer to carry out due diligence within 7 business days from the date of the Agreement (subject to the Buyer signing a confidentiality agreement with the Target Company) and the completion of due diligence (including the valuation of the assets of the Target Group) to the satisfaction of the Buyer within the period(s) specified in the Agreement;

(c) the entering into by the Buyer of a facility agreement with its lenders for any necessary acquisition financing required by the Buyer to complete the acquisition of the Target Shares and the MCNs from First Durango and the Ashmore Funds and the remaining Target Shares (other than the ES Target Shares) pursuant to the Tender Offer and evidence being provided to the Vendors (other than Mr Sariaatmadja) of the satisfaction (or waiver) of all conditions precedent to drawdown (save for conditions relating to the obtaining of shareholders’ approval, the approvals referred to in (e) below and legal opinions required for drawdown) within the period(s) specified in the Agreement;
(d) the completion and delivery to the Buyer, at the expense of First Durango, of, \textit{inter alia}, the long-form interim unaudited consolidated accounts of the Target Group for the 4-month period ended 30 April 2007 under Indo GAAP, the unaudited consolidated accounts of the Target Group for FY2006 and the 4-month period ended 30 April 2007, in each case, under the International Financial Reporting Standards and reviewed by the auditors of the Target Company and the audited consolidated accounts of the Target Group for the 4-month period ended 30 April 2007 under Indo GAAP, (in each case) accompanied by confirmation from, \textit{inter alia}, the Target Company that the aforesaid accounts/reports and the information therein may be used by the Buyer, the Company, PT ISM and FPC in relation to the transactions contemplated under the Agreement (including announcements, circulars to shareholders, listing applications and accountants' reports and/or in relation to any financing referred to in (c) above), within the period(s) specified in the Agreement;

(e) all approvals and consents required from the Indonesian Capital Markets and Financial Institutions Supervisory Agency (BAPEPAM), Badan Koordinasi Penanaman Modal (BKPM), the Indonesian Ministry of Law and Human Rights, Central Bank of Indonesia, the Singapore Exchange Securities Trading Limited ("SGX-ST"), the Stock Exchange of Hong Kong Limited and/or the Listing Committee of the Stock Exchange of Hong Kong Limited being obtained by the Buyer, the Company, PT ISM and FPC in connection with the transactions contemplated under the Agreement;

(f) the consent of the Target Company’s lenders under its US$150,000,000 bank facility agreement dated 16 August 2006 to the proposed transfer of the Target Shares by First Durango pursuant to the Agreement and there being no right to, or such lenders having waived the right to, accelerate or terminate or require payment or repayment under such agreement (and no such acceleration, termination or requirement occurring or arising) as a result of the proposed transfer of and the sale of the Target Shares and MCNs held by the Ashmore Funds contemplated by the Agreement; and

(g) there not having been at any time after the date of the Agreement any material damage or any change or any development that is reasonably likely to lead to a material damage to the total biological assets, fixed assets and plant and machinery relating to the plantation business (including but not limited to crushing plants and/or mills) owned by the Target Group whether by reason of floods, fire, explosion, acts of terrorism, acts of God, accident, earthquakes or otherwise howsoever arising, or any revocation or non-extension or non-renewal of licences or permits relating to the carrying on of the Target Group’s business and ownership of its assets, which has caused or causes or is likely to cause the total assets relating to the plantation business (including but not limited to crushing plants and mills) owned by the Target Group to be decreased by 5% or more of the total assets relating to the plantation business owned by the Target Group as at 31 March 2007.

Amongst others, the conditions set out in (a), (b), (d) and (g) above may be waived by the Buyer. The condition set out in (c) above may be waived by the Buyer within 12 weeks from the date of the Agreement provided that it has prior to such waiver, \textit{inter alia}, deposited an amount equal to the Cash Consideration payable to the Vendors (other than Mr Sariaatmadja) for their Target Shares into an escrow account. If any of the conditions is not satisfied or waived in accordance with the Agreement on or before the date falling 19 weeks from the date of the Agreement or the applicable time frame specified in respect of the relevant condition (whichever is earlier) or such later date (not being a date later than four (4) weeks thereof) as may be extended with the consent of the Vendors (other than Mr Sariaatmadja), the Agreement will automatically terminate and the parties will have no claim against the other(s) save as provided in the Agreement.
Completion is to take place 5 business days following the date of the last in time of the satisfaction or waiver (as the case may be) of the conditions or such other date as is agreed in writing between the parties. The Buyer, First Durango and the Ashmore Funds shall not be obliged to complete the Agreement unless the sale and purchase of the Target Shares and the MCNs of First Durango and the Ashmore Funds is completed as simultaneously as practicable.

