First Resources Limited

(Company Registration Number: 200415931M)
(incorporated with limited liability in the Republic of Singapore on December 9, 2004)

One Source
Infinite Possibilities

This document is important. If you are in any doubt as to the action you should take, you should consult your legal, financial, tax or other professional adviser.

This is the initial public offering of our ordinary shares (the "Shares"). First Resources Limited (the "Issuer") is issuing and making an offering of 175,000,000 Shares (the "Issue Shares") and Eight Capital Inc. (the "Vendor") is making an offering of 50,000,000 Shares (the "Vendor Shares" and together with the Issue Shares, the "Offering Shares") for subscription and/or purchase by investors at the offering price for each Offering Share (the "Offering Price"). The Offering (as defined below) consists of: (i) an international placement of 222,000,000 Offering Shares to investors, including institutional and other investors in Singapore (the "Placement") and (ii) an offering of 3,000,000 Offering Shares to the public in Singapore (the "Public Offer" and together with the Placement, the "Offering"). The minimum size of the Public Offer is 3,000,000 Offering Shares.

The Offering will be underwritten by Citigroup Global Markets Singapore Pte. Ltd. ("Citi" or the "Sole Global Coordinator") at the Offering Price.

Prior to the Offering, there has been no public market for our Shares. Application has been made to the Singapore Exchange Securities Trading Limited (the "SGX-ST") for permission to list all our issued Shares (including the Offering Shares and the Consideration Shares (as defined herein) and the new Shares to be issued pursuant to the exercise of options under the First Resources share option scheme (the "Share Option Scheme") and the First Resources performance share plan (the "Performance Share Plan")) on the Main Board of the SGX-ST. Such permission for the listing of our Shares will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted to deal in and for quotation of all our issued Shares and the new Shares to be issued pursuant to the Share Option Scheme or the Performance Share Plan. Monies paid in respect of any application accepted will be returned to investors, at each investor's own risk, without interest or any share of revenue or other benefit arising therefrom, and without any right or claim against us, the Vendor, the Public Offer Coordinator or the Sole Global Coordinator, if the Offering is not completed because the said permission is not granted or for any other reason.

We have received a letter of eligibility from the SGX-ST for the listing and quotation of our issued Shares, including the Offering Shares and the Consideration Shares (as defined herein) and the new Shares to be issued pursuant to the exercise of options under the Share Option Scheme and Performance Share Plan, on the Main Board of the SGX-ST. The SGX-ST assumes no responsibility for the correctness of any statements or opinions made or reports contained in this Prospectus. Our eligibility to list and admission to the Official List of the SGX-ST is not to be taken as an indication of the merits of the Offering, our Group (as defined herein), our Shares (including the Offering Shares), our Share Option Scheme or our Performance Share Plan.

A copy of this Prospectus has been lodged with and registered by the Monetary Authority of Singapore (the "Authority") on November 2, 2007 and December 3, 2007 respectively. The Authority assumes no responsibility for the contents of this Prospectus. Registration of this Prospectus by the Authority does not imply that the Securities and Futures Act, Chapter 289 of Singapore (the "Securities and Futures Act"), or any other legal or regulatory requirements, have been complied with. The Authority has not, in any way, considered the merits of our Shares being offered for investment. No Shares shall be allotted or allocated on the basis of this Prospectus later than six months after the date of registration of this Prospectus by the Authority.

See "Risk Factors" on page 20 for a discussion of certain factors to be considered in connection with an investment in our Shares.

In connection with the Offering, the Vendor has granted to Citi an over-allotment option (the "Over-allotment Option") exercisable by Citi (the "Stabilizing Manager") in full or in part on one or more occasions but no later than the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, or (ii) the date when the Stabilizing Manager has bought, on the SGX-ST, an aggregate of 33,750,000 Shares, representing not more than 15.0 % of the total Offering Shares, solely to undertake stabilizing actions, if any, to purchase up to an aggregate of 33,750,000 Shares (the "Additional Shares") (representing not more than 15.0 % of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. The total number of issued and existing Shares immediately after the completion of the Offering will be 1,334,550,130 Shares (excluding the Consideration Shares (as defined herein)). The exercise of the Over-allotment Option will not affect the total number of issued and existing Shares.

The Shares in the Offering have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S under the Securities Act ("Regulation S")). The Shares in the Offering are being offered and sold outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in reliance on Regulation S under the Securities Act and within the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act ("Rule 144A"). Prospective investors are hereby notified that the seller of our Shares may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For further details about restrictions on offers, sales and transfers of our Shares, see "Plan of Distribution" and "Transfer Restrictions". The Shares in the Offering are not offered in Indonesia or to Indonesian citizens outside of Indonesia, and the Offering is not registered under the Indonesian Capital Market law and its implementing regulations and is not intended to become a public offering of securities under the Indonesian Capital Market law and its implementing regulations.

All copies of this Prospectus distributed in Singapore must be accompanied by the instructions booklet "Terms, Conditions and Procedures for Application for the Offering Shares under the Public Offer in Singapore", which constitutes part of this Prospectus lodged with and registered by the Authority.

Offering in respect of 225,000,000 Offering Shares (subject to the Over-allotment Option)

The minimum size of the Public Offer is 3,000,000 Offering Shares

Offering Price: S$1.10 per Offering Share

Sole Global Coordinator, Bookrunner, Issue Manager and Underwriter

citi

Public Offer Coordinator and Sub-Underwriter

UOB KayHian

PROSPECTUS DATED
DECEMBER 3, 2007
(registered by the Monetary Authority of Singapore on December 3, 2007)

OUR BUSINESS

- First Resources Limited ("First Resources") is one of the largest private sector producers of crude palm oil in Indonesia. Our primary business activities are cultivating oil palms, harvesting the fresh fruit bunches from those trees and processing crude palm oil and palm kernel, which we sell in Indonesia and internationally.
- All of our operations and assets, consisting primarily of 13 oil palm plantations and 6 palm oil mills, are located in Riau province, Sumatra, Indonesia.
- Our oil palm plantations have grown significantly since we started our operations in 1992. As of June 30, 2007, we had 80,526 hectares under cultivation and 72.2% of our cultivated land comprised mature oil palm trees. As of July 31, 2007, we owned a total landbank of 184,280 hectares.

OUR BUSINESS AREAS

Cultivation

- We purchase most of our seed requirements from Dami Oil Palm Research Station ("DOPR"), a seed producer in Papua New Guinea, which we believe produce seeds that are genetically superior to most seeds commonly available, thus producing trees with higher yields.
- We operate an efficient best-practice fertilization system of our trees, using inorganic fertilizers as well as re-using by-products from our mills as fertilizer substitutes.

Harvesting

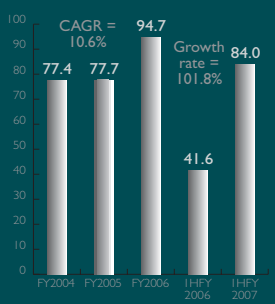
- We harvest the fresh fruit bunches of the oil palm trees only when an appropriate quantity of fruit become detached from the fresh fruit bunches, indicating peak ripeness. The ripeness of fresh fruit bunches harvested is critical in maximizing the quality and quantity of palm oil extraction.
- The average yield of fresh fruit bunches per hectare of our oil palm trees almost doubled from 10.23 in 2002 to 20.03 in 2006.

Crude palm oil and palm kernel processing

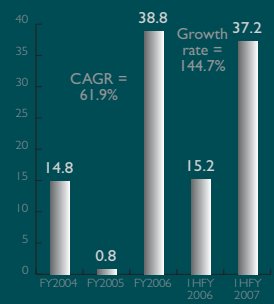
- We primarily produce crude palm oil and palm kernel at our 6 palm oil mills located adjacent to our plantations, allowing us to both reduce our transport costs and maintain the quality of our crude palm oil.
- We have an aggregate processing capacity of 345 tons of fresh fruit bunches per hour, or approximately 2.07 million tons of fresh fruit bunches per year.
- Our crude palm oil extraction rates have increased in each of the three years ended December 31, 2006, from 20.3% in 2004 to 21.9% in 2006, with an average crude palm oil extraction rate of 22.5% for the six months ended June 30, 2007.

FINANCIAL HIGHLIGHTS

Revenue
(USD million)

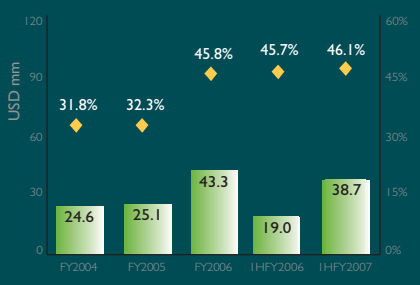


Net Profit
(USD million)

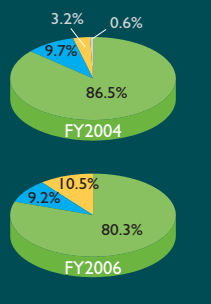


Figures based on exchange rate of 9054 IDR/USD

EBITDA & EBITDA Margins



Revenue By Business Segments



Our Competitive Strengths

Maturity profile of our oil palm plantations supports increased production with minimal increased cost

- Oil palm trees are in their peak production period from their eighth through their seventeenth year
- As of June 30, 2007:
  - Average age of our oil palm trees was 7.8 years; 64.4% had reached peak-production age
  - Average yield of fresh fruit bunches per hectare was 9.5 tons per hectare
  - Average crude palm oil extraction rate was 22.5%
- With substantial majority of our trees in early stages of peak-production years, production of fresh fruit bunches is expected to increase over the next several years, with minimal increases in production costs or capital expenditure

Our plantations, mills and biodiesel production facility are ideally located for high yields and low cost production

- All of our plantations, mills and our new biodiesel production facility are located in Riau province, Sumatra
  - Ideal conditions for rapid oil palm growth and maximum fresh fruit bunch production
  - Plantations in close proximity to each other and to mills, ensuring that the fresh fruit bunches arrive at the mills with minimal spoilage and reducing transportation costs
  - Proximity to major suppliers of crude palm oil reduces transport costs for biodiesel operations
  - Access to port facilities for exporting our biodiesel products
  - Abundant low-cost labour and developed infrastructure
  - Relatively large network of refiners who compete with one another for crude palm oil from plantations such as ours, thereby causing crude palm oil prices to be one of the highest throughout Indonesia

Strong Financial Performance

- Achieved strong growth in revenue and profitability
  - Positive price and demand trends for palm oil as well as increased yields and extraction rates in our plantations
  - Sales and EBITDA for the six months ended June 30, 2007 hit US$84.0 million and US$38.7 million respectively, representing growth of 101.8% and 103.3% respectively compared to the figures for the six months ended June 30, 2006
  - CAGR for revenue and EBITDA between 2004 and 2006 hit 10.6% and 32.9% respectively

We use industry best-practices in our operations to improve yields and control costs

- Our best-practices contribute to maximizing yields of fresh fruit bunches, crude palm oil and palm kernel, as well as lower production costs:
  - Use of genetically superior seeds;
  - Planting of seedlings in patterns;
  - Fertilization of trees with inorganic based chemicals and organic byproducts from mills; and
  - Harvesting fresh fruit bunches at point of maximum oil content

We have achieved scale to compete in our existing markets and to move into downstream markets

- 13 plantations now in early stages of peak production, and 6 mills for fresh fruit bunches processing
- Significant landbank in Indonesia, with intent to continue expanding total planted hectarage to approximately 118,000 hectares by 2009
- Intend to further increase our production of fresh fruit bunches as our younger trees mature, and construct two additional crude palm oil processing mills, scheduled for 2007 and 2009, to process increased production of fresh fruit bunches
- New biodiesel production facility to take advantage of expected increase in demand for biodiesel products, which we expect to lead to increased prices for such products

Positive Industry Pricing Characteristics

- We expect that, as a result of increased consumption of biodiesel and edible oils in developing countries such as China and India, demand for crude palm oil will continue to increase

- Pricing of our crude palm oil and biodiesel is/will be structured to provide hedging against our U.S. dollar obligations

We strive to be a good corporate citizen and to enhance the communities in which we operate

- "No burn" policy - to clear land by machinery rather than by fire
- Recycle empty fruit bunches and palm oil mill effluent from mills for fertilizer and irrigation in plantations
- Work with various NGOs and charities
- Work closely with local communities, providing various basic services and employment
- Crude palm oil yields 400% to 500% more vegetable oil per hectare than soybeans and rapeseed oil. Crude palm oil-sourced biodiesel plants potentially save hundreds of thousands of hectares of plantation land and are also cost-effective

Palm oil and its uses

- Versatile vegetable oil with a variety of edible and industrial applications
  - Generally, 80% of crude palm oil is used in edible derivative products and the other 20% is used for industrial applications
- Can also be fractionated to produce palm olein – used mainly as cooking oil, and palm stearin can be further processed to make soaps and detergents
- Some examples of the downstream uses of oil palm products include biofuels, alcohol, food emulsifiers, pharmaceuticals etc.

Demand and supply of palm oil

- World consumption of palm oil increasing due to growing population and economic growth
  - Further expansion in world palm oil production through investments in new planting areas and milling capacity is required to meet growing demand
- Large markets for high growth of palm oil usage are countries in Asia, particularly India, Indonesia, China, Malaysia and Pakistan, and in the Middle East. The EU is also a major consumer
- Currently the leading edible oil in the international export trade
  - In 2006, palm oil's export volume of 30.0 million tonnes accounted for 52% of total world trade in 17 major oils and fats

Exports of palm oil

- Indonesia gained market share as compared to Malaysia during the past 10 years
  - In 2006, Indonesia held 42% market share, with current CAGR of 23.1%
- Export of palm oil in Indonesia set to increase – annual production grew at more than 10% annually in last 4 years

Palm oil price

- Recent increase in demand of palm oil and other vegetable oils for biofuels boosted prices well above historical levels during calendar year 2006 as well as in January/September 2007
- As of October 29, 2007, prices of crude palm oil had rallied to US$960 per ton in Rotterdam

Biodiesel

- Increasingly popular particularly after price rally in crude mineral oil prices in 2006 and environmental concerns
- Increased utilization anticipated due to initiative of a number of governments to promote it, e.g. Kyoto Protocol
- World consumption of biodiesel expected to increase in 2007 and 2008, but at a lower rate than the production capacity

Oil palm plantations

- Intend to plant an estimated 8,500 hectares of oil palm in second half of 2007, approximately 18,000 hectares in 2008 and approximately 10,500 hectares in 2009
  - To increase total planted hectarage to approximately 118,000 hectares by 2009

Crude palm oil processing mills

- Install two additional crude palm oil processing mills, scheduled for 2007 and 2009
  - To achieve aggregate crude palm oil processing capacity of approximately 2.61 million tons of fresh fruit bunches per year
  - To achieve production of approximately 300,000 tons of crude palm oil, and approximately 63,000 tons of palm kernel per year

Biodiesel production facility

- Construction of facility began in second quarter of 2007
  - Expected to be capable of producing approximately 250,000 tons of bio-diesel per annum
  - Expected to commence commercial production in second quarter of 2008

BUSINESS STRATEGIES AND FUTURE PLANS

You should rely only on the information contained in this document. We have not authorized anyone to provide you with different information. Neither we, the Vendor, the Public Offer Coordinator nor the Sole Global Coordinator are making an offer of these securities in any jurisdiction where the offer is not permitted. You should not assume that the information contained in this document is accurate as of any date other than the date on the front of this document.

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NOTICE TO INVESTORS

You should rely only on the information contained in this document or to which we have referred you. We have not authorized anyone to provide you with information that is different. This document may only be used where it is legal to sell our Shares. The information in this document may only be accurate on the date of this document.

No person is authorized to give any information or to make any representation not contained in this document and any information or representation not so contained must not be relied upon as having been authorized by or on behalf of us, the Vendor, the Public Offer Coordinator or the Sole Global Coordinator. Neither the delivery of this document nor any offer, sale or transfer made hereunder shall under any circumstances imply that the information herein is correct as of any date subsequent to the date hereof or constitute a representation that there has been no change or development reasonably likely to involve a material adverse change in our or the Vendor's affairs, conditions and prospects or our Shares since the date hereof. Where such changes occur and are material or required to be disclosed by law, the SGX-ST and/or any other regulatory or supervisory body or agency, we and/or the Vendor will make an announcement of the same to the SGX-ST and, if required, issue and lodge an amendment to this document or a supplementary document or replacement document pursuant to Section 240 or, as the case may be, Section 241 of the Securities and Futures Act and take immediate steps to comply with the said sections. Investors should take notice of such announcements and documents and, upon release of such announcements or documents, shall be deemed to have notice of such changes. No representation, warranty or covenant, express or implied, is made by us, the Vendor, the Public Offer Coordinator, the Sole Global Coordinator or any of our or its respective affiliates, directors, officers, employees, agents, representatives or advisers as to the accuracy or completeness of the information contained herein (to the extent permitted by law), and nothing contained in this document is, or shall be relied upon as, a promise, representation or covenant by the Sole Global Coordinator, the Public Offer Coordinator or their respective affiliates, directors, officers, employees, agents, representatives or advisers.

None of us, the Vendor, the Public Offer Coordinator or the Sole Global Coordinator nor any of our or their respective affiliates, directors, officers, employees, agents, representatives or advisers are making any representation or undertaking to any investors in our Shares regarding the legality of an investment by such investor under appropriate legal, investment or similar laws. In addition, investors in our Shares should not construe the contents of this document as legal, business, financial or tax advice. Investors should be aware that they may be required to bear the financial risks of an investment in our Shares for an indefinite period of time. Investors should consult their own professional advisers as to the legal, tax, business, financial and related aspects of an investment in our Shares.

In connection with our Shares being offered in the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act, this document is being furnished in the United States on a confidential basis solely for the purpose of enabling prospective purchasers to consider the purchase of our Shares. Its use for any other purpose in the United States is not authorized. In the United States, it may not be copied or reproduced in whole or in part nor may it be distributed or any of its contents be disclosed to anyone other than the prospective purchasers to whom it is submitted.

The Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any State securities commission in the United States or any other U.S. regulatory authority nor have any of the foregoing authorities passed upon or endorsed the merits of the offering of our Shares or the accuracy or adequacy of this document. Any representation to the contrary is a criminal offense in the United States.

In addition, until 40 days after the commencement of the Offering, an offer or sale of our Shares within the United States by a dealer (whether or not participating in the Offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A.

The distribution of this document and the offering, purchase, sale or transfer of our Shares in certain jurisdictions may be restricted by law. We, the Vendor, the Public Offer Coordinator and the Sole Global Coordinator require persons into whose possession this document comes to inform themselves about and to observe any such restrictions at their own expense and without liability to us, the Vendor, the Public Offer Coordinator or the Sole Global Coordinator. This document does not constitute an offer of, or an invitation to purchase, any of our Shares in any jurisdiction in which such offer or invitation would be unlawful. Persons to whom a copy of this document has been issued shall not circulate to any other person, reproduce or otherwise distribute this document or any information herein for any purpose whatsoever nor permit or cause the same to occur.

Notwithstanding anything in this document to the contrary, except as reasonably necessary to comply with applicable securities laws, you (and each of your employees, representatives or other agents) may disclose to any and all persons, without limitation of any kind, the U.S. federal income tax treatment and tax structure of the Offering and all materials of any kind (including opinions or other tax analyses) that are provided to you relating to such tax treatment and tax structure. For this purpose, "tax structure" is limited to facts relevant to the U.S. federal income tax treatment of the Offering.

In connection with the Offering, the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager), may over-allot Shares or effect transactions which may stabilize or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake stabilization action. Such transactions may commence on or after the commencement of trading of the Shares on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, or (ii) the date when the Stabilizing Manager has bought, on the SGX-ST, an aggregate of 33,750,000 Shares, representing not more than 15.0% of the total Offering Shares, to undertake stabilizing action.

In connection with the Offering, the Vendor will grant to Citi the Over-allotment Option exercisable by the Stabilizing Manager in full or in part on one or more occasions but no later than the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST or (ii) the date when Citi has bought, on the SGX-ST, an aggregate of 33,750,000 Shares, representing not more than 15.0% of the total Offering Shares, to undertake stabilizing action, to purchase up to an aggregate of 33,750,000 Shares (representing not more than 15.0% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any.

This document may not be distributed or passed on within Indonesia or to persons who are citizens of Indonesia (wherever they are domiciled or located) or entities in or residents of Indonesia. The Offering Shares may not be offered or sold, directly or indirectly, within Indonesia or to Indonesian citizens (wherever they are domiciled or located), entities or residents in a manner that constitutes a public offering of the Offering Shares under the laws and regulations of Indonesia.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED 1955, AS AMENDED, OR THE RSA, WITH THE STATE OF NEW

HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER CHAPTER 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

AVAILABLE INFORMATION

We have agreed that, for so long as any Shares are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, we will, during any period in which we are neither subject to Section 13 or 15(d) of the U.S. Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner for delivery to such holder, beneficial owner or prospective purchaser, in each case upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

ENFORCEABILITY OF CIVIL LIABILITIES

The Issuer is a limited liability company incorporated under the laws of Singapore, and the Vendor is incorporated in the British Virgin Islands. All of the Issuer's and the Vendor's directors and executive officers (and certain experts named in this document) reside outside of the United States, and all or a substantial portion of the assets of the Issuer, the Vendor and such persons are located outside the United States. As a result, it may be difficult for investors to effect service of process upon such persons within the United States, or to enforce against the Issuer, the Vendor or such persons in U.S. courts, judgments obtained in U.S. courts, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

There is uncertainty as to whether judgments of courts in the United States based upon the civil liability provisions of the federal securities laws of the United States are recognized or enforceable in Singapore courts, and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore courts based solely upon the civil liability provisions of the federal securities laws of the United States. A final and conclusive judgment in the federal or state courts of the United States under which a fixed sum of money is payable, other than a sum payable in respect of taxes, fines, penalties or similar charges, may be subject to enforcement proceedings as a debt in the courts of Singapore under the common law doctrine of obligation. Civil liability provisions of the U.S. federal and state securities law permit punitive damages against the Issuer or our directors and executive officers. Singapore courts would not recognize or enforce judgments against the Issuer or our directors and executive officers to the extent that the judgment is punitive or penal. It is uncertain as to whether a judgment obtained from the U.S. courts under civil liability provisions of the federal securities law of the United States would be determined by the Singapore courts to be or not be punitive or penal in nature. Such a determination has yet to be made by any Singapore court. The Singapore courts will also not be quick to recognize or enforce a foreign judgment if the foreign judgment is inconsistent with a prior local judgment, contravenes public policy, or amounts to the direct or indirect enforcement of a foreign penal, revenue or other public law.

The Vendor is a company incorporated in the British Virgin Islands. The British Virgin Islands Business Companies Act, 2004 provides that service of documents may be effected on a British Virgin Islands business company ("BC") by addressing the document to the company and leaving it at, or sending it by a prescribed method to, the company's registered office or the office of the company's registered agent.

There is uncertainty as to whether the courts of the British Virgin Islands would: (1) recognize and enforce judgments of United States courts obtained against the Vendor which is a BC or its respective directors or officers predicated upon the civil liability provisions of the securities laws of the United States or any state in the United States; or (2) entertain original actions brought in the British Virgin Islands courts against the Vendor which is a BC or its respective directors or officers predicated upon the securities laws of the United States or any state in the United States.

FORWARD-LOOKING STATEMENTS

This document contains forward-looking statements and information that involves risks, uncertainties and assumptions. Forward-looking statements are statements that concern plans, objectives, goals, strategies, future events or performance and underlying assumptions and other statements that are other than statements of historical fact, including, but not limited to, those that are identified by the use of words such as "anticipates", "believes", "estimates", "expects", "intends", "plans", "predicts", "projects" and similar expressions. Such forward-looking statements include, without limitation, statements relating to the competitive environment in which we operate, general economic, industry and business conditions, political, economic and social developments in the Asia Pacific region (in particular, changes in economic growth rates in Indonesia and other Asian economies), our production and expansion plans, our costs and liabilities, growth forecasts for us and our industry and other factors beyond our control. Risks and uncertainties that could affect us include, without limitation:

- economic, social and political conditions in Indonesia and other countries in which we transact business;
- fluctuations in global weather and climatic conditions that affect palm oil crops;
- fluctuations in foreign currency exchange rates;
- increases in regulatory burdens in Indonesia;
- changes in our relationship with the government of Indonesia (the "Government") and regional government authorities in Indonesia;
- changes in import or export controls, duties, levies or taxes, either in international markets or in Indonesia, affecting palm oil or biodiesel products;
- changes in the prices for crude palm oil, palm kernel oil, biodiesel or their substitute products; and
- changes in the prices of raw materials used in our production processes, in particular fresh fruit bunches, fertilizers and fuel.

Should one or more of such risks and uncertainties materialize, or should any underlying assumptions prove incorrect, actual outcomes may vary materially from those indicated in the applicable forward-looking statements. Any forward-looking statement or information contained in this document speaks only as of the date the statement was made.

All of our forward-looking statements made herein and elsewhere are qualified in their entirety by the risk factors discussed in "Risk Factors" and other cautionary statements appearing in "Management's Discussion and

Analysis of Financial Condition and Results of Operations" and "The Palm Oil Industry". These risk factors and statements describe circumstances that could cause actual results to differ materially from those contained in any forward-looking statement.

We do not intend to update forward-looking statements made herein after the date of this document to reflect actual results or changes in assumptions or other factors that could affect those statements, subject to compliance with all applicable laws including the Securities and Futures Act and/or the rules of the SGX-ST.

USE OF CERTAIN TERMS

In this document, all references to the "Issuer" and the "Company" are to First Resources Limited, without its consolidated subsidiaries. The terms "we", "us", "our", "our group", "Group" and "First Resources" refer to the Issuer and its consolidated subsidiaries, the term "Ciliandra Group" refers to PT Ciliandra Perkasa, and its consolidated subsidiaries, and the term "Ciliandra" refers to PT Ciliandra Perkasa without its consolidated subsidiaries or its associated company. Unless the context otherwise requires, references to "Management" are to the directors and executive officers and senior management team of First Resources as at the date of this document, and statements in this document as to beliefs, expectations, estimates and opinions of First Resources are those of First Resources' Management.

Unless we indicate otherwise, all information in this document assumes that Citi has not exercised the Over-allotment Option; and no Offering Shares have been re-allocated between the Placement and the Public Offer.

As used in this document, all references to "Indonesia" are references to the Republic of Indonesia, and all references to "Singapore" are references to the Republic of Singapore. All references to the "Government" are references to the government of Indonesia. As used in this document, all references to "Rupiah" and "Rp" are to Indonesian Rupiah, the lawful currency of Indonesia, all references to "US$" and "U.S. Dollars" are to the lawful currency of the United States of America, and all references to "S$" or "Singapore Dollars" are to the lawful currency of Singapore.

All references to "tons" are to metric tons. A metric ton is equal to 1,000 kilograms, or approximately 2,204.6 pounds. A hectare is a metric unit of square measurement equal to 10,000 square meters, or approximately 2.471 acres.

All references to the "Latest Practicable Date" are to October 29, 2007.

Production capacity figures quoted in tons indicate the number of tons of products that our facilities are rated by manufacturers to produce. Capacity utilization figures are calculated by dividing actual production figures for a particular period by production capacity (annual or pro rated for a period less than one year).

Age figures for our oil palm trees are calculated by taking the actual age of trees in a planted hectare and rounding up to the next whole year. Figures showing our land rights, hectarage and yields include land under the Government's Plasma Program for the development of oil palm plantations owned by small landowners (see "Business—Land Rights—Plasma Program") and the Government program to provide funding to the Primary Cooperative for its members (*Kredit kepada Koperasi Primer untuk Anggotanya*) (the "KKPA Program").

PRESENTATION OF FINANCIAL AND OTHER DATA

Financial Data

Our consolidated financial statements presented in this document are prepared and presented in accordance with financial reporting standards in Singapore ("Singapore FRS"), which differ in certain significant respects from United States generally accepted accounting principles ("U.S. GAAP"). For a discussion of the principal differences between Singapore FRS and U.S. GAAP, please refer to "Summary of Certain Principal Differences Between Singapore FRS and U.S. GAAP".

For informational purposes only, we have also included elsewhere in this document the unaudited consolidated financial statements for PT Ciliandra Perkasa for the nine-month periods ended September 30, 2007 and 2006 (the "Ciliandra Indo GAAP Financials"). The Ciliandra Indo GAAP Financials have not been audited and were provided to holders of our U.S. Dollar-denominated Notes pursuant to the Indenture governing the Notes on November 15, 2007. The Ciliandra Indo GAAP Financials were prepared in accordance with Indonesian Generally Accepted Accounting Principles ("Indo GAAP") and not in accordance with our Group's accounting standards, Singapore FRS. Indo GAAP differs in significant respects from Singapore FRS and U.S. GAAP. No comparison has been made to identify the difference between Indo GAAP and Singapore FRS. In addition, the Ciliandra Indo GAAP Financials have not been consolidated with the financials of First Resources. No representation is made as to whether Indo GAAP is comparable to Singapore FRS, and you should not rely on the Ciliandra Indo GAAP Financials for an indication of the financial condition or results of operations of the Company or of our Group.

We maintain our accounts in Rupiah. Solely for the convenience of the reader, certain Rupiah amounts have been translated into U.S. Dollars at specified rates. U.S. Dollar equivalent information for amounts in Rupiah is based on the middle exchange rate quoted by Bank Indonesia (the "Indonesia Central Bank Rate") as of June 30, 2007, which was Rp9,054=US$1.00. The Indonesia Central Bank Rate as of the Latest Practicable Date was Rp9,093=US$1.00. The Federal Reserve Bank of New York does not certify for customs purposes a noon buying rate for cable transfers in Rupiah. In addition, certain U.S. Dollar amounts and Indonesian Rupiah amounts presented in this document relating to the Offering have been translated into Singapore Dollars, or vice versa, at the exchange rates prevailing on the Latest Practicable Date. The noon buying rate in New York City as certified for customs purposes by the Federal Reserve Bank of New York for cable transfers for Singapore Dollars on the Latest Practicable Date was S$1.4519=US$1.00, while the Indonesia Central Bank Rate for Singapore Dollars on the Latest Practicable Date was Rp6,263=S$1.00. No representation is made that the Rupiah, U.S. Dollar or Singapore Dollar amounts shown herein could have been or could be converted into U.S. Dollars, Rupiah or Singapore Dollars, as the case may be, at any particular rate or at all. See "Exchange Rate and Exchange Control Information" for further information regarding rates of exchange between Rupiah, U.S. Dollars and Singapore Dollars.

Some of the financial information in this document has been rounded for convenience and, as a result, the totals of the data presented in this document may vary slightly from the actual arithmetic totals of such information.

Non-GAAP Financial Measures

EBITDA refers to income (loss) from operations before depreciation and amortization and gains/losses from biological assets. EBITDA and related ratios presented in this document are supplemental measures of our performance and liquidity that are not required by, or presented in accordance with, Singapore FRS, International Financial Regulatory Standards ("IFRS") or U.S. GAAP. Further, EBITDA is not a measurement of our financial performance or liquidity under Singapore FRS, IFRS or U.S. GAAP and should not be considered as an

alternative to net income, operating income or any other performance measures derived in accordance with Singapore FRS, IFRS or U.S. GAAP or as an alternative to cash flow from operations or as a measure of our liquidity.

We believe EBITDA facilitates operating performance comparisons from period to period and from company to company by eliminating potential differences caused by variations in capital structures (affecting interest expense), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses) and the age and book depreciation of tangible assets (affecting relative depreciation expense). In particular, EBITDA eliminates non-cash depreciation expense that arises from the capital intensive nature of the palm oil plantation business. We also believe that EBITDA is a supplemental measure of our ability to meet debt service requirements. Finally, we present EBITDA and related ratios because we believe these measures are frequently used by securities analysts and investors in evaluating similar issuers.

Industry Data

Market data and certain other information used throughout this document has been obtained from ISTA Mielke GmbH and its publication Oil World, internal surveys, market research, publicly available information, Government data and industry publications. Industry publications generally state that the information that they contain has been obtained from sources believed to be reliable but that the accuracy and completeness of that information is not guaranteed. Similarly, internal surveys, industry forecasts and market research, as set forth in the section entitled "The Palm Oil Industry", while believed to be reliable, have not been independently verified, and none of us, the Vendor, the Public Offer Coordinator or the Sole Global Coordinator makes any representation as to the accuracy or completeness of this information.

Certain information set forth in the section titled "The Palm Oil Industry" is based on information provided by ISTA Mielke GmbH. ISTA Mielke GmbH has advised us that the statistical and graphical information contained herein is drawn from its database and other sources. In connection therewith, ISTA Mielke GmbH has advised that:

- certain information in ISTA Mielke GmbH's database is derived from estimates or subjective judgments;
- the information databases of various other palm oil industry market researchers may differ from the information in ISTA Mielke GmbH's database;
- while ISTA Mielke GmbH has taken reasonable care in the compilation of the statistical and graphical information and believes it to be accurate and correct, data compilation is subject to limited audit and validation procedures and may accordingly contain errors;
- ISTA Mielke GmbH, its agents, officers and employees do not accept liability (save for statutory liabilities under Sections 253 and 254 of the SFA and other applicable statutory liabilities) for any loss suffered in consequence of reliance on such information or in any other manner; and
- the provision of such data, graphs and tables does not obviate the need to make appropriate further inquiries.

While we have taken reasonable actions to ensure that the information attributed to ISTA Mielke GmbH in this document is produced in its proper form and context and that the information is extracted accurately and fairly from its sources, neither we, the Vendor, the Public Offer Coordinator nor the Sole Global Coordinator have conducted an independent review of the information extracted from third party sources or verified the accuracy of such data.

CORPORATE INFORMATION

Issuer	First Resources Limited, a limited liability company incorporated under the laws of Singapore
Directors	Lim Ming Seong—Chairman and Independent Director Ciliandra Fangiono—Director and Chief Executive Officer Wirastuty Fangiono—Non-executive Director Ray Yoshuara—Non-executive Director Teng Cheong Kwee—Independent Director Hee Theng Fong—Independent Director Ng Shin Ein—Independent Director
Issuer's Company Secretary	Tan, San-Ju, FCIS
Issuer's Company Registration Number	200415931M
Registered Office and Principal Place of Business	8 Temasek Boulevard #36-02 Suntec Tower Three Singapore 038988
The Vendor	Eight Capital Inc. Vanterpool Plaza, 2nd Floor Wickhams Cay I, Road Town, Tortola British Virgin Islands
Share Registrar and Transfer Agent	Boardroom Corporate & Advisory Services Pte. Ltd. 3 Church Street #08-01 Samsung Hub Singapore 049483
Sole Global Coordinator, Bookrunner, Issue Manager and Underwriter	Citigroup Global Markets Singapore Pte. Ltd. Centennial Tower 3 Temasek Avenue #17-00 Singapore 039190
Public Offer Coordinator and Sub-Underwriter	UOB Kay Hian Private Limited 80 Raffles Place # 30-01 UOB Plaza 1 Singapore 048624
Legal Advisers to our Group as to Singapore law	WongPartnership One George Street #20-01 Singapore 049145

Legal Advisers to our Group as to Indonesian law	Ali Budiardjo, Nugroho, Reksodiputro Graha Niaga, 24th Floor Jl. Jend. Sudirman Kav. 58 Jakarta 12190, Indonesia
Legal Advisers to the Sole Global Coordinator as to New York and United States federal securities law	Clifford Chance Wong Pte Ltd One George Street #19-01 Singapore 049145
Legal Advisers to the Sole Global Coordinator as to Singapore law	Allen & Gledhill LLP One Marina Boulevard #28-00 Singapore 018989
Auditors	Ernst & Young Certified Public Accountants One Raffles Quay North Tower, Level 18 Singapore 048583
Auditors to PT Ciliandra Perkasa	Purwantono, Sarwoko & Sandjaja (a member of Ernst & Young Global) Jakarta Stock Exchange Building Tower 2, 7th Floor Jl. Jend. Sudirman Kav. 52-53 Jakarta 12190 Indonesia
Principal Banker	PT. Bank Central Asia Tbk. Wisma BCA 1, lt 11 Jl. Jend. Sudirman Kav. 22-23 Jakarta 12920 Indonesia
Receiving Bank	Citibank N.A. Singapore Branch 3 Temasek Avenue #12-00 Centennial Tower Singapore 039190

SUMMARY

The summary below is subject to the more detailed information set out elsewhere in this document. All of First Resources' financial information is presented in Indonesian Rupiah and according to Singapore FRS. Prospective purchasers should carefully consider the information set forth in "Risk Factors" and the financial statements and related notes thereto included in this document prior to making an investment decision with respect to other shares.

Our Business

Introduction

We are one of the largest private sector producers of crude palm oil in Indonesia. Our primary business activities are cultivating oil palms, harvesting the fresh fruit bunches from those trees and processing crude palm oil and palm kernel, which we sell in Indonesia and internationally. All of our operations and assets, consisting primarily of 13 oil palm plantations and six palm oil mills, are located in Riau province, Sumatra, Indonesia.

Our oil palm plantations have grown significantly since we started our operations in 1992. As of June 30, 2007, the 10 operating companies in our group controlled 13 oil palm plantations that covered 134,760 hectares. In July 2007, we acquired three additional plantations with an aggregate landbank of approximately 45,000 hectares. In addition, we acquired approximately 4,520 hectares of *Hak Guna Usaha* land from PT Sarpindo Graha in July 2007. We had approximately 80,526 hectares of land under cultivation as of June 30, 2007. We planted substantially all of our oil palm trees between 1993 and 1998, and the percentage of our mature oil palm trees under cultivation was 72.2% as of June 30, 2007. On June 30, 2007, we had 58,148 hectares of mature and 22,378 hectares of immature oil palm trees under cultivation.

Oil palm trees require approximately three years to mature and do not reach peak production of fresh fruit bunches until eight years after planting. Their peak production years range from their eighth year until their seventeenth year, after which their production of fresh fruit bunches gradually declines. As of June 30, 2007, the weighted average age of our plantations was approximately 7.8 years, and the substantial majority of our oil palm trees are entering into their prime production age. None of our oil palm trees is classified as "old" by industry standards, namely more than 18 years old. Our production of fresh fruit bunches increased from 440,550 tons in 2001 to 1,120,765 tons in 2006 and to 553,656 tons in the six-month period ended June 30, 2007, and in 2006 our plantations yielded on average 20.03 tons of fresh fruit bunches per hectare compared to the Indonesian national average of approximately 17 tons per hectare. Over the next several years, we expect that the yields of fresh fruit bunches from our plantations will improve and production of crude palm oil will increase as more of our trees mature and reach peak production. We expect such increased yields and production to contribute to a growth in our EBITDA with minimal cost increase or further capital expenditure.

We built our first palm oil mill in 1998 as our trees began to mature. We built our next three mills between 2001 and 2004, and our last two mills in 2005. In addition, between 2003 and 2005, we undertook to increase the milling capacity of our first three mills. With the addition of more milling capacity, we now use substantially all of the fresh fruit bunches produced by our oil palm plantations in our mills to produce crude palm oil and palm kernel. Our six palm oil mills have a total annual processing capacity of 2.1 million tons of fresh fruit bunches (equivalent to approximately 400,000 tons of crude palm oil and 90,000 tons of palm kernel per annum). Our crude palm oil production increased from 83,888 tons in 2001 to 227,286 tons in 2006 and to 119,118 tons in the six-month period ended June 30, 2007, and in 2006 our average crude palm oil extraction rate (crude palm oil extracted per ton of fresh fruit bunches) was 21.9%. Our production of palm kernel increased from 19,255 tons to 47,759 tons over the same period. We sell our crude palm oil and palm kernel primarily in the Indonesian domestic market, based upon international prices.

We also sell a portion of the fresh fruit bunches we produce to other domestic processors located close to our plantations and purchase a portion of the fresh fruit bunches we process from other plantations close to our mills. In addition, from time to time we purchase crude palm oil from third parties for resale to our customers, if the terms of such purchase and resale are financially attractive or for other operative reasons.

In the second quarter of 2007, we began construction of a new biodiesel production facility in Dumai, Riau province, and we expect commercial production to commence in the second quarter of 2008. We expect that our biodiesel production facility will consume approximately 250,000 tons of our crude palm oil per year and will be capable of producing approximately 250,000 tons of biodiesel per year.

For the year ended December 31, 2006 our sales amounted to Rp857.1 billion (US$94.7 million), our EBITDA amounted to Rp392.2 billion (US$43.3 million), and our profit for the year amounted to Rp350.9 billion (US$38.8 million). For the six month period ended June 30, 2007, our sales amounted to Rp760.6 billion (US$84.0 million), our EBITDA amounted to Rp350.5 billion (US$38.7 million), and our profit for the period amounted to Rp336.8 billion (US$37.2 million).

Competitive Strengths and Strategies

We believe that we possess several key competitive advantages that place us in a strong position to leverage the opportunities we see in our industry. As a result, going forward we intend to continue to expand our production of fresh fruit bunches from our plantations and to increase our mills' production of crude palm oil and palm kernel from the harvested fresh fruit bunches, as well as to enter new downstream markets that offer financial and operating benefits, in particular biodiesel production.

The maturity profile of our oil palm plantations supports increased production with minimal increased cost

Oil palm trees are in their peak production period from their eighth through their seventeenth year. Fully mature oil palm trees generally produce 25 to 30 tons of fresh fruit bunches per hectare per annum. The weighted average age of our oil palm trees and the percentage of our oil palm trees at peak-production age have increased in each of the three years ended December 31, 2006, from 6.7 years and 38.9% as at December 31, 2003 to 7.1 years and 63.8% as at December 31, 2006. As of June 30, 2007, the average age of our oil palm trees was 7.8 years, and 64.4% of our oil palm trees had reached peak-production age. The remaining 35.6% of our oil palm trees were either immature or young, and we expect that they will increase their production of fresh fruit bunches as they mature. Our average yield of fresh fruit bunches per hectare has increased in each of the three years ended December 31, 2006, from 15.67 tons per hectare in 2004 to 20.03 tons per hectare in 2006. For the six months ended June 30, 2007, our average yield of fresh fruit bunches per hectare was 9.5 tons per hectare. As the substantial majority of our trees are in the early stages of their peak-production years, with the remaining trees still to enter their peak-production years, we believe that the age profile of our trees will support increased production of fresh fruit bunches over the next several years, with minimal increases in production costs or capital expenditure.

In addition, our average crude palm oil extraction rate has increased in each of the three years ended December 31, 2006, from 20.3% in 2004 to 21.9% in 2006. In the six months ended June 30, 2007, our average crude palm oil extraction rate was 22.5%. As most of our trees mature and produce better quality fruit, we also expect that we will continue to improve our extraction rates of crude palm oil and palm kernel.

Our plantations, mills and biodiesel production facility are ideally located for high yields and low cost production

All of our plantations and mills and our new biodiesel production facility are located in Riau province, Sumatra. This region has soil with high mineral content and weather that produces high rainfall levels (2.1 meters per annum), conditions that are ideal for rapid oil palm growth and maximum fresh fruit bunch production. In addition, substantially all of our plantations are located on flat or mildly undulating terrain, which reduces planting, maintenance and harvesting costs. Our plantations are in close proximity to each other and to our mills, which ensures that our fresh fruit bunches arrive at our mills with minimal spoilage and reduces our transportation costs. Our new biodiesel production facility is also situated relatively close to our mills, which will supply crude palm oil to the facility. The proximity of our biodiesel production facility to major suppliers of crude palm oil will reduce the transport costs for our biodiesel operations, and our location in Riau offers access to port facilities for exporting our biodiesel products. Riau province offers us the advantages of abundant low-cost labor and developed infrastructure, including good roads that connect our operations, which enhance our efficient and low-cost operations. Riau province also has a relatively large network of refiners who compete with one another for crude palm oil from plantations such as ours, thereby causing crude palm oil prices to be some of the highest throughout Indonesia.

Strong financial performance

We have achieved strong growth in revenue and profitability, particularly due to positive price and demand trends for palm oil as well as increased yields and extraction rates in our plantations, and, in 2007, due in part to revenue derived from purchasing crude palm oil in the market and reselling it to our customers. During the six months ended June 30, 2007, we generated sales and EBITDA of Rp760.6 billion and Rp350.5 billion (US$84.0 million and US$38.7 million, respectively). This represents growth of 101.8% and 103.3% over sales and EBITDA, respectively, achieved during the first six months of 2006. Between 2004 and 2006, we increased our sales and EBITDA by compound annual growth rates (CAGR) of 10.6% and 32.7%, respectively. We seek to continue our growth going forward, through leveraging our attractive maturity profile and positive industry environment as well as through further expansion of our plantations and the construction of a biodiesel plant.

We use industry best-practices in our operations to improve yields and control costs

We have adopted many industry best-practices in our plantations and mills to ensure improved yields of fresh fruit bunches, crude palm oil and palm kernel at competitive cost. For example, for several years we have used only genetically superior seeds for cultivating our seedlings, and we plant our seedlings in patterns that maximize the number of trees per hectare. We also fertilize our trees with inorganic based chemicals, as well as organic byproducts from our mills, according to the requirements of each individual plot of land. Our harvesting practices are designed to ensure that our fresh fruit bunches are harvested at the point of their maximum oil content, with minimal spoilage or loss of fruit. We believe that our best-practices contribute to maximizing our yields of fresh fruit bunches, crude palm oil and palm kernel (as measured by crude palm oil yield per hectare and extraction rates) and at the same time lower our production costs.

We have achieved scale to compete in our existing markets and to move into downstream markets

Plantation and Mill Expansion. Due to the significant time and capital required to plant oil palm plantations, and the time required for the trees to mature to production age, there are significant barriers to entry in our industry. Having planted 13 plantations that are now in their early stages of peak production, and having six mills that process our fresh fruit bunches into crude palm oil and palm kernel, we believe that we have sufficient scale to compete with the largest producers in Indonesia and to achieve better results than our smaller

competitors. In addition, we have a significant landbank, which was further increased by approximately 45,000 hectares following our acquisition of the shareholdings in PT Surya Dumai Agrindo, PT Dharma Bhakti Utama and PT Andalan Mitrasawit Sejati in July 2007. We also acquired approximately 4,520 hectares of *Hak Guna Usaha* land from PT Sarpindo Graha in July 2007. We intend to continue expanding our total planted hectarage to approximately 118,000 hectares by 2009 and further increase our production of fresh fruit bunches as our younger trees mature. We also intend to construct two additional crude palm oil processing mills, scheduled for 2007 and 2009, in order to process our increased production of fresh fruit bunches. We expect that these additional processing facilities will provide us with the capacity to produce 100,000 additional tons of crude palm oil per year and 24,000 additional tons of palm kernel per year, subject to sufficient supply of fresh fruit bunches.

Biodiesel Plant Construction and Operation. In addition, as our plantations continue to increase their yield of fresh fruit bunches, we intend to take advantage of new markets that potentially offer attractive margins, such as biodiesel production. As a result of the sustained increase in prices for fossil fuels, as well as increased awareness of the environmental benefits from alternative energy sources in developed nations (in particular in the European Union and Japan), we believe that demand for biodiesel products, which are produced from natural sources such as crude palm oil, will continue to increase in the future, and that such increased demand will lead to increased prices for such products. As a result, we are using some of the proceeds from the Notes we issued in December 2006 to construct a new biodiesel production facility. We began construction of our new biodiesel production facility in the second quarter of 2007 and expect that it will begin commercial production by the second quarter of 2008. We estimate that the biodiesel production facility will consume approximately 250,000 tons of crude palm oil per year and will be capable of producing approximately 250,000 tons of biodiesel per year. As this production estimate is a significant increase on our original estimate of 150,000 tons of biodiesel per year, we have increased our budget for the construction of the production facility from US$30 million to US$40 million. We expect that all of our biodiesel production will be sold in the export market at U.S. Dollar prices. We believe that our entry into biodiesel production will provide us with the flexibility to sell our products to downstream or upstream markets depending upon the margins offered by each market.