Under the Agreement, the Buyer has agreed to place a deposit of US$10 million with an escrow agent pending Completion. In the event the conditions to Completion are not fulfilled or waived (as the case may be), the deposit will be refunded to the Buyer unless, inter alia, the Buyer fails to obtain satisfaction (except where the non-satisfaction is attributable to any of the Vendors) of (and does not waive) the condition set out in (a) above within the period specified in the Agreement, or the Buyer fails to fulfil its obligations to proceed with Completion in accordance with the terms of the Agreement, in which event the deposit will be forfeited. Under the Agreement, all conditions must be satisfied or waived (as the case may be) no later than 19 weeks from the date of the Agreement or such later date as the Vendors (other than Mr Sariaatmadja) may agree.

6.2 Conditions to ES Completion

Completion of the sale of the ES Target Shares by Mr Sariaatmadja to the Company under the Agreement (the “ES Completion”) is conditional upon, inter alia,: 

(a) the approval in-principle of the SGX-ST for the listing of the IFAR Consideration Shares having been obtained no later than the Completion;

(b) the Completion having occurred; and

(c) the approval of the acquisition by the Company of the ES Target Shares from Mr Sariaatmadja, the issue of the IFAR Consideration Shares and any other transaction contemplated by the Agreement by a general meeting of shareholders of each of the Company, PT ISM and FPC (unless, in each case, such shareholders’ approval is not necessary).

The condition set out in (c) above may be waived by the Company.

The ES Completion is to take place on the third business day following the satisfaction or waiver in accordance with the Agreement of the conditions precedent.

6.3 Certain other terms of the Proposed Acquisition

The Agreement may be terminated by the Vendors (other than Mr Sariaatmadja) if, inter alia, they have not received written notice from the Buyer that the conditions in (b) and (c) under paragraph 6.1 above have been satisfied or waived within the periods specified in the Agreement. The Agreement may be terminated by the Buyer if, inter alia, the accounts referred to in condition (d) under paragraph 6.1 above are not delivered to the Buyer within the period specified in the Agreement.

Pursuant to the Agreement, each of the Company and the Buyer has agreed that it shall not, and it shall procure that its subsidiaries shall not, unless and until the Agreement is terminated for any reason or until Completion, whichever is earlier, enter into any legally binding agreement to, inter alia, acquire the shares or the whole or any substantial part of the undertaking, assets or businesses of any other company carrying on any business related to palm oil or which is substantially similar to the palm oil business carried on by the Target Company or any of the Target Group companies as at the date of the Agreement, where the value of such a transaction is greater than the lower of US$50,000,000 and 10% of the consolidated net asset value of the Group, subject to certain exceptions.
7. **INTEREST(S) OF DIRECTORS AND CONTROLLING SHAREHOLDERS**

None of the Directors of the Company has any interest, direct or indirect in the Proposed Acquisition and the Company has not received any notification from any controlling Shareholder that it has any interest, direct or indirect in the Proposed Acquisition.

8. **CIRCULAR TO SHAREHOLDERS**

A circular setting out further information on, *inter alia*, the Proposed Transactions and the notice to convene the EGM for the purpose of seeking Shareholders’ approval for the Proposed Transactions will be despatched to Shareholders in due course.

9. **DOCUMENT FOR INSPECTION**

A copy of the Agreement is available for inspection at the registered office of the Company at 80 Raffles Place, #22-23 UOB Plaza 2, Singapore 048624 during normal business hours for a period of 3 months from the date of this announcement.

10. **FINANCIAL ADVISER**

The Company has appointed Kim Eng Capital Pte. Ltd. as its financial adviser in respect of the Proposed Acquisition.

By Order of the Board of the Company
Moleonoto Tjang
Director
25 May 2007