Positive Industry Pricing Characteristics

We expect that, as a result of increased biodiesel consumption as well as increased consumption of edible oils in developing countries such as China and India, demand for crude palm oil will continue to increase and provide strong support for crude palm oil prices. In addition, all of our sales of crude palm oil are either made in U.S. Dollars with reference to international market prices, or in Rupiah with reference to international U.S. Dollar market prices. We expect that all of our biodiesel production will be sold at U.S. Dollar market prices. Such pricing of our crude palm oil and biodiesel provides us with a hedge against our U.S. Dollar obligations.

We strive to be a good corporate citizen and to enhance the communities in which we operate

In order to achieve long-term success in our industry, we believe it is imperative that we align our interests to the interests of the communities in which we operate. As a result, we employ many practices in our production process that seek to minimize adverse effects to the natural environment and that also reduce our requirements for fertilizer and fuel. For example, we have a “no burn” policy that requires us to clear land by machinery rather than by fire. We also recycle the empty fruit bunches and the palm oil mill effluent from our mills for fertilizer and irrigation in our plantations. We have also worked with various NGOs and charities working in the areas in which we operate. In addition, we work closely with local communities, providing various basic services as well as employment to thousands of workers.

In addition, we believe that crude palm oil offers the most cost-effective and environmentally friendly solution to the growing shortage of vegetable oils worldwide and demand for biodiesel feedstock. Crude palm oil yields 400% to 500% more vegetable oil per hectare than soybeans and rapeseed oil—the current principal feedstocks for biodiesel. Crude palm oil-sourced biodiesel plants potentially save hundreds of thousands of hectares of plantation land and are also cost-effective, producing savings for consumers.

Where You Can Find Us

We are a company incorporated in Singapore on December 9, 2004 with limited liability. Our registered office is at 8 Temasek Boulevard #36-02 Suntec Tower Three, Singapore 038988; telephone: (65) 6333 6788; facsimile: (65) 6333 6711.

PT Ciliandra Perkasa, one of our subsidiaries, is a company with limited liability established under the laws of Indonesia. Ciliandra's registered office is located at Wisma 77, 7th Floor, Jl Letjend S. Parman Kav. 77, Slipi, Jakarta 11410, Indonesia; telephone: (62) 21 5367 0888. Ciliandra's corporate office is located at Surya Dumai Group Building, 5th Floor, Jl. Jend Sudirman No. 395 Pekanbaru 28116 Indonesia; telephone: (62) 761 32 888; fascimile: (62) 761 32 700

The Financings

This Offering is part of a broader financing plan of our Group.

We have recently issued Rupiah-denominated bonds, in an aggregate amount of Rp500 billion (approximately US$55.2 million) (the "2007 Rupiah Bonds"). These Rupiah-denominated bonds were issued by Ciliandra and were only offered in Indonesia. The 2007 Rupiah Bonds have a tenure of five years and are secured by a mortgage over certain plots of land belonging to our associated company PT Meridan Sejatisurya Plantation ("MSSP"), as well as by a pledge of a deposit account. We intend to use the proceeds from the offering of the 2007 Rupiah Bonds to repay certain indebtedness of MSSP and to develop the palm oil plantations of Ciliandra's subsidiaries. We submitted a registration statement, including a preliminary prospectus, for the issuance of the 2007 Rupiah Bonds to Bapepam & LK (the Indonesian Capital Market and Financial Institutions Supervisory Board) on September 21, 2007. Bapepam & LK declared the bonds effective on November 15, 2007, and the bonds were listed on the Surabaya Stock Exchange on November 28, 2007. We have entered into a currency swap agreement to swap the principal and interest payments on these Rupiah-denominated bonds into U.S. Dollar payments. The swap agreement effectively converts the Rupiah-denominated bonds into a USD liability at an effective interest rate of approximately 7.4% per annum.

Summary of the Offering

The Issuer	First Resources Limited, a company incorporated with limited liability in the Republic of Singapore on December 9, 2004
The Vendor	Eight Capital Inc., a company incorporated in the British Virgin Islands.
The Offering	225,000,000 Offering Shares offered through the Placement and the Public Offer (subject to the Over-allotment Option, if exercised), comprising 175,000,000 Issue Shares and 50,000,000 Vendor Shares. The completion of the Public Offer is conditional upon the completion of the Placement. The Shares in the Offering are being offered and sold outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in reliance on Regulation S and within the United States to "qualified institutional buyers" in reliance on Rule 144A. The Shares in the Offering have not been and will not be registered under the Securities Act and, subject to certain exceptions, may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S).
The Placement	222,000,000 Offering Shares offered by way of an international placement to investors at the Offering Price, including institutional and other investors in Singapore.
The Public Offer	3,000,000 Offering Shares offered in Singapore at the Offering Price by way of an offering to the public in Singapore. The completion of the Public Offer is conditional upon the completion of the Placement.
Clawback and Re-allocation	Offering Shares may be re-allocated between the Placement and the Public Offer at the discretion of the Sole Global Coordinator, in the event of an excess of applications in one and a deficit of applications in the other.
Offering Price	Investors are required to pay the Offering Price of S$1.10 for each Offering Share. The Offering Price was determined by agreement among the Company, the Vendor and the Sole Global Coordinator. See "Plan or Distribution—The Offering." Purchasers of and subscribers for our Shares may be required to pay a brokerage fee (and, if so required, such brokerage fee will be up to 1.0% of the Offering Price).
Application Procedures in Singapore	Investors applying for Offering Shares under the Public Offer must follow the application procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares under the Public Offer in Singapore" which constitutes part of this Prospectus registered with the Authority.

	Applications must be paid for in Singapore Dollars. The minimum application is for 1,000 Shares. An applicant may apply for a larger number of Shares in integral multiples of 1,000 Shares.
Over-allotment Option	In connection with the Offering, the Vendor has granted to Citi an Over-allotment Option, exercisable by the Stabilizing Manager, in full or in part on one or more occasions but no later than the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST; or (ii) the date when the Stabilizing Manager has bought, on the SGX-ST, an aggregate of 33,750,000 Shares, representing not more than 15.0% of the total Offering Shares solely to undertake stabilizing actions if any, to purchase up to an aggregate of 33,750,000 Shares (representing not more than 15.0% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any. Unless indicated otherwise, all information in this document assumes that Citi has not exercised the Over-allotment Option. See "Plan of Distribution—Over-allotment Option".
Lock-ups	We have agreed, subject to certain exceptions, that we will not offer, sell, contract to sell, grant any option to purchase, grant security over, encumber or otherwise dispose of, directly or indirectly, any Shares or securities convertible into or exchangeable or exercisable for any Shares, or enter into a transaction which would have the same effect, or enter into any swap, hedge or other arrangement that transfers, in whole or in part, any of the economic consequences of ownership of the Shares, or publicly disclose our intention to make any offer, sale, pledge, disposition or filing, without, in each case, the prior written consent of the Sole Global Coordinator, until six months after the date of listing of our Shares (the "Listing Date"). The Vendor and Infinite Capital Fund Limited, who will receive First Resources Shares in our restructuring (see "—Our Restructuring"), have also agreed that, subject to certain exceptions, they will not offer, sell, contract to sell, pledge, transfer or otherwise dispose of, directly or indirectly, any Shares, without, in each case, the prior written consent of the Sole Global Coordinator until six months after the Listing Date. See "Plan of Distribution—Restrictions on Disposals and Issue of Shares" for details of these and other lock-ups.
Use of Proceeds	Based on the Offering Price of S$1.10 for each Offering Share, we estimate that the net proceeds to our Company from the issue and sale of 175,000,000 Issue Shares in the Offering, after deducting our share of underwriting fees, commissions and other estimated expenses payable in relation to the Offering, will be approximately S$185.3 million (US$127.6 million). We intend to use these net proceeds to

	fund our acquisition of Shares in certain subsidiaries, to expand our planted hectarage and for working capital and general corporate proposes. We will not receive any of the proceeds from the sale of the Vendor Shares or the Additional Shares in the Offering. See "Use of Proceeds".
Dividends	In determining our dividend payout ratio in respect of any particular financial year, we will take into account the following factors when considering the level of dividend payments: • the level of our cash, gearing, return on equity and retained earnings; • our expected financial performance; • our projected levels of capital expenditure and other investment plans; • the dividend yield of similar and comparable companies; and • restrictions on payment of dividends that may be imposed on us by our financing arrangements.
Listing and Trading	Prior to the Offering, there has been no public market for our Shares. An application has been made to the SGX-ST for permission to list all our issued Shares (including the Offering Shares and the Consideration Shares) and the new Shares to be issued pursuant to vesting of awards granted under the Share Option Scheme and the Performance Share Plan on the Main Board of the SGX-ST. Such permission will be granted when we have been admitted to the Official List of the SGX-ST. Acceptance of applications for the Offering Shares will be conditional upon, among other things, permission being granted to deal in and for quotation of all our issued Shares (including the Offering Shares and the Consideration Shares) and the new Shares to be issued pursuant to the vesting of awards granted under the Share Option Scheme and the Performance Share Plan. We have not applied to any other exchange to list our Shares. Our Shares are expected to commence trading on a "ready" basis as early as 9:00 a.m. (Singapore time) on December 10, 2007. See "Indicative Timetable". Our Shares will, upon their issue, listing and quotation on the SGX-ST, be traded on the SGX-ST under the book-entry (scripless) settlement system of The Central Depository (Pte) Limited ("CDP"). Dealing in and quotation of our Shares on the SGX-ST will be in Singapore Dollars. Our Shares will be traded in board lot sizes of 1,000 Shares on the SGX-ST.

Settlement	We and the Vendor expect to receive payment for all the Offering Shares in the Placement and the Public Offer on December 7, 2007. We will, and we expect that the Vendor will, deliver global share certificates representing the Offering Shares to CDP for deposit into the securities accounts of successful applicants on or about December 10, 2007. See "Clearance and Settlement".
Stabilization	In connection with the Offering, the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager), may over-allot Shares or effect transactions which may stabilize or maintain the market price of our Shares at levels which might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake any such stabilization actions. Such transactions may commence on or after the commencement of trading of our Shares on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST; or (ii) the date when the Stabilizing Manager has bought, on the SGX-ST, an aggregate of 33,750,000 Shares, representing not more than 15.0% of the total Offering Shares, to undertake stabilizing action, if any;
Transfer Restrictions	The Shares will be subject to certain transfer restrictions. See "Transfer Restrictions".
Risk Factors	Prospective investors should carefully consider certain risks connected with an investment in our Shares, as discussed under "Risk Factors".

Our Restructuring

Prior to the closing of this Offering, we have entered into sale and purchase agreements to acquire an additional 63.0% shareholding in our associated company PT Meridan Sejatisurya Plantation ("MSSP") and the remaining 38.0% shareholding in our subsidiary PT Pancasurya Agrindo ("PSA") (together known as the "Acquisitions"). The Acquisitions will be completed concurrently with the closing of the Offering, as we plan to use part of the net proceeds from the Offering to finance the Acquisitions. As a result, completion of the Acquisitions is subject to completion of the Offering. For a description of the financial effects of our restructuring, see "Pro Forma Financial Information".

Acquisition of MSSP

On August 2, 2007, we acquired an additional 7.0% shareholding in MSSP through Ciliandra from PT Payung Negeri Utama, bringing Ciliandra's shareholding in MSSP from 25.0% to 32.0%. The total consideration we paid for this stake was Rp8.75 billion (US$0.97 million), which we paid using cash from operations.

In addition, we intend to acquire an additional 63.0% shareholding in MSSP by way of an acquisition of the three BVI companies that hold the shares of MSSP, Pinebrook International Inc. ("Pinebrook"), Pacific Eagle Management Ltd. ("Pacific Eagle") and Global Paragon Investment Ltd ("Global Paragon"), to purchase their 27.0%, 26.0% and 10.0% shareholding in MSSP, respectively. We entered into a sale and purchase agreement dated July 10, 2007 with the shareholders of Pinebrook, according to which the consideration payable by us for their interest in MSSP will be US$17.55 million. We also entered into a sale and purchase agreement dated July 10, 2007 with the shareholders of Pacific Eagle, according to which the consideration payable by us for their interest in MSSP will be US$16.9 million. We also entered into a sale and purchase agreement dated July 10, 2007 with the shareholders of Global Paragon, according to which the consideration payable by us for their interest in MSSP will be US$6.5 million.

We will pay the total consideration under these sale and purchase agreements, amounting to US$40.95 million, in cash, using part of the net proceeds of the Offering.

Acquisition of PSA

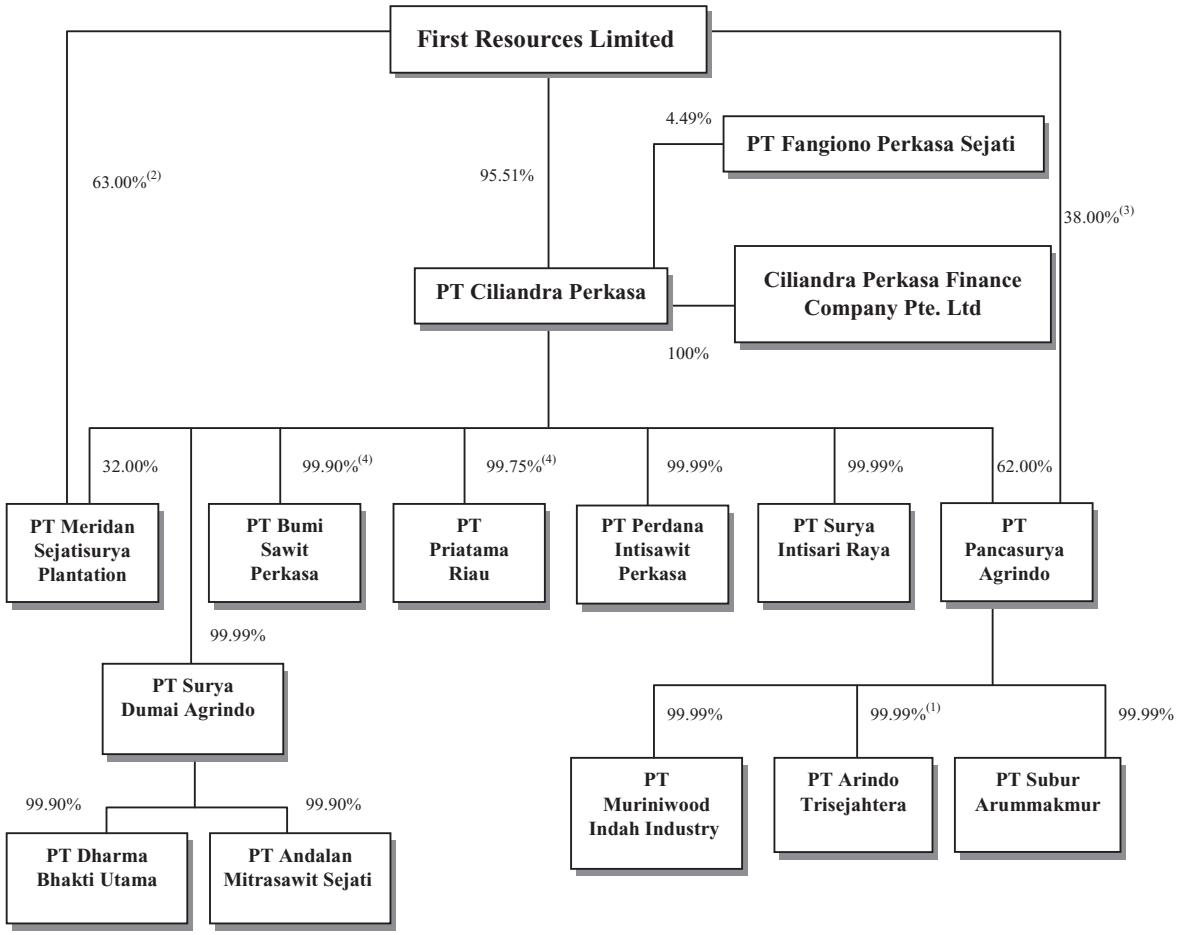
We have entered into a sale and purchase agreement dated October 9, 2007 with Infinite Capital Fund Limited ("Infinite Capital"), the shareholder of Ivory Asset Management-7 Pte Ltd, which in turn holds 95.0% of the issued and paid-up share capital of PT Aditya Seraya Korita, which in turn holds 38.0% of the issued and paid-up share capital of PSA.

The total consideration payable by us for this 38.0% shareholding in PSA is US$115 million, of which we intend to pay US$15 million in cash, using part of the net proceeds of the Offering, and the remaining US$100 million in newly issued shares of First Resources (the "Consideration Shares"). The Company will allot and issue the number of First Resources shares that have a total value of US$100 million (based on the Offering Price) to Infinite Capital. Based on the Offering Price (and assuming an exchange rate of S$1.473 = US$1.00 and rounding up to the nearest Share), the number of Consideration Shares to be allotted and issued to Infinite Capital will be 133,909,091.

The consideration for the acquisitions of MSSP and PSA was negotiated on an arm's length basis, with reference to the size and quality of the assets acquired.

Our Corporate Structure

The following table depicts, in simplified form, our corporate structure after the consummation of the Acquisitions contemplated by our restructuring, as described above. See also "Business—Corporate Structure".



Note:

(1) PT Arindo Trisejahtera and PT Subur Arummakmur are 99.99% held by PT Pancasurya Binasejahtera (not shown), which is in turn 99.99% held by PT Pancasurya Agrindo.

(2) On July 10, 2007, we entered into separate sale and purchase agreements with the shareholders of Pinebrook International Inc., Pacific Eagle Management Ltd, and Global Paragon Investment Ltd to purchase their 27.0%, 26.0% and 10.0% shareholding in MSSP, respectively. The Company will acquire the 63.0% interest in MSSP upon completion of the Offering. For more information, see "Business—Our Restructuring—Acquisition of MSSP".

(3) On October 9, 2007, we entered into a sale and purchase agreement with Infinite Capital Fund Limited, the shareholder of Ivory Asset Management-7 Pte. Ltd., which in turn holds 95.0% of the issued and paid-up capital of PT Aditya Seraya Korita, which in turn holds 38.0% of the issued and paid-up share capital of PSA. The Company will acquire the 38.0% shareholding in PSA upon completion of the Offering through the acquisition of Ivory Asset Management-7 Pte. Ltd. For more information, see "Business—Our Restructuring—Acquisition of PSA".

(4) PT Ciliandra Perkasa's interest is subject to payment by PT Ciliandra Perkasa for additional shares that have been allotted to it in PT Bumi Sawit Perkasa and PT Priatama Riau. PT Ciliandra Perkasa's current interest in PT Bumi Sawit Perkasa and PT Priatama Riau is 99.67% and 99.0% respectively.

Indicative Timetable

An indicative timetable for trading in our Shares is set out below for the reference of applicants for our Shares:

Date and time (Singapore)	Event
December 3, 2007, 7:00 p.m. . . .	Opening date and time for the Offering.
December 6, 2007, 12:00 noon	Closing Date and time for the Offering.
December 7, 2007	Balloting of applications, if necessary (in the event of over-subscription for the Offering Shares). Commence returning or refunding of application monies to unsuccessful or partially successful applicants.
December 10, 2007, 9:00 a.m. . .	Commence trading on a "ready" basis.
December 13, 2007	Settlement date for all trades done on a "ready" basis on December 10, 2007.

The above timetable is indicative only and is subject to change at our and the Vendor's discretion, with the agreement of the Sole Global Coordinator and the Public Offer Coordinator. The above timetable and procedure may also be subject to such modifications as the SGX-ST may in its discretion decide, including the commencement date of trading on a "ready" basis. It assumes: (i) that the closing of the Offering is December 6, 2007; (ii) that the date of admission of our Company to the Official List of the SGX-ST is December 10, 2007; and (iii) compliance with the SGX-ST's shareholding spread requirement. All dates and times referred to above are Singapore dates and times.

We and the Vendor, with the agreement of the Sole Global Coordinator and the Public Offer Coordinator, may at our and their discretion, subject to all applicable laws and regulations and the rules of the SGX-ST, agree to extend or shorten the period during which the Offering is open, provided that the Public Offer period may not be less than two Market Days (as defined below).

In the event of the extension or shortening of the time period during which the Public Offer is open in Singapore, we will publicly announce the same:

(a) through a SGXNET announcement to be posted on the Internet at the SGX-ST website http://www.sgx.com; and/or

(b) in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

Investors should consult the SGX-ST announcement on the "ready" listing date on the Internet (at the SGX-ST website), on television or in the newspapers, or check with their brokers on the date on which trading on a "ready" basis will commence.

We and the Vendor will provide details of and the results of the Offering through SGXNET or in one or more major Singapore newspapers, such as *The Straits Times*, *The Business Times* and *Lianhe Zaobao*.

We and the Vendor reserve the right to reject or accept, in whole or in part, or to scale down or ballot any application for the Offering Shares, without assigning any reason therefor, and no enquiry and/or correspondence

on our or the Vendor's decision will be entertained. In deciding the basis of allocation, due consideration will be given to the desirability of allocating our Shares to a reasonable number of applicants with a view to establishing an adequate market for our Shares.

In respect of an application made under the Public Offer, where an application is rejected, the full amount of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk within 24 hours after the balloting of applications (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares Under the Public Offer in Singapore" which constitutes part of the Prospectus registered with the Authority).

In respect of an application made under the Public Offer, where an application is accepted in full or in part only, any balance of the application monies will be refunded (without interest or any share of revenue or other benefit arising therefrom) to the applicant, at his own risk, within 14 Market Days after the close of the Offering (provided that such refunds are made in accordance with the procedures set out in the instructions booklet on "Terms, Conditions and Procedures for Application for the Offering Shares Under the Public Offer in Singapore" which constitutes part of the Prospectus registered with the Authority).

Where the Offering does not proceed for any reason, the full amount of application monies (without interest or any share of revenue or other benefit arising therefrom) will be returned within three Market Days after the Offering is discontinued.

SUMMARY FINANCIAL AND OTHER INFORMATION

The following tables present our summary consolidated financial and other information as at and for the financial years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 and 2007 and certain operating data for the same period. The summary consolidated financial data as at and for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 and 2007 should be read in conjunction with our audited and unaudited consolidated financial statements and the related notes thereto, which are included elsewhere in this document. The financial information included in this document does not reflect our results of operations, financial position and cash flows in the future, and our past operating results are no guarantee of our future operating performance. The consolidated financial statements are prepared and presented in accordance with Singapore FRS, which differs in certain significant respects from U.S. GAAP. Please refer to "Summary of Certain Principal Differences Between Singapore FRS and U.S. GAAP". For a summary of our significant accounting policies and the basis of the presentation of our financial statements, you should refer to the notes to our audited consolidated financial statements included elsewhere in this document.

You should read the following information in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes, included elsewhere in this document.

	For the year ended December 31,				For the six months ended June 30,		
	2004	2005	2006	2006	2006	2007	2007
		Rp (in millions)		US$ (in thousands)	Rp (in millions) (unaudited)		US$ (in thousands)
Consolidated Income Statement Data:							
Sales	701,025	703,030	857,133	94,669	376,961	760,566	84,003
Cost of Sales	(459,014)	(460,263)	(487,303)	(53,822)	(218,827)	(403,487)	(44,565)
Gross profit	242,011	242,767	369,830	40,847	158,134	357,079	39,438
Gains/(losses) arising from changes in fair value of biological assets	130,044	(56,737)	270,235	29,847	96,151	204,624	22,600
Other operating income	18,787	1,533	106	12	—	828	92
Selling and distribution costs	(12,051)	(15,780)	(13,418)	(1,482)	(6,628)	(11,133)	(1,229)
General and administrative expenses	(25,354)	(30,572)	(32,635)	(3,604)	(14,468)	(23,982)	(2,649)
Losses on conversion of rubber plantations	(26,752)	—	—	—	—	—	—
(Losses)/gains on foreign exchange	(16,519)	(11,631)	17,017	1,880	9,981	(4,206)	(464)
Loss on plasma project conversion	—	(2,921)	—	—	—	—	—
Other operating expenses	—	(978)	—	—	—	(824)	(91)
Profit from operations	310,166	125,681	611,135	67,500	243,170	522,386	57,697
Financial expense	(111,564)	(101,423)	(114,834)	(12,682)	(52,086)	(57,409)	(6,341)
Financial income	2,795	917	964	106	482	737	81
Share of results of associates	(810)	(3,439)	5,470	604	4,353	13,371	1,477
Profit before taxation	200,587	21,736	502,735	55,528	195,919	479,085	52,914
Tax expense	(66,745)	(14,854)	(151,830)	(16,769)	(58,132)	(142,302)	(15,717)
Profit for the year/period	133,842	6,882	350,905	38,759	137,787	336,783	37,197
Attributable to :							
Equity holders of the Company	90,756	(18,610)	243,851	26,935	90,486	217,581	24,031
Minority interests	43,086	25,492	107,054	11,824	47,301	119,202	13,166
	133,842	6,882	350,905	38,759	137,787	336,783	37,197
Earnings/(losses) per share (in Rupiah and US cents)[1]							
—basic	99	(20)	265	2.9	99	237	2.6
—on a fully diluted basis[2]	62	(13)	166	1.8	62	148	1.6

Notes:

(1) Basic earnings per share for the financial year ended December 31, 2004, 2005 and 2006 and for the period ended June 30, 2006 and 2007 were computed based on the pre-invitation share capital of the Company being the weighted average number of shares at June 30, 2007 after being adjusted for the proposed share split as described on page 163.

(2) Diluted earnings per share for the financial year ended December 31, 2004, 2005 and 2006 and for the period ended June 30, 2006 and 2007 were computed based on the number of issued Shares after the Offering.

	As of December 31,				As of June 30,		
	2004	2005	2006	2006	2006	2007	2007
		Rp (in millions)		US$ (in thousands)	Rp (in millions) (unaudited)		US$ (in thousands)
Consolidated Balance Sheet Data:							
Total non-current assets	2,376,028	2,455,196	2,951,942	326,038	2,629,436	3,489,290	385,387
Total current assets	112,119	310,408	853,005	94,213	108,274	627,042	69,256
Total assets	2,488,147	2,765,604	3,804,947	420,251	2,737,710	4,116,332	454,643
Total current liabilities	223,131	303,211	319,593	35,299	441,497	296,622	32,761
Total non-current liabilities	1,017,558	965,114	1,889,273	208,667	948,183	1,889,084	208,646
Total liabilities	1,240,689	1,268,325	2,208,866	243,966	1,389,680	2,185,706	241,407
Net assets	1,247,458	1,497,279	1,596,081	176,285	1,348,030	1,930,626	213,236
Total equity	1,247,458	1,497,279	1,596,081	176,285	1,348,030	1,930,626	213,236

	For the year ended December 31,				For the six months ended June 30,		
	2004	2005	2006	2006	2006	2007	2007
		Rp (in millions)		US$ (in thousands)	Rp (in millions) (unaudited)		US$ (in thousands)
Other consolidated financial information:							
EBITDA[2]	222,760	227,282	392,245	43,323	172,345	350,461	38,708
EBITDA Margin[3]	31.8%	32.3%	45.8%	45.8%	45.7%	46.1%	46.1%
Cash Inflow (Outflow) from:							
Operating Activities	77,178	126,465	289,690	31,996	101,156	178,334	19,697
Investing Activities	(115,145)	(159,499)	(260,626)	(28,786)	(94,051)	(313,928)	(34,673)
Financing Activities	25,105	35,756	(3,715)	(410)	(8,641)	561,663	62,035

Notes:

(2) EBITDA refers to profit from operations before depreciation, amortization and gains/losses in fair value of biological assets. EBITDA and the related ratios in this document are supplemental measures of our performance and liquidity and are not required by, or represented in accordance with, Singapore FRS or U.S. GAAP. Furthermore, EBITDA is not a measure of our financial performance or liquidity under Singapore FRS or U.S. GAAP and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with Singapore FRS or U.S. GAAP or as alternatives to cash flow from operating activities or as measures of our liquidity. Other companies may calculate EBITDA differently to us, limiting its usefulness as a comparative measure. Set forth below is a reconciliation of our profit from operations to EBITDA.

	Year ended December 31,			
	2004	2005	2006	2006
		Rp (in millions)		US$ (in thousands)
Profit from operations	310,166	125,681	611,135	67,499
Add: Depreciation	37,607	39,734	46,163	5,099
Add: Amortization (land use rights)	2,181	2,280	2,332	258
Add: Amortization (of deferred charges)	2,850	2,850	2,850	315
Less: (Gains)/losses from biological assets	(130,044)	56,737	(270,235)	(29,847)
EBITDA	222,760	227,282	392,245	43,324

	Six months ended June 30,		
	2006	2007	2007
	Rp (in millions) (unaudited)		US$ (in thousands)
Profit from operations	243,170	522,386	57,697
Add: Depreciation	22,735	24,535	2,710
Add: Amortization (land use rights)	1,166	1,313	145
Add: Amortization (of deferred charges)	1,425	6,851	757
Less: (Gains)/Losses from biological assets	(96,151)	(204,624)	(22,600)
EBITDA	172,345	350,461	38,709

(3) EBITDA margin represents EBITDA as a percentage of net sales.

	As of and for the year ended December 31,			As of and for the six months ended June 30,	
	2004	2005	2006	2006	2007
Selected Operating Data					
Area Planted (in hectares)					
Rubber	848	—	—	—	—
Oil Palm	63,960	68,628	78,704	72,617	80,526
Total	64,808	68,628	78,704	72,617	80,526
FFB Production (in tons)	852,605	949,517	1,120,765	499,148	553,656
Yield per mature hectare (in kilograms)	15,668	17,511	20,034	8,867	9,521
Mill Production (in tons)					
Crude palm oil	184,116	194,217	227,286	101,559	119,118
Palm Kernel	32,599	38,981	47,759	21,395	27,328
Extraction rate (%)					
Crude palm oil	20.3	20.3	21.9	21.7	22.5
Palm Kernel	3.6	4.1	4.6	4.6	5.2
Average Selling Price (Rp/Kg)					
Crude palm oil	3,438	3,272	3,523	3,269	5,168
Palm Kernel	2,223	2,227	1,923	2,000	2,798
FFB	683	688	794	722	1,042
Rubber	6,059	—	—	—	—
Operating profit (Rp/mature hectare)	7,929,321	5,719,862	12,546,527	3,779,905	12,544,998

PRO FORMA FINANCIAL INFORMATION

The following tables present our unaudited pro forma consolidated profit and loss data for the years ended December 31, 2004, 2005 and 2006 and the six months ended June 30, 2006 and 2007 and unaudited pro forma consolidated balance sheet data as at December 31, 2006 and June 30, 2007. Such unaudited pro forma financial information presents our Group as if the acquisition of an additional 63.0% shareholding in MSSP and the remaining 38.0% shareholding in PSA had been effected during the periods under review in order to assist investors' understanding of our proforma results of operations and financial condition. See "Summary—Our Restructuring".

The unaudited pro forma financial information has been derived from and should be read in conjunction with our unaudited pro forma consolidated financial information, related notes and auditors' report thereto, which are included elsewhere in this document. "Note 4—Basis of Presentation of the Unaudited Pro Forma Consolidated Financial Statements" to the unaudited pro forma consolidated financial information describes the procedures and adjustments used to create our pro forma financial information. In preparing our unaudited pro forma financial information, a certain number of assumptions and adjustments were made. Consequently, this financial information is not necessarily an indication of (i) the results of operations that we would have realised if the acquisitions had been effected during the periods under review or (ii) the results of operations that we will realise in the future.

	For the year ended December 31			For the six months ended June 30	
	2004	2005	2006	2006	2007
			Rp (in millions)		
Sales	707,087	753,152	982,809	424,016	850,783
Cost of Sales	(440,632)	(477,853)	(561,217)	(243,893)	(454,426)
Gross profit	266,455	275,299	421,592	180,123	396,357
Gains/(losses) arising from changes in fair value of biological assets	156,408	(86,949)	271,716	107,079	252,292
Other operating income	19,873	1,910	219	—	—
Selling and distribution costs	(18,196)	(18,377)	(13,653)	(6,865)	(11,133)
General and administrative expenses	(26,120)	(32,203)	(36,048)	(16,210)	(25,900)
Impairment of goodwill	(250,784)	—	—	—	—
Losses on conversion of rubber plantations	(26,752)	—	—	—	—
(Losses)/gains on foreign exchange	(16,864)	(11,346)	17,446	9,974	(4,176)
Loss on Plasma Project conversion	—	(2,921)	—	—	828
Other operating expenses	(21,136)	(2,901)	(2,531)	—	(789)
Profit from operations	82,884	122,512	658,741	274,101	607,479
Financial expense	(125,800)	(114,851)	(135,084)	(61,963)	(66,406)
Finance income	3,013	951	1,034	487	897
(Loss)/Profit before taxation	(39,903)	8,612	524,691	212,625	541,970
Tax expense	(69,690)	(12,048)	(157,377)	(64,569)	(165,225)
(Loss)/Profit for the year/period	(109,593)	(3,436)	367,314	148,056	376,745
Attributable to:					
Equity holders of the Company	(117,123)	(4,534)	348,606	139,708	356,879
Minority interests	7,530	1,098	18,708	8,348	19,866
	(109,593)	(3,436)	367,314	148,056	376,745
(Loss)/Earnings per share (in Rupiah)(1)					
—Basic	(128)	5	380	152	389
—On a fully diluted basis(2)	(80)	(3)	237	95	243

Note:

(1) Basic earnings per share for the financial year ended December 31, 2004, 2005 and 2006 and for the period ended June 30, 2006 and 2007 were computed based on the pre-invitation share capital of the Company being the adjusted weighted average number of shares as at June 30, 2007 after being adjusted for the proposed share split as described on page 163.

(2) Diluted earnings per share for the financial year ended December 31, 2004, 2005 and 2006 and for the period ended June 30, 2006 and 2007 were computed based on the number of issued Shares after the Offering.

	As of December 31, 2006	As of June 30, 2007
	Rp (in millions)	
Consolidated Balance Sheet Data:		
Non-current assets		
Biological assets—Plantations	2,518,134	2,888,699
Property, plant and equipment	573,579	757,516
Land use rights and deferred land right	62,810	70,063
Plasma plantation receivables	61,235	84,444
Due from related parties	15,092	—
Tax recoverable	6,204	7,334
Deferred tax assets	27,104	12,636
Intangible assets	—	1,012
Other non-current assets	208	208
Total non-current assets	3,264,366	3,821,912
Current assets		
Inventories	82,636	99,859
Trade receivables	17,750	36,897
Other receivables	11,172	24,339
Prepaid taxes	3,294	12,887
Cash and bank balances	743,876	471,322
Total current assets	858,728	645,304
Total assets	4,123,094	4,467,216
Current liabilities		
Trade payables	66,708	73,493
Other payables and accruals	103,064	108,030
Due to immediate holding company	100,000	—
Due to related parties	40,134	71,699
Loans and borrowings from financial institutions	49,898	50,460
Provision for taxation	40,901	60,357
Total current liabilities	400,705	364,039
Non-current liabilities		
Loans and borrowings from financial institutions	116,834	107,907
Bonds payable	88,382	—
Notes payable	1,383,455	1,394,949
Provision for post employment benefits	21,862	25,531
Deferred tax liabilities	420,930	510,106
Total non-current liabilities	2,031,463	2,038,493
Total liabilities	2,432,168	2,402,532
Net assets	1,690,926	2,064,684
Equity attributable to equity holders of the Company		
Share capital	1,737,156	1,856,785
Differences arising from restructuring transactions involving entities under common control	324,959	324,959
Translation reserve	(100)	(6,925)
Accumulated losses	(536,170)	(183,822)
	1,525,845	1,990,997
Minority interests	165,081	73,687
Total equity	1,690,926	2,064,684

RISK FACTORS

This document contains forward-looking statements that involve risks and uncertainties. Prior to making an investment decision, you should carefully consider all of the information in this document, including the following risk factors. You should pay particular attention to the fact that the Issuer is a Singapore-incorporated company and that PT Ciliandra Perkasa and our other operating subsidiaries are Indonesian companies and are governed by a legal and regulatory environment which in many respects may differ from that which prevails in other countries. To the extent it relates to the governments of Singapore or Indonesia or to Indonesian macroeconomic data, the following information has been extracted from official government publications or third party sources and has not been independently verified by us or the Sole Global Coordinator. The risk factors described below are not the only ones that may be relevant to us or our Shares. Save as disclosed in this section "Risk Factors", the Directors are not aware of any relevant material information including trading factors or risks which have materially affected or could materially affect, directly or indirectly, the Group's financial position and results and business operations, and investments by holders of Shares.

Risks Relating to Our Business

We face a number of risks relating to the expansion of our operations and our plantations, which could have a material adverse effect on our business and financial results.

We are currently in a period of expansion and intend to increase the hectarage of our plantations, construct at least two additional mills and acquire further production facilities for our operations over the next three years. We have recently acquired additional land banks through our purchase of three companies and are also considering other expansion opportunities for our plantations and mills. Our expansion plans involve a number of risks, including planting, engineering, construction, regulatory and other significant risks, that may delay or prevent the successful completion or operation of expansion projects or significantly increase our expansion costs. In particular, in order to expand our plantations, we need to obtain a sufficient amount of suitable land and oil palm seedlings. Our ability to successfully complete expansion projects on time is also subject to financing and other risks.

It is possible that our expansion will be adversely affected and/or unsuccessful because:

- Indonesian Government policies could limit our ability to obtain adequate land rights to additional land suitable for plantations;
- we may not be able to expand our current land rights and may not be able to use all of our new land for our planned expansion;
- we may not be able to complete our plantation and mill expansion projects on time or within budget;
- our new or expanded plantations may not be able to produce crops at expected production levels or may cost more to cultivate and harvest than we expect;
- environmental concerns, principles or regulations may limit our ability to expand into the geographic areas or at the speed that we have planned;
- our new or expanded mills may not be able to process fresh fruit bunches at expected production levels or may cost more to operate than we expect;
- we are subject to a number of restrictive covenants and to a cash management arrangement under our U.S. Dollar-denominated Notes that could restrict our operational activities, including our ability to finance or complete our expansion projects; and, as we have pledged certain of our assets, including the

shares of Ciliandra and certain of its bank accounts, to the holders of the Notes, we could lose all or substantially all of our assets in the event of a default under the Notes (see "Description of Material Indebtedness"); and

- we may not be able to sell our additional production volumes at profitable prices.

Any of these factors affecting the success of the expansion of our operations or plantations could have a material adverse effect on our business, financial condition or results of operations.

Outages or extended down-time at our production facilities, adverse weather conditions or other operational risks could have a material adverse effect on our business.

We face a number of operational risks at our mills, our plantations and our planned biodiesel plant. Outages or extended down-time at our mills could cause us to be unable to process our harvested fruit bunches, either at all or within a short period of time, which could lead to a loss of product or diminished product quality. Adverse weather conditions, pests, supply shortages or other operational difficulties at our plantations could reduce the amount or quality of fresh fruit bunches we are able to harvest. See "—Risks Relating to the Palm Oil Industry—We are adversely affected by downturns in harvesting of fresh fruit bunches due to adverse weather conditions, natural disasters and other factors."

Similarly, our processing facilities and plantations, as well as our biodiesel plant, once operational, are also subject to a number of risks, such as fires, explosions, natural disasters, ruptures and spills from product carriers or storage tanks, third-party interference, disruptions of utility services, war or terrorism, communal unrest and mechanical failures of equipment. With regard to our biodiesel plant, any of the foregoing could materially disrupt our biodiesel production and distribution since all of our biodiesel operations will be conducted at a single location. These hazards could also result in environmental pollution, personal injury or wrongful death claims and other damage to our properties or the properties of others. The biodiesel plant may require unscheduled downtime or unanticipated maintenance, which could reduce our revenues and increase our costs during the affected period.

An over-supply of palm oil in the future may adversely affect our results of operations.

Since 1980 there have been significant new plantings of oil palm plantations in Indonesia and Malaysia. As these trees reach maturity, there may be a significant increase in the production and availability of crude palm oil, in particular in Indonesia. If there is no corresponding rise in demand for this increased supply, our pricing and thus our results of operations may be adversely affected by a decrease in prices of crude palm oil resulting from an over-supply. Similarly, a decrease in demand due to consumer preference, competition from other oils and fats or other reasons could have a material adverse effect on our results of operations. See "—Risks Relating to the Palm Oil Industry—Growth in global demand for competing oils and fats may adversely affect our business."

Competition for plantation land in Indonesia and uncertainty regarding Government zoning regulations may adversely affect our business.

Land in Indonesia is subject to Government zoning regulations. The Government assigns undeveloped land for particular uses, including use for palm oil plantations. An entity wishing to use land for a particular purpose must first receive a so-called Location Permit, according to which the land would be zoned for that specific use. After receipt of the permit, the entity must purchase the land from the current owner, and once it owns the land, it may apply for a so-called Right to Cultivate, which would permit the particular use of the land, including operation of a palm oil plantation. We are in possession of land that are in different stages of the regulatory processes described herein. See "Regulatory Environment—Land".

The Regional Government is responsible for allocating undeveloped land in consultation with other related government agencies including the Department of Forestry and Department of Energy and Mineral Resources. Due to the difficulties in producing accurate maps, the Regional Government may assign overlapping or competing Location Permits for different uses for the same area of land. In addition, the zoning regulations assign areas of undeveloped land without taking into account the existence of protected areas such as woodlands. There is a risk that we may be assigned Location Permits for land which contains protected areas that we are unable to use for planting or for land for which there are already competing and conflicting Location Permits. Such conflicts would prevent us from fully utilizing the land. In such an event, we would have to seek additional regulatory approvals, and there can be no assurance that such approvals would be granted.

The construction and commencement of commercial operations of our biodiesel plant involves a number of risks that could have a material adverse effect on our business, financial condition and results of operations.

A key part of our corporate strategy is the completion and commercial operation of our biodiesel plant according to our timetable and budget. We face numerous risks relating to the construction and completion of the biodiesel plant, including:

- a reliance on third-party engineering, procurement and construction contractors to construct and complete the biodiesel plant;
- delays or defects in construction or development;
- engineering, design and technological changes;
- accidents and weather-related delays;
- time and cost overruns and unanticipated expenses;
- changes in market conditions;
- actions of our competitors; and
- regulatory changes and failure to obtain necessary governmental and other relevant approvals.

We estimate a cost of US$40 million for the construction of the biodiesel plant. If we experience delays or cost overruns, we may need to seek additional funds to complete the plant and may not realize our expected or any revenues. In addition, we may need additional financing to fund our regular capital expenditure requirements for our biodiesel plant in the future. Such financing may not be available on commercially reasonable terms or at all, which could inhibit our ability to implement expansions or debottlenecking of the biodiesel plant and limit our ability to increase our revenues in the future.

We intend to begin commercial operations of our biodiesel plant in mid-2008. As we have no experience in operating a biodiesel plant and as the biodiesel industry is relatively new and unproven, we will face a number of risks in the operations of the plant, including accidents, technological disruptions, natural disasters, management failures and fluctuations in supply and demand, as well as fluctuations in the market price for biodiesel and the effect of environmental concerns, political activity or regulatory developments on the biodiesel industry . See "—Outages or extended down-time at our production facilities, adverse weather conditions or other operational risks could have a material adverse effect on our business". We cannot assure you that our new biodiesel plant will work at full capacity or achieve the results we anticipate or results comparable to those of other biodiesel plants. We have no history of operating a biodiesel plant from which you can evaluate our ability to manage our

future biodiesel business. Our prospects must be considered in light of the risks and uncertainties encountered in evolving markets where supply and demand may fluctuate over a short span of time. As a result, we cannot give you any assurance about our future performance or that our business strategy for biodiesel operations will be successful. See "Business—Expansion—Biodiesel production facility".

In addition, our biodiesel operations require various approvals, licenses, registrations and permits, including approvals relating to environmental and health and safety laws and regulations. We have applied and will apply for such approvals and permits but cannot guarantee that we will receive them. In addition, approvals may be subject to certain conditions or to revocation, renewal or modification and can require operational changes, which may involve significant costs or delays. Failure to obtain such approvals or a violation of the conditions of approval or of other legal or regulatory requirements could result in substantial fines, sanctions, permit revocations, injunctions and/or plant shutdowns, which could have a material adverse effect on our results of operations.

For further information on biodiesel, see "The Palm Oil Industry".

Our results of operations are affected by Indonesian Government export taxes.

In 1994, the Indonesian Government imposed an export tax on the export of crude palm oil, refined bleached deodorized olein, crude olein and palm oil-based cooking oil. The Indonesian Government stated that it was imposing these export taxes to control the selling price of refined bleached deodorized olein in the domestic market which had been increasing due, in part, to increases in the world market price for these products. The depreciation of the Indonesian rupiah in 1997 and early 1998 also caused significant increases in the domestic price of refined bleached deodorized olein and made the export of palm oil products comparatively more profitable. As a result, in December 1997, the Indonesian Government imposed an export ban on these products. This ban was fully lifted in April 1998 and replaced with an export tax. This tax was initially in the range of 10% to 40% (depending on the type of product) and was increased to between 20% and 60%. The Indonesian Government reduced the export tax to between 7% and 30% in June 1999. In September 2007, the Indonesian Government changed the export tax rate to between 0% and 10%, to be determined according to a formula based on crude palm oil prices (c.i.f. Rotterdam), as follows: (a) if c.i.f. Rotterdam is less than US$550 the export tax is 0%; (b) if c.i.f. Rotterdam is between US$550 and US$649 the export tax is 2.5%; (c) if c.i.f. Rotterdam is between US$650 and US$749 the export tax is 5.0%; (d) if c.i.f. Rotterdam is between US$750 and US$849 the export tax is 7.5%; and (e) if c.i.f. Rotterdam is above US$850 the export tax is 10.0%.

The export tax and the export ban have discouraged Indonesian palm oil companies from exporting their products, resulting in increased supply and lower domestic prices for these products. This, in turn, has adversely affected our ability to export our products and the prices we can charge for our products in Indonesia. Over the past three full financial years, our export tax payments have amounted to Rp. 0.4 billion, Rp. 1.4 billion and Rp. 0.9 billion, respectively. In addition to being levied directly on our export sales, the export tax also indirectly affects our domestic sales, as our customers pass the tax down to palm oil producers, at least in part.

If the Indonesian Government increases the export tax level, reimposes an export ban on palm oil products or takes other similar actions, our export sales and the prices we can charge in the Indonesian market will be adversely affected.

Our insurance coverage may be insufficient to cover our losses.

We maintain insurance for our mills, inventories, vehicles, heavy equipment and property (including buildings and mills). However, our insurance does not provide business interruption coverage or coverage for losses from plantation fires, disease, pests or certain other natural disasters. As a result, our insurance coverage may be insufficient to cover losses which we might incur.

We may be adversely affected by the imposition and enforcement of more stringent environmental regulations.

We are subject to environmental regulations in Indonesia. Non-compliance with or changes in these environmental regulations could adversely affect us. Indonesian Government environmental agencies have the power to examine and control our compliance with their environmental regulations, which includes the power to impose fines and revoke licenses and land rights. We believe that our operations are currently in compliance in all material respects with applicable Indonesian environmental regulations and standards. However, it is possible that Indonesian governmental agencies will adopt additional regulations that would require us to spend additional funds on environmental matters.

Several non-government organizations ("NGOs") and charities, for example the World Wildlife Fund ("WWF"), maintain an influential presence around the areas of our plantations. They support a variety of causes, for example the protection of indigenous wildlife such as elephants and orangutans from land clearance. There is a risk that these organizations could become increasingly active in our plantation areas and influence change to and enforcement of current environmental regulations. This may require us to increase spending on land preparation, thus affecting our results of operations.

We have applied to become a member of the Roundtable on Sustainable Palm Oil and are committed to implementing the principles that the roundtable has enumerated or will enumerate. Certain of these principles may prevent us from planting additional oil palms on parts of our unplanted landbank if those parts consist of high conservation value forest, protected forest or are otherwise environmentally protected. See "Business—Environmental Considerations".

Environmental regulations in Indonesia are currently less stringent than in the United States and other developed countries. It is possible that these regulations could become more stringent in the future and consequently have an adverse effect on our results of operations.

We may not be able to continue to use, renew or expand our current Indonesian land rights.

In Indonesia, the Government controls all land and land rights although it regularly grants land rights for fixed durations. *Hak Guna Usaha* (Right to Cultivate) are land rights that grant the registered holders of such rights use of the land for a maximum period of 35 years, which can be extended for a further period of 25 years. The intermediate stages of the *Hak Guna Usaha* approval process are the *Ijin Lokasi* (Location Permit) and the *Panitia B* minutes of survey of land, subsequent to which follows the issuance of a Decision Letter on the Granting of *Hak Guna Usaha (Surat Keputusan Pemberian Hak Guna Usaha)*, and the eventual registration of the *Hak Guna Usaha*.

In February 1999, Indonesia's State Minister for Agrarian Affairs issued a decree establishing the Ministry's policy regarding location permit (*Ijin Lokasi*). The decree provides that a company established in the framework of investment that intends to acquire a plot of land must first obtain a location permit. The purpose of this requirement is to give directions to and to control such companies in their land acquisitions.

There can be no assurance that we will be able to obtain *Hak Guna Usaha* or any or all other permits for all of our land, or that we will be able to obtain such permits without undue delay or protracted litigation against third parties or for their maximum periods, or that we will be able to renew such permits upon their expiration. Any such failure, delay or legal dispute could have a material adverse effect on our ability to use the land for our business purposes or to operate or expand our business.

The holder of a location permit is permitted to arrange the clearance of the intended land from all of its existing legal relationships with third parties who own or have an interest over such land, in accordance with the prevailing regulations, and, after the completion of the relinquishment of the intended land by parties who had rights and interests over it, the holder of the location permit may be given a right over such land (as evidenced by the land certificate), which right will authorize the holder to use the land. The decree gives aggregate size limitations for oil palm plantations of 20,000 hectares in one province, with a nationwide limitation of an aggregate of 100,000 hectares.

For those parcels of land that we hold location permits for, there can be no assurance that third parties will not dispute with us or otherwise cause a delay in the land acquisition process. Any lengthy delay in our purchase of such land or obtaining a right to cultivate thereafter, may in turn delay our ability to use the land for our business purposes and such delay could have a material adverse effect on our ability to operate or expand our business.

On August 11, 2004, the Indonesian government enacted Law No. 18 year 2004 concerning Plantation ("Law No.18/2004"), which provides, *inter alia*, that as regards the case of land for a plantation business, the minister in charge of and responsible for managing the plantation sector (the "Minister of Agriculture") shall stipulate the land's maximum area and minimum area of use, while the agency in charge of land affairs shall issue the land titles. Law No. 18/2004 further provides that in determining such maximum and minimum area, the Minister of Agriculture shall be guided by the types of plants, the land availability in view of the agro-climatic conditions, the capital, the factory's capacity, the population density, the business development pattern, the geographical condition and technological development. On February 29, 2007, the Minister of Agriculture issued an implementing regulation, under No. 26/Permentan/OT.140/2/2007 concerning the Guidelines for Licensing of Plantation Business ("Decree No. 26"). Decree No. 26 provides, among other things, a limitation on the size of a plot of land for palm plantation to be owned by one company, namely 100,000 hectares without any territorial limitations. Further, a Plantation Business License (*Ijin Usaha Perkebunan*—IUP) issued prior to the enactment of Decree No. 26 is still valid and serves as a business license for the holder. These regulatory size limitations or any further regulatory limitations on ownership of land for palm oil plantations could have a material adverse effect on our ability to continue to operate our business or to expand our palm oil plantations.

We hold certain uncertificated land, the title to which may be the subject of dispute.

We have entered into various agreements with Indonesian individuals who own uncertificated land under which those individuals have relinquished their title over the land to the State to enable us to obtain a *Hak Guna Usaha* (Right to Cultivate) title on the land. Such land is mainly vacant, and we intend to use it for our future expansion. Since we only have the contractual right to physically possess the land based on our agreements with the previous landowners, we have to apply for a Right to Cultivate title with the Indonesian Government before we are able to obtain valid title to the land. We believe that we have a basis to submit such applications and obtain a Right to Cultivate title over such land as there are currently no disputes over such land. However, Indonesian land law contains numerous uncertainties and continues to evolve. Due to the developing nature of Indonesian land law, disputes over title from previous landowners or any third parties could occur in the future. A dispute may prevent or postpone indefinitely the granting of Right to Cultivate titles to us, and any such event may materially and adversely affect our business, operations and prospects.

Fluctuations in the value of the Rupiah may materially and adversely affect our financial condition and results of operations.

Our functional currency is the Indonesian Rupiah. One of the most important immediate causes of the economic crisis that began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Rupiah as measured against other currencies, such as the U.S. Dollar. Although the Rupiah has appreciated considerably from its low point of approximately Rp17,000 per U.S. Dollar in January 1998, the Rupiah

continues to experience significant volatility. See "Exchange Rate and Exchange Control Information" regarding changes in the value of the Rupiah as measured against the U.S. Dollar in recent periods.

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to accounts held by non-Indonesians at a bank within or outside of Indonesia). However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. There can be no assurance that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of the Rupiah against other currencies, including the U.S. Dollar, will not occur, or that the Government will take additional action to stabilize, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful.

Changes in exchange rates have affected and may continue to affect our results of operations and cash flows. In particular, a sustained and significant appreciation in the value of the U.S. Dollar could have an adverse effect on us. Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults and increases in the price of imports. Any of the foregoing consequences could materially and adversely affect our business, financial conditions, results of operations and prospects.

In addition, substantially all of our sales, while denominated in Rupiah, are referenced to U.S. Dollar-prices for our products, while the majority of our operating costs are denominated in Rupiah. As a result, a depreciation in the value of the U.S. Dollar against the Rupiah could materially and adversely affect our business, operations and prospects. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Factors Affecting Our Results of Operations—Foreign exchange movements, in particular movements of the Rupiah against the U.S. Dollar".

One of our founders and former shareholders has been convicted of corruption in connection with the grant of land use rights for plantations in East Kalimantan, and this conviction could have adverse consequences for our business.

On May 3, 2007 Martias, one of our founders and former shareholders, whose children directly or indirectly own all of our shares (see "Substantial Shareholders"), was convicted of corruption by the Corruption Court at the District Court of Central Jakarta in connection with an investigation by the Corruption Eradication Commission of Indonesia (Komisi Pemberantansan Korupsi or "KPK"). The investigation concerned the grant of land use rights to 11 companies for private plantations from areas reserved as forest in East Kalimantan. In its indictment, the KPK asserted damages for the value of the timber logged and sold of approximately Rp346.8 billion (US$38.3 million). The indictment named the governor of East Kalimantan, three other Government officials and Martias. Martias was sentenced to imprisonment of one year and six months, a fine in the amount of Rp200 million (approximately US$22,000) and damages in the amount of Rp4.6 billion (approximately US$0.5 million).

One of the 11 companies, PT Bumi Sawit Perkasa, has been one of our subsidiaries since 2004. It operated in East Kalimantan in 1999-2002, prior to closing its operations there. During this period, certain of our shareholders, Directors and Commissioners held minority interests in PT Bumi Sawit Perkasa and served as directors and commissioners of that company. PT Bumi Sawit Perkasa was not named as a defendant in the court proceedings, and no sanction was imposed on it by the court. Both Martias and the KPK appealed the court's judgment to the Corruption High Court at the High Court of Jakarta. On August 6, 2007 the High Court affirmed the District Court's judgment. As PT Bumi Sawit Perkasa was not party to the lower court case, it was also not party to the appeal proceedings.

Although our companies have not been involved in the investigation except as noted and have not been affected by the judgment of the lower court and the high court, there can be no assurance that the investigation will not involve us or our shareholders, Directors or Commissioners in the future or another investigation could subject PT Bumi Sawit Perkasa to liability or legal and financial sanctions, any of which could have a material adverse effect on our business. In addition, even though our companies have not been the objects of the KPK investigation, Martias' conviction could materially harm our reputation and our business.

Except as disclosed above, as at the date of this Prospectus, there are no legal or arbitration proceedings in Indonesia that are pending or known to be contemplated that relate to us and to which Martias is a party.

We engage in transactions in the ordinary course of business with related parties.

We engage in transactions in the ordinary course of our business with related parties, namely the leasing of office properties in Pekanbaru and Singapore. We believe we engage in these transactions on an arm's-length basis, in the best interests of First Resources and generally on terms no less favorable to us than the terms of similar transactions with non-related parties. See "Interested Person Transactions and Potential Conflicts of Interest". While we cannot assure you that we will not enter into other related party transactions in the future, we have committed in the indenture governing our 10.75% guaranteed secured notes due 2011 in the future to only engage in related party transactions on an arm's-length basis.

Our growth may be disrupted if we lose the services of our key executives.

There is no assurance that we will be able to retain our key executives. If one or more of our key executives are unable or unwilling to continue in their present positions, or if they join a competitor or form a competing company, we may not be able to replace them easily and may incur additional expenses to recruit and train new personnel, our business may be significantly disrupted and our financial condition and results of operations may be materially and adversely affected. Furthermore, since our industry is characterized by high demand and intense competition for skilled employees, we may need to offer compensation and other benefits that may be substantially higher than what we currently offer in order to attract and retain key executives in the future. We cannot assure you that we will be able to attract or retain the key executives that we have or will need to achieve our business objectives.

The local concentration of our customers may affect our business.

Many of our customers are local palm oil refineries. If there were a significant decline in demand from these local refineries, or if the local refineries ceased to operate in unforeseen circumstances, we may be left with a surplus of crude palm oil which we may be unable to sell within a viable time.

Risks Relating to the Palm Oil Industry

The prices of our products fluctuate depending primarily on international prices.

The prices for our palm oil are based upon or affected by international prices for these products. International prices for our products are affected by a number of factors, including changes in:

- the supply and demand levels for these products;
- world production levels of crude palm oil and other vegetable oils (which tend to be affected principally by global weather conditions);

- world consumption levels of these products; and
- the world economy generally.

Crude palm oil prices (c.i.f. Rotterdam) on the Rotterdam market rose from a low of US$225 per ton in 2001 to a high of US$960 per ton on October 29, 2007. Downward fluctuations in the international prices for these products could adversely affect our results of operations and financial condition. Taxes and other factors, such as Indonesian export taxes and other Government regulations, also affect the prices at which we can sell our products domestically.

Downward movements in the international market prices for crude palm oil and palm kernel could also cause us to realize losses from the changes in the fair value of our palm oil plantations under our accounting standards. See Notes 2.8 and 9a to our consolidated financial statements included elsewhere in this document. Such losses (and gains) from the changes in plantation fair value have been the single most important factor determining the amount of our profits for each of the three years ended December 31, 2006 and the six-month periods ended June 30, 2006 and 2007. As market prices for palm oil and palm kernel, as well as the other factors taken into account in the determination of the fair value of our plantations, such as, in particular, the discount rate used, can fluctuate significantly, it is difficult to predict our profits for any particular period. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Significant Factors Affecting our Results of Operations—Fair value of our biological assets".

We are adversely affected by downturns in harvesting of fresh fruit bunches due to adverse weather conditions, natural disasters and other factors.

The number of oil palm trees which have reached commercial and peak maturity affects the amount of fresh fruit bunches we are able to harvest at our plantations from year to year. In addition, the following factors may also reduce the amount of fresh fruit bunches we are able to harvest:

- unfavorable local and global weather patterns;
- more stringent environmental and conservation regulations;
- natural disasters;
- haze from forest fires;
- labor strikes or other disturbances;
- delay in fertilizer application; and
- disease or crop pests.

In 1997, our plantations were affected by a drought in Indonesia caused by the El Niño weather phenomenon. Insufficient rainfall causes oil palm trees to produce fewer of the flowers that develop into fresh fruit bunches and inhibits the effective fertilizing of oil palm trees. As a result of El Niño, we believe that our harvests of fresh fruit bunches in 1998 and 1999 were reduced.

In 1997, our plantations were also affected by haze from forest fires on the Indonesian island of Sumatra, where all of our plantations are located. We believe that a significant number of these fires were started by small landowners to clear their properties of underbrush. During this period, minor fires occurred at some of our plantations but were promptly extinguished by our plantation employees. We believe that these fires started on land adjacent to our plantations and spread to our plantations. We do not use fire as a method of land clearance, and we do not insure our plantations against fire. See "Business—Insurance".

Our operations may be affected by adverse weather conditions or forest fires in the future. In addition, the Indonesian Government may take actions against us, such as suspending our land rights, if forest fires occur on our plantations or the plantations of other palm oil companies.

Growth in global demand for competing oil and fats may adversely affect our business.

Palm oil is currently the most consumed vegetable oil worldwide. Soybean oil and rapeseed oil are the second and third most consumed vegetable oils, respectively. Recent consumption patterns show palm oil to have the highest rate of growth in demand among all vegetable oils. However, while recently consumption of vegetable oils has exceeded animal oils because they are considered more healthy, this trend may change. Moreover, soybean, palm and rapeseed oils can to some extent be substituted for each other, and there is thus a risk that our business will be affected if demand grows for a competing oil or fat.

We may be adversely affected by expansion of the Plasma Program.

Under Indonesian Government policy, oil palm plantations companies are encouraged to develop new plantations that will be operated by local small landholders. This scheme is known as the Plasma Program. Under the Plasma Program, we are committed to purchase fresh fruit bunches from landholders at a formula price fixed every two weeks by the local government in Riau province. This price is calculated in relation to crude palm oil prices and is approximately the same as the market price of fresh fruit bunches. All plantations in the region must purchase Plasma Program fresh fruit bunches at this price. There can be no assurance, however, that the formula price will continue to approximate the market price.

As we continue to expand our plantations with new plantings, the percentage of our land assigned to the Plasma Program will increase. This may adversely impact our margins as we will be required to purchase a higher proportion of fresh fruit bunches at the formula price which may be greater than the market price. In addition, under the Plasma Program, we are required to invest capital into land-clearing, planting and maintenance activities at small local plantations. While we are reimbursed for these investments after three years by banks that participate in the Plasma Program, these reimbursements are largely at the discretion of the banks and may be less than the actual amount of the costs we incurred with respect to a particular project. In 2005, we incurred losses of Rp2.9 billion in connection with the Plasma Program. In 2004 and 2006, we did not incur any losses in connection with the Plasma Program.

Risks Relating to Indonesia

PT Ciliandra Perkasa is established in Indonesia and substantially all of Ciliandra's assets and operations are located in Indonesia. As a result, future political, economic, legal and social conditions in Indonesia, as well as certain actions and policies that the Government may, or may not, take or adopt could materially and adversely affect our businesses, financial conditions, results of operations and prospects.

Political and social instability in Indonesia may adversely affect our business.

Since the collapse of President Soeharto's regime in 1998, Indonesia has experienced a process of democratic change, resulting in political and social events that have highlighted the unpredictable nature of Indonesia's changing political landscape. These events have resulted in political instability as well as general social and civil unrest on certain occasions in recent years.

For example, since 2000, thousands of Indonesians have participated in demonstrations in Jakarta and other Indonesian cities both for and against former President Wahid, former President Megawati and current President Yudhoyono as well as in response to specific issues, including fuel subsidy reductions, privatization of state-owned enterprises, anti-corruption measures, decentralization and provincial autonomy and the American-led military campaigns in Afghanistan and Iraq. Although these demonstrations have generally been peaceful, some turned violent. Over the past five years, there have been a number of demonstrations and strikes in response to Government-mandated increases in fuel prices, which have led to political tensions and have forced the Government to drop or substantially reduce the proposed increases. There can be no assurance that this situation will not lead to further political and social instability.

Separatist movements and clashes between religious and ethnic groups have resulted in social and civil unrest in parts of Indonesia. In the provinces of Aceh and Papua (formerly Irian Jaya), there have been clashes between supporters of those separatist movements and the Indonesian military. In Papua, continued activity by separatist rebels has led to violent incidents, in the province of Malukus, clashes between religious groups have resulted in casualties and displaced persons, and in the province of Kalimantan, clashes between ethnic groups have produced fatalities and refugees over the past several years. In recent years, the Government has made progress in negotiations with these troubled regions (including the memorandum of understanding which was signed on August 15, 2005 in Helsinki between the Government and the leaders of the Aceh separatist movement), but has not been able to reach a successful resolution of all the outstanding issues and there is no guarantee that the terms of any agreement reached between the Government and the separatists will be upheld. In order to implement the memorandum of understanding, recently a new Law No. 11 of 2006, dated August 1, 2006, on Aceh's government has been passed by the House of Representatives (*Dewan Perwakilan Rakyat/DPR*). The Government completed a withdrawal of most of its military units and a peaceful regional election was held in December 2006. Human rights violators, including those from high-ranking military positions, have recently begun to be more actively prosecuted in Indonesia, most notably with respect to alleged violations occurring in Timor Leste (formerly East Timor), Aceh, Papua and the Malukus. However, the success of these prosecutions has been mixed and many public commentators and demonstrators have criticized the Government's failure to prosecute human rights violations in Indonesia more vigorously.

In 2004, Indonesians directly elected the President, Vice-President and representatives in the Indonesian parliament for the first time through proportional voting with an open list of candidates. At the lower governmental level, Indonesians have started directly electing their respective heads of local governments. Increased political activity can be expected in Indonesia. Although the elections were conducted in a peaceful manner, political campaigns in Indonesia may bring a degree of political and social uncertainty to Indonesia. Political and related social developments in Indonesia have been unpredictable in the past and there can be no assurance that social and civil disturbances will not occur in the future and on a wider scale, or that any such disturbances will not, directly or indirectly, materially and adversely affect our businesses, financial conditions, results of operations and prospects.

Indonesia is located in an earthquake zone and is subject to significant geological risk that could lead to social unrest and economic loss.

The Indonesian archipelago is one of the most volcanically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes and tsunamis, or tidal waves. On December 26, 2004, an underwater earthquake off the coast of Sumatra released a tsunami that devastated coastal communities in Indonesia, Thailand and Sri Lanka. In Indonesia, more than 220,000 people died or were recorded as missing in the disaster. Aftershocks from the December 2004 tsunami have also claimed casualties. On May 27, 2006, another earthquake struck the Indonesian provinces of Yogyakarta and central Java, in which more than 5,000 people died. The most recent earthquakes struck southern Sumatra and the Kepulauan Mentawai region in September 2007.

While these events did not have a significant economic impact on the Indonesian capital markets, the Government has had to expend significant amounts of resources on emergency aid and resettlement efforts in response to the December 2004 tsunami. Most of these costs have been underwritten by foreign governments and international aid agencies. However, there can be no assurance that such aid will continue to be forthcoming, or that it will be delivered to recipients on a timely basis. If the Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Additionally, recovery and relief efforts are likely to continue to strain the Government's finances and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could potentially trigger an event of default under numerous private sector borrowings, including our borrowings, thereby materially and adversely affecting our businesses, financial conditions, results of operations and prospects.

In addition, there can be no assurance that future geological occurrences will not significantly impact the Indonesian economy. A significant earthquake or other geological disturbance in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our businesses, financial condition, results of operations and prospects.

Terrorist attacks on the United States and responses of the United States and/or its allies, terrorist activities in Indonesia and certain destabilizing events in Southeast Asia, have led to substantial and continuing economic and social volatility, which may materially and adversely affect our businesses.

The terrorist attacks on the United States on September 11, 2001, together with the military response by the United States and its allies in Afghanistan and continuing military activities in Iraq, have resulted in substantial and continuing economic volatility and social unrest in Southeast Asia. Recent terrorist attacks in Southeast Asia have exacerbated this volatility. Further developments stemming from these events or other similar events could cause further volatility. Any additional significant military or other response by the United States and/or its allies or any further terrorist activities could also materially and adversely affect international financial markets and the Indonesian economy.

During the last five years in Indonesia, there have been various bombing incidents directed towards the Government and foreign governments, and public and commercial buildings frequented by foreigners, including the Jakarta Stock Exchange Building and Jakarta's Soekarno-Hatta International Airport. On October 12, 2002, over 200 people were killed in a bombing at a tourist area in Bali. On August 5, 2003, a bomb exploded at the JW Marriott Hotel in Jakarta killing at least 13 people and injuring 149 others. On September 9, 2004, a car bomb exploded at the Australian Embassy in Jakarta, killing more than six people. On May 28, 2005, bomb blasts in Central Sulawesi killed 22 people and injured almost 60 people. Most recently, on October 1, 2005, bomb blasts in Bali killed 23 people and injured over 100 others. Indonesian, Australian and U.S. government officials have indicated that these bombings may be linked to an international terrorist organization. Demonstrations have also taken place in Indonesia in response to plans for and subsequent to U.S., British and Australian military action in Iraq. The Indonesian authorities are still investigating these incidents, but have suggested that they may be linked to the activities of certain Islamic militant groups.

There can be no assurance that further terrorist acts will not occur in the future. Following the military involvement of the United States and its allies in Iraq, a number of governments have issued warnings to their citizens in relation to a perceived increase in the possibility of terrorist activities in Indonesia targeting foreign, particularly U.S., interests. Such terrorist acts could destabilize Indonesia and increase internal divisions within the Government as it considers responses to such instability and unrest, thereby adversely affecting investors' confidence in Indonesia and the Indonesian economy. Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and the confidence in, and performance of, the Indonesian economy, and in turn our businesses. In addition, although

such acts have not in the past targeted our assets or those of our customers, there can be no assurance that they will not do so in the future. Our current insurance policies do not cover terrorist attacks. Any terrorist attack, including damage to our infrastructure or that of our customers, could cause interruption to parts of our businesses and materially and adversely affect our financial conditions, results of operations and prospects.

An outbreak of the highly pathogenic avian influenza caused by the H5N1 virus ("avian flu" or "bird flu"), Severe Acute Respiratory Syndrome ("SARS") or other contagious disease may have an adverse effect on the economies of certain Asian countries and may adversely affect our results of operations.

During the last three years, large parts of Asia experienced unprecedented outbreaks of avian flu which, according to a report of the World Health Organization ("WHO") in 2004, "moved the world closer than any time since 1968 to an influenza pandemic with high morbidity, excess mortality and social and economic disruption". As of October 25, 2007, the WHO has confirmed a total of 204 fatalities in a total number of 332 cases reported to the WHO, which only reports laboratory confirmed cases of avian flu. Of these, the Indonesian Ministry of Health reported to WHO 89 fatalities in a total number of 110 cases of avian flu in Indonesia. Perhaps more importantly, the WHO announced in June 2006 that human-to-human transmission of avian flu had been confirmed in Sumatra, Indonesia. Currently, no fully effective avian flu vaccines have been developed and there is evidence that the H5N1 virus is evolving so there can be no assurance that an effective vaccine can be discovered in time to protect against the potential avian flu pandemic. In the first half of 2003, certain countries in Asia experienced an outbreak of SARS, a highly contagious form of atypical pneumonia, which seriously interrupted the economic activities and the demand for goods plummeted in the affected regions. There can be no assurance that an outbreak of avian flu, SARS or other contagious disease or the measures taken by the governments of affected countries against such potential outbreaks, will not seriously interrupt our production operations or those of our suppliers and customers, which may have a material adverse effect on our results of operations. The perception that an outbreak of avian flu, SARS or other contagious disease may occur again may also have an adverse effect on the economic conditions of countries in Asia.

Labor activism and unrest may materially and adversely affect our business.

Laws permitting the formation of labor unions, combined with weak economic conditions, have resulted, and may continue to result, in labor unrest and activism in Indonesia.

On February 25, 2003, the Indonesian House of Representatives passed Law No. 13/2003 (the "Labor Law"). The Labor Law took effect on March 25, 2003 and requires further implementation of regulations that may substantively affect labor relations in Indonesia. The Labor Law requires bipartite forums with participation from employers and employees and the participation of more than 50.0% of the employees of a company in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes.

Labor unrest and activism in Indonesia could disrupt our operations, the operations of our suppliers or contractors and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Jakarta Stock Exchange or other stock exchanges and the value of the Rupiah relative to other currencies. Such events could materially and adversely affect our business, financial condition, results of operations and prospects.

Wage inflation in Indonesia may adversely affect our business.

Our business is heavily reliant on low-cost labor for harvesting and transporting fresh fruit bunches. In recent years wages in Indonesia have risen as a result the devaluation of the Rupiah, fuel price increases and

general price increases throughout the country. Over the past five years, the minimum wage in Indonesia increased between 9% and 22% per year. Any national inflation of wages will have a significant impact on the operating costs of our business and thus on our profit margin.

Domestic, regional or global economic changes may materially and adversely affect the Indonesian economy and our business.

The Asian economic crisis of 1997 had a significant, adverse impact on Indonesia, causing, among other effects, a significant depreciation in the value of the Rupiah, the depletion of Indonesia's currency reserves, a significant decline in real GDP, a down-grade of Indonesia's sovereign credit and the credit ratings of a large number of Indonesian companies and banks, high interest rates, severe social unrest and extraordinary political developments. After a period of low levels of growth from 1999 to 2002, the growth rate of the Indonesian economy improved to 4.9% in 2004, 5.7% in 2005 and 5.5% in 2006. However, Indonesia's economy remains volatile, and another economic downturn could have a material adverse effect on our business and results of operations.

Indonesia continues to have a large fiscal deficit and high levels of sovereign debt. Indonesia's foreign currency reserves are small, the Rupiah is volatile with poor liquidity, and the banking sector suffers from high levels of non-performing loans. Requirements for Government funding in areas affected by natural disasters such as the December 2004 tsunami, as well as increasing oil prices, may increase Indonesia's fiscal deficit. Inflation remains high, with an annual inflation rate of 17.1% in 2005, 6.6% in 2006 and 6.0% in 2007 (as at May 2007) according to Government estimates. Interest rates in Indonesia have also been volatile in recent years, which has had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness. Due to inflationary pressures caused by oil price increase, Bank Indonesia pursued a tight monetary policy by absorbing excess liquidity and raising interest rates. Since May 2006, however, Bank Indonesia has reduced interest rates, most recently on June 7, 2007, when it reduced its benchmark one-month rate to 8.50% from 12.50% on June 6, 2006.

Indonesia also depends heavily on funding from international agencies and on the support of these agencies and foreign governments to prevent sovereign debt defaults. Total external indebtedness of the Government and the Indonesian private sector amounted to US$74.1 billion as of December 31, 2006, which was approximately 21.0% of Indonesia's GDP for the first three quarters of 2006 (on an annualized basis). Approximately two-thirds of the Government's debt comes from the "Paris Club", an informal voluntary group of 18 creditor countries, and the Consultative Group on Indonesia ("CGI"). In addition, the World Bank has been another important source of funds for Indonesia. It has cited the slow pace of institutional reforms in Indonesia, as well as concern that the Government's decentralization plan, particularly the empowerment of provincial governments to borrow, could lead to the central Government's inability to service its debts.

As a result of the Government's decision to exit the IMF program in 2003, Indonesia is no longer eligible for debt restructurings through the Paris Club. At the beginning of 2007, the CGI was dissolved in favor of bilateral donor assistance. In response to the December 2004 tsunami, the Paris Club offered Indonesia a deferred payment plan whereby the deferred amounts will be repaid over five years with a one-year grace period. As a result of this plan, Indonesia's debt service payments decreased by US$2.6 billion in 2005 and then increased by US$0.4 billion in 2006. The remaining US$2.2 billion is expected to be paid by the Government through increases in scheduled debt service payments from 2007 to 2009. In addition, no assurance can be given that the credit ratings of Indonesia or of Indonesian companies will not be downgraded, as they were in response to the 1997 economic crisis, which could have an adverse impact on liquidity in the Indonesian financial markets and on the ability of the Government and Indonesian companies, including us, to raise additional financing, either on commercially acceptable terms or at all.

The inability of the Government to obtain adequate funding, as a result of a ratings downgrade, or a reduction or elimination of funding from the World Bank, the Paris Club, CGI, or otherwise, could have adverse economic, political and social consequences in Indonesia. There can be no assurance that an economic downturn in Indonesia and the rest of the Asia Pacific region will not occur in the future. In particular, a loss of investor confidence in the financial systems of emerging or other markets (in Indonesia or elsewhere) or a number of other factors could cause increased volatility in the Indonesian financial markets and inhibit or reverse the growth of the Indonesian economy. Any such downturn could have a material adverse effect on our business, financial condition and results of operations.

Risks Relating to our Shares

Upon completion of the Offering, some of our substantial Shareholders will continue to own a significant amount of our Shares.

Immediately after this Offering, Eight Capital Inc. will own 73.3% of our Shares (assuming the Over-allotment Option is exercised in full). No assurance can be given that Eight Capital Inc.'s objectives as shareholder will not conflict with our business goals and objectives or with those of our other shareholders. Eight Capital Inc. may also be able to deter or delay a future takeover or change of control of the Issuer. See "Major Shareholders".

We may not be able to pay dividends to our shareholders.

We conduct all of our operations through our subsidiaries and associated companies. Accordingly, an important source of our income, and consequently an important factor in our ability to pay dividends on our Shares, are the dividends and other distributions received from our subsidiaries and associated companies, in particular PT Ciliandra Perkasa. These companies' ability to pay dividends and make other distributions may depend on their subsidiaries' and associated companies' earnings and cash flows and are subject to laws and regulations (including tax laws) in each jurisdiction and any restrictive loan covenants applicable to them. In the event of a subsidiary's liquidation, there may not be sufficient assets for us to recoup our investment. See "Description of Material Indebtedness".

For a description of our dividend policy, see "Dividends".

Market and economic conditions may affect the market price and demand for our Shares.

Movements in domestic and international securities markets, economic conditions, foreign exchange rates and interest rates may affect the market price and demand for our Shares. As our Shares will be quoted in Singapore Dollars on the SGX-ST, dividends, if any, in respect of our Shares will be paid in Singapore Dollars. Fluctuations in the exchange rate between the Singapore Dollar and other currencies (including the Indonesian Rupiah and the U.S. Dollar) will affect, amongst other things, the foreign currency value of the proceeds which a shareholder would receive upon sale in Singapore of our Shares and the foreign currency value of dividend distributions. See "Exchange Rate and Exchange Control Information".

The sale or possible sale of a substantial number of our Shares by our substantial Shareholders in the public market following the Offering could adversely affect the price of our Shares.

Following the Offering, we will have 1,468,459,221 issued and existing Shares, of which 1,075,800,130 million Shares, or 73.3%, will be held by Eight Capital Inc. (assuming the Over-allotment Option is exercised in full). Our Shares will be tradable on the Main Board of the SGX-ST following listing. Under the lock-up arrangements (as described in the section "Plan of Distribution—Lock-ups") the transfer of our Shares by our

substantial shareholders will be restricted for a period lasting until the date falling six months from the Listing Date. If, in the limited circumstances permitted under the lock-up arrangement during the said period or upon the expiration of the lock-up arrangement, any of the existing Shareholder sells or is perceived as intending to sell a substantial amount of Shares, the market price for the Shares could be adversely affected. (See "Plan of Distribution—Restrictions on Disposals and Issues of Shares—Disposals in the Lock-up Period".)

Singapore law may not protect shareholders as extensively as other jurisdictions.

Our corporate affairs are governed by our Memorandum and Articles of Association, by the laws governing corporations incorporated in Singapore and will be governed by the Listing Manual upon our admission to the Main Board of the SGX-ST. The rights of our Shareholders and the responsibilities of our Management and the Board of Directors under Singapore law may be different from those applicable to a company incorporated in another jurisdiction. Major shareholders of Singapore companies do not owe fiduciary duties to minority shareholders, as compared, for example, to controlling shareholders in the United States. Our public Shareholders may have more difficulty in protecting their interests in connection with actions taken by our Management, members of our Board of Directors or our major Shareholders than they would as shareholders of a company incorporated in another jurisdiction. (See "Description of Our Shares—Minority Rights".)

Corporate disclosure and accounting standards in Singapore may vary from those in other jurisdictions.

There may be different publicly available information about companies listed on the SGX-ST, such as ours, than is regularly made available by public companies in the United States and in other jurisdictions. These differences include the timing and content of disclosure of beneficial ownership of equity securities of officers, directors and significant shareholders; officer certification of disclosure and financial statements in periodic public reports; and disclosure of off-balance sheet transactions in management's discussion of results of operations in periodic public reports.

In addition, the financial statements of our Company are prepared in accordance with Singapore FRS, which differs in material significant respects from U.S. GAAP. (See "Summary of Principal Differences between Singapore FRS and U.S. GAAP".) We have not quantified or identified the effects of the aforementioned differences between Singapore FRS and U.S. GAAP in this document. Accordingly, there can be no assurance, for example, that profit after taxation distributable by us and share capital and reserves reported in accordance with Singapore FRS would not be lower if determined in accordance with U.S. GAAP. Potential investors should consult their own professional advisers if they want to understand the differences between Singapore FRS and U.S. GAAP and how they might affect the information contained herein.

Singapore law contains provisions that could discourage a takeover of the Issuer.

Sections 138, 139 and 140 of the Securities and Futures Act and the Singapore Code on Take-overs and Mergers (collectively, the "Singapore Takeover and Merger Laws and Regulations") contain certain provisions that may delay, deter or prevent a future takeover or change in control of the Issuer for so long as our Shares are listed for quotation on the SGX-ST. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of our voting Shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of our voting Shares, and he (or parties acting in concert with him) acquires additional voting Shares representing more than 1.0% of our voting Shares in any six-month period, must, except with the consent of the Securities Industry Council, extend a takeover offer for the remaining voting Shares in accordance with the provisions of the Singapore Takeover and Merger Laws and Regulations. While the Singapore Takeover and Merger Laws and Regulations seek to ensure equality of treatment among shareholders, their provisions may discourage or prevent certain types

of transactions involving an actual or threatened change of control of our Company. Some of our shareholders, which may include you, may therefore be disadvantaged as a transaction of that kind might have allowed the sale of Shares at a price above the prevailing market price. (See "Description of Our Shares—Takeovers".)

Overseas shareholders may not be able to participate in future rights offerings or certain other equity issues we may make.

If we offer or cause to be offered to holders of our Shares rights to subscribe for additional Shares or any right of any other nature, we will have discretion as to the procedure to be followed in making such rights available to holders of our Shares or in disposing of such rights for the benefit of such holders and making the net proceeds available to such holders. We may choose not to offer such rights to the holders of our Shares having an address in a jurisdiction outside Singapore. For instance, we will not offer such rights to the holders of our Shares who are U.S. persons (as defined in Regulation S) or have a registered address in the United States unless:

(i) a registration statement is in effect, if a registration statement under the Securities Act is required in order for us to offer such rights to holders and sell the securities represented by such rights; or

(ii) the offering and sale of such rights or the underlying securities to such holders are exempt from registration under the provisions of the Securities Act.

We have no obligation to prepare or file any registration statement under the Securities Act. Accordingly, shareholders who are U.S. persons (as defined in Regulation S) or have a registered address in the United States may be unable to participate in rights offerings and may experience a dilution in their holdings as a result.

Our Shares have never been publicly traded and the Offering may not result in an active or liquid market for our Shares.

Prior to the Offering, there has been no public market for our Shares and an active public market for our Shares may not develop or be sustained after the Offering. We have received a letter of eligibility from the SGX-ST to have our Shares listed and quoted on the SGX-ST. Listing and quotation does not, however, guarantee that a trading market for our Shares will develop or, if a market does develop, the liquidity of that market for our Shares.

The Offering Price of our Shares under the Offering has been determined following a book-building process by agreement between the Sole Global Coordinator, the Vendor and us and may not be indicative of prices that will prevail in the trading market. You may not be able to resell your Shares at a price that is attractive to you.

The trading prices of our Shares could be subject to fluctuations in response to variations in our results of operations, changes in general economic conditions, changes in accounting principles or other developments affecting us, our customers or our competitors, changes in financial estimates by securities analysts, the operating and stock price performance of other companies and other events or factors, many of which are beyond our control. Volatility in the price of our Shares may be caused by factors outside of our control or may be unrelated or disproportionate to our results of operations.

It may be difficult to assess our performance against either domestic or international benchmarks.

Although it is currently intended that our Shares will remain listed on the SGX-ST, there is no guarantee of the continued listing of our Shares.

You will incur immediate dilution and may experience further dilution in the value of your Shares.

The Offering Price of our Offering Shares is a multiple of the value of our Share based on our issued share capital as at the date of lodgment of this Prospectus with the Authority. Investors who purchase our Shares in the Offering will therefore experience immediate and significant dilution of S$0.76 per Share (based on the Offering Price). See "Dilution".

In addition, we may grant options to acquire new Shares under our Share Option Scheme and Performance Share Plan to our Directors and employees. If and when such options are granted and are ultimately exercised, there may be a dilution to the investors in the Offering. (See "Appendix 1—Summary of Share Option Scheme" and "Appendix 2—Summary of Performance Share Plan")

The Singapore securities market is relatively small which may cause the market price of our Shares to be more volatile.

The SGX-ST is relatively small and may be more volatile than stock exchanges in the United States and certain other countries. As at June 30, 2007, there were 558 and 164 companies listed and quoted on the Main Board of the SGX-ST and the SGX-ST Dealing and Automated Quotation System, respectively, and the aggregate market capitalization of listed equity securities of these companies was approximately S$773.3 billion. The relatively small market capitalization of, and trading volume on, the SGX-ST, compared to certain other global stock exchanges, may cause the market price of securities listed on the SGX-ST, including our Shares, to fluctuate more than those listed on larger global stock exchanges.

There may be difficulties in enforcing foreign judgments against us, our Directors and our Management.

We are incorporated in Singapore. All of our Directors reside outside the United States, and most of the members of our Management reside in Indonesia. All or a substantial portion of our and such persons' assets are located outside the United States. As a result, it may be difficult or impossible for investors to effect service of process upon us or such persons within the United States or other jurisdictions, or to enforce against us or such persons in such jurisdiction judgments obtained in courts of that jurisdiction, including judgments predicated upon the civil liability provisions of the federal securities laws of the United States.

In addition, most of our Executive Directors and Management reside outside Singapore. All or a substantial portion of our or such persons' assets are located outside Singapore. As a result, it may be difficult or impossible for investors to effect service of process upon such persons within Singapore, or to enforce against us or such persons' judgments obtained in the Singapore courts.

In particular, investors should be aware that judgments of the United States courts based upon the civil liability provisions of the federal securities laws of the United States are not enforceable in Singapore and Indonesian courts and there is doubt as to whether Singapore or Indonesian courts will enter judgments in original actions brought in Singapore or Indonesian courts based solely upon the civil liability provisions of the federal securities laws of the United States.

USE OF PROCEEDS

Based on the Offering Price of S$1.10 for each Offering Share and assuming the Over-allotment Option is not exercised, the gross proceeds to us from the Offering will be approximately S$192.5 million (US$132.6 million). We estimate that, after deducting our share of the underwriting fees, commissions and other estimated expenses of the Offering, the net proceeds to us from the Offering will be approximately S$185.3 million. We will not receive any of the proceeds from the sale of the Vendor Shares or the Additional Shares (if the over-allotment option is exercised) by the Vendor.

We intend to use these net proceeds as follows:

- approximately S$89.5 million to expand our planted hectarage, construct additional mills and acquire further production facilities. We are currently considering expansion opportunities for our plantations and mills but we are not in any negotiations with third parties and have not concluded any agreements for such acquisitions;

- approximately S$81.2 million to purchase an additional 63% shareholding in our associated company PT Meridan Sejatisurya Plantation and the remaining 38% shareholding in our subsidiary PT Pancasurya Agrindo. See "Our Restructuring"; and

- the remainder for working capital and general corporate purposes.

Pending utilization of the net proceeds as described above, the funds may be placed in short-term deposits with banks or financial institutions or invested in money market instruments as our Directors may deem fit.

For each Singapore Dollar of the gross proceeds to the Issuer from the Offering, we will use:

- approximately 3.7 Singapore cents to pay for expenses incurred in connected with the Offering;

- approximately 46.5 Singapore cents to expand our planted hectarage, construct additional mills and acquire further production facilities;

- approximately 42.2 Singapore cents to purchase an additional 63% shareholding in our associated company PT Meridan Sejatisurya Plantation and the remaining 38% shareholding in our subsidiary PT Pancasurya Agrindo; and

- approximately 7.6 Singapore cents for working capital and general corporate purposes.

The amounts described above could potentially vary. We expect that the timing and final amount of disbursements to be made for the foregoing purposes shall be determined by the Directors with a view to obtaining the optimum benefit for us. However, future events or developments, such as changes in economic, political or other conditions in the locations where we operate, or events that may have a material adverse effect on palm oil or biodiesel industries in general, among other factors, may make a change in the use of the net proceeds from that specified above necessary or advisable, subject to the proper and timely public disclosure of such intended changes through SGXNET. In addition, we may not be able to use the net proceeds to make certain acquisitions or investments identified by the Directors that require prior shareholder and/or regulatory approval if such approval is not forthcoming.

Expenses

We estimate that the expenses payable by us in connection with the Offering and the application for listing, including the underwriting and selling commission (assuming no incentive fee is payable), fees and all other incidental expenses relating to the Offering, will amount to approximately S$7.2 million (assuming the Over-allotment Option is not exercised). The following table sets out a breakdown of these expenses, both in absolute terms and as a percentage of the gross proceeds from the Offering:

	S$ million	As a percentage of gross proceeds of the Offering %
Underwriting and selling commission (assuming no incentive fee is payable)	5.3	2.8
Professional and accounting fees	1.4	0.7
Printing and advertising	0.5	0.3
Total	7.2	3.8

We and the Vendor will pay the Sole Global Coordinator, as compensation for its services in connection with the Offering, a combined underwriting and selling commission (assuming no incentive fee is payable) amounting to 2.75% of the total gross proceeds of the Offering. We and the Vendor will pay these expenses on a pro rata basis in proportion to the number of shares offered by the Vendor and us. (See "Plan of Distribution")

DIVIDENDS

Statements contained in this "Dividends" section that are not historical facts are forward-looking statements. Such statements are subject to certain risks and uncertainties that could cause actual results to differ materially from those which may be forecast and projected. Investors are cautioned not to place undue reliance on these forward-looking statements that speak only as of the date hereof. See "Notice to Investors—Forward-looking Statements".

As part of the preparation for the Offering, our Board of Directors has considered the general principles that it currently intends to apply when recommending dividends for approval by our shareholders or when declaring any interim dividends. The actual dividend that our Directors may recommend or declare in respect of any particular financial year or period will be subject to the factors outlined in this section as well as any other factors deemed relevant by our Board of Directors. In determining our dividend payout ratio in respect of any particular financial year, we will take into account the following factors when considering the level of dividend payments :

- the level of our cash, gearing, return on equity and retained earnings;
- our expected financial performance;
- our projected levels of capital expenditure and other investment plans;
- the dividend yield of similar and comparable companies; and
- restrictions on payment of dividend that may be imposed on us by our financing arrangements.

We have not paid any dividends in the past three principal years. If we pay an annual dividend in respect of a financial year, the dividend would generally be paid in the second or third quarter of the following financial year. If we begin to pay dividends, we may declare dividends to be approved by ordinary resolution of our shareholders at a general meeting, but are not permitted to pay dividends in excess of the amount recommended by our Board of Directors. Our Board of Directors may, without the approval of our shareholders, also declare an interim dividend. We must pay all dividends out of our profits. To the extent that we declare dividends, we anticipate that they will be paid in Singapore Dollars. (See "Description of Our Shares—Summary of Our Articles of Association".)

Certain of our existing financing arrangements place restrictions on our payment of dividends. These covenants restrict certain of our subsidiaries from declaring or paying any dividends subject to a number of financial covenants, relating to, amongst other things, operating and capital expenditures and cash flows or if there is an event of default under the relevant financing arrangements. (See "Description of Material Indebtedness" and "Risk Factors—Risks Relating to our Shares—We may not be able to pay dividends to our shareholders.) See "Taxation" for information relating to taxes payable on dividends.

Our Indonesian subsidiaries declare and pay cash dividends, if any, in Indonesian Rupiah, which are converted into Singapore Dollars. Dividends paid to us by our Indonesian subsidiaries are subject to Indonesian withholding tax. See "Certain Tax Considerations—Singapore Taxation—Dividend Income". Our Company will pay cash dividends, if any, in Singapore Dollars. Shareholders whose Shares are held through CDP will receive their dividends in Singapore Dollars.

The Rupiah has experienced significant volatility in recent years, and additional depreciation of the Rupiah against the Singapore Dollar will affect our future profitability and ability to pay dividends in Singapore Dollars. (See "Risk Factors—Risks Relating to Our Business—Depreciation in the value of the Rupiah may materially and adversely affect our financial condition and results of operations".)

You should note that all the foregoing statements (being non-legally binding statements) are merely statements of our present intention and shall not constitute legally binding statements in respect of our future dividends, which may be subject to modification (including reduction or non-declaration thereof) in our Directors' sole and absolute discretion.

No inference should or can be made from any of the foregoing statements as to our actual future profitability or our ability to pay dividends in any of the periods discussed.

CAPITALIZATION

The following table sets forth our cash and bank balances, short-term debt, long-term debt, shareholders' equity and total capitalization as of September 30, 2007 on a historical basis and as adjusted to give effect to the issue and sale of the Issue Shares at the Offering Price and the application of the net proceeds thereof as described in "Use of Proceeds" but not including the effects of the Acquisitions. You should read the as adjusted capitalization data set forth in the table below in conjunction with "Use of Proceeds", "Selected Financial and Other Information", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the accompanying notes included elsewhere in this document. U.S. Dollar figures in the table below have been converted from Rupiah at the rate of Rp9,140 = US$1.00, the Bank Indonesia exchange rate on September 30, 2007.

	As of September 30, 2007					
	Actual		As adjusted for the Offering[1]		Other Adjustments[2]	
	Rp (in millions)	US$ (in thousands)	Rp (in millions)	US$ (in thousands)	Rp (in millions)	US$ (in thousands)
Cash and bank balances[3]	484,302	52,987	1,650,802	180,613	2,150,802	235,318
Loans and borrowings from financial institutions—short term portion	11,544	1,263	11,544	1,263	11,544	1,263
Loans and borrowings from financial institutions—long term portion	8,495	929	8,495	929	8,495	929
Bonds payable[2]	—	—	—	—	500,000	54,705
Notes payable	1,411,256	154,404	1,411,256	154,404	1,411,256	154,404
Total debt[4]	1,431,295	156,596	1,431,295	156,596	1,931,295	211,301
Equity:						
Share capital	444,814	48,667	1,621,321	181,252	1,621,321	181,252
Differences arising from restructuring transactions involving entities under common control	314,413	34,400	314,413	34,400	314,413	34,400
Translation reserve	(6,774)	(741)	(6,774)	(741)	(6,774)	(741)
Retained earnings	586,994	64,223	576,987	63,127	576,987	63,127
Minority Interests	659,421	72,147	659,421	72,147	659,421	72,147
Total shareholders' equity	1,998,868	218,696	3,165,368	350,185	3,165,368	350,185
Total capitalization	3,430,163	375,292	4,596,663	506,781	5,059,663	561,486

Notes:

(1) Adjusted to give effect to the sale of 175,000,000 Offering Shares at the Offering Price of S$1.10 at an exchange rate of S$1.4519 = US$1.00.

(2) Adjusted to give effect to the issuance of the 2007 Rupiah Bonds as described under "Summary—The Financings". The exchange rate used is Rp9,140 = US$1.00.

(3) Cash and bank balances "as adjusted for the Offering" includes actual cash (Rp484,302 million) and proceeds from the Offering after deducting expenses of the Offering.

(4) Total debt represents long-term and short-term loans and borrowings, net bonds payable and net notes payable.

DILUTION

Dilution caused by the Offering represents the amount by which the price paid by the subscribers and/or purchasers of our Shares in the Offering exceeds the net tangible asset ("NTA") value per Share immediately after the completion of the Offering. NTA value per Share is determined by subtracting our total liabilities from the total book value of our tangible assets excluding minority interests and dividing the difference by the number of our issued Shares outstanding immediately before the Offering. Our NTA value per Share as of June 30, 2007 was US$0.12 per Share based on the number of Shares issued as at November 28, 2007.

After giving effect to the issue and offer of 175,000,000 Issue Shares (but excluding the issue of the Consideration Shares) at the Offering Price of S$1.10 for each Issue Share (or US$0.76 based on an exchange rate of S$1.4519=US$1.00, the Noon Buying Rate on the Latest Practicable Date) and after deducting our share of the estimated commissions and other expenses of the Offering, our NTA value per Share as of June 30, 2007 would be US$0.23 per Share. This represents an immediate increase in NTA value of US$0.11 per Share to existing shareholders and an immediate dilution in NTA value of US$0.53 per Share to new investors. We have not adjusted the NTA value per Share to take into account the acquisitions of MSSP and PSA.

The following table illustrates the per share dilution as of June 30, 2007 based on the Offering Price of S$1.10 per Offering Share:

Offering Price per Share	S$ 1.10
NTA per Share as of June 30, 2007 based on the number of shares as at November 28, 2007	US$0.12
Increase in NTA per Share to existing shareholders attributable to the Offering	US$0.11
NTA per Share as adjusted for the Offering (assuming that the Over-allotment Option is not exercised)	US$0.23
Dilution in NTA per Share to new public investors	US$0.53
Dilution in NTA per Share to new public investors (as a percentage of Offering Price)	69.7%

The issue of new Shares pursuant to the vesting of options and awards granted under the Share Option Scheme and the Performance Share Plan would have a further dilutive effect on new investors in the Offering. The total number of new Shares over which awards may be granted pursuant to our plan may be up to 15% of our total issued share capital as of the day preceding the relevant grant date.

Where there has been a substantial disparity between the Offering Price and the average effective cash cost per Share to our Directors, substantial shareholders and their Associates of Shares acquired by them directly from us during the period of three years prior to the date of lodgment of this document, the following table summarizes the total number of Shares held by our Shareholders, the total consideration paid by them and the average effective cash cost per Share to our Shareholders as well as to our new public shareholders pursuant to the Offering:

	Number of Shares Acquired	Total Consideration	Average Effective Cash Cost per Share
		S$	S$
Eight Capital Inc.	1,159,550,130	77,303,342	0.07
New public shareholders (excluding purchase of Vendor Shares)	175,000,000	192,500,000	1.10

EXCHANGE RATE AND EXCHANGE CONTROL INFORMATION

Exchange Rates

Prior to August 14, 1997, Bank Indonesia maintained the value of the Rupiah based on a basket of currencies of Indonesia's main trading partners. In July 1997 the exchange rate band was widened, and on August 14, 1997, Bank Indonesia announced it would no longer intervene to maintain the exchange rate at any particular level, if at all.

The following tables show the exchange rates of Rupiah for U.S. Dollars, Rupiah for Singapore Dollars and Singapore Dollars for U.S. Dollars, each based on the middle exchange rates during the periods indicated. The Rupiah middle exchange rate is calculated based on Bank Indonesia's buying and selling rate. The Singapore Dollar-to-U.S. Dollar exchange rate is based on the noon buying rate of The Federal Reserve Bank of New York. The Federal Reserve Bank of New York does not certify for customs purposes a noon buying rate for cable transfers in Indonesian Rupiah. No representation is made that the amounts referred to herein could have been or could be converted into U.S. Dollars, Singapore Dollars or Rupiah, as the case may be, at any particular rate or at all.

For full years, the high and low amounts in the tables below are determined based on the month-end middle exchange rates announced by Bank Indonesia during the year indicated. For monthly figures, the high and low figures are determined based on the daily middle exchange rates during the month indicated. For full years, the average shown is calculated based on the middle exchange rate announced by Bank Indonesia on the last day of each month during the year indicated. For monthly figures, the average shown is calculated based on the daily middle exchange rates during the month indicated.

Rupiah per U.S. Dollar

	At Period End	Average	High	Low
	(Rp per US$1.00)			
2002	8,940	9,261	10,320	8,730
2003	8,465	8,571	9,120	8,165
2004	9,290	8,985	9,430	8,323
2005	9,830	9,751	10,800	9,133
2006	9,020	9,163	9,795	8,720
2007:				
January	9,090	9,068	9,135	8,950
February	9,160	9,068	9,160	9,045
March	9,118	9,164	9,225	9,100
April	9,083	9,098	9,120	9,080
May	8,828	8,844	9,083	8,672
June	9,054	8,984	9,114	8,779
July	9,187	9,073	9,212	8,979
August	9,349	9,372	9,495	9,235
September	9,140	9,299	9,483	9,102
October (until October 29)	9,093	9,103	9,169	9,021

Source: Bank Indonesia

Note: Bank Indonesia has not consented for the purposes of Section 249 of the Securities and Futures Act to the inclusion of the exchange rates quoted above which are publicly available and is thereby not liable for these statements under Sections 253 and 254 of the Securities and Futures Act. We have included the above exchange rates in their proper form and context and have not verified the accuracy of these statements. We are not aware of any disclaimers made by Bank Indonesia in relation to these quotes.

Rupiah per Singapore Dollar

	At Period End	Average	High	Low
		(Rp per S$1.00)		
2002	5,154	5,201	5,692	4,742
2003	4,977	4,921	5,154	4,665
2004	5,686	5,283	5,709	4,895
2005	5,907	5,831	6,417	5,581
2006	5,879	5,767	5,958	5,543
2007:				
January	5,914	5,901	5,901	5,846
February	5,994	5,913	5,913	5,881
March	6,012	6,010	6,010	5,974
April	5,979	6,006	6,006	5,979
May	5,772	5,810	5,810	5,670
June	5,908	5,846	5,927	5,739
July	6,060	5,986	6,086	5,895
August	6,134	6,153	6,204	6,093
September	6,158	6,155	6,238	6,067
October (until October 29)	6,263	6,207	6,305	6,120

Source: Bank Indonesia

Note: Bank Indonesia has not consented for the purposes of Section 249 of the Securities and Futures Act to the inclusion of the exchange rates quoted above which are publicly available and is thereby not liable for these statements under Sections 253 and 254 of the Securities and Futures Act. We have included the above exchange rates in their proper form and context and have not verified the accuracy of these statements. We are not aware of any disclaimers made by Bank Indonesia in relation to these quotes.

Singapore Dollar per U.S. Dollar

	At Period End	Average	High	Low
		(S$ per US$1.00)		
2002	1.7352	1.7909	1.8525	1.7310
2003	1.6990	1.7427	1.7838	1.6990
2004	1.6319	1.6902	1.7291	1.6308
2005	1.6628	1.6642	1.7058	1.6180
2006	1.5338	1.5901	1.6521	1.5338
2007:				
January	1.5362	1.5373	1.5428	1.5316
February	1.5281	1.5333	1.5424	1.5258
March	1.5173	1.5242	1.5338	1.5151
April	1.5197	1.5150	1.5208	1.5109
May	1.5307	1.5231	1.5331	1.5138
June	1.5300	1.5367	1.5439	1.5300
July	1.5157	1.5156	1.5230	1.5046
August	1.5242	1.5226	1.5349	1.5105
September	1.4840	1.5103	1.5267	1.4840
October (until October 29)	1.4519	1.4662	1.4836	1.4519

Source: Federal Reserve Bank of New York

Note: The Federal Reserve Bank of New York has not consented for the purposes of Section 249 of the Securities and Futures Act to the inclusion of the exchange rates quoted above which are publicly available and is thereby not liable for these statements under Sections 253 and 254 of the Securities and Futures Act. We have included the above exchange rates in their proper form and context and have not verified the accuracy of these statements. We are not aware of any disclaimers made by the Federal Reserve Bank of New York in relation to these quotes.

The exchange rates on June 30, 2007 were Rp9,054 = US$1.00, Rp5,908 = S$1.00 and S$1.53 = US$1.00. The exchange rates on the Latest Practicable Date were Rp9,093 = US$1.00, Rp6,263 = S$1.00 and S$1.4519= US$1.00.

Exchange Controls

Currently, no foreign exchange control restrictions exist in Indonesia. The Rupiah and foreign currency have been, and in general are, freely convertible. Bank Indonesia has introduced regulations to prohibit the movement of Rupiah from banks within Indonesia to banks located offshore, thereby limiting offshore trading to existing sources of liquidity. The movement of Rupiah to foreign parties (which include foreign citizens, foreign legal entities, foreign bodies, Indonesian citizens having permanent resident status in another country and not domiciled in Indonesia, offices of Indonesian banks and Indonesian companies located offshore) within banks in Indonesia without certain underlying trade or investment reasons is also prohibited. In addition, there is a reporting requirement to Bank Indonesia of foreign exchange transactions carried out through banks or non-bank financial institutions (for example, insurance companies, securities companies, finance companies or venture capital companies) in Indonesia. The requirement is imposed on the relevant Indonesian banks or non-bank financial institutions that carried out the transactions. There is also a reporting requirement to Bank Indonesia imposed on certain activities of Indonesian companies with regard to their offshore financial assets and liabilities that are not carried out through the Indonesian banking system. There are no restrictions under Indonesian law that restrict the repatriation of capital and the remittance of profits to Singapore.

Currently, no foreign exchange control restrictions exist in Singapore.

SELECTED FINANCIAL AND OTHER INFORMATION

The following tables present our summary consolidated financial and other information as at and for the financial years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 and 2007 and certain operating data for the same period. The summary consolidated financial data as at and for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 and 2007 should be read in conjunction with our audited and unaudited consolidated financial statements and the related notes thereto, which are included elsewhere in this document. The financial information included in this document does not reflect our results of operations, financial position and cash flows in the future, and our past operating results are no guarantee of our future operating performance. The consolidated financial statements are prepared and presented in accordance with Singapore FRS, which differs in certain significant respects from U.S. GAAP. Please refer to "Summary of Certain Principal Differences Between Singapore FRS and U.S. GAAP". For a summary of our significant accounting policies and the basis of the presentation of our financial statements, you should refer to the notes to our audited consolidated financial statements included elsewhere in this document.

You should read the following information in conjunction with the section entitled "Management's Discussion and Analysis of Financial Condition and Results of Operations" and our consolidated financial statements and the related notes, included elsewhere in this document.

	For the year ended December 31,				For the six months ended June 30,		
	2004	2005	2006	2006	2006	2007	2007
		Rp (in millions)		US$ (in thousands)	Rp (in millions) (unaudited)		US$ (in thousands)
Consolidated Income Statement Data:							
Sales	701,025	703,030	857,133	94,669	376,961	760,566	84,003
Cost of Sales	(459,014)	(460,263)	(487,303)	(53,822)	(218,827)	(403,487)	(44,565)
Gross profit	242,011	242,767	369,830	40,847	158,134	357,079	39,438
Gains/(losses) arising from changes in fair value of biological assets	130,044	(56,737)	270,235	29,847	96,151	204,624	22,600
Other operating income	18,787	1,533	106	12	—	828	92
Selling and distribution costs	(12,051)	(15,780)	(13,418)	(1,482)	(6,628)	(11,133)	(1,229)
General and administrative expenses	(25,354)	(30,572)	(32,635)	(3,604)	(14,468)	(23,982)	(2,649)
Losses on conversion of rubber plantations	(26,752)	—	—	—	—	—	—
(Losses)/gains on foreign exchange	(16,519)	(11,631)	17,017	1,880	9,981	(4,206)	(464)
Loss on plasma project conversion	—	(2,921)	—	—	—	—	—
Other operating expenses	—	(978)	—	—	—	(824)	(91)
Profit from operations	310,166	125,681	611,135	67,500	243,170	522,386	57,697
Financial expense	(111,564)	(101,423)	(114,834)	(12,682)	(52,086)	(57,409)	(6,341)
Financial income	2,795	917	964	106	482	737	81
Share of results of associates	(810)	(3,439)	5,470	604	4,353	13,371	1,477
Profit before taxation	200,587	21,736	502,735	55,528	195,919	479,085	52,914
Tax expense	(66,745)	(14,854)	(151,830)	(16,769)	(58,132)	(142,302)	(15,717)
Profit for the year/period	133,842	6,882	350,905	38,759	137,787	336,783	37,197
Attributable to:							
Equity holders of the Company	90,756	(18,610)	243,851	26,935	90,486	217,581	24,031
Minority interests	43,086	25,492	107,054	11,824	47,301	119,202	13,166
	133,842	6,882	350,905	38,759	137,787	336,783	37,197
Earnings/(losses) per share (in Rupiah and US cents)[1]							
—basic	99	(20)	265	2.9	99	237	2.6
—on a fully diluted basis[2]	62	(13)	166	1.8	62	148	1.6

Notes:

(1) Basic earnings per share for the financial year ended December 31, 2004, 2005 and 2006 and for the period ended June 30, 2006 and 2007 were computed based on the pre-invitation share capital of the company being the weighted average number of shares as at June 30, 2007 after being adjusted for the proposed share split as described on page 163.

(2) Diluted earnings per share for the financial year ended December 31, 2004, 2005 and 2006 and for the period ended June 30, 2006 and 2007 were computed based on the number of issued Shares after the Offering.

	As of December 31,				As of June 30,		
	2004	2005	2006	2006	2006	2007	2007
		Rp (in millions)		US$ (in thousands)	Rp (in millions) (unaudited)		US$ (in thousands)
Consolidated Balance Sheet Data:							
Non-current assets							
Biological assets—Plantations	1,714,407	1,763,830	2,255,098	249,072	1,927,397	2,574,240	284,321
Property, plant and equipment	426,603	469,127	477,907	52,784	476,096	665,736	73,529
Land use rights	59,633	57,245	56,513	6,242	57,278	63,999	7,068
Plasma plantation receivables	68,291	59,268	61,235	6,763	63,076	84,444	9,327
Investment in associate	48,231	44,792	50,262	5,551	49,145	63,383	7,000
Advance for investment in unquoted equity	2,175	2,175	—	—	2,175	—	—
Due from related parties	31,697	34,662	23,163	2,558	32,036	16,320	1,803
Tax recoverable	1,329	1,063	6,204	685	948	7,334	810
Deferred tax assets	23,425	22,848	21,374	2,361	20,956	12,636	1,395
Intangible assets	—	—	—	—	—	1,012	112
Other non-current assets	237	186	186	22	329	186	22
Total non-current assets	2,376,028	2,455,196	2,951,942	326,038	2,629,436	3,489,290	385,387
Current assets							
Inventories	66,410	82,896	75,507	8,340	72,095	92,416	10,208
Trade receivables	14,117	1,602	18,005	1,989	900	36,897	4,075
Notes receivables	—	197,500	—	—	—	—	—
Other receivables	17,326	8,997	10,721	1,184	14,536	23,770	2,625
Prepaid taxes	3,504	5,928	3,294	364	8,794	12,887	1,423
Cash and bank balances	10,762	13,485	745,478	82,336	11,949	461,072	50,925
Total current assets	112,119	310,408	853,005	94,213	108,274	627,042	69,256
Total assets	2,488,147	2,765,604	3,804,947	420,251	2,737,710	4,116,332	454,643
Current liabilities							
Trade payables	31,997	50,424	62,126	6,862	62,038	65,763	7,263
Other payables and advances from customers	74,736	58,768	94,135	10,397	154,163	101,970	11,262
Due to immediate holding company	—	—	100,000	11,045	—	—	—
Due to related parties	947	10,678	15,605	1,724	26,993	58,452	6,456
Loans and borrowings from financial institutions	109,023	168,801	7,600	839	179,672	10,721	1,184
Provision for taxation	6,428	14,540	40,127	4,432	18,631	59,716	6,596
Total current liabilities	223,131	303,211	319,593	35,299	441,497	296,622	32,761
Non-current liabilities							
Loans and borrowings from financial institutions	371,902	314,435	4,645	513	258,335	6,019	665
Bonds payable	338,344	340,818	88,382	9,762	342,431	—	—
Notes payable	—	—	1,383,455	152,800	—	1,394,949	154,070
Provision for post employment benefits	10,864	15,309	19,903	2,198	17,753	23,247	2,567
Deferred tax liabilities	296,448	294,552	392,888	43,394	329,664	464,869	51,344
Total non-current liabilities	1,017,558	965,114	1,889,273	208,667	948,183	1,889,084	208,646
Total liabilities	1,240,689	1,268,325	2,208,866	243,966	1,389,680	2,185,706	241,407
Net assets	1,247,458	1,497,279	1,596,081	176,285	1,348,030	1,930,626	213,236

	As of December 31,				As of June 30,		
	2004	2005	2006	2006	2006	2007	2007
		Rp (in millions)		US$ (in thousands) (unaudited)	Rp (in millions)		US$ (in thousands)
Equity Attributable to equity holders of the Company							
Share capital	—	309,777	330,487	36,502[2]	330,487	444,814	49,129
Differences arising from restructuring transactions involving entities under common control	754,270	642,259	324,959	35,891	324,959	324,959	35,891
Translation reserve	—	813	(100)	(11)	(5,533)	(6,925)	(763)
Retained earnings	90,756	72,146	315,997	34,902	162,632	533,578	58,933
	845,026	1,024,995	971,343	107,284	812,545	1,296,426	143,190
Minority interests	402,432	472,284	624,738	69,001	535,485	634,200	70,046
Total equity	1,247,458	1,497,279	1,596,081	176,285	1,348,030	1,930,626	213,236

	For the year ended December 31,				For the six months ended June 30,		
	2004	2005	2006	2006	2006	2007	2007
		Rp (in millions)		US$ (in thousands) (unaudited)	Rp (in millions)		US$ (in thousands)
Other consolidated financial information:							
EBITDA[3]	222,760	227,282	392,245	43,323	172,345	350,461	38,708
EBITDA Margin[4]	31.8%	32.3%	45.8%	45.8%	45.7%	46.1%	46.1%
Cash Inflow (Outflow) from:							
Operating Activities	77,178	126,465	289,690	31,996	101,156	178,334	19,697
Investing Activities	(115,145)	(159,499)	(260,626)	(28,786)	(94,051)	(313,928)	(34,673)
Financing Activities	25,105	35,756	(3,715)	(410)	(8,641)	561,663	62,035

Notes:

(2) Share capital is translated using the exchange rate on December 31, 2006.

(3) EBITDA refers to profit from operations before depreciation, amortization and gains/losses in fair value of biological assets. EBITDA and the related ratios in this document are supplemental measures of our performance and liquidity and are not required by, or represented in accordance with, Singapore FRS or U.S. GAAP. Furthermore, EBITDA is not a measure of our financial performance or liquidity under Singapore FRS or U.S. GAAP and should not be considered as alternatives to net income, operating income or any other performance measures derived in accordance with Singapore FRS or U.S. GAAP or as alternatives to cash flow from operating activities or as measures of our liquidity. Other companies may calculate EBITDA differently to us, limiting its usefulness as a comparative measure. Set forth below is a reconciliation of our profit from operations to EBITDA.

	Year ended December 31,			
	2004	2005	2006	2006
		Rp (in millions)		US$ (in thousands)
Profit from operations	310,166	125,681	611,135	67,499
Add: Depreciation	37,607	39,734	46,163	5,099
Add: Amortization (land use rights)	2,181	2,280	2,332	258
Add: Amortization (of deferred charges)	2,850	2,850	2,850	315
Less: (Gains)/losses from biological assets	(130,044)	56,737	(270,235)	(29,847)
EBITDA	222,760	227,282	392,245	43,324

	Six months ended June 30,		
	2006	2007	2007
	Rp (in millions) (unaudited)		US$ (in thousands)
Profit from operations	243,170	522,386	57,697
Add: Depreciation	22,735	24,535	2,710
Add: Amortization (land use rights)	1,166	1,313	145
Add: Amortization (of deferred charges)	1,425	6,851	757
Less: (Gains)/Losses from biological assets	(96,151)	(204,624)	(22,600)
EBITDA	172,345	350,461	38,709

(4) EBITDA margin represents EBITDA as a percentage of net sales.

	As of and for the year ended December 31,			As of and for the six months ended June 30,	
	2004	2005	2006	2006	2007
Selected Operating Data					
Area Planted (in hectares)					
Rubber	848	—	—	—	—
Oil Palm	63,960	68,628	78,704	72,617	80,526
Total	64,808	68,628	78,704	72,617	80,526
FFB Production (in tons)	852,605	949,517	1,120,765	499,148	553,656
Yield per mature hectare (in kilograms)	15,668	17,511	20,034	8,867	9,521
Mill Production (in tons)					
Crude palm oil	184,116	194,217	227,286	101,559	119,118
Palm Kernel	32,599	38,981	47,759	21,395	27,328
Extraction rate (%)					
Crude palm oil	20.3	20.3	21.9	21.7	22.5
Palm Kernel	3.6	4.1	4.6	4.6	5.2
Average Selling Price (Rp/Kg)					
Crude palm oil	3,438	3,272	3,523	3,269	5,168
Palm Kernel	2,223	2,227	1,923	2,000	2,798
FFB	683	688	794	722	1,042
Rubber	6,059	—	—	—	—
Operating profit (Rp/mature hectare)	7,929,321	5,719,862	12,546,527	3,779,905	12,544,998

PRO FORMA FINANCIAL INFORMATION

The following tables present our unaudited pro forma consolidated profit and loss data for the years ended December 31, 2004, 2005 and 2006 and the six months ended June 30, 2006 and 2007 and unaudited pro forma consolidated balance sheet data as at December 31, 2006 and June 30, 2007. Such unaudited pro forma financial information presents our Group as if the acquisition of an additional 63.0% shareholding in MSSP and the remaining 38.0% shareholding in PSA had been effected during the periods under review in order to assist investors' understanding of our proforma results of operations and financial condition. See "Summary—Our Restructuring".

The unaudited pro forma financial information has been derived from and should be read in conjunction with our unaudited pro forma consolidated financial information, related notes and auditors' report thereto, which are included elsewhere in this document. "Note 4—Basis of Presentation of the Unaudited Pro Forma Consolidated Financial Statements" to the unaudited pro forma consolidated financial information describes the procedures and adjustments used to create our pro forma financial information. In preparing our unaudited pro forma financial information, a certain number of assumptions and adjustments were made. Consequently, this financial information is not necessarily an indication of (i) the results of operations that we would have realised if the acquisitions had been effected during the periods under review or (ii) the results of operations that we will realise in the future.

	For the year ended December 31			For the six months ended June 30	
	2004	2005	2006	2006	2007
			Rp (in millions)		
Sales	707,087	753,152	982,809	424,016	850,783
Cost of Sales	(440,632)	(477,853)	(561,217)	(243,893)	(454,426)
Gross profit	266,455	275,299	421,592	180,123	396,357
Gains/(losses) arising from changes in fair value of biological assets	156,408	(86,949)	271,716	107,079	252,292
Other operating income	19,873	1,910	219	—	—
Selling and distribution costs	(18,196)	(18,377)	(13,653)	(6,865)	(11,133)
General and administrative expenses	(26,120)	(32,203)	(36,048)	(16,210)	(25,900)
Impairment of goodwill	(250,784)	—	—	—	—
Losses on conversion of rubber plantations	(26,752)	—	—	—	—
(Losses)/gains on foreign exchange	(16,864)	(11,346)	17,446	9,974	(4,176)
Loss on Plasma Project conversion	—	(2,921)	—	—	828
Other operating expenses	(21,136)	(2,901)	(2,531)	—	(789)
Profit from operations	82,884	122,512	658,741	274,101	607,479
Financial expense	(125,800)	(114,851)	(135,084)	(61,963)	(66,406)
Finance income	3,013	951	1,034	487	897
(Loss)/Profit before taxation	(39,903)	8,612	524,691	212,625	541,970
Tax expense	(69,690)	(12,048)	(157,377)	(64,569)	(165,225)
(Loss)/Profit for the year/period	(109,593)	(3,436)	367,314	148,056	376,745
Attributable to:					
Equity holders of the Company	(117,123)	(4,534)	348,606	139,708	356,879
Minority interests	7,530	1,098	18,708	8,348	19,866
	(109,593)	(3,436)	367,314	148,056	376,745
(Loss)/Earnings per share (in Rupiah)[1]					
—Basic	(128)	5	380	152	389
—On a fully diluted basis[2]	80	(3)	238	95	243

Note:

(1) Basic earnings per share for the financial year ended December 31, 2004, 2005 and 2006 and for the period ended June 30, 2006 and 2007 were computed based on the pre-invitation share capital of the Company being the adjusted weighted average number of shares as at June 30, 2007 after being adjusted for the proposed share split as described on page 163.

(2) Diluted earnings per share for the financial year ended December 31, 2004, 2005 and 2006 and for the period ended June 30, 2006 and 2007 were computed based on the number of issued Shares after the Offering.

	As of December 31, 2006	As of June 30, 2007
	Rp (in millions)	
Consolidated Balance Sheet Data:		
Non-current assets		
Biological assets—Plantations	2,518,134	2,888,699
Property, plant and equipment	573,579	757,516
Land use rights and deferred land right	62,810	70,063
Plasma plantation receivables	61,235	84,444
Due from related parties	15,092	—
Tax recoverable	6,204	7,334
Deferred tax assets	27,104	12,636
Intangible assets	—	1,012
Other non-current assets	208	208
Total non-current assets	3,264,366	3,821,912
Current assets		
Inventories	82,636	99,859
Trade receivables	17,750	36,897
Other receivables	11,172	24,339
Prepaid taxes	3,294	12,887
Cash and bank balances	743,876	471,322
Total current assets	858,728	645,304
Total assets	4,123,094	4,467,216
Current liabilities		
Trade payables	66,708	73,493
Other payables and accruals	103,064	108,030
Due to immediate holding company	100,000	—
Due to related parties	40,134	71,699
Loans and borrowings from financial institutions	49,898	50,460
Provision for taxation	40,901	60,357
Total current liabilities	400,705	364,039
Non-current liabilities		
Loans and borrowings from financial institutions	116,834	107,907
Bonds payable	88,382	—
Notes payable	1,383,455	1,394,949
Provision for post employment benefits	21,862	25,531
Deferred tax liabilities	420,930	510,106
Total non-current liabilities	2,031,463	2,038,493
Total liabilities	2,432,168	2,402,532
Net assets	1,690,926	2,064,684
Equity attributable to equity holders of the Company		
Share capital	1,737,156	1,856,785
Differences arising from restructuring transactions involving entities under common control	324,959	324,959
Translation reserve	(100)	(6,925)
Accumulated losses	(536,170)	(183,822)
	1,525,845	1,990,997
Minority interests	165,081	73,687
Total equity	1,690,926	2,064,684

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis should be read in conjunction with the selected financial and operating data and the financial statements and related notes of First Resources for the years ended December 31, 2004, 2005 and 2006 and the six months ended June 30, 2006 and 2007 included elsewhere in this document. These financial statements have been prepared in accordance with Singapore FRS, which differs in certain significant respects from U.S. GAAP. See "Summary of Certain Principal Differences Between Singapore FRS and U.S. GAAP". Results of operations for any interim period are not indicative of results of operations for a full fiscal year.

Operating data for First Resources contained in the following discussion and analysis that relates to hectarage, yields, production capacity and mills includes data for our associate company PT Meridan Sejatisurya Plantation. All other operating and financial data for First Resources, except for pro forma financial data, excludes operating and financial data for PT Meridan Sejatisurya Plantation.

Overview

We are one of the largest private sector producers of crude palm oil in Indonesia. Our primary business activities are cultivating oil palms, harvesting the fresh fruit bunches from those trees and processing crude palm oil and palm kernel, which we sell in Indonesia and internationally. All of our operations and assets, consisting primarily of 13 oil palm plantations and six palm oil mills, are located in Riau province, Sumatra, Indonesia.

Our oil palm plantations have grown significantly since we started our operations in 1992. As of June 30, 2007, the 10 operating companies in our group control 13 oil palm plantations that cover 134,760 hectares. In July 2007, we acquired three additional plantations with an aggregate landbank of approximately 45,000 hectares. We also acquired approximately 4,520 hectares of *Hak Guna Usaha* land from PT Sarpindo Graha in July 2007. We had approximately 80,526 hectares of land under cultivation as of June 30, 2007. We planted substantially all of our oil palm trees between 1993 and 1998, and the percentage of our mature oil palm trees under cultivation has increased to 72.2% as of June 30, 2007. On June 30, 2007, we had 58,148 hectares of mature and 22,378 hectares of immature oil palm trees under cultivation.

Oil palm trees require approximately three years to mature and do not reach peak production of fresh fruit bunches until eight years after planting. Their peak production years range from their eighth year until their seventeenth year, after which their production of fresh fruit bunches gradually declines. As at June 30, 2007, the weighted average age of our plantations was approximately 7.8 years and the substantial majority of our oil palm trees are entering into their prime production age. None of our oil palm trees is classified as "old" by industry standards, namely more than 18 years old. Our production of fresh fruit bunches increased from 440,550 tons in 2001 to 1,120,765 tons in 2006 and to 553,656 tons in the six-month period ended June 30, 2007, and in 2006 our plantations yielded on average 20.0 tons of fresh fruit bunches per hectare compared to the Indonesian national average of approximately 17 tons per hectare. Over the next several years, we expect that the yields of fresh fruit bunches from our plantations will improve and production of crude palm oil will increase as more of our trees mature and reach peak production. We expect such increased yields and production to contribute to a growth in our EBITDA with minimal cost increases or further capital expenditure.

We built our first palm oil mill in 1998 as our trees began to mature. We built our next three mills between 2001 and 2004 and built our last two mills in 2005. In addition, between 2003 and 2005, we undertook to increase the milling capacity of our first three mills. With the addition of more milling capacity, we now use substantially all of the fresh fruit bunches produced by our oil palm plantations in our mills to produce crude palm oil and palm kernel. Our six palm oil mills have a total annual processing capacity of 2.1 million tons of

fresh fruit bunches (equivalent to approximately 400,000 tons of crude palm oil and 90,000 tons of palm kernel per annum). Our crude palm oil production increased from 83,888 tons in 2001 to 227,286 tons in 2006 and to 119,118 tons in the six-month period ended June 30, 2007, and in 2006 our average crude palm oil extraction rate (crude palm oil extracted per ton of fresh fruit bunches) was 21.9%. Our production of palm kernel increased from 19,255 tons to 47,759 tons over the same period. We sell our crude palm oil and palm kernel primarily in the Indonesian domestic market, with reference to international prices. We also sell a portion of the fresh fruit bunches we produce to other domestic processors located close to our plantations, and we purchase a portion of fresh fruit bunches we process from other plantations close to our mills. In addition, from time to time we purchase crude palm oil from third parties for resale to our customers, if the terms of such purchase and resale are financially attractive or for other operative reasons.

Recent Developments

In order to exploit the expected growth in global demand for alternative energy sources and environmentally friendly fuel, we are building a biodiesel plant capable of producing approximately 250,000 tons of biodiesel per annum. We began construction of the facility in the second quarter of 2007. The plant is situated at Dumai in the Riau province and will be supplied with crude palm oil from our existing six mills and our two mills to be constructed. The plant will therefore be close to its major sources of supply, reducing transport costs, and well located for exporting the biodiesel product. We expect that the total investment required for the project will be approximately US$40 million. The major contractors for the project are large, reputable companies with experience in similar projects. We expect the plant will begin commercial production in the second quarter of 2008.

On August 2, 2007, we acquired an additional 7.0% stake in MSSP through Ciliandra from PT Payung Negeri Utama, bringing Ciliandra's shareholdings in MSSP from 25.0% to 32.0%. The total consideration we paid for this stake was Rp8.75 billion (US$0.97 million), which we paid using cash from operations.

In July 2007, we increased our landbank by approximately 45,000 hectares through the acquisitions of PT Surya Dumai Agrindo, PT Dharma Bhakti Utama and PT Andalam Mitrasawit Sejati. The total consideration we paid for these acquisitions was Rp6.25 billion (US$0.7 million), which we paid using cash from operations. In addition, we increased our landbank by approximately 4,520 hectares through an acquisition of *Hak Guna Usaha* land from PT Sarpindo Garaha in July 2007. The consideration paid for this acquisition was US$1.06 million, which we paid using cash from operations.

We have recently issued Rupiah-denominated bonds, in an aggregate amount of Rp500 billion (approximately US$55.2 million). These Rupiah-denominated bonds were issued by Ciliandra and were only offered in Indonesia. The 2007 Rupiah Bonds have a tenure of five years and are secured by a mortgage over certain plots of land belonging to MSSP as well as by a pledge of a deposit account. We intend to use the proceeds from the offering of the 2007 Rupiah Bonds to repay certain indebtedness of MSSP and to develop the palm oil plantations of Ciliandra's subsidiaries. The bonds were declared effective by Bapepam & LK on November 15, 2007 and were listed on the Surabaya Stock Exchange on November 28, 2007. We have entered into a currency swap agreement to swap the principal and interest payments on these Rupiah-denominated bonds into U.S. Dollar payments. The swap agreement effectively converts the Rupiah-denominated bonds into a USD liability at an effective interest rate of approximately 7.4% per annum.

Significant Factors Affecting Our Results Of Operations

Our results of operations are affected primarily by the following factors:

Yields from our plantations and mills and our trading activities

The yield of fresh fruit bunches per hectare is influenced by a variety of factors, including the quality of the oil palm seed, the soil and climatic conditions (including soil composition, fertilizing techniques, and levels of sunlight and rainfall), and the quality of the management of the plantation. Yield is also significantly influenced

by the maturity of the trees, with peak production of fresh fruit bunches occurring between the eighth and seventeenth years. Fully mature oil palm trees generally produce 25 to 30 tons of fresh fruit bunches per hectare per annum. The weighted average age of our oil palm trees and the percentage of our oil palm trees at peak production age have increased in each of the three years ended December 31, 2006, from 6.7 years and 38.9% as at December 31, 2004 to 7.1 years and 63.8% as at December 31, 2006. As at June 30, 2007, the average age of our oil palm trees was 7.8 years, and 64.4% of our oil palm trees had reached peak-production age. As the substantial majority of our trees are in the early stages of their peak-production years, we believe that production of fresh fruit bunches will increase over the next several years, with minimal increases in production costs or capital expenditure. The remaining 35.6% of our oil palm trees at June 30, 2007 were either immature or young and are expected to increase their production of fresh fruit bunches as they mature. Our yield of fresh fruit bunches per hectare has increased in each of the three years ended December 31, 2006, from 15.7 tons per hectare in 2004 to 20.0 tons per hectare in 2006. For the six months ended June 30, 2007, our yield of fresh fruit bunches per hectare was 9.5 tons per hectare.

The extraction rate of crude palm oil and palm kernel per ton of fresh fruit bunches is influenced primarily by the maturity of the trees (and consequently the quality of the fruit they produce) and the time of harvesting and processing of the fresh fruit bunches. Fresh fruit bunches must be harvested at the proper time of ripeness, and afterwards transported quickly to the mill for processing, in order to maximize crude palm oil extraction rates. Our crude palm oil extraction rates have increased in each of the three years ended December 31, 2006, from 20.3% in 2004 to 21.9% in 2006. In the six months ended June 30, 2007, our average crude palm oil extraction rate was 22.5%.

From time to time, we also purchase crude palm oil from third parties for resale to our customers if the terms of such purchase and resale are financially attractive or for other operative reasons, which would increase our sales, as well as our cost of sales.

Prices for our products, in particular crude palm oil and, in the future, biodiesel

Substantially all of our net sales are generated from the sale of crude palm oil and palm kernel. Of these, sales of crude palm oil comprise the substantial majority of our net sales. Our net sales of crude palm oil are primarily dependent upon our production volumes of crude palm oil (which depend upon our fresh fruit bunches yield and our crude palm oil extraction rate) and the price at which we sell our crude palm oil. We sell most of our crude palm oil in the domestic spot market. These sales are made in Rupiah, based upon prevailing international U.S. Dollar prices for crude palm oil. We also export a portion of our crude palm oil, and those export sales are denominated in U.S. Dollars according to prevailing international U.S. Dollar prices (and occasionally fixed forward prices) for crude palm oil. International U.S. Dollar prices for crude palm oil are influenced by a variety of factors, including world demand for and supply of palm oil, world demand for and supply of other vegetable oils, import and export tariffs, prices of other vegetable oils, and weather conditions and other natural influences. See "The Palm Oil Industry—Palm Oil Price". Our average sales prices for crude palm oil have fluctuated in the three years ended December 31, 2006, from Rp3,438 per kilogram in 2004 to Rp3,272 per kilogram in 2005 to Rp3,523 per kilogram in 2006. Our average sales price of crude palm oil in the six months ended June 30, 2007 was Rp5,168 per kilogram. During these periods, the average international market prices (c.i.f. Rotterdam) for crude palm oil were US$471.3 per ton, US$422.1 per ton, US$478.3 per ton and US$685.5 per ton respectively. The difference between the prices in Rupiah and U.S. Dollars is due to additional costs and expenses related to selling crude palm oil internationally, such as freight and insurance, export taxes, land trucking costs and other export-related expenses (e.g. pump costs, rental of storage tanks and surveyor costs).

In October 2006, we entered into an agreement with Wilmar Trading Pte Ltd ("Wilmar") for the sale of 30,000 tons of crude palm oil at US$445, US$450 and US$455 per ton for 2007, 2008 and 2009 respectively. In November 2006, we entered into an agreement to sell 15,000 tons of crude palm oil at US$530 per ton with

delivery from January 2007 to March 2007. In May 2007, we entered into another agreement with Wilmar for the sale of 30,000 tons of crude palm oil at a fixed price of US$700 per ton from July to December 2007. Approximately 50.0% of our expected crude palm oil output from July 2007 to the end of 2007 and 10.0% of our expected crude palm oil output in 2008 and 2009 is covered under fixed price arrangements. The remaining crude palm oil output will be sold at spot prices, though we may enter into future fixed price agreements as deemed favorable by Management. See "Business—Pricing."

In the future, after the commencement of commercial operations of our planned biodiesel plant (currently expected for the second quarter of 2008), we expect that our net sales will be affected primarily by the price of biodiesel, rather than the price of crude palm oil. We intend to use the crude palm oil we produce internally, for the production of biodiesel. As a result, we expect that our sales to third parties will consist primarily of biodiesel, and the amount of those sales will be determined largely by the market price for biodiesel, which, in turn, will be affected by supply of and demand for biodiesel as well as for competing or other alternative fuels. We also intend to maintain as much flexibility as possible with regard to selling crude palm oil directly to third parties if prevailing market conditions make direct external sales of palm oil more profitable than sales of biodiesel. See "The Palm Oil Industry—Biodiesel".

Our production costs, in particular labor costs, as well as costs for fertilizer and fuel

A substantial portion of our cost of sales consists of our costs for labor in producing fresh fruit bunches at our plantations, as well as our costs for fertilizer and fuel at our plantations. Our labor cost included in our maintenance costs, plantation general expenses, harvesting costs, processing (milling) costs and factory general expenses under our cost of sales was Rp84.5 billion, Rp94.8 billion, Rp155.9 billion and Rp133.2 billion in the three years ended December 31, 2006 and the six months ended June 30, 2007, respectively. These increases reflect general wage inflation in Indonesia, as well as an increase in our workforce as our plantations have grown. Our fertilizer cost included in maintenance costs under our cost of sales for fresh fruit bunches was Rp53.2 billion, Rp76.9 billion, Rp78.5 billion and Rp60.5 billion in the three years ended December 31, 2006 and the six months ended June 30, 2007, respectively. These increases reflect an increase in the price of the fertilizers we use (primarily as a result of price increases in raw material inputs for fertilizer), as well as our increased consumption of fertilizer as our oil palm trees have matured and our plantations have grown. Our fuel cost included in our plantation general expenses, harvesting costs, processing, fertilizers and factory general expenses under our cost of sales was Rp12.9 billion, Rp18.4 billion, Rp27.8 billion and Rp17.8 billion in the three years ended December 31, 2006 and the six months ended June 30, 2007, respectively. These increases reflect an increase in the price of fuel we use (primarily as a result of increases in the world price of crude oil, as well as the Government's decrease of subsidies on fuel prices), as well as our increased consumption of fuel as our plantations have grown. See "—Quantitative and Qualitative Disclosure About Market Risk—Commodity Price Risk".

Foreign exchange movements, in particular movements of the Rupiah against the U.S. Dollar

Substantially all of our sales are either denominated in Rupiah with reference to U.S. Dollar prices or denominated in U.S. Dollars. The majority of our operating costs are denominated in Rupiah, although a significant portion of our costs, relating primarily to fertilizer and fuel, is linked to international U.S. Dollar prices for the relevant products, and our interest expense is primarily in U.S. Dollars. As we prepare our income statement in Rupiah, we therefore generally benefit when the U.S. Dollar appreciates against the Rupiah. However, our liabilities denominated in foreign currencies (in particular, the U.S. Dollar) have significantly exceeded our assets denominated in foreign currencies, which results in a foreign exchange loss when the U.S. Dollar appreciates against the Rupiah. Following the issuance of the Notes in December 2006, substantially all of our debt has been denominated in U.S. Dollars. See "— Quantitative and Qualitative Disclosure About Market Risk—Foreign Exchange Risk". We have from time to time engaged and may in the future engage in limited hedging activities to cover our downside risk resulting from fluctuations between the U.S. Dollar and the Rupiah. See also "Risk Factors—Fluctuations in the value of the Rupiah may materially and adversely affect our financial condition and results of operations."

Interest costs

We issued Rp290 billion 14.75% Rupiah Bonds and Rp60 billion Syari'ah Mudharabah Bonds in September 2003 and US$160 million 10.75% Guaranteed Secured Notes due 2011 (the "Notes") in December 2006. These issuances of bonds and the incurrence of domestic Rupiah denominated bank debt have been a significant source of our funding for our capital expenditures relating to our new plantations and mills. Our interest expense has therefore been the largest component within our other charges in the three years ended December 31, 2006 and the six months ended June 30, 2007. Over the course of these three years, the majority of this debt has been subject to floating interest rates, which has caused our interest expense to fluctuate with changes in interest rates. We repaid all of our bank debt (except for customer financing loans and obligations under finance leases) and Rupiah bonds existing at the time of the issuance of the Notes with a portion of the proceeds from the Notes (including working capital facilities of approximately Rp72.6 billion, although, under the indenture governing the Notes, we are permitted to re-open working capital facilities in an amount of US$7 million). As a result, following the issuance of the Notes, substantially all of our debt has been subject to fixed interest rates. See "—Recent Developments" for a description of additional Rupiah bonds we have issued.

Capital expenditures

We have made significant investments to increase our plantation hectarage and processing capacity over the past three years to cater to the increasing demand for our products. In 2004, 2005 and 2006, we incurred capital expenditures of Rp133.6 billion, Rp182.5 billion, and Rp260.5 billion, respectively. Given that the palm oil plantation and processing businesses are capital intensive, we will need sufficient capital resources to (i) continue increasing our plantation hectarage; (ii) expand our milling capacity commensurate with our production of fresh fruit bunches; and (iii) expand into other higher-value downstream products such as biodiesel. Any additional future capital expenditures, if funded from future debt financing arrangements, may increase our indebtedness and financing costs. In addition, any significant increase in capital expenditures may also result in a higher level of depreciation, which may also affect our financial performance. See "—Capital Expenditures—Planned Capital Expenditures".

Fair value of our biological assets

We have adopted SFRS No. 41—Agriculture, which requires our biological assets to be stated at each balance sheet date at their fair values less estimated point-of-sale costs. Any resultant gain or loss arising from a change in the fair value is immediately recognized in our income statement. These gains and losses are determined by comparing the book value of our biological assets at a balance sheet date with their fair value. To the extent the book value exceeds the fair value, we will recognize a loss; to the extent the fair value exceeds the book value, we will recognize a gain. These gains and losses have been the single most important factor affecting our profits for each of the three years ended December 31, 2006 and the six-month periods ended June 30, 2006 and 2007. Accordingly, should there be any significant adverse fluctuations in the fair value of these biological assets, our financial performance for that relevant period may be adversely affected. Please refer to "Summary of Significant Accounting Policies" as stated in Note 2.8 and "Biological Assets—Plantations" as stated in Note 9a to our consolidated financial statements included elsewhere in this document for further details.

The fair values of our oil palm plantations are determined by an independent third party, using the discounted future cash flows of the underlying plantations. The most important factors affecting this calculation are the forecast market price for fresh fruit bunches, which is largely dependent on the projected selling prices of crude palm oil and palm kernel in the international markets, and the applicable discount rate, which reflects primarily our cost of capital. Cost of capital, in turn, depends on numerous factors, some of which are beyond our control, including interest rates, commodity prices and other macro-economic factors with an impact on the palm oil industry and on us.

Mature oil palms are valued using the "income" approach, whereby the value of the plants is derived from the calculation of the present value of the future income generated by those plants. Immature oil palms are valued using the "cost" approach. Other factors that influence the value of oil palm plantations include the plants' productivity, the plants' physical condition and age, the number of trees per hectare, general plantation maintenance and other factors. For a description of the basic assumptions used in applying the discounted cash flow method to the valuation of our oil palm plantations, see Note 9a to our consolidated financial statements included elsewhere in this document.

Our chief financial officer reviews the valuation by the independent third party valuer and engages in discussions with them to provide feed back. The results of the valuation are purely the work of the independent third party valuer and is not subject to approval by us.

The gains and losses from changes in the fair value of our biological assets that we have recognized in our income statement have fluctuated significantly in the three years ended December 31, 2006 and the six months ended June 30, 2007. See "—Results of Operations—Gains/(losses) arising from changes in fair value of biological assets". It is possible that such fluctuations will arise in the future. As these gains and losses are difficult to predict, particularly because of the number of factors that determine the applicable discount rate and because of fluctuations in projected palm oil prices, it is difficult to predict our profit for any particular period.

Barring any unforeseen circumstances, we will continue to engage an independent third party to determine the fair values of our oil palm plantations going forward.

Pro Forma Financial Information

The acquisition of an additional 63.0% shareholding in MSSP and the remaining 38.0% shareholding in PSA are intended to be completed concurrently with the closing of the Offering. The audited and unaudited consolidated financial statements in this document do not reflect the impact of such acquisitions. See "Business—Our Restructuring." We believe the completion of the acquisitions will result in a significant change to our financial statements, especially our balance sheets. Therefore, we have presented unaudited proforma consolidated financial information under the section entitled "Proforma Financial Information" to show what the proforma impact these acquisitions would have had on our financial statements for the years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 and 2007 and as of December 31, 2006 and June 30, 2007. We believe that such information will be helpful for investors in assessing the impact the acquisitions will have on our consolidated financial statements.

Results of Operations

Sales

Substantially all of our sales are generated from the sale of crude palm oil and, to a lesser extent, palm kernel. We also sell a portion of the fresh fruit bunches we produce to other domestic processors located close to the plantations of PT Muriniwood Indah Industry and PT Surya Intisari Raya, as these subsidiaries do not have their own mills. Since January 2007, we have entered into tolling agreements with third-party mills under which they process our fresh fruit bunches for an agreed processing fee. Prior to the construction of its mill in 2005, PT Pancasurya Agrindo also sold the fresh fruit bunches from its plantations to other domestic processors. Prior to 2005, we also had approximately 800 hectares of rubber plantations, from which we produced rubber for sale to the domestic market. As a result of better margins from our oil palm plantations, we converted all of our rubber plantations into oil palm plantations in 2003 and 2004, and have not sold any rubber since 2004. We also derive a small portion of our sales from our trading activities at the Company.

The following table sets forth our sales for the three years ended December 31, 2006, and the six months ended June 30, 2006 and 2007, in absolute terms and expressed as a percentage of total sales:

	For the year ended December 31,						
	2004		2005		2006		
	Rp (in millions)	%	Rp (in millions)	%	Rp (in millions)	%	US$ (in thousands)
Crude palm oil	606,057	86.5	604,438	86.0	688,225	80.3	76,013
Palm kernel	68,006	9.7	81,236	11.6	78,875	9.2	8,712
Fresh fruit bunches	22,648	3.2	17,356	2.4	90,033	10.5	9,944
Rubber	4,314	0.6	—	—	—	—	—
Total sales	701,025	100.0	703,030	100.0	857,133	100.0	94,669

	For the six months ended June 30,				
	2006		2007		
	Rp (in millions) (unaudited)	%	Rp (in millions)	%	US$ (in thousands)
Crude palm oil	305,664	81.1	669,377	88.0	73,932
Palm kernel	40,247	10.7	69,819	9.2	7,711
Fresh fruit bunches	31,050	8.2	21,370	2.8	2,360
Total sales	376,961	100.0	760,566	100.0	84,003

The following table sets forth our sales volumes for the three years ended December 31, 2006, and the six months ended June 30, 2006 and 2007.

	For the year ended December 31,			For the six months ended June 30,	
	2004	2005	2006	2006	2007
			(in tons)		
Crude palm oil	176,293	184,716	195,376	93,497	106,372
Palm kernel	30,596	36,484	41,026	20,127	24,954
Fresh fruit bunches	33,158	25,228	113,431	42,998	20,517
Rubber	712	—	—	—	—

The following table sets forth our average sales prices for the three years ended December 31, 2006 and the six months ended June 30, 2006 and 2007.

	For the year ended December 31,			For the six months ended June 30,	
	2004	2005	2006	2006	2007
			Rp (per kg)		
Crude palm oil	3,438	3,272	3,523	3,269	5,168
Palm kernel	2,223	2,227	1,923	2,000	2,798
Fresh fruit bunches	683	688	794	722	1,042
Rubber	6,059	—	—	—	—

Cost of sales

Cost of sales consists of expenses that directly relate to the production of fresh fruit bunches at our plantations, as well as expenses relating to the production of crude palm oil and palm kernel at our mills. The principal expenses we incur at our plantations are maintenance costs, which consist primarily of labor, fertilizer

and diesel fuel. The principal costs we incur at our mills are labor and diesel fuel costs, and the cost of fresh fruit bunches we purchase from other plantations close to our mills. Our purchases of fresh fruit bunches have decreased since the middle of 2005, when the processing mill of MSSP became operational and began to process the fresh fruit bunches from its plantations. Depreciation charges for our plantations and mills and freight charges are also a significant part of our cost of sales. Along with the average sales prices of our products (which are based primarily on international market prices), cost of sales is the primary factor that determines our gross margin.

The following table sets forth our cost of sales by product for the three years ended December 31, 2006, and the six months ended June 30, 2006 and 2007, in absolute terms and expressed as a percentage of total cost of sales:

	For the year ended December 31,						
	2004		2005		2006		
	Rp (in millions)	%	Rp (in millions)	%	Rp (in millions)	%	US$ (in thousands)
Crude palm oil and palm kernel	434,455	94.6	448,421	97.4	446,348	91.6	49,298
Fresh fruit bunches	16,961	3.7	11,842	2.6	40,955	8.4	4,523
Rubber	7,598	1.7	—	—	—	—	—
Total cost of sales	459,014	100.0	460,263	100.0	487,303	100.0	53,821

	For the six months ended June 30,				
	2006		2007		
	Rp (in millions) (unaudited)	%	Rp (in millions)	%	US$ (in thousands)
Crude palm oil and palm kernel	203,450	93.0	392,029	97.2	43,299
Fresh fruit bunches	15,377	7.0	11,458	2.8	1,266
Total cost of sales	218,827	100.0	403,487	100.0	44,565

The following table sets forth our principal cost items for the three years ended December 31, 2006 and the six months ended June 30, 2006 and 2007, in absolute terms and expressed as a percentage of total cost of sales:

	For the year ended December 31,						
	2004		2005		2006		
	Rp (in millions)	%	Rp (in millions)	%	Rp (in millions)	%	US$ (in thousands)
Wages	84,459	18.3	94,814	20.6	155,937	32.0	17,223
Fertilizers	53,246	11.6	76,864	16.7	78,456	16.1	8,665
Diesel	12,852	2.8	18,411	4.0	27,776	5.7	3,068

	For the six months ended June 30,				
	2006		2007		
	Rp (in millions) (unaudited)	%	Rp (in millions)	%	US$ (in thousands)
Wages	65,210	29.8	133,151	33.0	14,706
Fertilizers	45,516	20.8	60,523	15.0	6,685
Diesel	15,318	7.0	17,753	4.4	1,961

Included in cost of sales for the three years ended December 31, 2004, 2005 and 2006 and the six months ended June 30, 2006 and 2007 are the following items, presented in absolute terms and as a percentage of total cost of sales:

	For the year ended December 31,						
	2004		2005		2006		
	Rp (in millions)	%	Rp (in millions)	%	Rp (in millions)	%	US$ (in thousands)
Purchase of fresh fruit bunches	172,684	37.6	124,801	27.1	85,736	17.6	9,469
Depreciation	36,397	7.9	38,465	8.4	44,888	9.2	4,958
Maintenance cost	129,095	28.1	147,337	32.0	183,673	37.7	20,286
Plantation general expenses	61,948	13.5	51,440	11.2	49,760	10.2	5,496
Harvesting cost	38,117	8.3	36,044	7.8	57,593	11.8	6,361
Freight cost	11,446	2.5	10,231	2.2	15,100	3.1	1,668
Processing (milling) cost	31,521	6.9	28,592	6.2	30,196	6.2	3,335
Net changes of inventory	(28,124)	(6.1)	10,679	2.3	4,562	0.9	504
Purchase of crude palm oil and palm kernel	—	—	3,014	0.7	5,117	1.1	566
Others	5,930	1.3	9,660	2.1	10,678	2.2	1,179
Total	459,014	100.0	460,263	100.0	487,303	100.0	53,822

	For the six months ended June 30,				
	2006		2007		
	Rp (in millions) (unaudited)	%	Rp (in millions)	%	US$ (in thousands)
Purchase of fresh fruit bunches	38,036	17.4	66,707	16.6	7,368
Depreciation	22,129	10.1	23,810	5.9	2,630
Maintenance cost	64,226	29.4	102,816	25.5	11,355
Plantation general expenses	24,212	11.1	27,569	6.8	3,045
Harvesting cost	24,825	11.3	31,423	7.8	3,471
Freight cost	7,056	3.2	11,209	2.8	1,238
Processing (milling) cost	13,926	6.4	17,135	4.2	1,893
Net changes of inventory	14,133	6.4	(2,348)	(0.6)	(259)
Purchase of crude palm oil and palm kernel	5,117	2.3	116,654	28.9	12,884
Others	5,167	2.4	8,512	2.1	940
Total	218,827	100.0	403,487	100.0	44,565

Gains/(losses) arising from changes in fair value of biological assets

Our biological assets comprise oil palm plantations and, until the end of 2004, rubber plantations. Gains (or losses) arising from changes in the fair value of our biological assets are the result of the requirement to restate the fair value of our biological assets at each balance sheet date. Any gain or loss resulting from a change in the fair value is immediately recognized in our income statement. See "—Factors Affecting Our Results of Operations—Fair value of our biological assets." One element used in stating the fair value of our plantations is the expected future cash flow (net of certain discounts) of the plantations. The future cash flow is largely dependent on the projected selling prices of crude palm oil and palm kernel in the market, and the fair value of our plantations is dependent largely on this cash flow and on the discount rate applied in calculating the present value of the assets. Changes in the fair value of our biological assets have fluctuated over the last three years due mainly to changes in the applicable discount rate, as well as changes in the outlook for the price of crude palm oil.

For the years ended December 31, 2004, 2005 and 2006 and the six months ended June 30, 2006 and 2007, the projected selling prices of crude palm oil used in the valuation of our biological assets were US$450, US$470, US$487, US$480 and US$525 per ton. (These projected prices differ from the actual prices for crude palm oil during these periods. See "—Prices for our products, in particular crude palm oil and, in the future, biodiesel".) The relevant discount rates applied for each of these periods were 16.5%, 18.8%, 16.0%, 17.9% and 15.3%. While the valuations of our plantations increased in each of these periods, our gains/losses from the changes in the fair value of our plantations fluctuated, as the difference between the fair value and the book value of the plantations fluctuated. In 2005, we recognized a loss from the changes in fair value, primarily due to the high discount rate applied for that period, which resulted from an increase in capital costs that was related in part to the cessation of petroleum subsidies in Indonesia, which increased fuel costs. See also Note 9a to our consolidated financial statements included elsewhere in this document.

Other operating income

Our other operating income consists of primarily of gains on the sales of investments and to a lesser extent the disposal of fixed assets and sales of palm kernel shells. In 2004, these sales consisted mainly of the disposition of our shareholdings in PT Perawang Sukses Perkasa Industry, an industrial timber estate company which Management deemed to be unrelated to our core business, while in 2005 and 2006 and the six months ended June 30, 2007, these sales consisted of disposal of fixed assets and sales of palm kernel shells.

Selling and distribution costs

Selling and distribution costs consist mainly of expenses related to freight, warehousing, and export taxation. The following table sets forth our selling and distribution costs for the three years ended December 31, 2006, and the six months ended June 30, 2006 and 2007, in absolute terms and expressed as a percentage of total selling and distribution costs:

	For the year ended December 31,						
	2004		2005		2006		
	Rp (in millions)	%	Rp (in millions)	%	Rp (in millions)	%	US$ (in thousands)
Freight	10,307	85.5	11,370	72.1	9,615	71.7	1,062
Warehouse	751	6.2	1,518	9.6	1,800	13.4	199
Export Tax	368	3.1	1,433	9.1	932	6.9	103
Others	625	5.2	1,459	9.2	1,071	8.0	118
Total selling and distribution costs	12,051	100.0	15,780	100.0	13,418	100.0	1,482

	For the six months ended June 30,				
	2006		2007		
	Rp (in millions) (unaudited)	%	Rp (in millions)	%	US$ (in thousands)
Freight	4,651	70.2	5,572	50.1	615
Warehouse	947	14.3	1,041	9.3	115
Export Tax	834	12.5	4,371	39.3	483
Others	196	3.0	149	1.3	16
Total selling and distribution costs	6,628	100.0	11,133	100.0	1,229

General and administrative expenses

General and administrative expenses consist primarily of expenses for salaries, wages and allowances. In addition we incur expenses for traveling, post-employment benefits, depreciation, donations, other expenses (which includes office rental costs and staff recruitment costs) and amortization of land rights. The following table sets forth our general and administrative expenses for the three years ended December 31, 2006, and the six months ended June 30, 2006 and 2007, in absolute terms and expressed as a percentage of total general and administrative expenses:

	For the year ended December 31,						
	2004		2005		2006		
	Rp (in millions)	%	Rp (in millions)	%	Rp (in millions)	%	US$ (in thousands)
Salaries, wages and allowances	10,745	42.4	10,677	34.9	11,019	33.8	1,217
Professional Fees	520	2.1	966	3.2	1,020	3.1	113
Traveling	2,237	8.8	2,090	6.8	2,410	7.4	266
Provision for employment benefits	1,342	5.3	4,445	14.5	4,594	14.1	507
Depreciation	3,391	13.3	3,549	11.6	3,607	11.0	398
Donations	983	3.9	1,287	4.2	642	2.0	71
Others	6,136	24.2	7,558	24.8	9,343	28.6	1,032
Total general and administrative expenses	25,354	100.0	30,572	100.0	32,635	100.0	3,604

	For the six months ended June 30,				
	2006		2007		
	Rp (in millions) (unaudited)	%	Rp (in millions)	%	US$ (in thousands)
Salaries, wages and allowances	5,608	38.8	10,806	45.1	1,194
Professional Fees	547	3.8	3,912	16.3	432
Traveling	1,569	10.8	1,807	7.5	200
Provision for employment benefits	2,444	16.9	—	—	—
Depreciation	1,772	12.2	2,038	8.5	225
Donations	258	1.8	441	1.8	49
Others	2,270	15.7	4,978	20.8	549
Total general and administrative expenses	14,468	100.0	23,982	100.0	2,649

Losses on conversion of rubber plantations

We sustained a loss on the conversion of our rubber plantations to oil palm plantations in 2004.

(Losses)/gains on foreign exchange

We incur losses or generate gains on foreign exchange transactions as the Rupiah fluctuates vis-à-vis the U.S. Dollar over a given period. See "—Significant Factors Affecting our Results of Operations—Foreign exchange movements, in particular movements of the Rupiah against the U.S. Dollar."

We maintain our accounts in Indonesian Rupiah. Transactions during the year involving foreign currencies are recorded at the rates of exchange prevailing at the relevant transaction dates. At the balance sheet dates,

monetary assets and liabilities denominated in foreign currencies are translated into Rupiah based on the middle rate of exchange determined by Bank Indonesia at such dates. Any resulting gain or losses are credited or charged to the profit and loss accounts for the year.

Over the three years ended December 31, 2006, losses or gains on foreign exchange is mainly attributable to our U.S. Dollar debt owed by PT Arindo Trisejahtera to Bank Mandiri. Other smaller factors include purchases of fertilizers denominated in U.S. Dollars and the effects of remeasurement of First Resources' accounts from Singapore dollars to Rupiah. During periods where the Rupiah depreciates against the U.S. Dollar and the Singapore dollar, we generally book a loss in our profit and loss account and vice versa.

Loss on Plasma Project Conversion

During the construction of plasma plantations, we typically fund these projects with our own cash flow and record the costs as plasma plantation receivables. Prior to transfer ("conversion") to the small landowner, the unit conversion price is determined in conjunction with local government bodies, consultants and the plasma farmer cooperative. We are then reimbursed by banks for this approved investment cost. Losses from plasma project conversion arise when the reimbursements are smaller than our receivables recorded.

In 2005, we converted one of our plasma program plantations, incurring a loss from that transaction for 2005.

Other operating expenses

Other operating expenses consist of a write-off of our rubber inventory in 2005 and expenses related to the preparations for this offering in the six months ended June 30, 2007.

Financial expense

Financial expense includes interest expense on bank loans and the Notes and finance leases charged by financial institutions and finance companies, amortization of bonds, amortization of notes payable and a loss on the redemption of our Rupiah bonds and the Notes.

Share of results of associates

Our share of results of our associated companies consists mainly of the results from our 25% equity interest in MSSP.

Taxation

Our provision for income tax includes both current and deferred taxes. Our effective tax rate, on a consolidated basis, in 2004, 2005 and 2006 as a percentage of our total sales in these years was 9.5%, 2.1% and 17.7% respectively. The statutory tax rate in each of those years was 20.0% in Singapore and progressively up to a maximum of 30.0% in Indonesia.

Current tax expense is provided based on the estimated taxable income for the year.

Deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits, such as carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on the tax rates (and tax laws) that have been enacted or substantially enacted at balance sheet date. The deferred tax assets and liabilities of each entity are shown at the applicable net amounts in the consolidated financial statements.

The Indonesian Government has announced its intention to amend the general tax provisions and procedures laws, the income tax laws and the value added tax laws. Among other things, the changes may impose a single income tax rate on corporate taxpayers and permanent establishments, instead of the progressive rate currently applied. Although drafts of the new tax laws have been submitted to the House of Representatives for their approval, it is not yet known whether, when and in what form any amendments will be enacted.

Six months ended June 30, 2007 compared to six months ended June 30, 2006

Sales

Our sales increased by 101.8% from Rp377.0 billion in the six months ended June 30, 2006 to Rp760.6 billion in the six months ended June 30, 2007 due to increased sales of crude palm oil and palm kernel. Our sales of crude palm oil increased by 119.0% from Rp305.7 billion to Rp669.4 billion primarily due to an increase in sales volumes of 12,875 tons or 13.8% as well as an increase in our average selling price of Rp1,899 per kilogram. The increase in sales volume was primarily a result of improved extraction rates and higher production volumes of fresh fruit bunches from our plantations as more of our oil palm trees matured. We also purchased crude palm oil from third parties in the six months ended June 30, 2007 and then resold this crude palm oil to our customers, which increased our sales for this period. We engaged only in limited purchase-and-resale activity in the six months ended June 30, 2006. Our sales of palm kernel increased by 73.5% from Rp40.2 billion to Rp69.8 billion primarily as a result of a 24% increase in sales volumes and a 39.9% increase in average selling prices. Our sales of fresh fruit bunches decreased by 31.2% from Rp31.1 billion to Rp21.4 billion as a result of the replacement in early 2007 of our sale arrangements for fresh fruit bunches from certain estates by tolling arrangements with third-party processors. Under such tolling arrangements, we pay a processing fee to third-party processors and sell the output ourselves.

Cost of Sales

Our cost of sales increased by 84.4% from Rp218.8 billion in the six-months ended June 30, 2006 to Rp403.5 billion in the six months ended June 30, 2007 as a result of an increase in cost of sales for crude palm oil and palm kernel. Cost of sales for crude palm oil and palm kernel increased by 92.7% from Rp203.5 billion to Rp392.0 billion primarily because we purchased crude palm oil in an amount of Rp177.1 billion from third parties in the six months ended June 30, 2007, compared to Rp5.1 billion in the six months ended June 30, 2006, and as a result of increased costs of producing and purchasing fresh fruit bunches, freight charges and third-party processing costs. Cost of producing fresh fruit bunches increased primarily as a result of increased maintenance costs, plantation general expenses and harvesting costs. Maintenance costs increased by 60.1% from Rp64.2 billion to Rp102.8 billion as a result of increased costs of road and drainage maintenance, weeding, maintenance of harvesting circle and other harvesting infrastructure costs. Plantation general expenses increased by 13.9% from Rp24.2 billion to Rp27.6 billion as a result of an increase in the minimum wage levels throughout Indonesia and in particular the Riau province. Harvesting costs increased by 26.6% from Rp24.8 billion to Rp31.4 billion as a result of an increase in salary and wages due to the increased production of fresh fruit bunches and an increase in the minimum wage levels throughout Indonesia and in particular the Riau province.

Gross Profit

As a result of the foregoing, our gross profit increased by 125.8% from Rp158.1 billion in the six months ended June 30, 2006 to Rp357.1 billion in the six months ended June 30, 2007. Our gross profit margin in the six months ended June 30, 2007 was 46.9%, compared to 41.9% in the six months ended June 30, 2006.

Gains/(Losses) arising from changes in fair value of biological assets

Our gains/(losses) arising from changes in fair value of biological assets increased by 112.8% from a gain of Rp96.2 billion in the six months ended June 30, 2006 to a gain of Rp204.6 billion in the six months ended June 30, 2007, primarily as a result of an increase in the forecast price for crude palm oil, coupled with a lower discount rate used and higher assumed extraction rates for our plantations.

Other operating income

We did not receive other operating income in the six months ended June 30, 2006, compared to Rp828 million in the six months ended June 30, 2007 as a result of gains on purchases of fresh fruit bunches from plantations under the Plasma Program and the KKPA Program.

Selling and distribution costs

Selling and distribution costs increased by 68.0% from Rp6.6 billion in the six months ended June 30, 2006 to Rp11.1 billion in the six months ended June 30, 2007. This increase was mainly due to the increase in export taxes applicable to crude palm oil from 1.5% to 6.5% and increased export sales.

General and administrative expenses

General and administrative expenses increased by 65.8% from Rp14.5 billion in the six months ended June 30, 2006 to Rp24.0 billion in the six months ended June 30, 2007. This increase was due to increases in salaries, wages and allowances as well as professional fees related to this Offering.

(Losses)/gains on foreign exchange

In the six months ended June 30, 2006, we recorded a gain of Rp10.0 billion on foreign exchange, compared to a loss of Rp4.2 billion on foreign exchange in the six months ended June 30, 2007. This loss was the result of the appreciation of the Rupiah vis-à-vis the U.S. dollar, coupled with higher export sales of crude palm oil which are denominated in U.S. dollars, and the impact of our U.S. Dollar-denominated Notes.

Other operating expenses

We did not incur any other operating expenses in the six months ended June 30, 2006, compared to other operating expenses amounting to Rp824.0 million in six months ended June 30, 2007, which were primarily expenses related to the Offering.

Profit from operations

As a result of the foregoing, profit from operations increased by 114.8% from Rp243.2 billion in the six months ended June 30, 2006 to Rp522.4 billion in the six months ended June 30, 2007.

Financial expenses

Our financial expense increased by 10.2% from Rp52.1 billion in the six months ended June 30, 2006 to Rp57.4 billion in the six months ended June 30, 2007. This increase was primarily due to the amortization of the Notes of Rp6.1 billion and a Rp1.1 billion loss on a redemption of Notes in the six months ended June 30, 2007, as we repurchased Notes in the market at a premium.

Financial Income

Financial income increased by 52.9% from Rp482 million in the six months ended June 30, 2006 to Rp 737 million in the six months ended June 30, 2007. This increase was due to an increase in interest income from financial institutions.

Share of results of associates

Share of results of associates increased by 207.2% from a gain of Rp4.4 billion in the six months ended June 30, 2006 to a gain of Rp13.4 billion in the six months ended June 30, 2007. This increase was due to continued improvement in the financial performance of our associated company, MSSP, which was primarily the result of an increase in revaluation gains of biological assets for MSSP in the six months ended June 30, 2007, compared to the six months ended June 30, 2006. In addition, MSSP experienced higher production of fresh fruit bunches as a result of the improved maturity profile of its trees, as well as higher average sales prices.

Profit before taxation

As a result of the foregoing, profit before taxation increased by 144.5% from Rp195.9 billion in the six months ended June 30, 2006 to Rp479.1 billion in the six months ended June 30, 2007.

Tax expense

Tax expense increased by 144.8% from Rp58.1 billion in the six months ended June 30, 2006 to Rp142.3 billion in the six months ended June 30, 2007. This increase was mainly due to higher current taxes resulting from increased profit before tax.

Profit for the period

As a result of the foregoing, profit for the period increased by 144.4% from Rp137.8 billion in the six months ended June 30, 2006 to Rp336.8 billion in the six months ended June 30, 2007.

Year ended December 31, 2006 compared to year ended December 31, 2005

Sales

Our sales increased by 21.9% from Rp703.0 billion in 2005 to Rp857.1 billion in 2006. This increase was mainly due to an increase in sales of crude palm oil and fresh fruit bunches, which was partially offset by a decrease in sales of palm kernel. Our sales of crude palm oil increased by 13.9%, from Rp604.4 billion in 2005 to Rp688.2 billion in 2006, primarily due to an increase in sales volumes of 10,660 tons, or 5.8%, as well as an increase in our average sales price by Rp251, or 7.7%, per kilogram. The increase in sales volume was primarily a result of higher production volumes of fresh fruit bunches from our plantations as more oil palm trees matured, as well as improved extraction rates. Our sales of fresh fruit bunches increased by 418.7%, from Rp17.4 billion in 2005 to Rp90.0 billion in 2006 as a result of increased production of fresh fruit bunches at PT Muriniwood Indah Industry which was sold to other processors, as well as an increase in average sales price by Rp106, or 15.4%, per kilogram. We are currently building a new crude palm oil mill for PT Muriniwood Indah Industry, which we expect will increase our sales of crude palm oil and decrease our sales of fresh fruit bunches to other processors, as we intend to use the fresh fruit bunches produced at PT Muriniwood Indah Industry to supply the new mill. Our sales of palm kernel decreased by 2.9%, from Rp81.2 billion in 2005 to Rp78.9 billion in 2006, primarily as a result of the 13.7% decrease in average sales price, which was only partially offset by a 12.4% increase in sales volume.

Costs of sales

Our cost of sales increased by 5.9% from Rp460.3 billion in 2005 to Rp487.3 billion in 2006 primarily as a result of an increase in cost of sales for fresh fruit bunches. Cost of producing fresh fruit bunches increased primarily as a result of increased maintenance costs and harvesting costs. Maintenance costs increased by Rp36.3 billion or 24.7% from Rp147.3 billion in 2005 to Rp183.7 billion in 2006 as a result of increased costs of inorganic fertilizers, repairs made to water channels damaged in late 2005, the setting up and maintenance of harvest pick-up points, manual grassing and circle weeding. The increase in inorganic fertilizer costs was a result of increased fertilizer usage arising from more mature trees and more hectarage under cultivation, as well as an increase in the price of the fertilizers used. Harvesting costs increased by Rp21.6 billion or 60.0% from Rp36.0 billion for 2005 to Rp57.6 billion in 2006 as a result of increased salaries and wages due to the increased production of fresh fruit bunches.

The increase in the cost of sales for fresh fruit bunches was partially offset by a slight decrease in cost of sales for crude palm oil and palm kernel, from Rp448.4 billion in 2005 to Rp446.3 billion in 2006. Cost of producing palm oil and palm kernel increased marginally, as the cost of fresh fruit bunches used to produce crude palm oil and palm kernel increased by Rp30.1 billion or 12.6%, from Rp238.2 billion in 2005 to Rp268.2 billion in 2006. Freight charges increased by Rp4.9 billion or 48.0% from Rp10.2 billion in 2005 to Rp15.1 billion in 2006, and depreciation, processing and other general expenses also increased marginally. These increases were largely offset by a decrease in purchases of fresh fruit bunches from third parties and MSSP, which decreased by Rp39.1 billion or 31.3% from Rp124.8 billion for 2005 to Rp85.7 billion in 2006. The marginal increase in cost of producing palm oil and palm kernel was more than offset by adjustments for drawdowns of inventories, which resulted in the slight decrease in cost of sales for crude palm oil and palm kernel in 2006, compared to 2005.

Gross profit

As a result of the foregoing, our gross profit increased by 52.3% from Rp242.8 billion in 2005 to Rp369.8 billion in 2006. Our gross profit margin in 2006 was 43.1%, compared to 34.5% in 2005.

Gains/(Losses) arising from changes in fair value of biological assets

Our gains/losses arising from changes in fair value of biological assets changed from a loss of Rp56.7 billion in 2005 to a gain of Rp270.2 billion in 2006, primarily as a result of the lower discount rate used in 2006 and an increase in the forecast price for crude palm oil.

Other operating income

Other operating income decreased by 93.1% from Rp1.5 billion in 2005 to Rp106.0 million in 2006 as a result of reduced disposals of fixed assets and the sale of palm kernel shells.

Selling and distribution costs

Selling and distribution costs decreased by 15.0% from Rp15.8 billion in 2005 to Rp13.4 billion in 2006. This decrease was mainly due to a decrease in freight expenses by Rp1.8 billion or 15.4% as a result of decreased export sales volumes of crude palm oil by 16.9% from 41,614 tons in 2005 to 34,570 tons in 2006.

General and administrative expenses

General and administrative expenses increased by 6.7% from Rp30.6 billion in 2005 to Rp32.6 billion in 2006. This increase was due to increased salaries, wages and allowances, traveling expenses, provision for employment benefits, depreciation and other expenses, which were partially offset by a decrease in donations (which consist primarily of charitable donations).

(Losses)/gains on foreign exchange

In 2006, we recorded a gain of Rp17.0 billion on foreign exchange, compared to a loss of Rp11.6 billion on foreign exchange in 2005. This gain was the result of the Rupiah appreciating against the U.S. Dollar through the course of the year 2006, which caused our U.S. Dollar denominated debt owed by PT Arindo Trisejahtera to Bank Mandiri and our purchases of fertilizers denominated in U.S. Dollars to book a positive foreign exchange gain.

Loss on plasma project conversion

As the plasma project conversion occurred in 2005, we incurred a loss on the plasma project conversion of Rp2.9 billion in 2005, while not incurring any charges in this regard in 2006.

Other operating expenses

We did not incur any other operating expenses in 2006, compared to other operating expenses amounting to Rp978.0 million in 2005, which were the result of our write-off of rubber inventory following the cessation of our rubber operations.

Profit from operations

As a result of the foregoing, profit from operations increased by 386.2% from Rp125.7 billion in 2005 to Rp611.1 billion in 2006.

Financial expenses

Our financial expense increased by 13.2% from Rp101.4 billion in 2005 to Rp114.8 billion in 2006. This increase was primarily due to a 6.6% increase in interest expenses to financial institutions and financial companies from Rp98.9 billion in 2005 to Rp105.4 billion in 2006 and a 22.2% increase in amortization of bonds payable from Rp2.5 billion in 2005 to Rp3.0 billion in 2006. There was also a Rp5.6 billion loss on bond redemption in 2006 which was not incurred in 2005.

Share of results of associates

Share of results of associates improved from a loss of Rp3.4 billion in 2005 to a gain of Rp5.5 billion in 2006. This improvement was due to continued improvement in the financial performance of our associated company, MSSP, which experienced higher production of fresh fruit bunches and higher average sales price. MSSP also had a revaluation gain on its biological assets in 2006 as compared to a loss in 2005.

Profit before taxation

As a result of the foregoing, profit before taxation increased by 2,212.9% from Rp21.7 billion in 2005 to Rp502.7 billion in 2006.

Tax expense

Tax expense increased by 922.1% from Rp14.9 billion in 2005 to Rp151.8 billion in 2006. This increase was mainly due to higher current taxes resulting from increased profit before tax.

Profit for the year

As a result of the foregoing, profit for the year increased by 4,998.9% from Rp6.9 billion in 2005 to Rp350.9 billion in 2006.

Year ended December 31, 2005 compared to year ended December 31, 2004

Sales

Our sales increased by 0.3% from Rp701.0 billion in 2004 to Rp703.0 billion in 2005. This increase was mainly due to an increase in sales of palm kernel, which was largely offset by decreases in sales of other products. Our sales of palm kernel increased by 19.5%, from Rp68.0 billion in 2004 to Rp81.2 billion in 2005, primarily due to an increase in sales volumes of 5,888 tons, or 19.2%, in 2005. This increase was primarily a result of higher production volumes of fresh fruit bunches from our plantations and improved extraction rates. Our sales of crude palm oil decreased by 0.3%, from Rp606.1 billion in 2004 to Rp604.4 billion in 2005, primarily as a result of a 4.8% decrease in average sales prices (resulting from a general decrease in international market prices for crude palm oil), which offset a 4.8% increase in sales volumes. Our sales of fresh fruit bunches decreased by 23.4%, from Rp22.6 billion in 2004 to Rp17.4 billion in 2005 as a result of our decision to use more of the fresh fruit bunches we harvested at our plantations in our mills to produce crude palm oil and palm kernel and the new mill for PT Pancasurya Agrindo. Our sales of rubber decreased from Rp4.3 billion in 2004 to nil in 2005 as we converted our rubber plantations to oil palm plantations.

Costs of sales

Our cost of sales increased by 0.3% from Rp459.0 billion in 2004 to Rp460.3 billion in 2005. This increase was mainly due to an increase in the cost of sales for crude palm oil and palm kernel, which was almost completely offset by a decrease in the cost of sales of fresh fruit bunches, as well as a decrease in the cost of sales for rubber, which decreased from Rp7.6 billion in 2004 to nil in 2005 as we discontinued sales of rubber. Cost of sales for fresh fruit bunches decreased by 30.2%, from Rp17.0 billion in 2004 to Rp11.8 billion in 2005 as we used more of our fresh fruit bunches in our own mills and sold less to other processors. Our cost of sales for crude palm oil and palm kernel increased by Rp14.0 billion, or 3.2%, from Rp434.5 billion in 2004 to Rp448.4 billion in 2005, primarily due to an increase in sales volume in 2005,which was partially offset by a decrease in our cost of producing crude palm oil and palm kernel. Our cost of producing crude palm oil and palm kernel decreased due to a decrease in cost of fresh fruit bunches purchased for the production process. This arose from decreased purchases of fresh fruit bunches from MSSP following the construction of its mill, which was partially offset by increased cost of producing our own fresh fruit bunches. Our cost of producing our own fresh fruit bunches increased primarily as a result of increased maintenance costs, which increased by Rp18.2 billion, or 14.1%, from Rp129.0 billion in 2004 to Rp147.3 billion in 2005 primarily as a result of increased costs of organic and inorganic fertilizers. The increase in inorganic fertilizer costs was due to the increase in quantity and price of the fertilizers used.

Gross profit

As a result of the foregoing, our gross profit increased by 0.3% from Rp242.0 billion in 2004 to Rp242.8 billion in 2005. Our gross profit margin in both 2004 and 2005 was 34.5%.

Gains/(Losses) arising from changes in fair value of biological assets

Our gains/losses arising from changes in fair value of biological assets decreased from a gain of Rp130.0 billion in 2004 to a loss of Rp56.7 billion in 2005, primarily due to the higher discount rate used in 2005, which countered the impact of higher forecast prices for crude palm oil.

Other operating income

Other operating income decreased by 91.8% from Rp18.8 billion in 2004 to Rp1.5 billion in 2005. This decrease was due to an extraordinarily large gain on sale of investments in 2004 related to our disposal of shares in PT Perawang Sukses Perkasa Industry which amounted to Rp18.5 billion.

Selling and distribution costs

Selling and distribution costs increased by 30.9% from Rp12.1 billion in 2004 to Rp15.8 billion in 2005. This increase was mainly due to increases in all selling expense items, primarily export tax, freight and warehouse expenses, which increased primarily as a result of increased export sales volumes.

General and administrative expenses

General and administrative expenses increased by 20.6% from Rp25.4 billion in 2004 to Rp30.6 billion in 2005. This increase was mainly due to increased post employment benefits, which increased as a result of our implementation of new accounting policies relating to such benefits.

Losses on conversion of rubber plantations

In 2004, we incurred a loss of Rp26.8 billion relating to the conversion of our rubber plantations to oil palm plantation in 2004. As this conversion was completed by the end of 2004, we did not incur such losses in 2005.

(Losses)/gains on foreign exchange

Losses on foreign exchange decreased by 29.6% from Rp16.5 billion in 2004 to Rp11.6 billion in 2005, as the Rupiah depreciated less vis-à-vis the U.S. Dollar in 2005 than in 2004.

Loss on plasma project conversion

As the plasma project conversion occurred in 2005, we incurred a loss on the plasma project conversion of Rp2.9 billion in 2005, while not incurring any charges in this regard in 2004.

Other operating expenses

We incurred other operating expenses amounting to Rp978.0 million in 2005, which were the result of our write-off of rubber inventory. We did not incur any other operating expenses in 2004.

Profit from operations

As a result of the foregoing, profit from operations decreased by 59.5% from Rp310.2 billion in 2004 to Rp125.7 billion in 2005.

Financial expenses

Our financial expense decreased by 9.1% from Rp111.6 billion in 2004 to Rp101.4 billion in 2005. This decrease was due to a 9.6% decrease in interest expenses to financial institutions and finance companies from Rp109.4 billion in 2004 to Rp98.9 billion in 2005, which was partially offset by a 17.0% increase in amortization of bonds payable from Rp2.1 billion in 2004 to Rp2.5 billion in 2005.

Share of results of associates

Share of results of associates decreased from a loss of Rp810.0 million in 2004 to a loss of Rp3.4 billion in 2005, as MSSP's financial performance in 2005 was weaker compared to 2004 as a result of the revaluation of its biological assets under SFRS.

Profit before taxation

As a result of the foregoing, profit before taxation decreased by 89.2% from Rp200.6 billion in 2004 to Rp21.7 billion in 2005.

Tax expense

Tax expense decreased by 77.7% from Rp66.7 billion in 2004 to Rp14.9 billion in 2005. This decrease was mainly due to lower current taxes resulting from decreased profit before tax.

Profit for the year

As a result of the foregoing, profit for the year decreased by 94.9% from Rp133.8 billion in 2004 to Rp6.9 billion in 2005.

Liquidity and Capital Resources

Over the three years ended December 31, 2006 and up to the Latest Practicable Date, we have financed our capital requirements through cash flows from our operations and long-term debt from our bond and note issuances and bank loans.

Cash flow

As of June 30, 2007, our cash on hand and in banks amounted to approximately Rp460.8 billion (US$50.9 million), and, as of the Latest Practicable Date, we had no material unused sources of liquidity available to us for working capital needs.

The following table sets forth certain information about our cash flows during the three years ended December 31, 2004, 2005 and 2006 and for the six months ended June 30, 2006 and 2007:

	Year ended December 31,				Six months ended June 30,		
	2004	2005	2006	2006	2006	2007	
	Rp (in millions)		Rp (in millions)	US$ (in thousands)	Rp (in millions) (unaudited)	Rp (in millions)	US$ (in thousands)
Net cash generated from operating activities	77,178	126,465	289,690	31,996	101,156	178,334	19,697
Net cash used in investing activities	(115,145)	(159,499)	(260,626)	(28,786)	(94,051)	(313,928)	(34,673)
Net cash generated from/ (used in) financing activities	25,105	35,756	(3,715)	(410)	(8,641)	561,663	62,035
Net (decrease)/increase in cash on hand and in banks	(12,862)	2,722	25,349	2,800	(1,536)	426,069	47,059
Cash on hand and in banks at beginning of year	19,491	6,629	9,351	1,033	9,351	34,700	3,833
Cash on hand and in banks at end of year	6,629	9,351	34,700	3,833	7,815	460,769	50,892

Cash from operating activities, our issuance of bonds and notes and bank debt have been our primary sources of liquidity over the past three years. Our main uses of funds have been to make capital expenditures relating to our new plantations and mills.

Six months ended June 30, 2007

As at June 30, 2007, we had cash on hand and in banks amounting to Rp460.8 billion, an increase of Rp453.0 billion from Rp7.8 billion as at June 30, 2006.

Our net cash generated from operating activities increased by Rp77.2 billion, or 76.3%, to Rp178.3 billion in the six months ended June 30, 2007 compared to Rp101.1 billion in the six months ended June 30, 2006. This increase was primarily due to an increase in cash receipts from customers by Rp373.8 billion, or 97.6% from Rp382.9 billion in the six months ended June 30, 2006 to Rp756.7 billion in the six months ended June 30, 2007, which increase was attributable to increased net sales. This increase was partially offset by an increase in cash payments to suppliers and employees by Rp243.3 billion, or 115.4% from Rp210.9 billion in the six months ended June 30, 2006 to Rp454.2 billion in the six months ended June 30, 2007, arising primarily from increased expenses for purchases of fresh fruit bunches from plantations under the Plasma Program and the KKPA Program, increased payments for the maintenance of roads and drainage and increased wages paid for the maintenance of plantations. These factors were partially offset by an increase in corporate income tax payments of Rp36.2 billion or 212.8%, from Rp17.0 billion in the six months ended June 30, 2006 to Rp53.2 billion in the six months ended June 30, 2007, arising from higher taxable income, and higher interest expenses arising from the Notes.

Our net cash used in investing activities increased by Rp219.9 billion, or 233.8%, to Rp313.9 billion in the six months ended June 30, 2007, compared to Rp94.1 billion in the six months ended June 30, 2006. This increase was attributable to an increase in acquisitions of (primarily related to the biodiesel plant) by Rp160.9 billion, or 579.2%, from Rp27.8 billion in the six months ended June 30, 2006 to Rp188.7 billion in the six months ended June 30, 2007. There was also an increase in spending for immature plantations by Rp21.5 billion or 36.4% from Rp59.0 billion for the six months ended June 30, 2006 to Rp80.5 billion for the six months ended June 30, 2007 as a result of our increased plantings of oil palm trees and increase in maintenance cost of existing oil palm trees, primarily at PT Subur Arummakmur, PT Bumi Sawit Perkasa and PT Muriniwood Indah Industry. In addition, in the six months ended June 30, 2007 plasma plantations receivables increased by Rp23.2 billion compared to the six months ended June 30, 2006 when plasma plantation receivables increased by Rp3.8 billion.

Our net cash used in financing activities was Rp8.6 billion in the six months ended June 30, 2006 compared to net cash generated from financing activities of Rp561.7 billion in the six months ended June 30, 2007. This change was mainly due to the release of Rp710.8 billion as part of the restricted fund set up to pay the semi-annual interests payments on our Notes and partially offset by the redemption of Notes payable amounting to Rp90.3 billion.

Year ended December 31, 2006

As of December 31, 2006, we had cash on hand and in banks amounting to Rp34.7 billion, an increase of Rp25.3 billion, or 271.1%, from Rp9.4 billion at the beginning of the year.

Our net cash generated from operating activities increased by Rp163.2 billion, or 129.1%, to Rp289.7 billion in 2006 compared to Rp126.5 billion in 2005. This increase was primarily due to an increase in cash receipts from customers by Rp151.0 million, or 21.7% from Rp696.3 million in 2005 to Rp847.3 million in 2006, which increase was attributable to increased net sales, as well as a decrease in cash payments to suppliers and

employees by Rp35.1 billion, or 7.6% from Rp459.8 billion in 2005 to Rp424.7 billion in 2006, arising primarily from a decrease in purchases of fresh fruit bunches and an increase in accrued expenses. These factors were partially offset by an increase in corporate income tax payments of Rp18.2 billion or 198.7%, from Rp9.2 billion in 2005 to Rp27.4 billion in 2006, arising from higher taxable income, and increased interest expense.

Our net cash used in investing activities increased by Rp101.1 billion, or 63.4%, to Rp260.6 billion in 2006, compared to Rp159.5 billion in 2005. This increase was attributable to an increase in spending for immature plantations by Rp105.1 billion or 95.9% from Rp109.6 billion for 2005 to Rp214.7 billion for 2006 as a result of our increased plantings of oil palm trees, primarily at PT Subur Arummakmur, PT Bumi Sawit Perkasa and PT Muriniwood Indah Industry. In addition, in 2006 plasma plantations receivables increased by Rp2.0 billion and in 2005 plasma plantations receivables decreased by Rp6.1 billion. The increase in net cash used in investing activities was partially offset by a decrease in acquisitions of property, plant and equipment of Rp7.3 billion or 12.6% from Rp57.6 billion for 2005 to Rp50.3 billion for 2006 as expenditures for the mills for PT Pancasurya Agrindo and PT Perdana Intisawit Perkasa were completed in 2005. In addition, in 2005 we received Rp17.0 billion in proceeds from the sale of a subsidiary whereas we received no such proceeds in 2006.

Our net cash inflow/outflow from financing activities changed from Rp35.8 billion of cash inflow in 2005 to Rp3.7 billion of cash outflow in 2006 despite the receipt of proceeds from the issuance of the Notes of Rp1,382.7 billion. Part of the proceeds from the Notes is restricted and was used to set up a sinking fund of Rp706.6 billion to pay the semi-annual interest payments on the Notes. The rest of the proceeds was used to retire outstanding bonds of Rp260.9 billion and bank loans of Rp472.2 billion.

Year ended December 31, 2005

As of December 31, 2005, we had cash on hand and in banks amounting to Rp9.4 billion, an increase of Rp2.7 billion, or 41.1%, from Rp6.6 billion at the beginning of the year.

Our net cash generated by operating activities increased by Rp49.3 billion, or 63.9%, to Rp126.5 billion in 2005 compared to Rp77.2 billion in 2004. This increase was primarily due to a decrease in cash payments to suppliers and employees by Rp51.2 billion, or 10.0% from Rp511.0 billion in 2004 to Rp459.8 billion in 2005, primarily as a result of the deferral of payments to certain suppliers in 2005. The decrease in cash payments to suppliers and employees was partially offset by a decrease in cash receipts from customers by Rp2.3 billion, or 0.3%, from Rp698.6 billion in 2004 to Rp696.3 billion in 2005. In addition, we paid approximately Rp7.7 billion, or 7.0%, less in interest expenses in 2005 than in 2004, due to lower average borrowings and average interest rates in 2005.

Our net cash used in investing activities increased by Rp44.4 billion, or 38.5%, to Rp159.5 billion in 2005, compared to Rp115.1 billion in 2004. The increase in net cash used in investing activities was also due to an increase in our spending for immature plantations by Rp73.8 billion, or 206.4%, from Rp35.8 billion in 2004 to Rp109.6 billion in 2005 as a result of our increased planting of oil palm trees, primarily by PT Surya Intisari Raya and PT Subur Arummakmur. This was offset by cash used in the acquisition of property, plant and equipment which decreased by Rp11.7 billion in 2005 due to the completion of PT Perdana Intisawit Perkasa's mill expansion project and the completion of PT Pancasurya Agrindo's new mill in 2005. Furthermore, in 2004 we received Rp30.9 billion from the proceeds of our sale of investment in the shares of PT Perawang Sukses Perkasa Industri, an industrial timber estate company.

Our net cash provided by financing activities increased by Rp10.7 billion, or 42.4%, to Rp35.8 billion in 2005, compared to Rp25.1 billion in 2004. This increase was primarily due to the receipt of share allotment monies from shareholders for future allotment of shares of Rp44.4 billion, offset by the decrease of Rp40.0 billion in sinking funds used to offset interest settlements for outstanding bonds issued.

Indebtedness

As of December 31, 2006, we had total non-current liabilities of Rp1,889.3 billion (US$208.7 million), which included notes payable, bonds payable and obligations under capital leases. We also had Rp319.6 billion (US$35.3 million) of current liabilities including amounts payable to our immediate holding company and outstanding trade payables. As of June 30, 2007, we had total non-current liabilities of Rp1,889.1 billion (US$208.6 million), which included notes payable, bonds payable and obligations under capital leases. We also had Rp296.6 billion (US$32.8 million) of current liabilities including short-term bank loans, outstanding trade payables and advances from customers. See "Description of Material Indebtedness".

As of June 30, 2007, MSSP had Rp141.0 billion (US$15.6 million) of outstanding indebtedness. This indebtedness will remain outstanding following this Offering and will be consolidated in our financial statements.

See "—Recent Developments" for a description of the Rupiah bonds that we issued following June 30, 2007.

Capital Expenditures

Historical capital expenditures

The table below presents our capital expenditures for the periods indicated.

	For the year ended December 31,			
	2004	2005	2006	Total
	Rp (in billions)			Rp (in billions)
Plantations	36.6	71.0	202.5	310.1
Mills	52.9	46.9	7.7	107.5
Other[1]	44.1	64.6	50.3	159.0
Total	133.6	182.5	260.5	576.6

Notes:
(1) "Other" includes land preparation costs, land acquisition costs, buildings, infrastructure and agricultural tools.

Our capital expenditures for plantations consisted primarily of Rp14.2 billion, Rp19.3 billion and Rp27.1 billion of expenditures by PT Surya Intisari Raya in 2004, 2005 and 2006, respectively, related to the planting of approximately 2,756 additional hectares in those years; Rp4.3 billion, Rp20.0 billion and Rp69.0 billion of expenditures by PT Subur Arummakmur in 2004, 2005 and 2006, respectively, related to the planting of approximately 7,997 additional hectares in those years; Rp5.1 billion, Rp13.0 billion and Rp23.3 billion of expenditures by PT Pancasurya Agrindo in 2004, 2005 and 2006, respectively, related to the planting of approximately 895 additional hectares in those years; Rp0.9 billion, Rp1.3 billion and Rp0.7 billion of expenditures by PT Perdana Intisawit Perkasa in 2004, 2005 and 2006, respectively, related to the planting of approximately 656 additional hectares in those years, Rp8.4 billion, Rp6.9 billion and Rp31.6 billion of expenditures by PT Muriniwood Indah Industry in 2004, 2005 and 2006, respectively, related to the planting of approximately 1,652 hectares in those years; Rp3.5 billion, Rp6.1 billion and Rp4.5 billion of expenditure by PT Ciliandra Perkasa in 2004, 2005 and 2006 related to the planting of approximately 517 additional hectares in those years; and Rp0.0 billion, Rp4.3 billion and Rp46.3 billion of expenditure by PT Bumi Sawit Perkasa in 2004, 2005 and 2006 related to nursery and seedling expenses in 2005 and the planting of approximately 3,580 hectares in 2006. Our plantation capital expenditures also includes our maintenance expenses for plantations until such time as the trees mature.

Our capital expenditures for mills consisted primarily of Rp27.9 billion, Rp43.0 billion and Rp0.5 billion of expenditures by PT Pancasurya Agrindo in 2004, 2005 and 2006, respectively, related to the construction of its new

mill; Rp5.7 billion Rp0.0 billion and Rp0.4 billion in 2004, 2005 and 2006, respectively, related to the expansion of its mill; Rp17.2 billion Rp2.5 billion and Rp0.0 billion of expenditures by PT Subur Arummakmur in 2004, 2005 and 2006, respectively, related to the construction of its mill; Rp1.0 billion, Rp0.2 billion and Rp5.0 billion of expenditures by PT Ciliandra Perkasa in 2004, 2005 and 2006, respectively, related to the expansion of its mill; and Rp1.2 billion, Rp1.2 billion and Rp1.7 billion of expenditures by PT Arindo Trisejahtera in 2004, 2005 and 2006, respectively, related to the expansion of its mill.

From January 1, 2007 to August 31, 2007 our capital expenditure amounted to approximately Rp348.4 billion. From September 1, 2007 to the Latest Practicable Date, we did not incur any material capital expenditure.

Planned capital expenditures

Our planned capital expenditures for the years ending December 31, 2007, 2008 and 2009 are summarized in the following table. The capital expenditures listed below are budgeted expenditures only, and these amounts have not been committed and may change in the future as our business develops. We expect to fund these expenditures through cash generated from our operations, cash available on our balance sheet, parts of the proceeds from this Offering and the offering of the Notes and other capital-raising activities. See "Use of Proceeds".

	For the year ending December 31,			
	2007	2008	2009	Total
			Rp (in billions)	
Biodiesel Plant[1]	211.1	211.4	0.0	422.5
Plantations	171.5	230.7	207.2	609.5
New palm oil mills	90.0	40.5	40.5	171.0
Other[2]	78.0	114.0	87.3	279.3
Total	550.6	596.6	335.0	2,152.3

Notes:

(1) Biodiesel, plantation and palm oil mill capital values include estimated capitalized interest expense

(2) "Other" includes land acquisition costs, buildings and infrastructure.

Our planned capital expenditures consist primarily of expenses relating to our biodiesel plant, plantations and new palm oil mills. Our plantation capital expenditures also include our maintenance expenses for plantations until such time as the trees mature.

As at the Latest Practicable Date, we have committed capital expenditures of approximately Rp440.3 billion. The funding for these committed expenditures is the same as for the planned expenditure.

We intend to plant an estimated 80,526 hectares of oil palm in the second half of 2007, approximately 18,000 hectares in 2008 and approximately 10,500 hectares in 2009 and to increase our total planted hectarage to approximately 118,000 by 2009. We also expect the expansion of our plantations to continue after 2009, as we will still have undeveloped landbank and may acquire additional landbank. See "Business—Oil Palm Plantations".

We expect that the aggregate cost for our plantation expansion program, including land acquisition, land clearing and nursery, plantation worker housing and infrastructure costs, will be approximately Rp249.5 billion in 2007, Rp344.8 billion in 2008 and Rp294.4 billion in 2009.

Our planned capital expenditures for mills consist of expenditures in the remainder of 2007 by PT Muriniwood Indah Industry for its new mill and expenditures in 2008 and 2009 by PT Surya Intisari Raya for its new mill.

See "Business—Expansion—Biodiesel production facility" for information regarding our planned Biodiesel Plant.

Contractual Obligations and Contingent Liabilities

As of December 31, 2006, we had total contractual obligations in the amount of Rp1,484 billion (US$163.9 million). As of June 30, 2007, we had total contractual obligations in the amount of Rp1,411 billion (US$155.9 million). The following table sets forth information regarding our contractual obligations and contingent liabilities as of June 30, 2007. The majority of these obligations and liabilities consists of the Notes. We expect to meet these obligations and liabilities through cash generated from our operations, cash available on our balance sheet and cash made available to us from potential future capital-raising activities.

	Maturity Period				
	Less than 1 year	1-3 years	3-5 years	More than 5 years	Total
			Rp (in millions)		
Short-term debt	—	—	—	—	—
Capital (finance) lease obligations	10,721	6,019	—	—	16,740
Long-term debt	—	—	1,394,949	—	1,394,949
Total	10,721	6,019	1,394,949	—	1,411,689

See "—Recent Developments" for a description of the Rupiah bonds that we issued following June 30, 2007.

Order Book

As at December 31, 2006, the Group had outstanding orders totaling 105,000 tons of crude palm oil, which are expected to be delivered between January 2007 and December 2009. As at the Latest Practicable Date, the Group had outstanding orders totaling 81,000 tons of crude palm oil, which is expected to be delivered between November 2007 and December 2009.

Quantitative and Qualitative Disclosure About Market Risk

Our principal exposures to market risks are with respect to global crude palm oil and palm kernel prices, as well as with respect to the prices we pay for fertilizer and fuel—our commodity price risks—and to changes in the exchange rate between the Indonesian Rupiah and the U.S. Dollar, which is the currency of all our foreign currency-denominated debt, as well as the currency in which global prices for crude palm oil and palm kernel are quoted.

Commodity price risk

The prices we receive for our crude palm oil and palm kernel are based on these products' international market prices. For information on average crude palm oil and palm kernel prices, see "The Palm Oil Industry—Palm Oil Price". The prices we pay for fertilizer and fuel are also based on prevailing international market prices for these products.

We do not hedge against commodity price risk through the financial futures market such as MDEX in Malaysia and JADE in Singapore. However, we do from time to time enter into fixed price agreements with certain customers to lock in prices. See "Business—Pricing".

Foreign exchange risk

Our exposure to foreign exchange risk is principally due to the following factors: (1) our crude palm oil and palm kernel is sold to customers at prices based on U.S. Dollar international spot market prices for these products; and (2) we have U.S. Dollar-denominated debt.

Depreciation of the Indonesian Rupiah against the U.S. Dollar has the effect of increasing the Rupiah sales figures for our products, given constant U.S. Dollar prices for these items. An appreciation of the Indonesian Rupiah against the U.S. Dollar has the opposite effect. In the financial years ended December 31, 2004, 2005 and 2006, the average of each year-end Rupiah/U.S. Dollar exchange rates was Rp8,985, Rp9,751 and Rp9,141, respectively.

We recognize foreign exchange gain or loss on our income statement due to changes in value of assets and liabilities denominated in foreign currencies during the relevant accounting period. Generally, our foreign exchange gains or losses are attributable to changes in the value of foreign currency denominated debt. As of December 31, 2004, 2005 and 2006, we had foreign currency debt outstanding of US$18.9 million, US$14.7 million and US$160.0 million (Rp1,448.6 billion), respectively, all of which was denominated in U.S. Dollars. A depreciation of the Indonesian Rupiah against the U.S. Dollar also has the effect of increasing cost of U.S. Dollar interest obligations.

Our foreign exchange gains and losses have been closely linked to changes in the Indonesian Rupiah/U.S. Dollar exchange rate. Because our U.S. Dollar debt accounts for a substantial majority of our foreign exchange exposure, a depreciation of the Indonesian Rupiah against the U.S. Dollar generally causes us to recognize a foreign exchange loss, while an appreciation generally results in a foreign exchange gain.

Following the issuance of the Notes and the use of a portion of the proceeds therefrom to repay our then outstanding debt, our debt consists mostly of the Notes, and our debt service obligations are the U.S. Dollar interest on the Notes.

We have from time to time engaged and may in the future engage in limited hedging activities to cover our downside risk resulting from fluctuations between the U.S. Dollar and the Rupiah.

Derivatives

We generally do not use derivatives to hedge against exposures to market risks or for any other purposes. From time to time, we have entered into forward contracts for the sale of our crude palm oil into export markets.

Seasonality

The peak harvest season for fresh fruit bunches is August through December. We typically produce approximately 60.0% of our crude palm oil and palm kernel during July through December. Nevertheless, we do not believe that seasonality has a material impact on demand from our customers, our prices or our costs.

Impact of Inflation

According to Biro Pusat Statistik/BPS (Indonesian Statistic Bureau), Indonesia's annual overall inflation rate as measured by the consumer price index was approximately 6.4% in 2004, 17.1% in 2005, 6.6% in 2006 and 6.0% for the 12 months ended May 31, 2007. The recent increase in the inflation rate has been due in large part to sharply higher energy costs. Except for the effect of higher costs we have incurred for diesel fuel and fertilizer costs and a general increase in wages, we do not consider inflation in Indonesia to have had a material impact on our results of operations.

Critical Accounting Policies

In preparing our financial statements, we make estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and related disclosure of contingent assets and liabilities. We base our estimates on historical experience and on various assumptions that we believe to be reasonable under the

circumstances, the results of which form our basis for making judgments about the carrying values of assets and liabilities that are not readily apparent from other sources. Our results of operations may differ if prepared under different assumptions or conditions.

We believe the following principal accounting policies affect the more significant judgments and estimates used in the preparation of our consolidated financial statements.

Allowances for doubtful accounts

We evaluate specific accounts where we have information that certain customers are unable to meet their financial obligations. In these cases, we use our judgment, based on the best available facts and circumstances, including the length of our relationship with the customer and the customer's current credit status based on third-party credit reports and known market factors, to record specific allowance against the amount due from these customers to reduce our receivables to the amount we expect to collect. These specific allowances are re-evaluated and adjusted as additional information received affects the amounts of allowance for doubtful debts.

Inventories

Inventories other than fresh fruit brunches ("FFB") are stated lower of cost, using the weighted average method, and net realizable value. FFB are initially stated at their fair value less cost of selling and subsequently at the lower of carrying value and net realizable value. Allowance for decline in value of inventories is made to reduce the carrying value to net realizable value. We determine our allowance for inventory obsolescence based upon expected inventory turnover, inventory ageing and current and future expectations with respect to product offerings. Assumptions underlying the allowance for inventory obsolescence include future sales trends and offerings and the expected inventory requirements and inventory composition necessary to support these future sales offerings. The estimate of our allowance for inventory obsolescence could materially change from period to period due to changes in product offerings and consumer acceptance of those products.

Plantations

Plantations are stated at fair value less estimated point-of-sale costs. Significant components of fair value measurement were determined using assumptions including average lives of plantations, period of being immature and mature plantations, yield per hectare, average selling price and annual discount rates. The amount of changes in fair values would differ if there were changes to the assumptions used. Any changes in fair values of these plantations would affect the Group's combined and consolidated profit and loss accounts and equity. We engage external valuers to review our fair value estimates on an annual basis.

Property, plant and equipment

Property, plant and equipment is stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets as follows:

	Years
Building and improvements	5 - 20
Land use rights	Over period of the lease
Machinery and installation	5 - 15
Farming equipment	5
Transportation equipment	5
Office equipment	5

Various methods are used to estimate the useful lives and salvage values of our depreciable assets. Changes in such estimates could have a significant affect on our result of operations. The cost of repairs and maintenance is charged to operations as incurred; significant renewals and betterments which fulfill the criteria that are stated in SFRS 16: Property, plant and equipment are capitalised. When assets are retired or otherwise disposed of, their cost and the related accumulated depreciation are removed from the account and any resulting gain or loss is reflected in the profit and loss account.

Impairment of financial assets

We follow the guidance of SFRS 39 in determining when an investment or financial asset is other-than-temporarily impaired, and this determination requires a significant degree of subjective judgment. We evaluate, among other factors, the duration and extent to which the fair value of a financial asset is less than its cost and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Impairment of non-financial assets

We follow the guidance of SFRS 36 in determining when an investment or financial asset is other-than-temporarily impaired, and this determination requires a significant judgment. We evaluate, among other factors, the duration and extent to which the fair value of a non-financial asset is less than its cost and the financial health of and near-term business outlook for the non-financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

Classification of financial assets and financial liabilities

We determine the classification of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set out in SFRS 107. Accordingly, the financial assets and financial liabilities are accounted for in accordance with our accounting policies set out in the Notes to our financial statements.

Credit policies on receivables

We are exposed to credit risk arising from the credit granted to our customers. To mitigate this risk, we have policies in place to ensure that sales of products are made only to creditworthy customers with proven track record or good credit history. It is our policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For export sales, we require cash against the presentation of documents of title. For domestic sales, we require payment prior to the delivery of goods. We also have policies that limit the amount of credit exposure to any particular customer. In addition, we monitor receivable balances on an ongoing basis to reduce our exposure to bad debts.

When a customer fails to make payment within the credit terms granted, we will contact the customer to act on the overdue receivables. If the customer does not settle the overdue receivable within a reasonable time, we will proceed to commence legal proceedings. Depending on our assessment, specific provisions may be made if the debt is deemed uncollectible. To mitigate credit risk, we will cease the supply of all products to customers in the event of late payment and/or default.

Provision for income tax

Current tax expense is determined based on the taxable income for the year computed using prevailing tax rates. The deferred tax assets and liabilities are recognized for future tax consequences which arise from the differences in carrying value of assets and liabilities in the financial statements with the taxable basis of the assets

and liabilities. The timing of the reversal of the temporary differences is estimated and the tax rate substantively enacted for the period of reversal is applied to the temporary difference. The carrying amounts of assets and liabilities are based upon the amounts recorded in the financial statements and are therefore subject to accounting estimates that are inherent in those balances. The tax basis of assets and liabilities as well as tax losses carried forward are based upon the applicable income tax legislation, regulations and interpretations, all of which in turn are subject to interpretation. The timing of the reversal of the temporary differences is estimated based upon assumptions of expectations of future results of operations.

Assumptions underlying the composition of future income tax assets and future income tax liabilities include expectations about future results of operations and the timing of reversal of deductible temporary differences and taxable temporary differences. These assumptions also affect classification between income and other taxes receivable and future income tax assets. The composition of future income tax assets and future income tax liabilities is reasonably likely to change from period to period because of the significance of these uncertainties. If the future were to adversely differ from our best estimate of future results of operations and the timing of reversal of deductible temporary differences and taxable temporary differences, we could experience material future income tax adjustments. Such future income tax adjustments do not result in immediate cash outflows and, of themselves, would not affect our immediate liquidity.

Post employment benefits

We recognized allowance for post employment benefits according to the Indonesia Labor Law which is determined using the Projected Unit Credit Actuarial method. Actuarial gains or losses are recognized as income or expenses when the net cumulative or unrecognized actuarial gains and losses at the end of the previous reporting year exceed 10.0% of the defined benefit obligation at the date. Those gains or losses are recorded using the straight line method over the expected average of remaining working period of the related employees. Assumptions used in determining defined benefit obligations include discount rates, salary increment, mortality rate, disability rate and resignation rate. Material changes in overall financial performance and financial statement line items would arise from reasonably likely changes, because of revised assumptions to reflect updated historical information and updated economic conditions, in the material assumptions underlying this estimate. We engage professional actuaries to review our estimates on an annual basis.

THE PALM OIL INDUSTRY

Unless otherwise specified, all statistical data or forecasts relating to the palm oil industry and contained in this document have been compiled by ISTA Mielke GmbH, an independent authority of global market research and analysis on world supply, demand and prices of oil and oil products, extracted from its website www.oilworld.biz and based on its publication Oil World Annual 2007 and other publications.

Overview

The oil palm is a perennial crop that is cultivated commercially for its fruit from which crude palm oil and palm kernel are extracted. The derivatives of crude palm oil and palm kernel are used throughout the world for many food and non-food applications including cooking oil, margarine, ice cream, non-dairy creamer, soaps and detergents, animal feed, cosmetics and industrial lubricants.

Palm oil is one of the primary types of oils and fats consumed in the world. The major competing oils and fats are soybean oil, rapeseed oil, sunflower oil as well as animal fats.

In the past decade, demand for palm oil has increased at a compound annual growth rate of 8.5% during the 10 years ended 2006, the highest growth rate of all major oils and fats.

Production of palm oil has experienced substantial growth over the past 10 years, more than doubling from 16.3 million tons in 1996 to 37.2 million tons in 2006. The growth in production has been primarily driven by rapidly rising world consumption (due to the increase in world population, economic growth and changes in diets and eating habits), profitability of palm oil cultivation, attractive prices and the growing popularity of palm oil compared to other competing oils and fats. The success of the palm oil industry can also be linked to its versatile use for both food and non-food purposes.

Palm oil is also the world's most traded oil, accounting for 52% of world imports of oils and fats in 2006. The major export markets for palm oil include Europe, China, India, Pakistan, the Near East (Iran, Iraq, Jordan, Saudi Arabia, United Arab Emirates and Yemen), North Africa, Turkey, Russia and lately, the United States.

The major crude palm oil producing countries are Malaysia and Indonesia, which accounted for a combined 86% of world production in 2006. Since 2006 Indonesia is the world's largest producer of palm oil, pushing Malaysia into the second place. Until 2005 Malaysia had been the biggest producer, but in recent years Indonesia has registered the highest annual growth rates. In calendar year 2006 Malaysia produced 15.9 million tons of crude palm oil and Indonesia 16.1 million tons. In 1996 Malaysia produced 8.4 million tons (or 52% of the world total) and Indonesia 4.5 million tons (or 28%).

Comparison of Oil Palm and Other Oil Yielding Crops

The oil palm enjoys a number of production advantages over other oil-yielding crops. In the higher-yielding countries annual average yields of oil palms are approximately four tons of oil per hectare, which is more than double the oil output per hectare that can be obtained from rapeseed and four times the annual oil output per hectare derived from soybeans and sunflower seeds. The production process for crude palm oil also costs much less per ton than that of any other oil-yielding crop. An additional advantage of the oil palm over other oil yielding crops is that it provides supply reliability. The production of oils from annual crops, such as soybeans, are more susceptible to weather conditions; however, oil palms, which can be harvested for the first time three years after planting through approximately 22-25 years of age, are generally less affected by adverse weather conditions.

Oils and Fats

Oils and fats are generally grouped into three main categories on the basis of their source: vegetable oils, animal fats and marine oils. Within each category, oils and fats can be categorized into either edible or inedible varieties, depending on their fatty acid composition and properties. Edible oils contain both saturated and unsaturated fats. Most industrial applications tend to use the solid fractions of palm oil, such as stearin, which have a higher content of saturated fats. Olein has a much lower proportion of saturated fats than stearin and is used principally for edible purposes. In edible applications, vegetable, animal and marine oils are largely interchangeable.

Demand for oils and fats

Consumption of major oils and fats has been increasing over the last ten years, from an aggregate of 97.0 million tons in 1996 to 148.3 million tons in 2006, indicating a compound growth rate of 4.3% per annum. The largest component of this expansion has been an increase of 47.9 million tons in the use of vegetable oils, from 76.3 million tons to 124.2 million tons.

The table below illustrates world consumption of oils and fats by type for the years 1996 to 2006 according to information provided by Oil World:

World Consumption of Major Oils and Fats by Type

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Compound Annual Growth Rate 10 years until 2006
	(million tons)											
Vegetable Oils												
Palm Oil	16.1	17.7	17.7	19.5	21.6	23.7	25.4	28.2	30.0	33.4	36.3	8.5%
Soy Oil	20.4	21.5	23.6	24.5	25.1	27.5	30.0	31.2	31.1	32.9	34.8	5.5%
Sun Oil	8.9	9.4	8.6	9.1	9.4	8.8	7.7	8.9	9.6	9.7	11.1	2.6%
Rape Oil	11.6	11.7	12.3	13.2	14.5	14.0	13.5	12.8	15.0	16.1	18.2	4.9%
Other Vegetable Oils	19.3	19.9	20.1	20.0	20.5	22.0	22.6	22.1	22.5	23.6	23.8	2.2%
Total Vegetable Oils	**76.3**	**80.1**	**82.2**	**86.3**	**91.1**	**95.9**	**99.2**	**103.2**	**108.2**	**115.7**	**124.2**	**5.1%**
Animal Fats	19.3	19.4	20.0	20.8	20.8	20.7	21.3	21.7	22.1	22.6	23.1	1.8%
Marine Oils	1.4	1.3	0.9	1.3	1.4	1.2	1.0	1.0	1.1	1.0	1.0	-1.1%
Total Oils and Fats	**97.0**	**100.8**	**103.2**	**108.4**	**113.4**	**117.8**	**121.4**	**125.9**	**131.4**	**139.3**	**148.3**	**4.3%**

Source: Oil World Annual (various issues 1999-2007).

Over the last decade, consumption of vegetable oil has increased at the expense of other oils and fats. Increasingly, food manufacturers have been using vegetable oils as a substitute for animal oils because they contain lower cholesterol levels. In addition, there has been some concern regarding the off-take of saturated fatty acids, of which animal fats contain a higher proportion than most vegetable oils. Increased use of vegetable oil has also resulted because of a rise in consumption of its downstream industrial and consumer products, many of which now use vegetable oils as a replacement for animal oils and fats.

Consumption of palm oil has been growing faster than for any other oil or fat, at a compound annual growth rate of 8.5% between 1996 and 2006.

Overall, Asia accounted for approximately 48% of worldwide oils and fats consumption in 2006. Annual per capita consumption of oils and fats is still relatively low in Asia, but has shown considerable increases over the past 10 years in the major consuming countries, primarily China, Pakistan, Indonesia, and, to a certain extent, India. In 2006, per capita consumption in most Asian countries was still considerably trailing the world average of 22.5 kilograms, thus indicating the potential for continued growth in this region. On a global scale, this is particularly significant because the concentration of population and economic growth in Asia is expected to increase demand in this region to levels currently experienced in Western Europe and the United States.

The table below illustrates per capita consumption of oils and fats in Indonesia, the United States, the European Union and certain other countries for the years 1996 and 2006 according to information provided by Oil World. It should be noted that per capita consumption includes the use of oils and fats for food and non-food purposes (feed, oleochemicals and—in 2006—also for biofuels).

17 Oils and Fats: Per Capita Consumption in Indonesia, United States, the European Union (EU) and Certain Other Countries

Countries	Population 2006 (as of July)	Per capita Consumption (food and non-food uses)	
		1996	2006
	(in millions)	(kg)	(kg)
USA	303	45.0	53.0
EU-27	492	38.5	55.3
Pakistan	161	18.4	21.3
China	1,298	11.2	20.9
Indonesia	228	15.3	19.4
India	1,152	9.3	11.8

Source: Oil World Annual (various issues 1999-2007).

Exports of oils and fats

World exports of oils and fats have expanded at a higher rate than output and consumption over the past 10 years. Palm oil contributed to a large share of this development with respect to trade and consumption. Approximately 75-80% of its annual output is exported, compared with 30% in the case of soybean oil or sunflower oil and only 10% in the case of rapeseed oil. As the bulk of world palm oil production is concentrated in only two countries (Malaysia and Indonesia accounted for 86% of the total in 2006), the significant growth in output registered during the past decade was also accompanied by a similar increase in exports. In 1996, the share of palm oil in total exports of oils and fats was 39%; however, in 2006, it rose substantially to 52%. During that period, soybean oil increased slightly from 17% to 18%, while sunflower oil and rapeseed oil lost market share.

In fact, the very strong world import demand has been the driving factor behind the growth of palm oil production. Due to the rising global requirements (from the food industries as well as from the oleochemical sector and the emerging biofuels industries), the dependence on a further acceleration of the annual growth of palm oil production is expected to increase in the future as the production of the competing seed oils (derived from soybeans, rapeseeds and other oilseeds) cannot be expanded sufficiently.

The table below illustrates world exports of major oils and fats by type for the years 1996 to 2006 according to information provided by Oil World:

World Exports of Major Oils and Fats by Type

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Compound Annual Growth Rate 10 years until 2006
	(million tons)											
Vegetable Oils												
Palm Oil	10.7	12.4	11.4	14.1	15.1	17.8	19.4	21.9	24.3	26.5	30.0	11.1%
Soy Oil	4.8	6.7	7.8	7.5	6.8	7.8	8.7	9.3	9.1	9.8	10.4	8.8%
Sun Oil	2.7	3.4	2.8	3.0	3.0	2.3	2.3	2.6	2.7	3.1	4.5	7.0%
Rape Oil	1.7	1.8	2.1	1.6	1.8	1.2	1.2	1.0	1.5	1.4	2.1	5.3%
Other Vegetable Oils	4.2	5.1	5.1	4.5	5.4	5.6	5.4	5.8	5.9	6.7	6.7	5.5%
Total Vegetable Oils	24.0	29.4	29.1	30.7	32.0	34.6	37.0	40.6	43.5	47.5	53.7	8.5%
Animal Fats	2.8	2.8	3.1	3.2	3.1	2.9	3.1	3.0	3.1	2.9	3.0	0.9%
Marine Oils	0.8	0.7	0.4	0.7	0.8	0.8	0.5	0.6	0.7	0.6	0.7	1.3%
Total Oils and Fats	27.6	32.9	32.7	34.6	35.9	38.2	40.6	44.2	47.3	51.0	57.4	7.7%

Source: *Oil World Annual (various issues 1999-2007).*

Supply of oils and fats

World production of oils and fats has grown at a compound annual growth rate of 4.5 % per annum from an aggregate of 96.9 million tons in 1996 to 150.0 million tons in 2006. Production of vegetable oils has increased the fastest at a compound annual growth rate of 5.1%, from 76.4 million tons in 1996 to 125.9 million tons in 2006. During that same period, animal fat output grew at a compound rate of 1.9% per annum, from 19.1 million tons in 1996 to 23.1 million tons in 2006. Marine oil production in the same period actually declined by 1.1%.

Among the vegetable oils, palm oil is now the world's leading oil in respect of production and consumption, thus pushing soybean oils into second place. The demand patterns over the last five years clearly show palm oil as having the highest growth rate of all vegetable oils and other major oils and fats. For example, the compound growth rate of demand for palm oil for 1996 to 2006 was 8.5%, compared to 5.5% for soybean oil. The compound annual growth rate of palm oil and soy bean oil production was 8.7% and 5.8%, respectively, over the same period.

The table below illustrates world production of major oils and fats by type for the years 1996 through 2006 according to information provided by Oil World:

World Production of Major Oils and Fats by Type

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Compound Annual Growth Rate 10 years until 2006
	(million tons)											
Vegetable Oils												
Palm Oil	16.3	17.9	17.2	20.6	21.9	24.0	25.4	28.3	31.0	33.8	37.2	8.7%
Soy Oil	20.3	21.0	24.0	24.8	25.6	27.8	29.9	31.2	30.7	33.6	35.3	5.8%
Sun Oil	9.0	9.2	8.4	9.3	9.7	8.2	7.6	8.9	9.4	9.8	11.2	2.6%
Rape Oil	11.5	11.8	12.3	13.3	14.5	13.7	13.3	12.7	15.1	16.3	18.4	5.1%
Other Vegetable Oils	19.3	20.5	20.2	19.8	20.8	22.2	22.2	21.9	22.8	23.9	23.8	2.2%
Total Vegetable Oils	**76.4**	**80.5**	**82.1**	**87.8**	**92.4**	**95.9**	**98.4**	**102.9**	**109.0**	**117.4**	**125.9**	**5.1%**
Animal Fats	19.1	19.5	20.1	20.7	20.9	20.6	21.4	21.6	22.1	22.6	23.1	1.9%
Marine Oils	1.4	1.2	0.9	1.4	1.4	1.1	0.9	1.0	1.1	1.0	1.0	-1.1%
Total Oils and Fats	**96.9**	**101.2**	**103.1**	**109.9**	**114.7**	**117.6**	**120.7**	**125.6**	**132.2**	**141.0**	**150.0**	**4.5%**

Source: Oil World Annual (various issues 1999-2007).

Palm Oil

Palm Oil and its uses

Crude palm oil is extracted through the process of cooking, mashing and pressing the oil palm's fleshy fruit. During this process, seeds are separated from the fruit and, upon cracking the seed's shell, the kernel inside is separated. In addition, the kernel can be further processed to yield palm kernel oil.

Unlike many other oil-yielding crops which are grown for their meal, oil palm is grown primarily for its oil, which contains antioxidants such as carotene and a relatively high content of vitamins A and E. Crude palm oil is a versatile vegetable oil with a variety of edible and industrial applications. Over the past decade, the edible uses of crude palm oil have increased as a result of promotion and research in application options. Crude palm oil is often further processed to produce "refined bleached and deodorized palm oil," a major ingredient in margarines and shortenings. Crude palm oil can also be fractionated to produce palm olein and palm stearin. Palm olein, the liquid fraction, is used mainly as a cooking oil; for example, it can be used to fry processed foods like potato chips, instant noodles and other snack foods. Palm stearin, the solid fraction, can be further processed to make soaps and detergents.

Generally, 80% of crude palm oil is used in edible derivative products and the other 20% is used for industrial applications. In contrast, approximately 25% of palm kernel oil derivatives are used for edible products while the other 75% are used for industrial purposes. Palm kernel meal, a by-product from palm kernel processing, is generally used for animal feed.

The table below outlines some examples of the downstream uses of oil palm products:

Downstream Uses of Oil Palm Products

	Palm Oil	Palm Kernel and Palm Kernel Oil
Food Applications	• Cooking Oil • Vanaspati • Margarine • Shortening • Frying Fats • Ice Cream • Cocoa Butter Extender • Chocolate Coatings • Tocotrienol Extract (Vitamin E)	• Specialty Fats • Cocoa Butter Substitute • Margarine • Non Dairy Creamer • Confectionery Fats
	Palm Oil	**Palm Kernel Oil**
Non-Food Applications	• Soap and Detergents • Textile Oil • Lubricant • Biofuels	• Animal Feed • Soap
	Palm Oil and Palm Kernel Oil	
Oleochemicals	• Alcohol • Food Coatings • Food Emulsifiers • Pharmaceuticals • Candle Wax • Lubricants	• Paint • Paint Coatings • Shampoo • Detergents • Cosmetics

Demand and supply of palm oil

To date, world production of palm oil has been expanding in tandem with growth in consumption thereof. The expansion in world palm oil production over the last decade can be attributed mainly to Indonesian and Malaysian plantations. Since world consumption is steadily increasing as a result of growing population and economic growth, further expansion in world palm oil production through investments in new planting areas and milling capacity is required to meet the growing demand.

The table below presents data on world consumption and supply of palm oil between the years 1996 and 2006 according to information provided by Oil World:

World Production, Exports & Consumption of Palm Oil

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Compound Annual Growth Rate 10 years until 2006
	(million tons)											
Production	16.3	17.9	17.2	20.6	21.9	24.0	25.4	28.3	31.0	33.8	37.2	8.7%
Exports	10.7	12.4	11.4	14.1	15.1	17.8	19.4	21.9	24.3	26.5	30.0	11.1%
Consumption	16.1	17.7	17.7	19.5	21.6	23.7	25.4	28.2	30.0	33.4	36.3	8.5%

Source: *Oil World Annual (various issues 1999-2007).*

Differences in production and consumption when measured at the end of marketing years are, as seen in the table above, attributable to seasonal vacancies which balance themselves out through market forces in the following marketing year.

Large markets for high growth of palm oil usage are countries in Asia, particularly India, Indonesia, China, Malaysia and Pakistan, and in the Middle East. The EU is also a major consumer.

The table below shows data on consumption of palm oil for the years 1996 to 2006 in certain high growth market countries according to information provided by Oil World:

Palm Oil Consumption by Country

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Compound Annual Growth Rate 10 years until 2006
	(million tons)											
India	1.2	1.4	1.8	3.0	3.6	3.6	3.65	4.2	3.4	3.3	3.1	12.1%
Indonesia	2.5	2.8	2.8	3.0	3.0	2.9	3.0	3.2	3.3	3.5	3.7	4.1%
EU-27	1.9	2.0	2.1	2.3	2.5	3.0	3.4	3.6	3.9	4.4	4.6	9.3%
China	1.1	1.7	1.5	1.4	1.6	2.2	2.6	3.3	3.7	4.3	5.4	18.7%
Malaysia	1.2	1.2	1.0	1.2	1.5	1.5	1.5	1.6	1.8	2.0	2.2	6.5%
Pakistan	1.1	1.1	1.1	1.1	1.1	1.2	1.4	1.3	1.3	1.5	1.6	4.1%
Other	7.0	7.5	7.3	7.6	8.3	9.3	10.0	11.0	12.6	14.4	15.7	8.5%
Total	**16.1**	**17.7**	**17.7**	**19.5**	**21.6**	**23.7**	**25.4**	**28.2**	**30.0**	**33.4**	**36.3**	**8.5%**

Source: *Oil World Annual (various issues 1999-2007).*

The pattern of global production of crude palm oil has evolved over the past three decades, with Malaysia and Indonesia accounting for 86.0% of the world's crude palm oil output in 2006. The ecological requirements for the cultivation of oil palm exist in zones lying within ten degrees latitude to the north and south of the equator. The regions where oil palm is grown includes West Africa, Central America, South America and South East Asia, including Malaysia and Indonesia. In Indonesia, suitable zones include Sumatra, Kalimantan and parts of Sulawesi and Papua. Of these suitable zones, only Malaysia and Indonesia have historically shown substantial increases in crude palm oil production levels.

The table below shows the world output of crude palm oil as contributed by selected countries for the years 1996 to 2006 according to information provided by Oil World:

World Output of Crude Palm Oil

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Compound Annual Growth Rate 10 years until 2006
	(million tons)											
Indonesia	4.5	5.4	5.4	6.3	7.1	8.1	9.4	10.6	12.4	14.1	16.1	13.7%
Malaysia	8.4	9.1	8.3	10.6	10.8	11.8	11.9	13.4	14.0	15.0	15.9	6.9%
Nigeria	0.7	0.7	0.7	0.7	0.7	0.8	0.8	0.8	0.8	0.8	0.8	2.0%
Ivory Coast	0.3	0.2	0.3	0.3	0.3	0.2	0.3	0.2	0.3	0.3	0.3	0.3%
Colombia	0.4	0.4	0.4	0.5	0.5	0.5	0.5	0.5	0.6	0.7	0.7	5.9%
Thailand	0.4	0.5	0.5	0.6	0.5	0.6	0.6	0.7	0.7	0.7	0.9	8.7%
Ecuador	0.2	0.2	0.2	0.3	0.2	0.2	0.2	0.3	0.3	0.3	0.3	7.5%
Others	1.4	1.5	1.4	1.5	1.7	1.7	1.7	1.8	1.9	2.0	2.2	4.1%
Total	**16.3**	**17.9**	**17.2**	**20.6**	**21.9**	**24.0**	**25.4**	**28.3**	**31.0**	**33.8**	**37.2**	**8.7%**

Source: Oil World Annual (various issues 1999-2007).

Demand from downstream chemical manufacturers and food processors for palm oil is also rising. Other than the biodiesel industry, the traditional market for palm oil is also increasing. Palm oil is currently the leading edible oil in the international export trade. In 2006, palm oil's export volume of 30.0 million tons accounted for 52% of total world trade in 17 major oils and fats.

High oil prices have prompted manufacturers, such as Procter & Gamble, to reduce their reliance on petrochemicals produced from crude oil by switching to surfactants made from oleochemicals produced from palm and coconut oils. This will further boost demand for palm oil as long as crude oil remains costly.

The increased awareness of trans-fatty acids (commonly called trans-fat) could also result in increased demand for palm oil. Research suggests a correlation between diets high in trans fats and diseases like arteriosclerosis and coronary heart disease. The U.S. National Academy of Sciences recommended in 2002 that dietary intake of trans fatty acids should be minimized, but not removed completely. The U.S. Food and Drug Administration made the labeling of trans-fats on food labels compulsory as at January 1, 2006. As a result, some U.S. food companies have started to use more palm oil in their food products because crude palm oil is very low in trans-fatty acids, particularly in comparison to oils from animal fats.

Under its World Trade Organization obligations, China lifted its quota on vegetable oils on January 1, 2006. As a result, crude palm oil has been a major beneficiary in calendar year 2006 when palm oil was 20% cheaper than soya oil and 40% cheaper than rape oil. The Chinese import policy of vegetable oils have become more liberal, as the government realized the usually strong growth in domestic demand, partly linked to the accelerating economic activity (GDP) and rapidly rising disposable income, primarily in the urban areas. China's total domestic consumption of vegetable oils and palm oil has been growing at a compound annual growth rate of 8.4% and 19.7%, respectively, over the last 23 years.

Exports of Palm Oil

Malaysia and Indonesia dominate world palm oil exports. In 2006, they had a combined market share of 90%. Malaysia is the world's largest palm oil exporter, but Indonesia is closely behind. Despite the more

pronounced growth in Indonesian production, Malaysia is expected to remain the primary exporter until approximately 2010 as the stronger growth in domestic demand in Indonesia is impeding a more intense expansion of exports. However, Malaysia has lost market share to Indonesia during the past 10 years, from 67% in 1996 to 48% in 2006.

The table below illustrates the world exports of palm oil for the years 1996 to 2006 according to information provided by Oil World:

World Exports of Crude and Processed Palm Oil

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Compound Annual Growth Rate 10 years until 2006
						(million tons)						
Malaysia	7.2	7.7	7.7	9.2	9.2	10.7	10.9	12.2	12.6	13.4	14.4	7.3%
Market share	*67%*	*62%*	*68%*	*65%*	*61%*	*60%*	*56%*	*56%*	*52%*	*51%*	*48%*	
Indonesia	1.9	3.0	2.3	3.3	4.1	5.0	6.5	7.4	9.0	10.4	12.5	23.1%
Market share	*17%*	*24%*	*20%*	*23%*	*28%*	*28%*	*33%*	*34%*	*37%*	*39%*	*42%*	
Others	1.7	1.7	1.4	1.6	1.7	2.1	2.0	2.3	2.6	2.7	3.1	6.5%
Total	**10.7**	**12.4**	**11.4**	**14.1**	**15.1**	**17.8**	**19.4**	**21.9**	**24.3**	**26.5**	**30.0**	**11.1%**

Source: *Oil World Annual (various issues 1999-2007).*

Indonesian Palm Oil Industry

The Indonesian oil palm plantation industry is composed of Government-owned plantation companies, private sector plantation companies and other independent companies and small landholders.

Until recently, the Government-owned plantation companies as a group were the largest producers of crude palm oil in Indonesia. However, over the last few years, the palm oil industry in Indonesia has evolved from a primarily Government-owned enterprise to one of private ownership. Since 1989, the growth of these companies has reduced the number of Government-owned companies to about 14% of the total oil palm plantation area in 2005, based on a policy implemented to promote private sector expansion. In addition, the Government is in the process of privatizing certain of its own oil palm plantations.

In 2005, the Government, individual smallholders and private companies made up 14%, 31% and 55%, respectively, of the reported total hectares of oil palm plantations in Indonesia. The private companies are represented by large business groups, such as Socfindo, Golden Agri, Astra Agro Lestari, Asian Agri, Minamas, London Sumatra and the Ciliandra Group.

Domestic consumption and export of Indonesian palm oil

Indonesia, with the fourth largest population in the world and per capita consumption of oils and fats of about 19.4 kilograms in 2006, accounts for approximately 10% of world consumption of palm oil.

The table below presents the consumption of crude palm oil and palm kernel oil in Indonesia for the years 1996 to 2006 according to information provided by Oil World:

Consumption of Palm Oil & Palmkernel Oil in Indonesia

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Compound Annual Growth Rate 10 years until 2006
	(million tons)											
Crude palm oil	2.5	2.8	2.8	3.0	3.0	2.9	3.0	3.2	3.3	3.5	3.7	4.1%
Palm kernel oil	0.1	0.1	0.1	0.1	0.2	0.2	0.3	0.3	0.4	0.4	0.4	19.6%

Source: Oil World Annual (various issues 1999-2007).

Despite a substantial domestic market (approximately 3.7 million tons for the period January to December 2006), domestic consumption of palm oil in Indonesia is well below production levels, which has contributed to a significant surplus of crude or processed palm oil available for export. Given projected increases in domestic production of palm oil, Indonesian producers are expected to increasingly sell their palm oil products in the international export markets and to further process crude palm oil into downstream products in order to target a larger population of potential customers in both the domestic and overseas markets. With annual production growing at more than 10% annually in the last four years, export of palm oil is expected to increase.

The table below shows the growth of Indonesian palm oil production for the years 1996 to 2006 as well as the corresponding growth of the export volume according to information provided by Oil World:

Indonesian Palm Oil Production & Exports

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006	Compound Annual Growth Rate 10 years until 2006
	(in million tons)											
Production	4.5	5.4	5.4	6.3	7.1	8.1	9.4	10.6	12.4	14.1	16.1	13.6%
Exports	1.9	3.0	2.3	3.3	4.1	5.0	6.5	7.4	9.0	10.4	12.5	23.1%

Source: Oil World Annual (various issues 1999-2007).

Palm Oil Price

Palm oil, either in its crude form or in any of its processed form, is a commodity traded in a worldwide competitive market involving a large number of sellers and buyers. No single producer, or group of producers, is by itself currently able to influence crude palm oil prices.

Prices of crude palm oil, as well as the various derivative products, are determined or otherwise affected by international market prices which tend to fluctuate. Crude palm oil prices are based on or linked to market prices as determined by the Rotterdam market, the Malaysian Commodity Derivatives Exchange in Kuala Lumpur and the Chicago Board of Trade (where soybeans and soybean oil futures are traded).

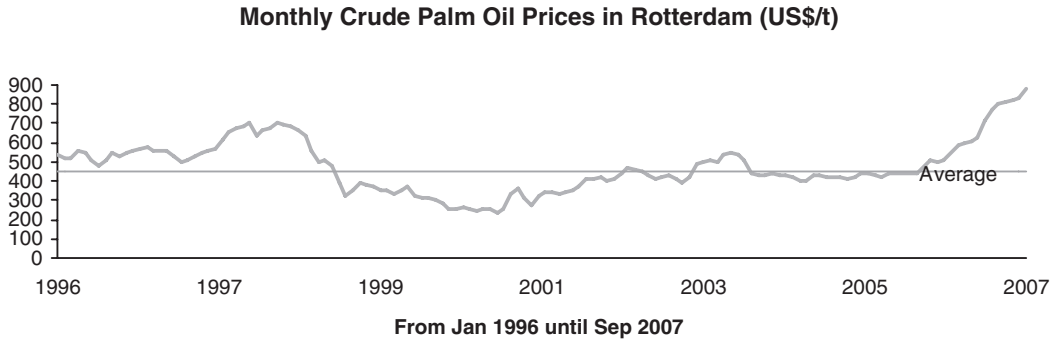
Market prices for crude palm oil are influenced by a number of factors which are interrelated and sometimes unpredictable (like changes in weather or political decisions) and could cause intense price volatility in the world market. Principal price determining factors are:

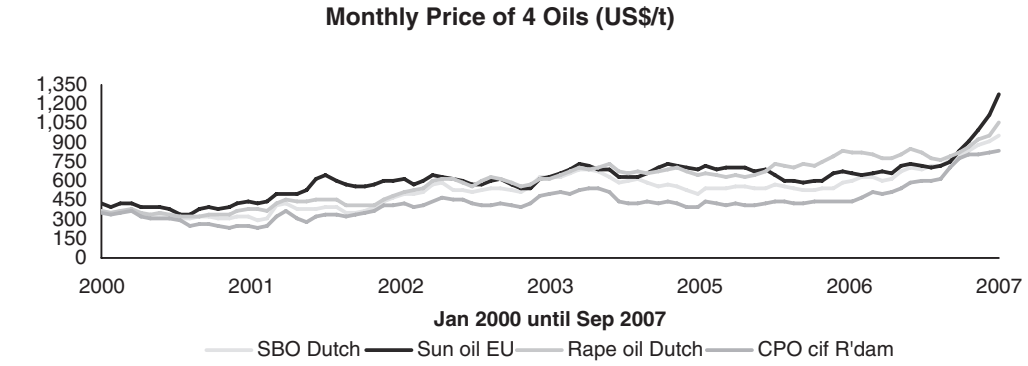
- world demand for and supply of palm oil;
- world demand for and supply of other vegetable oils, most notably soybean oil and rapeseed oil;
- the rapidly emerging biofuel market is an important new development. Environmental concern and the price rally of crude mineral oils (since 2005) has resulted in a worldwide trend to stimulate the usage of rapeseed oil, soybean oil, palm oil and other vegetable oils as a renewable fuel for the production of biodiesel and electricity. This has created a very important new source of demand for vegetable oil as a feedstock and has resulted in a substantial increase in prices of palm oil and other vegetable oils;
- government policies, like, for example, import and export tariffs (such as Indonesian export taxes and Indian import tariffs);
- prices of other vegetable oils as well as prices of crude mineral oil;
- economic developments as well as population growth, per capita consumption and food demand; and
- weather conditions and other natural influences.

The perennial oil palm, with a commercial life span of approximately 22-25 years, cannot easily adjust to changes in market movements of demand and prices. While annual crops, such as soybeans, can more readily adjust to price changes, once an oil palm reaches maturity at the age of three, it can be expected to continue to produce fresh fruit bunches, irrespective of market price. Accordingly, the adjustment of the supply of crude palm oil has historically lagged behind changes in price compared with annual oil-producing crops, such as soybeans, rapeseeds and sunflower seeds, for which changes in the areas planted each year closely track changes in price.

The average price for crude palm oil in Rotterdam during the last 30 years (1976 – 2005) was US$466 per ton according to information provided by Oil World. However, crude palm oil, like other commodities, exhibits significant price volatility as depicted in the diagram below. But the recent sharp increase in demand for palm oil and other vegetable oils for biofuels has boosted prices well above historical levels during calendar year 2006 as well as in January/September 2007. As of October 29, 2007, prices have increased to US$960 per ton in Rotterdam.

The following two graphs show the monthly world market prices (in Rotterdam) of crude palm oil from January 1996 until September 2007 and the monthly prices of crude palm oil, sunflower oil, soya oil and rape oil from January 2000 until September 2007.





Source: Oil World Annual (various issues: 1999-2007) *and OIL WORLD MONTHLY, Oct 22, 2007*.

Biodiesel

Overview

Biodiesel is a term used to refer to methyl or ethyl esters derived from vegetable oils. Biodiesel emits significantly fewer greenhouse gases, particularly NOx, CO2 and SO2, than traditional crude oil-based diesel fuel. Biodiesel can be blended in any amount with petroleum diesel to create a biodiesel blend.

The concept of using vegetable oil as a fuel dates back to 1895 when Dr. Rudolf Diesel developed the first diesel engine to run on vegetable oil. He successfully demonstrated his engine at the World Exhibition in Paris in 1900 using peanut oil as fuel.

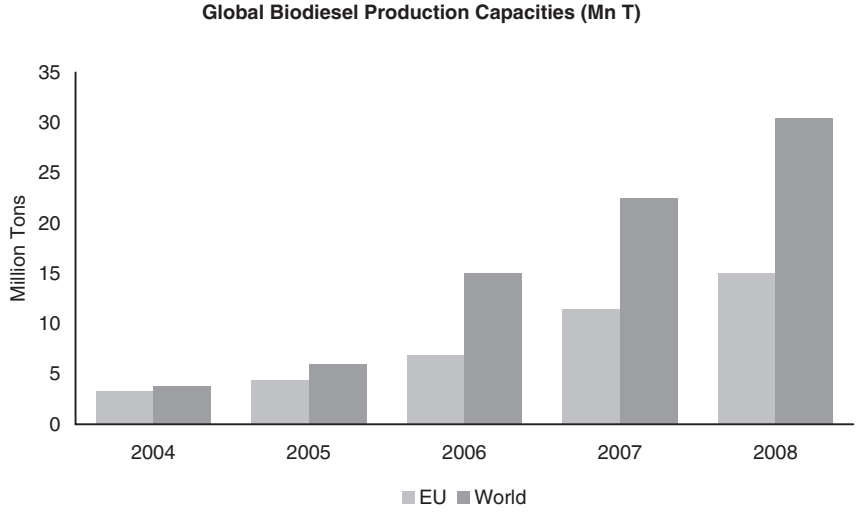
Although not significantly developed for more than 100 years, biodiesel has become increasingly popular in recent years, particularly after the price rally in crude mineral oil prices in 2006. Environmental concerns have resulted in new government policies promoting biofuels and in a large number of new biodiesel production plants being planned and constructed in 2006, 2007 and 2008.

The EU remains the largest market, and the region's production capacity has grown sharply from 1.8 million tons in 2002 to 4.4 million tons at the end of 2005 and 6.8 million tons by December 2006. Based on estimates of Oil World, the installed biodiesel production capacity is expected to increase to around 11.3 million tons by December 2007 and to around 15.0 million tons by December 2008.

The worldwide production capacity of biodiesel has increased even faster from 2.2 million tons in 2002 to around 12 million tons as of December 2006 and is expected to rise to 23.5 million tons as of the end of 2007 and over 30 million tons in 2008, according to Oil World estimates.

The European biodiesel industry has experienced overcapacity and declining margins in the first half of 2007. The utilization of existing capacity could decline to 50-60% or even less in the calendar year 2007.

World consumption of biodiesel is expected to continue to increase significantly in 2007 and 2008, but at a lower rate than the production capacity in the near term.



Source: Oil World

Increased utilization of biodiesel is anticipated due to the initiative of a number of governments to promote it. One such initiative is the Kyoto Protocol, which promotes the development of environmentally friendly energy sources. The Kyoto Protocol is an agreement that was signed by 180 countries in Kyoto, Japan, in December 1997. Thirty-eight industrialized countries expressed their commitment to reduce the emission of greenhouse gases in 2008-2012 to levels that are 5.2% below the 1990 level. As 2008 draws near, many of the industrialized countries who are signatories to the protocol are now focused on obtaining fuel sources that emit fewer greenhouse gases. The EU Commission's action plan lays down a minimum target for the replacement of fossil fuels by biofuels (biodiesel, bioethanol, biogas, biomethanol, etc.) in all EU countries. The target for 2005 was to replace at least 2% (about 3.1 million tons) of fossil fuels, which will increase annually by 0.75% to reach 5.75% (about 17.5 million tons) in the year 2010, with biodiesel accounting for ten million tons. This proposal also envisages that by 2020, the proportion of biofuels will be 20% and obligatory blending of 1% of biofuels will be introduced in 2009 (1.75% from 2010 onwards). If these targets stay, international legislation is likely to result in significantly increased demand and production of biofuels. However, the share of biodiesel may drop as second-generation production of biofuels is likely to increase (mainly from biomass).

Biodiesel and Palm Oil

Use of palm oil to produce biodiesel

In 2006 an estimated 60% of the world's production of biodiesel was derived from rapeseed oil, 22% from soybean oil, 13% from palm oil, 1% from sunflower oil, and 4% from other sources. In 2006, the annual worldwide vegetable oil production was about 125.9 million tons, including 35.3 million tons of soybean oil, 37.2 million tons of palm oil, 18.4 million tons of rapeseed oil and 11.2 million tons of sunflower oil.

Prices of vegetable oils have increased unusually sharply during 2006 as well as in January through September 2007. This was mainly due to the fact that total world demand for food as well as for non-food purposes (including. biofuels) exceeded production. Higher prices were necessary to ration demand and bring actual consumption closer to available supplies.

Despite the recent price increases, palm oil has still been offered at lower prices than soya oil and rape oil in Europe and has seen higher demand also from the European biodiesel industry. Since mid-2006 biodiesel producers in Europe have become more flexible and have considerably raised usage of palm oil and soya oil in substitution for rape oil.

Based on Oil World estimates, Europe has started to use other feedstocks for biodiesel since mid-2006, supplementing domestic rape oil. This has resulted in increased imports of rape oil and canola oil well as of palm oil. The EU has also started to import soya oil methylester from the USA and Argentina and palm-based biodiesel from Asia. There is not enough rapeseed to meet the demand of the biodiesel industry in Europe and, increasingly, European manufacturers are looking elsewhere for feedstock. The table illustrates the opportunity which arises due to the deficit of rapeseed oil in the biodiesel industry.

Opportunity Arising From Deficit of Rapeseed Oil in Biodiesel Industry

Year	Minimum Share of Diesel Consumption* (%)	(Total Bodiesel (Mn T)	Biodiesel Usage	Rapeseed Oil for Biodiesel	Other Products for Biodiesel**
2005	2.0%	3.8	3.0	2.6	0.4
2006	2.8%	5.0	4.5	3.5	1.0
2007F	3.5%	6.5	5.6	3.8	1.8
2008F	4.3%	8.0	7.0	4.7	2.3
2009F	5.0%	9.5	8.3	5.3	3.0
2010F	5.8%	11.0	9.5	5.7	3.8

Source: *Oil World*
Note: *blending target in % of energy equivalent
** palm, soya & other oils (e.g. used cooking oils, tallow etc.)

The biodiesel production process from different vegetable oils to biodiesel is virtually the same. The cost of producing biodiesel from different vegetable oils is therefore based primarily on the cost of the feedstock, which constitutes 75-80% of the total cost.

Palm oil has several advantages and the world market will become increasingly dependent on palm oil for biodiesel production already in 2008 and 2009 but even more so in the following years. The growth in world production of soya oil, rape oil and other vegetable oils cannot keep pace with demand. Palm oil, however, can

benefit from this development due to the following advantages: 1) low production costs, 2) high yields per hectare (successful plantations in Malaysia and Indonesia can produce up to 5-6 tons per hectare per annum) and 3) additional land available in Southeast Asia to expand palm oil plantings. The following table shows that as of mid-2007 the production costs of palm oil-based biodiesel were still considerably lower than for soya and rape oil biodiesel despite the recent price increases for palm oil.

Biodiesel Costs vs Pump Price

		US$/litre
Fossil Diesel Price Ex-Pump		
Germany (average of September 2007)	Euro 1.19 per litre	1.65
United States (average of September 2007)	US$2.95 per gallon	0.78
Biodiesel Costs (in US-$ per litre)[a,b]		
Germany[c]:	Without Tax	With Tax
Palm biodiesel (in September 2007)	0.87	1.18
Soya biodiesel (in September 2007)	0.98	1.32
Rape biodiesel (in September 2007)	1.07	1.42
Indonesia:		
Palm biodiesel (in September 2007)		0.80
Argentina:		
Soya biodiesel (in September 2007)		0.70

Source: USDA, EBB, EIA, Oil World

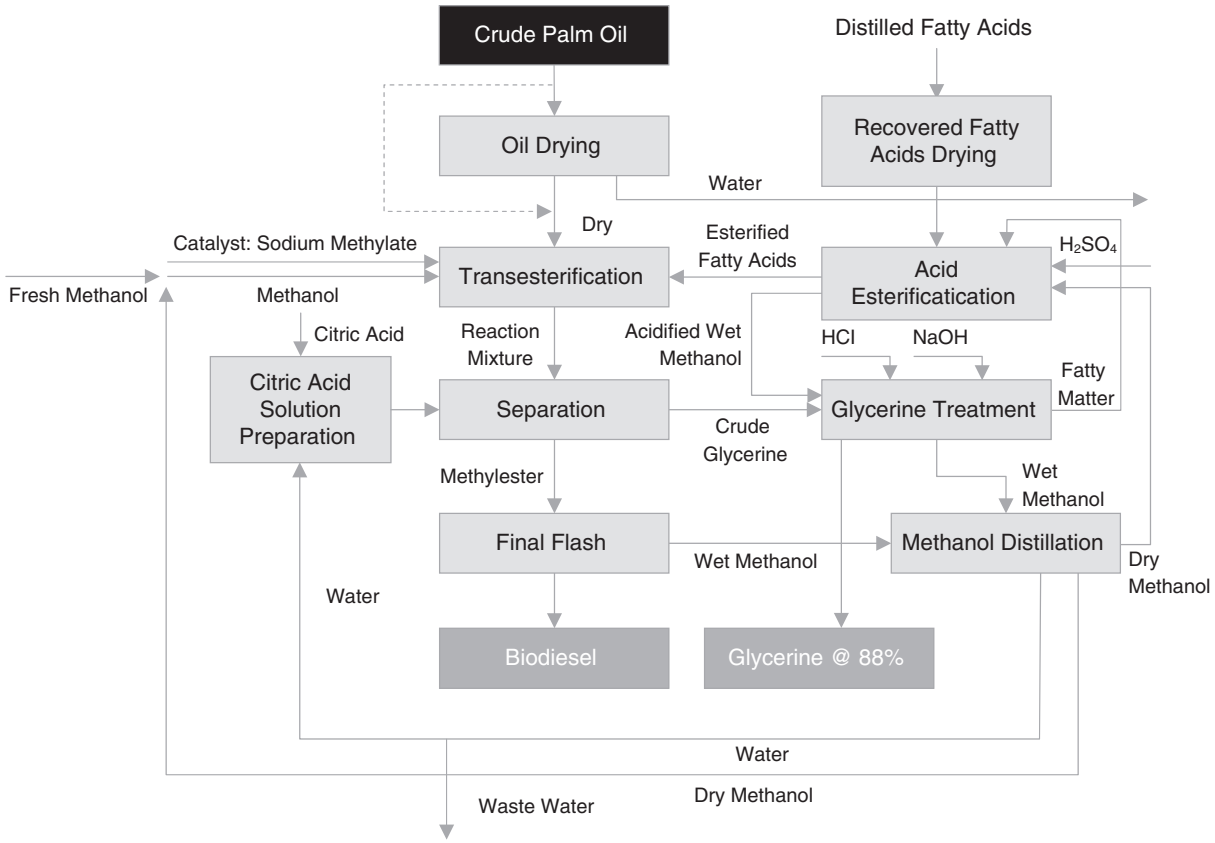
Note: (a) Without distribution costs

(b) Estimated processing cost: in the EU: US-$120 per ton, USA: US-$110 per ton, Argentina & Indonesia: US-$100 per ton

(c) Taxes in Germany: 0.123 US-$ per litre energy tax and 19% VAT

Manufacture of biodiesel from palm oil

The basic production plant configuration for biodiesel production from palm oil is well known and is illustrated in the figure below. Palm oil and methanol are added in approximately a 9:1 ratio in catalyzed processes called esterification and transesterification. The processes produce a high yield (more than 95%) of biodiesel, which can be used directly as diesel fuel in diesel automobiles and transfer engines without modification or blended with traditional crude-oil based diesel fuel.



BUSINESS

Introduction

We are one of the largest private sector producers of crude palm oil in Indonesia. Our primary business activities are cultivating oil palms, harvesting the fresh fruit bunches from those trees and processing crude palm oil and palm kernel, which we sell in Indonesia and internationally. All of our operations and assets, consisting primarily of 13 oil palm plantations and six palm oil mills, are located in Riau province, Sumatra, Indonesia.

Our oil palm plantations have grown significantly since we started our operations in 1992. As of June 30, 2007, the 10 operating companies in our group controlled 13 oil palm plantations that covered 134,760 hectares. In July 2007, we acquired three additional plantations with an aggregate landbank of approximately 45,000 hectares. In addition, we acquired approximately 4,520 hectares of *Hak Guna Usaha* land in July 2007. We had approximately 80,526 hectares of land under cultivation as of June 30, 2007. We planted substantially all of our oil palm trees between 1993 and 1998, and the percentage of our mature oil palm trees under cultivation was 72.2% as of June 30, 2007. On June 30, 2007, we had 58,148 hectares of mature and 22,378 hectares of immature oil palm trees under cultivation.

Oil palm trees require approximately three years to mature and do not reach peak production of fresh fruit bunches until eight years after planting. Their peak production years range from their eighth year until their seventeenth year, after which their production of fresh fruit bunches gradually declines. As of June 30, 2007, the weighted average age of our plantations was approximately 7.8 years, and the substantial majority of our oil palm trees are entering into their prime production age. None of our oil palm trees is classified as "old" by industry standards, namely more than 18 years old. Our production of fresh fruit bunches increased from 440,550 tons in 2001 to 1,120,765 tons in 2006 and to 553,656 tons in the six-month period ended June 30, 2007, and in 2006 our plantations yielded on average 20.03 tons of fresh fruit bunches per hectare compared to the Indonesian national average of approximately 17 tons per hectare. Over the next several years, we expect that the yields of fresh fruit bunches from our plantations will improve and production of crude palm oil will increase as more of our trees mature and reach peak production. We expect such increased yields and production to contribute to a growth in our EBITDA with minimal cost increase or further capital expenditure.

We built our first palm oil mill in 1998 as our trees began to mature. We built our next three mills between 2001 and 2004, and our last two mills in 2005. In addition, between 2003 and 2005, we undertook to increase the milling capacity of our first three mills. With the addition of more milling capacity, we now use substantially all of the fresh fruit bunches produced by our oil palm plantations in our mills to produce crude palm oil and palm kernel. Our six palm oil mills have a total annual processing capacity of 2.1 million tons of fresh fruit bunches (equivalent to approximately 400,000 tons of crude palm oil and 90,000 tons of palm kernel per annum). Our crude palm oil production increased from 83,888 tons in 2001 to 227,286 tons in 2006 and to 119,118 tons in the six-month period ended June 30, 2007, and in 2006 our average crude palm oil extraction rate (crude palm oil extracted per ton of fresh fruit bunches) was 21.9%. Our production of palm kernel increased from 19,255 tons to 47,759 tons over the same period. We sell our crude palm oil and palm kernel primarily in the Indonesian domestic market, based upon international prices. We also sell a portion of the fresh fruit bunches we produce to other domestic processors located close to our plantations and purchase a portion of the fresh fruit bunches we process from other plantations close to our mills. In addition, from time to time we purchase crude palm oil from third parties for resale to our customers, if the terms of such purchase and resale are financially attractive or for other operative reasons.

In the second quarter of 2007, we began construction of a new biodiesel production facility in Dumai, Riau province, and we expect commercial production to commence in the second quarter of 2008. We expect that our biodiesel production facility will consume approximately 250,000 tons of crude palm oil per year and will be capable of producing approximately 250,000 tons of biodiesel per year.

For the year ended December 31, 2006 our sales amounted to Rp857.1 billion (US$94.7 million), our EBITDA amounted to Rp392.2 billion (US$43.3 million), and our profit for the year amounted to Rp350.9 billion (US$38.8 million). For the six months ended June 30, 2007, our sales amounted to Rp760.6 billion (US$84.0 million), our EBITDA amounted to Rp350.5 billion (US$38.7 million), and our profit for the period amounted to Rp336.8 billion (US$37.2 million).

Competitive Strengths and Strategies

We believe that we possess several key competitive advantages that place us in a strong position to leverage the opportunities we see in our industry. As a result, going forward we intend to continue to expand our production of fresh fruit bunches from our plantations and to increase our mills' production of crude palm oil and palm kernel from the harvested fresh fruit bunches, as well as to enter new downstream markets that offer financial and operating benefits, in particular biodiesel production.

The maturity profile of our oil palm plantations supports increased production with minimal increased cost

Oil palm trees are in their peak production period from their eighth through their seventeenth year. Fully mature oil palm trees generally produce 25 to 30 tons of fresh fruit bunches per hectare per annum. The weighted average age of our oil palm trees and the percentage of our oil palm trees at peak-production age have increased in each of the three years ended December 31, 2006, from 6.7 years and 38.9% as at December 31, 2004 to 7.1 years and 63.8% as at December 31, 2006. As of June 30, 2007, the average age of our oil palm trees was 7.8 years, and 64.4% of our oil palm trees had reached peak-production age. The remaining 35.6% of our oil palm trees were either immature or young, and we expect that they will increase their production of fresh fruit bunches as they mature. Our average yield of fresh fruit bunches per hectare has increased in each of the three years ended December 31, 2006, from 15.67 tons per hectare in 2004 to 20.03 tons per hectare in 2006. For the six months ended June 30, 2007, our average yield of fresh fruit bunches per hectare was 9.5 tons per hectare. As the substantial majority of our trees are in the early stages of their peak-production years, with the remaining trees still to enter their peak-production years, we believe that the age profile of our trees will support increased production of fresh fruit bunches over the next several years, with minimal increases in production costs or capital expenditure.

In addition, our average crude palm oil extraction rate has increased in each of the three years ended December 31, 2006, from 20.3% in 2004 to 21.9% in 2006. In the six months ended June 30, 2007, our average crude palm oil extraction rate was 22.5%. As more of our trees mature and produce better quality fruit, we also expect that we will continue to improve our extraction rates of crude palm oil and palm kernel.

Our plantations, mills and biodiesel production facility are ideally located for high yields and low cost production

All of our plantations and mills and our new biodiesel production facility are located in Riau province, Sumatra. This region has soil with high mineral content and weather that produces high rainfall levels (2.1 meters per annum), conditions that are ideal for rapid oil palm growth and maximum fresh fruit bunch production. In addition, substantially all of our plantations are located on flat or mildly undulating terrain, which reduces planting, maintenance and harvesting costs. Our plantations are in close proximity to each other and to our mills, which ensures that our fresh fruit bunches arrive at our mills with minimal spoilage and reduces our transportation costs. Our new biodiesel production facility is also situated relatively close to our mills, which will supply crude palm oil to the facility. The proximity of our biodiesel production facility to major suppliers of crude palm oil will reduce the transport costs for our biodiesel operations, and our location in Riau offers access to port facilities for exporting our biodiesel products. Riau province offers us the advantages of abundant

low-cost labor and developed infrastructure, including good roads that connect our operations, which enhance our efficient and low-cost operations. Riau province also has a relatively large network of refiners who compete with one another for crude palm oil from plantations such as ours, thereby causing crude palm oil prices to be some of the highest throughout Indonesia.

Strong financial performance

We have achieved strong growth in revenue and profitability, particularly due to positive price and demand trends for palm oil as well as increased yields and extraction rates in our plantations, and, in 2007, due in part to revenue derived from purchasing crude palm oil in the market and reselling it to our customers. During the six months ended June 30, 2007, we generated sales and EBITDA of Rp760.6 billion and Rp350.5 billion (US$84.0 million and US$38.7 million, respectively). This represents growth of 101.8% and 103.3% over sales and EBITDA, respectively, achieved during the first six months of 2006. Between 2004 and 2006, we increased our sales and EBITDA by compound annual growth rates (CAGR) of 10.6% and 32.7%, respectively. We seek to continue our growth going forward, through leveraging our attractive maturity profile and positive industry environment as well as through further expansion of our plantations and the construction of a biodiesel plant.

We use industry best-practices in our operations to improve yields and control costs

We have adopted many industry best-practices in our plantations and mills to ensure improved yields of fresh fruit bunches, crude palm oil and palm kernel at competitive cost. For example, for several years we have used only genetically superior seeds for cultivating our seedlings, and we plant our seedlings in patterns that maximize the number of trees per hectare. We also fertilize our trees with inorganic based chemicals, as well as organic byproducts from our mills, according to the requirements of each individual plot of land. Our harvesting practices are designed to ensure that our fresh fruit bunches are harvested at the point of their maximum oil content, with minimal spoilage or loss of fruit. We believe that our best-practices contribute to maximizing our yields of fresh fruit bunches, crude palm oil and palm kernel (as measured by crude palm oil yield per hectare and extraction rates) and at the same time lower our production costs.

We have achieved scale to compete in our existing markets and to move into downstream markets

Plantation and Mill Expansion. Due to the significant time and capital required to plant oil palm plantations, and the time required for the trees to mature to production age, there are significant barriers to entry in our industry. Having planted 13 plantations that are now in their early stages of peak production, and having six mills that process our fresh fruit bunches into crude palm oil and palm kernel, we believe that we have sufficient scale to compete with the largest producers in Indonesia and to achieve better results than our smaller competitors. In addition, we have a significant landbank which was further increased by approximately 45,000 hectares following our acquisition of the shareholdings in PT Surya Dumai Agrindo, PT Dharma Bhakti Utama and PT Andalan Mitrasawit Sejati in July 2007. We also acquired approximately 4,520 hectares of *Hak Guna Usaha* land from PT Sarpindo Graha in July 2007. We intend to continue expanding our total planted hectarage to approximately 118,000 hectares by 2009 and further increase our production of fresh fruit bunches as our younger trees mature. We also intend to construct two additional crude palm oil processing mills, scheduled for 2007 and 2009, in order to process our increased production of fresh fruit bunches. We expect that these additional processing facilities will provide us with the capacity to produce 100,000 additional tons of crude palm oil per year and 24,000 additional tons of palm kernel per year, subject to sufficient supply of fresh fruit bunches.

Biodiesel Plant Construction and Operation. In addition, as our plantations continue to increase their yield of fresh fruit bunches, we intend to take advantage of new markets that potentially offer attractive margins,

such as biodiesel production. As a result of the sustained increase in prices for fossil fuels, as well as increased awareness of the environmental benefits from alternative energy sources in developed nations (in particular in the European Union and Japan), we believe that demand for biodiesel products, which are produced from natural sources such as crude palm oil, will continue to increase in the future, and that such increased demand will lead to increased prices for such products. As a result, we are using some of the proceeds from the Notes we issued in December 2006 to construct a new biodiesel production facility. We began construction of our new biodiesel production facility in the second quarter of 2007 and expect that it will begin commercial production by the second quarter of 2008. We estimate that the biodiesel production facility will consume approximately 250,000 tons of crude palm oil per year and will be capable of producing approximately 250,000 tons of biodiesel per year. As this production estimate is a significant increase on our original estimate of 150,000 tons of biodiesel per year, we have increased our budget for the construction of the production facility from US$30 million to US$40 million. We expect that all of our biodiesel production will be sold in the export market at U.S. Dollar prices. We believe that our entry into biodiesel production will provide us with the flexibility to sell our products to downstream or upstream markets depending upon the margins offered by each market.

Positive Industry Pricing Characteristics

We expect that, as a result of increased biodiesel consumption as well as increased consumption of edible oils in developing countries such as China and India, demand for crude palm oil will continue to increase and provide strong support for crude palm oil prices. In addition, all of our sales of crude palm oil are either made in U.S. Dollars with reference to international market prices, or in Rupiah with reference to international U.S. Dollar market prices. We expect that all of our biodiesel production will be sold at U.S. Dollar market prices. Such pricing of our crude palm oil and biodiesel provides us with a hedge against our U.S. Dollar obligations.

We strive to be a good corporate citizen and to enhance the communities in which we operate

In order to achieve long-term success in our industry, we believe it is imperative that we align our interests to the interests of the communities in which we operate. As a result, we employ many practices in our production process that seek to minimize adverse effects to the natural environment and that also reduce our requirements for fertilizer and fuel. For example, we have a “no burn” policy that requires us to clear land by machinery rather than by fire. We also recycle the empty fruit bunches and the palm oil mill effluent from our mills for fertilizer and irrigation in our plantations. We have also worked with various NGOs and charities working in the areas in which we operate. In addition, we work closely with local communities, providing various basic services as well as employment to thousands of workers.

In addition, we believe that crude palm oil offers the most cost-effective and environmentally friendly solution to the growing shortage of vegetable oils worldwide and demand for biodiesel feedstock. Crude palm oil yields 400% to 500% more vegetable oil per hectare than soybeans and rapeseed oil—the current principal feedstocks for biodiesel. Crude palm oil-sourced biodiesel plants potentially save hundreds of thousands of hectares of plantation land and are also cost-effective, producing savings for consumers.

Our Restructuring

Prior to the closing of this Offering, we have entered into sale and purchase agreements to acquire an additional 63.0% shareholding in our associated company PT Meridan Sejatisurya Plantation (“MSSP”) and the remaining 38.0% shareholding in our subsidiary PT Pancasurya Agrindo (“PSA”) (together known as the “Acquisitions”). The Acquisitions will be completed concurrently with the closing of the Offering, as we plan to use part of the net proceeds from the Offering to finance the Acquisitions. As a result, completion of the Acquisitions is subject to completion of the Offering. For a description of the financial effects of our restructuring, see “Pro Forma Financial Information.”

Acquisition of MSSP

On August 2, 2007, we acquired an additional 7.0% shareholding in MSSP through Ciliandra from PT Payung Negeri Utama, bringing Ciliandra's shareholding in MSSP from 25.0% to 32.0%. The total consideration we paid for this stake was Rp8.75 billion (US$0.97 million), which we paid using cash from operations.

In addition, we intend to acquire an additional 63.0% shareholding in MSSP by way of an acquisition of the three BVI companies that hold the shares of MSSP, Pinebrook International Inc. ("Pinebrook"), Pacific Eagle Management Ltd. ("Pacific Eagle") and Global Paragon Investment Ltd ("Global Paragon"), to purchase their 27.0%, 26.0% and 10.0% shareholding in MSSP, respectively. We entered into a sale and purchase agreement dated July 10, 2007 with the shareholders of Pinebrook, according to which the consideration payable by us for their interest in MSSP will be US$17.55 million. We also entered into a sale and purchase agreement dated July 10, 2007 with the shareholders of Pacific Eagle, according to which the consideration payable by us for their interest in MSSP will be US$16.9 million. We also entered into a sale and purchase agreement dated July 10, 2007 with the shareholders of Global Paragon, according to which the consideration payable by us for their interest in MSSP will be US$6.5 million.

We will pay the total consideration under these sale and purchase agreements, amounting to US$40.95 million, in cash, using part of the net proceeds of the Offering.

Acquisition of PSA

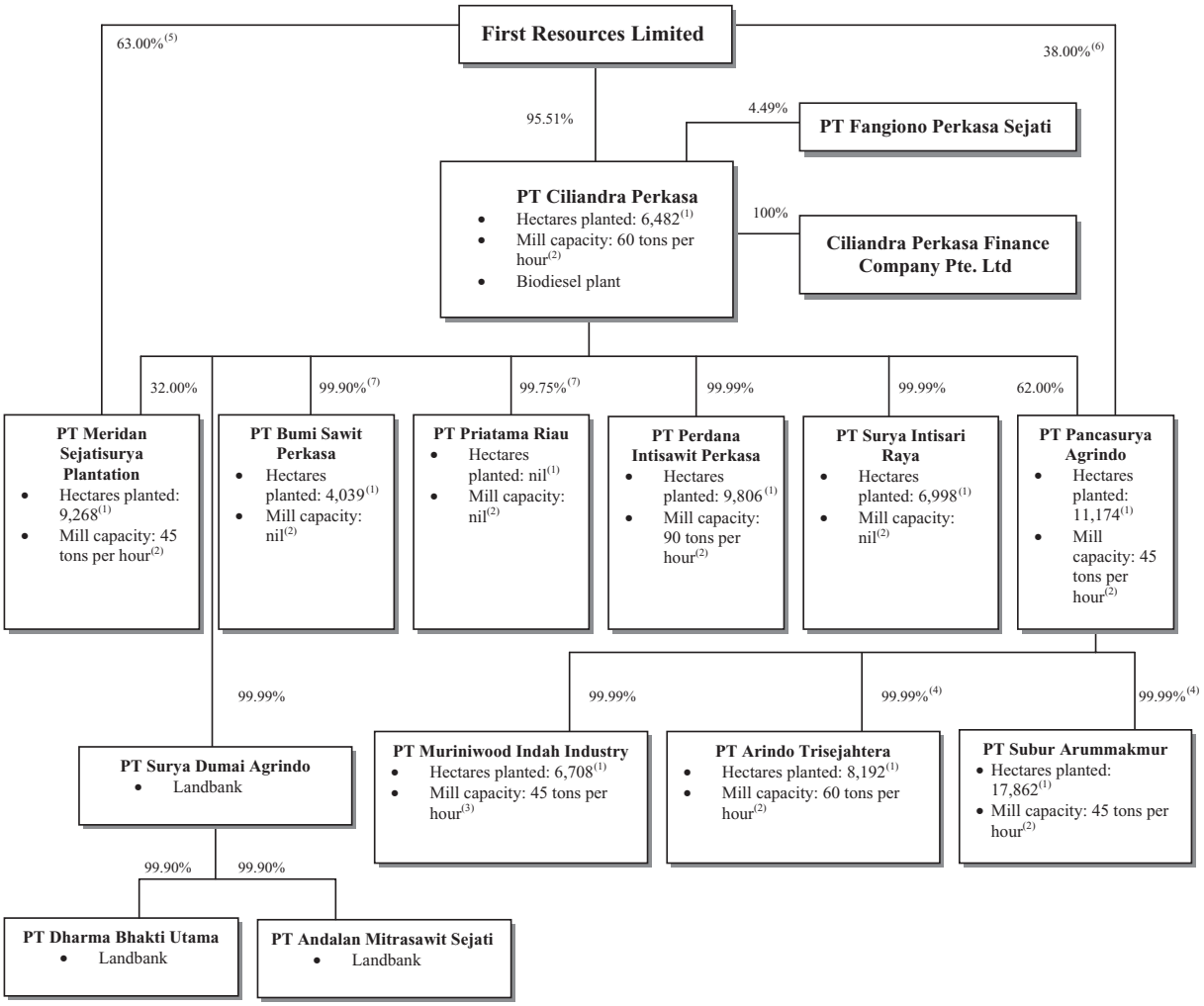
We have entered into a sale and purchase agreement dated October 9, 2007 with Infinite Capital Fund Limited ("Infinite Capital"), the shareholder of Ivory Asset Management-7 Pte Ltd, which in turn holds 95.0% of the issued and paid-up share capital of PT Aditya Seraya Korita, which in turn holds 38.0% of the issued and paid-up share capital of PSA.

The total consideration payable by us for this 38.0% shareholding in PSA is US$115 million, of which we intend to pay US$15 million in cash, using part of the net proceeds of the Offering, and the remaining US$100 million in newly issued shares of First Resources. The Company will allot and issue the number of First Resources shares that have a total value of US$100 million (based on the Offering Price) to Infinite Capital. Based on the Offering Price (and assuming an exchange rate of S$1.473 = US$1.00 and rounding up to the nearest Share), the number of Consideration Shares to be allotted and issued to Infinite Capital will be 133,909,091.

The consideration for the acquisitions of MSSP and PSA was negotiated on an arm's length basis, with reference to the size and quality of the assets acquired.

Corporate Structure

The following chart sets forth our group structure, including our principal subsidiaries after the Acquisitions contemplated by our restructuring. With the exception of PT Pancasurya Binasejahtera (which is solely a holding company for its subsidiaries and is not shown in the chart), Ciliandra Perkasa Finance Company Pte. Ltd. (which is solely for facilitating financing transactions) and the three subsidiaries that hold land bank, each of our companies holds individual oil palm plantations and, in certain cases, palm oil mills. Figures shown below for PT Ciliandra Perkasa and PT Pancasurya Agrindo are unconsolidated. For details of our corporate restructuring, please see "—Our Restructuring".



Notes:

(1) Hectares, as of June 30, 2007.

(2) As of June 30, 2007.

(3) Currently under construction.

(4) PT Arindo Trisejahtera and PT Subur Arummakmur are 99.99% held by PT Pancasurya Binasejahtera, which is in turn 99.99% held by PT Pancasurya Agrindo.

(5) On July 10, 2007, we entered into separate sale and purchase agreements with the shareholders of Pinebrook International Inc., Pacific Eagle Management Ltd, and Global Paragon Investment Ltd to purchase their 27.0%, 26.0% and 10.0% shareholding in MSSP, respectively. The Company will acquire the 63.0% interest in MSSP upon completion of the Offering. For more information, see "—Our Restructuring—Acquisition of MSSP".

(6) On October 9, 2007, we entered into a sale and purchase agreement with Infinite Capital Fund Limited, the shareholder of Ivory Asset Management-7 Pte. Ltd., which in turn holds 95.0% of the issued and paid-up capital of PT Aditya Seraya Korita, which in turn holds 38.0% of the issued and paid-up share capital of PSA. The Company will acquire the 38.0% shareholding in PSA upon completion of the Offering. For more information, see "—Our Restructuring—Acquisition of PSA".

(7) PT Ciliandra Perkasa's interest is subject to payment by PT Ciliandra Perkasa for additional share, that have been allotted to it in PT Bumi Sawit Perkasa and PT Priatama Riau. PT Ciliandra Perkasa's current interest in PT Bumi Sawit Perkasa and PT Priatama Riau is 99.67% and 99.0% respectively.

Products

We primarily produce crude palm oil and palm kernel from our six palm oil mills located adjacent to our plantations. Crude palm oil is extracted from the mesocarp portion of the seeds, which are separated from fruit bunches. The rest of the seeds are used to produce palm kernel. We use substantially all of the fresh fruit bunches produced by our oil palm plantations in our mills. We also sell a portion of the fresh fruit bunches we produce to other domestic processors located close to one of our plantations, and purchase a portion of fresh fruit bunches we process from other plantations close to our mills. In addition, we may, from time to time purchase crude palm oil from third parties for resale to our customers, if the terms of such trading are financially attractive or for other operative reasons.

The following table sets forth production volumes of our products specified for each of the five years ended December 31, 2006 and the six months ended June 30, 2006 and 2007.

Production Volumes

	Year ended December 31,					Six months ended June 30,	
Product	**2002**	**2003**	**2004**	**2005**	**2006**	**2006**	**2007**
				(in tons)			
Fresh fruit bunches	517,114	696,999	852,605	949,517	1,120,765	499,148	553,656
Crude palm oil	97,804	132,489	184,116	194,217	227,286	101,559	119,118
Palm kernel	21,128	27,513	32,599	38,981	47,759	21,395	27,328

From 2002 through 2006, our production of fresh fruit bunches, crude palm oil and palm kernel increased significantly due to the increase in the age of our oil palm trees as well as the increase in the hectarage of mature oil palm trees on our plantations. Our mature oil palm hectarage increased from 50,873 hectares in 2002 to 53,492 hectares in 2003, 54,590 hectares in 2004, 55,029 hectares in 2005, 55,945 hectares in 2006 and 58,148 hectares as of June 30, 2007.

Crude palm oil

Our primary product is crude palm oil. We believe that we are one of the largest private sector producers of crude palm oil in Indonesia.

We produce crude palm oil from the fresh fruit bunches harvested from our oil palm trees at six palm oil mills located adjacent to our oil palm plantations. See "—Oil palm plantations—Crude palm oil and palm kernel processing". We sell our crude palm oil primarily to Indonesian refineries, based upon prevailing international prices or final prices. We also sell some of the crude palm oil we produce to the export market, primarily to commodity traders. See "—Sales, marketing and distribution" and "—Pricing".

In 2007 we have also, on several occasions, purchased crude palm oil from other palm oil producers for direct resale to our customers. See "Management's Discussion and Analysis of Financial Condition and Results of Operations—Results of Operations—Six months ended June 30, 2007 compared to six months ended June 30, 2006—Sales" and "—Cost of Sales". In the future, we may enter into such purchase-and-resale arrangements with third parties from time to time as such opportunities arise and if the terms of such arrangements are financially attractive or for other operative reasons, such as meeting increased demand from a customer.

Palm kernel

In addition to crude palm oil, we produce palm kernel from oil palm nuts collected during the milling process. We sell palm kernel solely on the domestic market. In 2006 and the six months ended June 30, 2007, palm kernel constituted 9.2% and 9.2%, respectively, of our sales.

Oil palm plantations

Plantation land use

All of our oil palm plantations are located in Riau province, Sumatra, Indonesia. As of June 30, 2007, we controlled land rights to 134,760 hectares of oil palm plantation land, of which we had 80,526 hectares of land under cultivation as of June 30, 2007. In July 2007, we acquired three land-holding companies, increasing our landbank by an aggregate of approximately 45,000 hectares. In addition, we acquired approximately 4,520 hectares of *Hak Guna Usaha* land in July 2007. In statistics showing our planted hectarage we include land rights to land under the Plasma Program and KKPA Program discussed under "—Plasma Program" below as if we held such land rights. The following table sets forth the number of immature and mature trees across all our plantations for the years 1992 to 2006. "Immature" includes oil palm trees from one to three years old and "mature" includes oil palm trees four years and older.

Development of Plantation Area Under Management

Year	Mature		Immature		Total
	(in hectares)	(%)	(in hectares)	(%)	(in hectares)
1992	—	—	1,522	100.0%	1,522
1993	—	—	4,522	100.0	4,522
1994	—	—	8,041	100.0	8,041
1995	474	3.5	13,258	96.5	13,732
1996	1,522	6.1	23,431	93.9	24,953
1997	4,522	10.6	38,085	89.4	42,607
1998	8,041	15.8	42,930	84.2	50,971
1999	13,732	25.6	39,836	74.4	53,568
2000	24,953	45.2	30,194	54.8	55,147
2001	42,607	76.4	13,130	23.6	55,737
2002	50,873	89.0	6,290	11.0	57,163
2003	53,492	89.4	6,314	10.6	59,806
2004	54,590	85.4	9,369	14.6	63,959
2005	55,029	80.2	13,599	19.8	68,628
2006	55,945	71.1	22,760	28.9	78,705

The following table sets forth the plantations held by each of our companies as of June 30, 2007.

Total Planted Hectarage

Company	As of June 30, 2007		
	Mature	Immature	Total
		(in hectares)	
PT Pancasurya Agrindo	9,120	2,053	11,173
PT Subur Arummakmur	8,529	9,332	17,861
PT Perdana Intisawit Perkasa	8,940	865	9,805
PT Meridan Sejatisurya Plantation	8,258	1,010	9,268
PT Arindo Trisejahtera	8,192	—	8,192
PT Surya Intisari Raya	4,257	2,741	6,998
PT Ciliandra Perkasa	5,964	517	6,481
PT Muriniwood Indah Industry	4,888	1,821	6,709
PT Bumi Sawit Perkasa	—	4,039	4,039
Total	58,148	22,378	80,526

In addition to our planted hectarage, we had 54,234 hectares of unplanted land as of June 30, 2007. We intend to use this land primarily for additional oil palm plantations, and also for related activities including nurseries, buildings and roads.

Production

The yield from oil palm plantations depends on a variety of factors, including:

- the quality of the oil palm seed;
- the soil and climatic conditions;
- the quality of management of the plantation; and
- the harvesting and processing of the fresh fruit bunches at the optimum time.

The typical commercial life of oil palm trees is approximately 25 years. Oil palm trees first reach commercial maturity approximately three years after planting in the field. We begin harvesting oil palm trees when they reach maturity. However, when harvesting begins, the yield of fresh fruit bunches from the oil palm trees is relatively low. Typically, the yield of oil palm trees which have recently reached commercial maturity is approximately six tons of fresh fruit bunches per hectare. As the oil palm trees continue to mature, the yields of fresh fruit bunches increase, generally reaching peak production in years eight through 17. The yield of oil palm trees at peak production is usually approximately 25 to 30 tons of fresh fruit bunches per hectare. The yields of oil palm trees generally start decreasing after year 17 until the trees reach plateau production from years 18 to 25. Plateau production is approximately 18 to 24 tons of fresh fruit bunches per hectare. We expect that our yields of fresh fruit bunches per hectare will increase as the percentage of our oil palm trees that reach the peak production age increases. As of June 30, 2007, we estimate that 64.4% of our oil palm trees had reached the peak production age.

The following table sets forth the area and age profile of our mature oil palm trees as of June 30, 2007. "Young" trees are trees aged four to seven years, "Prime" trees from eight through 17 years, and "Old" trees above 18 years. We measure these time periods from the time the oil palm trees are planted in the plantation fields out of the nursery.

Age Profile of Mature Oil Palm Trees

	As of June 30, 2007			
	Young	Prime	Old	Total
Total area planted (in hectares)	6,326	51,822	—	58,148
Percentage of total area planted (%)	10.9	89.1	—	100

Climate and soil

The soil composition of our plantations is 96.7% mineral soil and 3.3% peat soil. Mineral soil is the optimum soil for the growing of oil palm trees. The following table sets out the classification of our plantations by soil type.

Classification by Soil Types

Company	As of June 30, 2007			
	Mineral		Peat	
	(in hectares)	(%)	(in hectares)	(%)
PT Pancasurya Agrindo	11,174	100.0	—	—
PT Subur Arummakmur	17,862	100.0	—	—
PT Perdana Intisawit Perkasa	9,806	100.0	—	—
PT Meridan Sejatisurya Plantation	9,268	100.0	—	—
PT Arindo Trisejahtera	8,192	100.0	—	—
PT Surya Intisari Raya	5,304	75.8	1,693	24.2
PT Ciliandra Perkasa	6,482	100.0	—	—
PT Muriniwood Indah Industry	5,860	87.4	848	12.6
PT Bumi Sawit Perkasa	4,039	100.0	—	—
Total	77,985	96.8	2,542	3.2

Substantially all of our terrain is flat or mildly undulating, which ensures a lower cost of operations than on hilly land.

Classification by Terrain Types

Company	As of June 30, 2007					
	Flat (0-8 deg)		Undulating (8-15 deg)		Hilly (>15 deg)	
	(in hectares)	(%)	(in hectares)	(%)	(in hectares)	(%)
PT Pancasurya Agrindo	11,174	100.0	—	—	—	—
PT Subur Arummakmur	17,862	100.0	—	—	—	—
PT Perdana Intisawit Perkasa	8,987	91.7	819	8.3	—	—
PT Meridan Sejatisurya Plantation	15	0.2	9,253	99.8	—	—
PT Arindo Trisejahtera	3,900	47.6	4,031	49.2	261	3.2
PT Surya Intisari Raya	6,998	100.0	—	—	—	—
PT Ciliandra Perkasa	2,173	33.5	3,082	47.6	1,227	18.9
PT Muriniwood Indah Industry	6,708	100.0	—	—	—	—
PT Bumi Sawit Perkasa	4,039	100.0	—	—	—	—
Total	61,854	76.8	17,185	21.3	1,488	1.8

According to the Department of Meteorology and Geophysics at Pekanbaru, the rainfall in the Riau province is approximately 2.1 meters per annum and the amount of sunshine is at least 2000 hours per annum. These create optimum conditions for our oil palm trees and for the growth of healthy, large fresh fruit bunches.

Cultivation

We need approximately 200 seeds to plant one hectare of land. We purchase most of our seed requirements from Dami Oil Palm Research Station ("DOPR"), a seed producer in Papua New Guinea. We believe that the seeds we purchase from DOPR are genetically superior to most seeds commonly available, and as a result produce trees with higher yields. We have developed a good working relationship with DOPR over the last several years, and we expect that we will continue to use its seeds to support our future cultivation initiatives. We also purchase our seeds from two other suppliers—PT Dami Mas, a joint venture between DOPR and the Sinar Mas Group in Indonesia, and PT Tunggal Yunus Estate, which is part of Asian Agri. As of June 30, 2007, our inventory of approximately 3 million seedlings is sufficient to plant approximately 17,500 hectares of oil palm trees. We will have to purchase more seeds in 2007 or 2008 to meet our current schedule for planting our available landbank of unplanted plantation land.

We plant germinated seeds in the pre-nurseries at our plantations. After approximately three months in the pre-nursery, we plant the oil palm seedlings in the main nurseries. We grow the oil palm plants in the main nursery for six months before we plant them in the fields. The young oil palm trees are generally planted approximately nine meters apart, in lines, in a pattern of equilateral triangles, which results in approximately to 140 to 150 trees per hectare. Oil palm trees generally begin to produce fruit two and a half years after planting in the fields, but the trees only begin to produce commercial harvests approximately three years after planting in the fields. From planting in the fields to commercial maturity, effective maintenance of the young oil palm trees is essential. Through our plantation management systems, we try to ensure that:

- the immature oil palm trees are fertilized efficiently and correctly;
- the area surrounding each young oil palm tree is free from other vegetation (which may compete with the oil palm tree for fertilizer, water and sunlight);
- all young trees will be productive;
- leguminous cover crop is established (to discourage the growth of competing plant life); and
- the young oil palm trees are protected from pests and disease.

We operate an efficient best-practice fertilization system of our trees. We use inorganic fertilizers such as urea, rock phosphate, muriate of potash and kieserite to replenish the large amounts of nutrients absorbed by mature palm oil trees. We carry out leaf and soil analysis on each 25 to 30 hectare block of mature oil palm trees to detect any nutrient deficiencies and overall nutrient balance. These results are used to tailor the fertilizer recommendations for each planted block, thus ensuring maximum returns from our fertilizer investments.

We also re-use by-products from our mills as fertilizer substitutes. Oil palm plantations and mills generally produce large quantities of palm oil mill effluent ("POME") and empty fruit bunches ("EFB"). Approximately 0.6 tons of POME and 0.2 tons of EFB are produced for every ton of fresh fruit bunches processed. As these by-products are good sources of plant nutrients, we recycle them into the plantations as organic fertilizers. By re-using our mill by-products in this way, we save significant amounts on the cost of inorganic fertilizers, whilst also maintaining environmental balance.

We expect to cultivate an additional 8,500 hectares of our existing land bank in the second half of 2007, bringing our total cultivated land bank to approximately 90,000 hectares by the end of 2007, and approximately 118,000 hectares by 2009. See "—Expansion—Oil palm plantations".

Harvesting

Oil palm trees generally begin to produce commercial harvests approximately three years after planting in the fields. We harvest the fresh fruit bunches of the oil palm trees only when an appropriate quantity of fruit become detached from the fresh fruit bunches, indicating peak ripeness. The fruit is ripe for harvesting when there is approximately one loose fruit per one kilogram bunch weight. The ripeness of fresh fruit bunches harvested is critical in maximizing the quality and quantity of palm oil extraction. Our harvesters collect the loose fruit for processing together with the harvested fresh fruit bunches to increase crude palm oil and palm kernel extraction rates.

We transport harvested fruit bunches by truck to the processing facilities located at our plantations and aim to process 100% of the fruit within 24 hours after harvesting to minimize the build-up of free fatty acids, which reduce the quality of crude palm oil extracted. The transport costs of fresh fruit bunches are five times greater than those of crude palm oil. Thus the proximity of our processing facilities to our plantations allows us to both reduce our transport costs and maintain the quality of our crude palm oil. We plan to build two further mills, in 2007 and 2008/2009, to increase the support for our plantations.

Fully mature oil palm trees generally produce approximately 25 to 30 tons of fresh fruit bunches per hectare per annum. The following table sets out the average yield of fresh fruit bunches per hectare of our oil palm trees for each of the periods presented below:

Average Yield per Hectare

Year Ended December 31,					Six months ended June 30,
2002	2003	2004	2005	2006	2007
(in tons/hectare)					
10.23	13.06	15.67	17.51	20.03	9.521

Crude palm oil and palm kernel processing

We produce crude palm oil and palm kernel at our six palm oil mills located adjacent to our plantations. We have an aggregate processing capacity of 345 tons of fresh fruit bunches per hour or approximately 2.07 million tons of fresh fruit bunches per year (equivalent to approximately 400,000 tons per year of crude palm oil). We are in the process of further increasing our crude palm oil and palm kernel processing capacity, and we expect that the Muriniwood Indah Industry mill, which is due for completion by the end of 2007, will add another 45 tons of fresh fruit bunch milling capacity per hour or approximately 270,000 tons of fresh fruit bunches per year. See "—Expansion" for details about our expansion plans.

Our extraction rates have improved in each year since 2002, so that we can now extract crude palm oil of approximately 22% of the fresh fruit bunches by weight. We can separate a further 5% approximately of the fresh fruit bunches by weight, during the processing of crude palm oil. The following table sets forth our average crude palm oil and palm kernel extraction rates as a percentage of fresh fruit bunches by weight for each of the periods presented below:

Average Extraction Rates

	Year ended December 31,					Six months ended June 30,
	2002	2003	2004	2005	2006	2007
	(in percentages)					
Crude palm oil extraction rate	19.3	19.9	20.3	20.3	21.9	22.5
Palm kernel extraction rate	4.2	4.1	3.6	4.1	4.6	5.2

We have sufficient capacity to process all fresh fruit bunches we harvest on our plantations during the peak harvesting period, which is normally in the third quarter of each year. The utilization rates for our processing facilities fluctuate substantially over the course of a year because it is necessary to have sufficient processing capacity to meet the demand of peak harvesting season and this capacity may not be fully utilized during off-peak seasons. As a result, we believe that mill utilization rates are not a meaningful measure of our business activities, as utilization depends on the size of our fresh fruit harvest. Our practice is to have sufficient monthly processing capacity to process approximately 13% of the expected annual crop for oil palm.

Our policy is to construct one crude palm oil processing facility with a processing capacity of 45 tons of fresh fruit bunches per hour for each 6000 hectares of mature oil palm trees at a plantation. Our construction cost for each crude palm oil processing facility is approximately US$8.0 million. Depending on the size and location of a plantation we may not find it economically viable to construct a facility to process the fresh fruit bunches harvested from that plantation until the average yield of the oil palm trees located at that plantation reaches a certain level. We generally sell the fresh fruit bunches harvested at plantations without processing facilities to companies with excess crude palm oil processing capacity located near that plantation. Prior to construction of our third mill in 2001, we sold the majority of the fresh fruit bunches we harvested to other processors. We currently process substantially all of the fresh fruit bunches we harvest in our mills, but rely on other processors for the fresh fruit bunches harvested from our PT Muriniwood Indah Industry and PT Surya Intisari Raya plantations which do not have their own mills. Since January 2007, we have entered into tolling arrangements with such processing companies under which they process our fresh fruit bunches for an agreed processing fee.

The following table sets forth our companies' mills, and their respective production capacities, as of the dates indicated:

Processing Mills

		As of Dec 31, 2004		As of Dec 31, 2005		As of Dec 31, 2006		As of June 30, 2007	
	Date of commissioning	Capacity (in tons per hour)	Capacity (in tons per year)	Capacity (in tons per hour)	Capacity (in tons per year)	Capacity (in tons per hour)	Capacity (in tons per year)	Capacity (in tons per hour)	Capacity (in tons per year)
PT Perdana Intisawit Perkasa	May 2002	45	270,000	90	540,000	90	540,000	90	540,000
PT Ciliandra Perkasa	January 2001	60	360,000	60	360,000	60	360,000	60	360,000
PT Arindo Trisejahtera	February 1999	60	360,000	60	360,000	60	360,000	60	360,000
PT Meridan Sejatisurya Plantation	June 2005	N.A.	N.A.	45	270,000	45	270,000	45	270,000
PT Pancasurya Agrindo	July 2005	N.A.	N.A.	45	270,000	45	270,000	45	270,000
PT Subur Arummakmur	February 2004	45.0	270,000	45	270,000	45	270,000	45	270,000
Total		210	1,260,000	345	2,070,000	345	2,070,000	345	2,070,000

We anticipate that the crude palm oil production of our oil palm plantations, as well as our crude palm oil extraction rates, will continue to increase as recently planted, higher-yielding oil palm trees mature and are harvested. In addition, we expect that we will further improve our oil extraction rates as our plantations expand and handling and transportation of fresh fruit bunches to our mills is reduced, and also as we implement our quality control procedures to collect more loose fruit during the harvesting process and to reduce oil loss both during transportation of fresh fruit bunches from the plantations to the mills and at the mills during the extraction process.

Quality Control

We have adopted quality control procedures at each stage of the production process to maintain the quality of our palm oil. In the fields, we harvest the fresh fruit bunches only when an appropriate quantity of the fruit

become detached from the fresh fruit bunches, which indicates ripeness for harvesting. We have established procedures to ensure that, to the extent possible, our harvesters collect all loose fruit. Our quality control personnel inspect the fruit and the fresh fruit bunches prior to sending them to the processing mills. Further, we transport fruit and fresh fruit bunches promptly to the processing mills at the plantations to minimize the build up of free fatty acids, which reduce the quality of the crude palm oil. International standards require that crude palm oil contain not more than 5.0% free fatty acids and that fresh fruit bunches and loose fruit be processed within 24 hours of harvesting. Our palm oil quality meets such acid content and processing standards. In addition, our quality control inspection teams at each of our crude palm oil processing mills monitor the quality of our products, the efficiency of the production process and the oil loss during the extraction process.

Major Customers

The following table sets forth the customers that accounted for 5.0% or more of our net sales for the three years ended December 31, 2006.

Major Customers

	Year ended December 31,					
	2004		2005		2006	
	Rp	%	Rp	%	Rp	%
	(in billions, except percentages)					
PT Bukit Kapur Reksa	272.0	38.8	88.4	12.6	258.2	30.1
PT Permata Hijau Lestari	120.2	17.1	140.6	20.0	193.2	22.5
PT Inti Benua Perkasatama	138.6	19.8	229.2	32.6	154.9	18.1
PT Intan Sejati Andalan	—	—	12.4	1.8	71.8	8.4
Wilmar Trading Pte Ltd	129.5	18.5	91.8	13.1	63.7	7.4
Kuok Oils and Grains Pte Ltd	—	—	39.9	5.7	37.3	4.4
PT Nubika Jaya	1.5	0.2	39.3	5.6	8.4	1.0

These customers primarily consist of refiners based in Dumai in the Riau province of Indonesia. They typically process the palm oil before selling the derived products in the domestic and international markets.

Major Suppliers

The following table sets forth our principal suppliers for each of the three years ended December 31, 2006.

Major Suppliers

	Year ended December 31,					
	2004		2005		2006	
	Rp	%	Rp	%	Rp	%
	(in billions, except percentages)					
Plasma farmers (fresh fruit bunch supplies)	78.7	29.0	78.0	28.0	83.2	29.7
PT Sentana Adidaya Pratama (fertilizer supplies)	31.5	12.0	37.1	13.0	38.5	13.8
PT Pertamina (diesel)	11.4	4.0	22.8	8.0	37.1	13.2
PT Meroke Tetap Jaya (fertilizer supplies)	7.6	3.0	25.9	9.0	21.0	7.5
PT Pupuk Hikay (fertilizer supplies)	—	—	—	—	14.0	5.0
Total	129.2	48.0	163.8	58.0	193.8	69.2

These suppliers primarily consist of fresh fruit bunch suppliers, fertilizer suppliers and diesel fuel suppliers based in the Riau province of Indonesia.

Land Rights

Oil palm plantations. In Indonesia, the Government holds title to all land under the Basic Agrarian Law of 1960. In order to establish a plantation, we must obtain land rights from the Indonesian Government. The land rights granted by the Government have a fixed duration that may be extended. Land rights for plantations generally run for 25 to 35 years. We hold a portion of our land rights in the form of *Hak Guna Usaha*, which are land rights granted on land covering an area of at least five hectares that give the holder the right to use the land for plantation businesses. Only Indonesian nationals and legal entities can hold *Hak Guna Usaha* title. We can encumber or mortgage these land rights as security.

An application for *Hak Guna Usaha* involves a number of stages, the three principal stages of which are:

(1) *Ijin Lokasi*;

(2) *Panitia B*; and

(3) *Hak Guna Usaha*.

The first stage of the process is obtaining the *Ijin Lokasi* which is an approval, generally renewable annually, granted by the Indonesian Government to a company which permits that company to use the land covered by the approval in accordance with a regional plan and to apply for the transfer of the rights with respect to that land. A holder of *Ijin Lokasi* must develop the land subject to those rights within one to three years (depending on the size of the land), otherwise the holder may lose these rights.

The second stage of the process is for the *Panitia B* to prepare a survey of the measurement and value of the plot of land to be covered by the *Hak Guna Usaha* for the National Land Agency of the Indonesian Government, and to issue minutes of survey of land.

Upon receipt of the *Panitia B* minutes of survey of land and additional Indonesian Government approvals, the Indonesian Government issues the *Hak Guna Usaha* certificate.

It generally takes one to two years after obtaining *Ijin Lokasi* to obtain the minutes of survey of land from *Panitia B* and up to two years for obtaining *Hak Guna Usaha*. A holder of *Hak Guna Usaha* can generally renew these rights once for an aggregate duration period of 60 years. Most of our *Hak Guna Usaha* for our old palm plantations are under the initial term of their issuance and therefore can be renewed for an additional term.

The following table sets forth the land rights held by us under the three states of ownership as of June 30, 2007.

Land Rights

Stage	Area as of June 30, 2007 (in hectares)
Hak Guna Usaha	56,113
Panitia B	—
Ijin Lokasi	78,647
Total	134,760

We have included the land rights held by PT Meridan Sejatisurya Plantation in the above table and the table which follows, but you should note that we owned only 25% of PT Meridan Sejatisurya Plantation until August 2, 2007, when we acquired an additional 7% of the company through Ciliandra prior to acquiring another 63% concurrently with the consummation of this Offering (see "—Restructuring"), and its accounts were not consolidated in our consolidated accounts prior to the consummation of this Offering. See Note 12 of the notes to our consolidated financial statements. We have also included land rights to land under the Plasma Program and KKPA Program discussed below in statistics showing our *Panitia B* and *Ijin Lokasi* and planted hectarage and yields.

The following table sets forth certain information regarding the *Hak Guna Usaha* titles held by us for our oil palm plantations as of June 30, 2007:

Hak Guna Usaha

Company	Land Rights (in hectares)	Year of Expiration
PT Pancasurya Agrindo	10,600	2020
PT Muriniwood Indah Industry	7,886	2035
PT Subur Arummakmur	7,767	2033
PT Arindo Trisejahtera	7,741	2028
PT Surya Intisari Raya	5,039	2024
PT Ciliandra Perkasa	3,787	2030
PT Perdana Intisawit Perkasa	2,467	2030
PT Meridan Sejatisurya Plantation	10,826	2024-2034
Total	56,113	

We intend to apply for extensions of our land rights held under *Hak Guna Usaha* as those rights approach expiration. In October 1993, the State Minister for Agrarian Affairs and Head of the National Land Agency issued Regulation No. 2 of 1993 (the "Regulation No.2") which sets forth the procedures for obtaining location licenses and land titles. Under Article 9(1) of Regulation No. 2, a holder of *Hak Guna Usaha* is guaranteed an extension of those rights so long as the utilization of the land covered by the rights complies with the approved usage of the land when the rights were initially granted to the holder. Under Government Regulation No. 40 of 1996 on the Right to Cultivate, Right to Build and Right to Use Land, an application for extension of the *Hak Guna Usaha* must be made at least two years prior to expiry. We believe that we are in compliance with all material provisions relating to the approved usage of the land covered by our *Hak Guna Usaha*. Although we do not anticipate any difficulty in extending the expiring land rights, we cannot predict how long it will take or if we ultimately will be successful in extending these expiring land rights.

In February 1999, Indonesia's State Minister for Agrarian Affairs issued a decree establishing the Ministry's policy regarding location permit (*Ijin Lokasi*). The decree provides that a company established in the framework of investment that intends to acquire a plot of land must first obtain a location permit. The purpose of this requirement is to give directions as well as to control such companies in their land acquisition.

The holder of the location permit is permitted to arrange the clearance of the intended land from all of its existing legal relationship with third parties who own or have interest over such land, in accordance with the prevailing regulations, and that after the completion of the relinquishment of the intended land by parties who had rights and interests over it, the holder of the location permit may be given a right over such land (as evidenced by the land certificate), which right will authorize the holder to use the land. The decree gives aggregate size limitations for oil palm plantations of 20,000 hectares in one province, with a nationwide limitation of an aggregate of 100,000 hectares.

However, on August 11, 2004, the Indonesian government enacted Law No. 18 /2004, which provides, inter alia, that as regards the case of land for a plantation business, the minister in charge of and responsible for managing the plantation sector (the "Minister of Agriculture") shall stipulate the land's maximum area and minimum area of use, while the agency in charge of land affairs shall issue the land titles. Law No. 18/2004 further provides that in determining such maximum and minimum area, the Minister of Agriculture shall be guided by the types of plants, the land availability in view of the agro-climatic conditions, the capital, the factory's capacity, the population density, the business development pattern, the geographical condition and technological development. On February 29, 2007, the Minister of Agriculture issued an implementing regulation of Law No. 18/2004, under Decree No.26, which provides, among others, limitation on the size of plot of land for palm plantation to be owned by one company namely, 100,000 hectares without any territorial limitations. Further, the Plantation Business License (*Ijin Usaha Perkebunan*—IUP) issued prior to the enactment of Decree No. 26 is still valid and serves as business license for the holder.

Plasma Program. In accordance with Indonesian Government policy, oil palm plantation companies are encouraged to develop new plantations that will be operated by local small landholders. This form of assistance to local small landholders is generally known as the "Plasma Program". The Plasma Program is a program for the development of oil palm plantations for small landholders by a developer of plantations. Once developed, the plasma plantations are transferred to the small landholders who then operate the plasma plantations under the supervision of the developer.

Under the Plasma Program, the developer is committed to purchase fresh fruit bunches from the local small landholders at formula prices set by the Indonesian Government less the costs incurred by the developer in processing and selling the fresh fruit bunches. We participate in the Plasma Program and process the fresh fruit bunches purchased under the program into crude palm oil and palm kernel at our crude palm oil processing facilities. In the past, the formula prices we have paid for the fresh fruit bunches we have purchased from Plasma Program landholders have generally approximated the prices we believe we would have paid in the market to purchase fresh fruit bunches from an independent supplier. There can be no assurance that the formula prices we pay for fresh fruit bunches will continue to approximate the market price for fresh fruit bunches.

The Plasma Program development for each district is funded by loans from Indonesian Government-owned banks with the approval of Bank Indonesia. Under the program, we borrow money from Government-owned banks to fund development of these plantations. We secure those loans by the land rights for the plantation to which the loans relate and other forms of security. Upon maturity of the plantation, which is defined as not less than 36 months after planting of the oil palm seedlings in the fields and after the satisfaction of an inspection by the Government-owned bank and some Government departments, we transfer the plantation to the small landholder, who then assumes liability to repay the loans advanced by the Government-owned banks to us. Prior to maturity of the plantation, these loans accrue interest at a rate of 16.0% per annum, but this interest is not required to be paid and instead is capitalized. After the plantation matures, the principal amount of the loans (plus capitalized interest) accrues interest at a rate of 12.0% per annum and is payable every three months over a period of seven years, commencing on the date we hand over management of the plantation to the small landholder. We are required to deduct from amounts we owe to the small landholder for purchase of the fresh fruit bunches and pay to the bank the amount of the repayment installments.

In 1993, the Indonesian Government introduced another program called the KKPA Program which is similar to the Plasma Program except that the small landholder enters into a contract with the developer under which the developer agrees to manage the small landholder's land and the small landholder obtains the development loan, which may be from a Government-owned or private bank. The terms of the KKPA Program are more flexible, and involve less involvement by the Indonesian Government, than under the Plasma Program. Under the KKPA Program the price for developing the plantation is fixed in the development agreement between us and the small

landholder and we bear the burden of any cost overruns that we incur in developing the plantations. Following the 1998 economic crisis in Indonesia, the Indonesian Government reduced the financing for both the Plasma Program and the KKPA Program.

As of June 30, 2007, we had 9,182 hectares of planted land under the Plasma Program and KKPA Program. Of such planted hectares, 7,277 hectares were of mature oil palms and 1,905 hectares were of immature oil palms. As of June 30, 2007, we had transferred the management of approximately 5,961 hectares of our Plasma Program plantations to small landholders. We expect that all of our future small landholder arrangements will be under the KKPA Program. As our plantations expand, we expect that the total planted hectarage under the Plasma Program and the KKPA Program will increase to approximately 20,000 hectares by 2009.

Our plasma plantation receivables relating to the Plasma Program and KKPA Program operated by us were Rp68,291 million in 2004, Rp59,268 million in 2005 and Rp61,235 million (US$6.8 million) in 2006. See Notes 2.10 and 11 of notes to our consolidated financial statements for a description of how we account for the Plasma and KKPA Programs.

The plantations held by small landholders under the Plasma Program and the KKPA Program generally have lower yields than those owned by us because the small landholders' plantations are planted less intensively (due to less stringent Government requirements relating to such programs), generally use lower quality seeds and are subject to less rigorous standards of upkeep and manuring than those we own.

Transportation

We employ various means of transportation in our operations. We transport fresh fruit bunches from the various collection points to the crude palm oil processing facilities within the plantations by trucks. After processing, the crude palm oil and palm kernel are generally transported from the processing mills to the port at Dumai by tankers, which are primarily owned and operated by third parties. We store the crude palm oil in storage tanks pending shipment. The biomass waste after processing typically is trucked back to the plantation for use as fertilizer. We also ship crude palm oil to purchasers outside Indonesia by ocean vessels that are owned and operated by third parties.

Indonesian palm oil producers usually accept a 0.5% loss of oil during transportation and shipping in Indonesia. Since this rate of loss would be very significant given the volume of our production, we have adopted stringent controls, such as using tamper-proof valves, to reduce loss. Currently, we experience less than 0.25% loss of crude palm oil during domestic transportation.

Sales, marketing and distribution

We sell all of the crude palm oil and palm kernel we produce to third parties both within and outside Indonesia. We consider:

- local and international prices for crude palm oil;
- the level of export tax for crude palm oil;
- foreign currency exchange rates; and
- costs we will incur to deliver the product to our customer,

in determining whether to export or sell on the domestic market. Our policy is to sell our products at the best available price and on the best payment terms. As the prices we receive in the domestic and export markets are generally equivalent, but the payment terms we receive for domestic sales are generally better than the payment terms for export sales, we sell the majority of our crude palm oil to crude palm oil refineries in Indonesia. However, we sell a portion of our crude palm oil in the export market to commodity traders in order to maintain a presence in the market.

Sales, marketing and distribution within Indonesia

In 2006, approximately 84.5% of our sales were domestic sales of crude palm oil. We also sell our unprocessed palm kernel domestically, but these sales have not historically constituted a significant portion of our net sales. We sell crude palm oil and palm kernel directly to our customers, who are primarily Indonesian palm oil traders and processors. We generally make these sales on a spot basis and negotiate delivery terms at the time of the sale. In accordance with usual current practice for spot market sales in Indonesia, customers pay for our crude palm oil and palm kernel up to five business days after entering into the sale contract and take delivery approximately two weeks after the sales contract is concluded. We negotiate other delivery terms on a contract by contract basis.

Sales, marketing and distribution outside Indonesia

In 2006, approximately 15.5% of our sales were export sales of crude palm oil to customers located principally in Singapore. Our major customers include Wilmar, Cargill and Kuok Oil & Grains. These sales were made through foreign brokers. We generally make export sales of crude palm oil on a forward basis, one month to six months prior to actual delivery, under letter of credit arrangements.

Export taxes and restrictions

Our results of operations and financial condition have been, and will continue to be, affected by Indonesian Government policies, laws and regulations governing the export of our products and changes in those policies, laws and regulations, including an export tax on crude palm oil.

Export taxes

Since August 1994, the Indonesian Government has imposed export taxes on crude palm oil and other oil palm products. The export tax was intended to control the selling price of refined bleached deodorized olein in the Indonesian market, which had been rising as a result of an increase in the world market price of palm oil products as well as the depreciation of the Indonesian rupiah.

In July 1997, the Ministry of Finance modified the export tax structure to eliminate the floor price and to tax all exports of crude palm oil, refined bleached deodorized palm oil, crude olein and refined bleached deodorized olein at flat export tax rates. The tax was applied on the export price for these products set by the Ministry of Industry and Trade on a monthly basis. Where no export price was set, the amount of export tax was calculated as the tax rate times the “free on board” value of the goods shipped times an exchange rate determined by the Ministry of Finance. For the purpose of this formula, the Ministry of Finance determined the exchange rate on a weekly basis.

In the third quarter of 1997, as a result of the substantial depreciation and volatility in the value of the Indonesian rupiah against foreign currencies, exports of crude palm oil and refined palm oil-based products increased significantly as traders purchased crude palm oil in Indonesia rupiah and export it for sale in U.S. Dollars. In response to these developments, in December 1997, the Indonesian Government, adopted a policy of restricting total exports of crude palm oil and refined bleached deodorized olein to 20% of the total production nationwide to ensure that 80% of the crude palm oil and refined bleached deodorized olein production in Indonesia was available in the domestic markets. The intended purpose of this policy was to stabilize the local markets for crude palm oil and palm oil-based refined bleached deodorized olein. However, the export quota system did not increase the supply of crude palm oil and palm oil-based product in the domestic Indonesian market to the levels desired by the Indonesian Government. Therefore, at the beginning of January 1998, the Indonesian Government prohibited all exports of crude palm oil and palm oil-based products including refined bleached deodorized olein, from Indonesia for a three-month period commencing on January 1, 1998. The stated intention of this policy was to seek to ensure a sufficient supply of crude palm oil and refined bleached deodorized olein in the domestic Indonesian market and thereby prevent an escalation of their Indonesian rupiah prices.

In March 1998 the Indonesian Government lifted the export ban on palm kernel oil. However, the Indonesian Government announced that the export ban on crude palm oil and certain other products would remain in place indefinitely or until the price of palm-oil based refined bleached deodorized olein was reduced to levels satisfactory to the Indonesian Government, this despite the requirement under an agreement with the IMF that the crude palm oil export ban be lifted by April 1998.

On April 22, 1998, the Indonesian Government lifted the crude palm oil export ban and imposed a tax on the export of crude palm oil and refined bleached deodorized olein at the rate of 40.0% and certain other palm oil-based products at rates between 30.0% and 40.0%. The Indonesian Government subsequently revised the tax rates in July 1998 to a range of between 20.0% and 60.0% and in February 1999 to a range of between 10.0% and 40.0%. In June 1999, the Indonesian Government lowered the export tax rates to rates that ranged between 7.0% and 30.0%. In September 2007, the Indonesian Government changed the export tax rate to between 0% and 10%, to be determined according to a formula based on crude palm oil prices (c.i.f. Rotterdam), as follows: (a) if c.i.f. Rotterdam is less than US$550 the export tax is 0%; (b) if c.i.f. Rotterdam is between US$550 and US$649 the export tax is 2.5%; (c) if c.i.f. Rotterdam is between US$650 and US$749 the export tax is 5.0%; (d) if c.i.f. Rotterdam is between US$750 and US$849 the export tax is 7.5%; and (e) if c.i.f. Rotterdam is above US$850 the export tax is 10.0%.

If the Indonesian Government reinstates the export restrictions or otherwise continues to limit, restrict or prohibit the export of crude palm oil or we are forced to agree to a voluntary quota or otherwise limit our exports of crude palm oil and palm oil-based products, we may be unable to increase the export of our crude oil palm products and the domestic prices of our oil palm products may be adversely affected.

Pricing

The prices of our crude palm oil and palm kernel are principally dependent on the supply and demand of crude palm oil and palm oil products, which may differ somewhat between Indonesian and international markets. Pricing of crude palm oil in the domestic Indonesian market is also affected by the Indonesian export taxes and other Government restrictions discussed above.

Pricing within Indonesia

A substantial majority of our sales of crude palm oil to third party customers have been made within the Indonesian market. Although we invoice our sales of our crude palm oil in Indonesian rupiah, prices have generally been based on, or affected by, international U.S. Dollar prices for crude palm oil.

Our sales of crude palm oil to domestic Indonesian customers are priced by reference to the spot market prices for crude palm oil set at a daily auction sale among Indonesian crude palm oil producers and their customers conducted in Medan, North Sumatra. The prevailing market prices for crude palm oil at the Medan auction are set on a "free on board" basis from North Sumatra and have generally been based on, or principally affected by, international crude palm oil prices prevailing at the MDEX (operated by Bursa Malaysia Derivatives Berhad) in Kuala Lumpur, Malaysia, and the JADE (a joint venture of CBOT Holdings, Inc. and SGX-ST) in Singapore. Although generally based on the prevailing market prices in Kuala Lumpur, the daily Medan auction prices have generally been less than the Kuala Lumpur market prices due to the export tax on crude palm oil and other palm oil-based products imposed by the Indonesian Government and other export-related expenses. Our price for crude palm oil has historically been approximately the same as the weekly Medan auction price.

In addition, we may from time to time enter into agreements with individual customers in which we fix the price for a certain quantity of crude palm oil to be delivered over a specified period of time. In October 2006, we entered into agreements with Wilmar that fixed the price for a total of 90,000 tons of crude palm oil through 2009. With these agreements, approximately 50.0% of our crude palm oil output from July 2007 to the end of 2007 and 10.0% of our crude palm oil output in 2008 and 2009 are covered under fixed price arrangements. See "Management's Discussion and Analysis of Financial Condition and Results of Operations". The remaining crude palm oil output will be sold at spot prices, though we may enter into future fixed price agreements as deemed favourable by Management.

Palm kernel prices are determined by tender in the Medan market. Prices for palm kernel are subject to fluctuations depending upon the supply of and demand for this product and its derivatives. World palm kernel production levels are primarily affected by global weather conditions, while demand is primarily affected by world consumption levels and changes in the world economy.

Pricing outside Indonesia

Our prices for crude palm oil outside Indonesia are based on international prices and are invoiced and payable in U.S. Dollars. Our export sales of crude palm oil have been priced by reference to the spot market at prevailing market prices in Rotterdam and on the MDEX. As in the case of domestic sales, our prices for crude palm oil have historically been somewhat less than the prevailing market prices in Kuala Lumpur due to the export tax imposed by the Indonesian Government.

Competition

Crude palm oil production

Since crude palm oil and palm kernel products are traded in the international commodity markets, we do not compete directly with other crude palm oil producers, except on the basis of delivery time. There are a large number of producers of palm oil-based products located both in Indonesia and abroad. Although we are one of the largest private sector producers of crude palm oil in Indonesia, our crude palm oil production levels have been, and are likely to remain, small by comparison to overall world production.

The Indonesian oil palm plantation industry is composed of Government-owned plantation companies, private-sector plantation companies represented by large business groups such as the Sinar Mas Group, Raja Garuda Mas Group (Asian Agri), Astra Agro Lestari, the Guthrie Group (Minamas) and Indo Agri, as well as other independent companies and small landholder. The Indonesian Government-owned plantation companies produced approximately 28.7% of the crude palm oil in Indonesia in 2006 and as a group are the largest producers of crude palm oil in Indonesia. However, given Indonesian Government policies in recent years, which

favor the expansion of privately-owned oil palm plantations and the growth of private Indonesian oil palm plantation companies (possibly including the divestment of Government-owned oil palm plantations), we expect that the Indonesian Government's relative share of crude palm oil production in Indonesia will decrease over the next few years. Moreover, a number of private-sector Indonesian oil palm plantation companies have announced significant expansion plans in the palm oil sector and have started new plantings of palm trees.

Further, the Indonesian Government removed restrictions on foreign investment in oil palm plantations effective in early 1998. The removal of foreign investment restrictions has resulted in foreign companies investing in the domestic palm oil industry, particularly Malaysian companies. This has increased competition for acquisition of suitable land for plantation development.

Only a small portion of the land available for palm oil plantation development has actually been released by the Government for such development or been developed as palm plantations. Accordingly there could be substantial further development of new palm plantation in Indonesia.

As one of the largest private sector producers of crude palm oil in Indonesia, we believe our ability to diversify into downstream products and therefore reduce business risks arising from commodity price fluctuations provides us with an advantage over smaller crude palm oil producers. In addition, we believe that, as a low-cost producer of crude palm oil and palm kernel, we have an advantage over other crude palm oil and palm kernel producers in regions of the world with higher crude palm oil and palm kernel production costs. We believe our lower productions costs have enabled us to maintain operating profitability and enhance our long-term competitive position even during global downturns in the international palm oil markets.

Biodiesel production

Given the significant potential in the biodiesel sector, competitors from Asia, America, and Europe are announcing biodiesel capacity expansion plans over the next two to three years. Oil World estimates that there will be a significant increase in world production capacity of biodiesel to 22.5 million tons by the end of 2007 and further growth in 2008. We believe certain of our competitors in Malaysia and Indonesia plan to open biodiesel plants over the next three years. We believe our fully integrated planned biodiesel plant with its reliable source of crude palm oil will allow us to compete effectively in this as yet undeveloped industry. Our plant will be located close to Dumai port which will maintain low production costs and ensure timely, efficient exports of our biodiesel product.

For further information on biodiesel demand and production, see "The Palm Oil Industry".

Expansion

Oil palm plantations

We plan to capitalize on the expected growth of the Indonesian and export markets for our crude palm oil and palm kernel products. We intend to expand our oil palm plantations in an efficient manner that will maximize the harvest of fresh fruit bunches. Beginning in 2005, we began to expand through both increased planting of seedlings grown at our nurseries and the acquisition of additional plantation land. Since the beginning of 2000, our oil palm plantations under cultivation increased from 55,147 hectares to 80,526 hectares at June 30, 2007.

As at June 30, 2007, we had 843 hectares of land at plantations that were either cleared and ready for planting or in reserve. We intend to plant an estimated 8,500 hectares of oil palm in the second half of 2007 (of which we had planted approximately 2,900 hectares as of September 30, 2007), approximately 18,000 hectares in 2008 and approximately 10,500 hectares in 2009 and to increase our total planted hectarage to approximately 118,000 by 2009. We also expect the expansion of our plantations to continue after 2009, as we will still have undeveloped landbank and may acquire additional landbank.

We expect that the aggregate cost for our plantation expansion program, including land acquisition, land clearing and nursery, plantation worker housing and infrastructure costs, will be approximately Rp249.5 billion in 2007, Rp344.8 billion in 2008 and Rp294.4 billion in 2009. See "Management's Discussion and Analysis of Results of Operations and Financial Condition—Capital Expenditures—Planned capital expenditures".

Crude palm oil processing mills

We plan to expand our annual processing capacity by the end of 2009 by installing two additional crude palm oil processing mills. Upon commencement of commercial production by these facilities, our crude palm oil processing capacity will increase from approximately 2,070,000 tons to approximately 2,610,000 tons of fresh fruit bunches per year.

After commercial operation of these additional mills, we anticipate that we will be able to produce approximately 300,000 tons of crude palm oil and approximately 63,000 tons of palm kernel per year, subject to sufficient supply of fresh fruit bunches. We estimate that the aggregate cost for the installation and construction of these additional processing mills will be approximately Rp90.0 billion in 2007, Rp40.5 billion in 2008 and Rp40.5 billion in 2009, or a total of Rp171.0 billion for the three years of expenditure. See "Management's Discussion and Analysis of Results of Operations and Financial Condition—Capital Expenditures—Planned capital expenditures".

Biodiesel production facility

In order to exploit the expected growth in global demand for alternative energy sources and environmentally friendly fuel, we are building a biodiesel plant capable of producing approximately 250,000 tons of biodiesel per annum. We began construction of the facility in the second quarter of 2007. The plant is situated at Dumai in the Riau province and will be supplied with crude palm oil from our six mills. The plant will therefore be close to its major suppliers, reducing transport costs, and well located for exporting the biodiesel product. In order to enable us to meet the challenges associated with the entry into a new operational area, we have hired a director with extensive experience in the oleochemical industry, and we intend to hire additional staff with experience in this field. In addition, the technology we are purchasing for our biodiesel plant is proven technology and has been sourced from a reputable international supplier.

We expect that the total investment required for the project will be approximately US$40 million. The major contractors for the project are large, reputable companies with experience in similar projects. We expect the plant will begin commercial production in the second quarter of 2008. We expect to receive all of the licenses and permits required to operate our new biodiesel plant by the time the plant is brought on-line.

Research and development; technical assistance

Oil palm plantations

Research and development is an important part of our operations and has led to improvements in our agricultural techniques, yields and profitability. On-going trials at our research facility cover a wide range of

agronomic activities, including fertilizer optimization, crop techniques, herbicide usage and pest and disease control measures. The goal of our research and development efforts is to maintain and improve plant productivity and quality to ensure that we have a regular and continuous supply of quality fresh fruit bunches for our crude palm oil processing facilities.

The amounts spent on research and development for the past three financial years are not material.

Our current research efforts focus on the following:

Mineral nutrition. Mineral nutrition is a major field activity. The researchers conduct experimental programs at trial sites to study the effects of different fertilizer dosages applied to the oil palm crop. The purpose of these field experiments is to assess optimal and effective fertilizers for each soil type.

Crop protection. In order to find effective methods of controlling plant diseases, we are conducting experimental trials to study curative and preventive treatments of young crops, as well as the effects of crop techniques on disease development. In addition, we study the use of natural predators for the control of pests.

Increase usage of effluent and empty fruit bunches. We use all of the solid wastes (including empty fruit bunches and fronds) and treated effluent from milling processes as fertilizer at our plantations. The wastes and treated effluent contain nutrients that can be absorbed by the oil palm trees at the plantations. Our aim is to reduce manuring costs by utilizing these by-products as fertilizers. In addition, we continually update and improve planting and manuring techniques. We contract with third parties to perform certain of the research we require.

Insurance

We maintain insurance for our mills, inventories, vehicles, heavy equipment and property (including buildings and mills). This insurance provides for the replacement cost of the assets covered but does not cover business interruption or losses from plantation fires, volcanic eruption or expropriation. In addition, we do not maintain third party liability insurance. Approximately 50% of our insurance is underwritten by international underwriters and approximately 50% by local underwriters.

The following table sets forth certain information regarding our insurance coverage as of June 30,2007.

Type of insurance	Insurer	Amount insured
CPO mills	PT Asuransi Jasa Indonesia and PT Asuransi Tokio Marine Indonesia	US$29.2 million
Inventories	PT Asuransi Jasa Indonesia and PT Asuransi Tokio Marine Indonesia	US$ 6.2 million
Vehicles and heavy equipment	PT Asuransi Astra Buana, PT Asuransi Sinar Mas, PT Asuransi Tokio Marine Indonesia, PT Asuransi Jasa Indonesia, PT Asuransi Central Asia and PT Asuransi Bina Dana Arta Tbk	Rp56.4 billion

While we do not insure our plantations against fire, disease or pests, we believe our insurance coverage is consistent with Indonesian oil palm and other plantation and refining industry standards. In addition, we believe our risk of loss from forest fires is reduced because or oil palm plantations are located in various areas of

Sumatra that are less prone to the slash and burn practices that have led to fires in the past. Further, our oil palm plantations are designed in blocks with intersecting road, which reduces the ability of fire to spread from block to block, and our oil palm trees are spaced approximately nine meters apart, which reduces the ability of fire to spread from tree to tree. Live oil palm trees also have a high water content and do not easily ignite. Significant damage to our plantations, fresh fruit bunches, processing or refining facilities, whether as a result of fire, flooding or other causes, would have a material adverse effect on our business and results of operations. See "Risk Factors—Risks Relating to Our Business—Our insurance coverage may be insufficient to cover our losses".

Environmental considerations

Our cultivation of oil palm trees and the processing of fresh fruit bunches at our plantations raises environmental considerations. At our oil palm plantations, we have aimed to replace pesticides with less expensive but more effective and environmentally friendly biological methods of controlling pests and preventing diseases. We recycle the empty bunches and palm fronds as organic fertilizer and to aid in water retention for the soil. We have also implemented an effluent waste treatment program using bacteria to break down effluent so that the effluent can be used as fertilizer in the fields. We do not use fire as a method of land clearance in developing new plantation land.

The processing of crude palm oil produces no polluting effluent.

The effluent produced by our crude palm oil processing operations is monitored by *Badan Pengendalian Dampak Lingkungan*, the Indonesian Government agency responsible for controlling the environmental impact in order to prevent pollution and environmental damage, recover environmental quality and produce policy and programs to control environmental impact. This agency reports directly to the Indonesian President and coordinates its activities with various Indonesian Government entities, including the Ministry of Industry and *Badan Koordinasi Penanaman Modal* (the Indonesian Investment Coordinating Board).

The Indonesian Government has the power to take action against Indonesian companies, including us, for failure to comply with the Indonesian Government's environmental regulations. The Indonesian Government can impose fines and revoke licenses and concessions. Indonesian Government inspectors visit our plantation and processing facilities from time to time to confirm adherence to applicable standards.

As part of our commitment to environmentally responsible business practices, we have applied to become a member of the Roundtable on Sustainable Palm Oil ("RSPO"), a leading international palm oil industry group. The roundtable consists of environmental experts, non-governmental organizations, palm oil producers and traders, consumer goods manufacturers and retailers, and banks and investors and focuses on creating conditions for the environmentally friendly and sustainable use and production of palm oil. The roundtable has enumerated a set of principles to govern, among other things, the development and expansion of oil palm plantations and the use of environmentally sensitive areas for plantation land. These principles are currently in a two-year trial phase ending in November 2007 and, pending feedback from members of the roundtable, are slated for adoption in similar or modified form on a permanent basis thereafter. The RSPO has also adopted the concept of High Conservation Value Forest ("HCVF"), which describes certain types of forest that merit particular protection due to any of a number of factors, including the presence of endangered animal species or particular biodiversity concerns. One of the principles enumerated by the RSPO prohibits planting of new trees in areas that consist of primary forest or of HCVF.

Our commitment to the principle of sustainable palm oil includes our engagement of one or more environmental consultants to conduct assessments of our land and of the impact that additional planting of oil palms on our land would have on the environment. In particular, we expect that these consultants will assess the suitability for planting of two specific areas of unplanted land that we own and that have been identified by the

World Wildlife Fund as concessions containing endangered animal species and local, protected primary forest. To the extent that the consultants classify these or other areas as HCVF, we may not be able to plant additional oil palms in these areas. See "Risk Factors—We may be adversely affected by the imposition and enforcement of more stringent environmental regulations". We intend to work with the consultants and to continue to support and observe the principles of the roundtable in order to ensure that our plantations adhere to the highest environmental standards and meet the goal of sustainable development for palm oil production.

It is our policy not to purchase any land which we have reason to believe has been cleared using illegal practices such as burning.

We currently have and historically have had good relationships with all NGOs and charities working in the areas in which we operate. We have our own standard operating procedures for the protection of wild elephants, and these procedures are consistent with guidelines set out by local NGOs. Our areas of land are surrounded by five-meter trenches and electric fences to prevent elephants from entering the plantations, thus preventing harm to the elephants and our plantations and avoiding, as far as possible, the high costs of removing elephants from our land.

We believe we are in compliance with all applicable national and local Indonesian environmental rules and regulations. However, it is possible that the Indonesian Government, its environmental agency or other governmental authorities will impose additional regulations on us or on the palm oil production industry that would require us to spend additional funds on environmental matters.

Employees

As of June 30, 2007, we had approximately 7,400 employees, of which approximately 4,000 employees were full-time employees. Of these, approximately 180 were engaged in management and administration, approximately 3,200 were engaged in plantation activities and approximately 550 were engaged in mill activities. We employ a significant number of temporary employees. In 2006, we employed approximately 3,600 temporary employees, on a monthly average basis. Our temporary employees are primarily engaged in plantation maintenance and harvesting activities. As of June 30, 2007, approximately 90% of our employees were members of the Indonesian National Workers' Union. Certain of our subsidiaries whose employees have established labor unions that have been registered with the Indonesian Manpower Authority have entered into collective labor agreements with these labor unions. Subsidiaries whose employees have not established labor unions rely on company regulations approved by the regional manpower office. These collective labor agreements and company regulations cover the terms of employment such as working relations, working hours, payroll, employee development and competency, occupational safety and health, salary, compensation upon termination of employment in certain circumstances such as retrenchment, employees' welfare, social allowances, employees' code of conduct and mechanisms for handling disputes. We have not experienced any strikes or disruptions due to labor disputes in the last three years and we consider our relationships with our employees to be good.

The following table gives an overview of the number and field of activity of our employees for the three years ended December 31, 2006:

	As of December 31,		
Activity	**2004**	**2005**	**2006**
Management administration	131	137	155
Plantation activities	6,885	6,732	7,128
Mill activities	557	628	620
Total	**7,573**	**7,497**	**7,903**

For the years ended 31 December 2004, 2005 and 2006, all of our employees were located in Indonesia.

We run training facilities on our plantations for our field assistants to ensure that consistent standards and a common style of management are maintained.

Approximately 95% of our regular employees at the plantations live in housing provided by us. We also provide other benefits to our plantation workers, including:

- performance bonuses;
- pensions;
- rice rations;
- accident insurance;
- medical facilities;
- schools; and
- religious and recreational facilities.

Our companies are members of the Cooperative of Government Owned and Private Plantation Companies, which sets standard rates and terms and conditions for plantation workers and contractors in Sumatra. During the peak harvesting season for fresh fruit bunches, we allocate work assignments among our plantation workers and encourage our plantation workers to work overtime so we can maximize the fresh fruit bunches that can be harvested.

We are registered with, and make contributions to, PT Jamsostek, the national workers social security scheme.

Community Development

As we believe in the connection between socially responsible management and our long-term growth and development, we take an active and leading role in community development and invest in the economic wellbeing of the community. We provide educational funds and assistance to local communities. We also carry out public works development and maintenance such as roads and bridges leading to and from our estates, and opening new access to previously inaccessible areas. We also encourage and support religious pursuits regardless of religion by contributing to the construction of mosques and churches and other places of worship. Our participation in the implementation of smallholder ownership schemes such as the KKPA Program and the Plasma Program is also significant, as these programs provide job opportunities and livelihoods for thousands of small landholders and their families.

Associations

We are a member of Gabungan Pengusaha Kelapa Sawit Indonesia (the Indonesia Association of Palm Oil Producers). This organization collects and distributes information regarding the palm oil industry in Indonesia and lobbies the Indonesian Government with respect to legislation and administrative regulations affecting Indonesian palm oil producers.

REGULATORY ENVIRONMENT

Indonesian Government laws and regulations as well as local laws significantly affect the ownership of our land and operation of our plantations.

We are required by various governmental agencies to obtain certain permits, licenses and certificates with respect to our business operations. Although we believe that we have been and will be able to obtain all permits, licenses and certificates material to the conduct of our business operations, we cannot assure you that we will be successful in our attempts to do so in the future. Failure to maintain necessary permits, licenses or certificates could require us to incur substantial costs or temporarily suspend the operation of one or more of our plantations.

We believe that due to heightened environmental and product quality concerns, regulators may scrutinize our business more closely. Our plantations are subject to both scheduled and unscheduled inspections by a variety of governmental institutions, each of whom may have a different perspective or standards from the others.

We believe that the operation of our business will be in compliance with applicable environmental laws and regulations. However, laws and regulations in the future may impose increasingly stricter requirements, we cannot predict the ultimate costs of complying with these requirements, or the impact of these requirements on our business.

The Government through the State Ministry of Environmental Affairs oversees and exercises both regulatory authority and administrative control over the environmental issues in Indonesia. The legal framework for the environmental law issues relating to the palm oil industry in Indonesia is based on specific laws, governmental regulations and ministerial decrees, enacted and issued from time to time. In particular, the Government has instituted a number of policies in the last 10 years with the intention of Indonesian environment surveillance.

Plantation

Plantations in Indonesia are generally governed by Law No. 18 of 2004 on Plantation (the "Law 18/2004"). This law provides that a plantation business may be conducted in Indonesia either by a farmer (*pekebun*) or a plantation company. A foreign legal entity or a foreign individual may enter into plantation business by establishing an Indonesian joint venture company.

On February 29, 2007, the Minister of Agriculture issued an implementing regulation of the Plantation Law No. 26/Permentan/OT.140/2/2007 concerning the Guidelines for Licensing of Plantation Business ("Decree No. 26"). Decree No. 26 provides for, among other things, a limitation (namely, 100,000 hectares) on the size of a plot of land for palm plantation that may be owned by a single company without any territorial limitations. Further, the Plantation Business License (*Ijin Usaha Perkebunan*—IUP) issued prior to the enactment of Decree No. 26 is still valid and serves as business license for the holder.

A plantation with the width of land of more than 25 hectares must obtain a Plantation Business License.

Ijin Usaha Perkebunan—IUP

The Plantation Business License is issued by the Governor if the plantation is located within inter regencies/cities and by the Head of Regency or Mayor if the plantation is located in one regency/city.

Land

Under the Basic Agrarian Law of 1960, the Indonesian Government holds title to all land in Indonesia, except land for which freehold title has been granted to Indonesian citizens. In order to establish a plantation, a company must obtain land rights from the Indonesian Government. The land rights which may be granted for a plantation business are Hak Milik (Right to Own), *Hak Guna Usaha* (Right to Cultivate), Hak Guna Bangunan (Right to Build) and *Hak Pakai* (Right to Use); for the planting area only *Hak Guna Usaha* may be used.

Hak Guna Usaha shall be effective for 35 years and may be extended for no more than 25 years, subject to the fulfilment of the obligations and implementation of the plantation in accordance with the prevailing regulations. A holder of *Hak Guna Usaha* can generally renew this right once for an aggregate duration of 60 years. Only Indonesian nationals and legal entities can hold *Hak Guna Usaha*.

An application for *Hak Guna Usaha* rights involves a number of stages, the three principal stages of which are:

(1) *Ijin Lokasi*;

(2) *Panitia B*; and

(3) *Hak Guna Usaha*.

The first stage of the process is obtaining the *Ijin Lokasi* (Location Permit), which is an approval, generally renewable annually, granted by the Indonesian Government to a company that permits that company to use the land covered by the approval in accordance with a regional plan and to apply for the transfer of the rights with respect to that land. A holder of *Ijin Lokasi* must develop the land subject to those rights within one to three years (depending on the size of the land) or else the holder may lose these rights.

The second stage of the process is for the *Panitia B* to prepare a survey of the measurement and value of the plot of land to be covered by the *Hak Guna Usaha* for the National Land Agency of the Indonesian Government, and to issue minutes of survey of land.

Upon receipt of the *Panitia B* minutes of survey of land and additional Indonesian Government approvals, the Indonesian Government issues the *Hak Guna Usaha* certificate.

It generally takes one to two years after obtaining *Ijin Lokasi* to obtain the minutes of survey of land from *Panitia B* and up to two years for obtaining *Hak Guna Usaha*.

In October 1993, the State Minister for Agrarian Affairs and Head of the National Land Agency issued Regulation No. 2 of 1993 (the "Regulation No. 2") which sets forth the procedures for obtaining location licenses and land titles. Under Article 9 (1) of Regulation No. 2, a holder of *Hak Guna Usaha* is guaranteed an extension of those rights so long as the utilization of the land covered by the rights complies with the approved usage of the land when the rights were initially granted to the holder. Under Government Regulation No. 40 of 1996 on *Hak Guna Usaha*, Hak Guna Bangunan and Hak Pakai, an application for extension of the *Hak Guna Usaha* must be made at least two years prior to expiry.

In February 1999, Indonesia's State Minister for Agrarian Affairs issued a decree establishing the Ministry's policy regarding location permit (*Ijin Lokasi*). The decree provides that a company established in the framework of investment that intends to acquire a plot of land must first obtain a location permit. The purpose of this requirement is to give directions as well as to control such companies in their land acquisition.

The holder of the location permit is permitted to arrange the clearance of the intended land from all of its existing legal relationship with third parties who own or have interest over such land, in accordance with the prevailing regulations, and that after the completion of the relinquishment of the intended land by parties who had rights and interests over it, the holder of the location permit may be given a right over such land (as evidenced by the land certificate), which right will authorize the holder to use the land. The decree gives aggregate size limitations for oil palm plantations of 20,000 hectares in one province, with a nationwide limitation of an aggregate of 100,000 hectares.

However, on August 11, 2004, the Indonesian government enacted Law No. 18 /2004, which provides, inter alia, that as regards the case of land for a plantation business, the minister in charge of and responsible for managing the plantation sector (the "Minister of Agriculture") shall stipulate the land's maximum area and minimum area of use, while the agency in charge of land affairs shall issue the land titles. Law No. 18/2004 further provides that in determining such maximum and minimum area, the Minister of Agriculture shall be guided by the types of plants, the land availability in view of the agro-climatic conditions, the capital, the factory's capacity, the population density, the business development pattern, the geographical condition and technological development. On February 29, 2007, the Minister of Agriculture issued an implementing regulation of Law No. 18/2004, under Decree No.26, which provides, among others, limitation on the size of plot of land for palm plantation to be owned by one company namely, 100,000 hectares without any territorial limitations. Further, the Plantation Business License (*Ijin Usaha Perkebunan*—IUP) issued prior to the enactment of Decree No. 26 is still valid and serves as business license for the holder.

Maximum Extent for Forest Exertion and Forest Relinquishment for Cultivation Plantation

In year 1998, Ministry of Forestry and Plantation has issued Decree No.728/Kpts-II/1998. The decree has stated the Maximum Extent for Forest Exertion and Forest Relinquishment for Cultivation Plantation for one company or group of company, excluding the sugar tree commodity, is 20,000 hectares in one province or 100,000 hectares nationwide.

Environmental Management

In 1997, the Government introduced Law No. 23 of 1997 on Environmental Management (the "Environmental Law") to uphold the environmental protection in Indonesia and aims to create sustainable development with regard to environmental issues. Any activity which may cause a major and significant impact to the environment is required to carry out an Analysis of Environmental Impact (*Analisa Mengenai Dampak Lingkungan*—"AMDAL").

Besides the Environmental Law, environmental protection in Indonesia is also governed by various laws, regulations and decrees including Government Regulation No. 27 of 1999 regarding AMDAL (the "Government Regulation No. 27"), Decree of the State Minister of Environmental Affairs No. 11 of 2006 regarding Businesses and/or Action Plans which must be completed with AMDAL, the StateMinister of Environmental Affairs Decree No. 28 of 2003 on Technical Guidelines on the Research of Water Waste of the Palm Oil Industry on the Soil at the Palm Oil Plantation and Decree No. 29 of 2003 on Guidelines on the Terms and Procedures of License on the Water Waste of the Palm Oil Industry on the Soil at the Palm Oil Plantation.

Analytical Process for Environmental Impact

Further, Government Regulation No. 27 of 1999 stipulates that any activity that (i) may cause impact to the environment but not significant, or (ii) if the impact to the environment can be technologically managed, is required to prepare an environmental management effort (the "UKL") and an environmental monitoring effort (the "UPL").

AMDAL and UKL/UPL are one of the requirements to obtain the Plantation Business License and thus every plantation business which has obtained Plantation Business License but do not implement the AMDAL may have their license revoked.

Palm oil plantations with an aggregate land of 3,000 ha or more inside forestry plantation areas or inside non-forestry plantation areas are obliged to obtain an AMDAL.

The environmental damage which palm oil plantations may cause includes land erosion, changes in water availability and quality, spread of plant diseases and pollution of land by the use of pesticides and herbicides.

Water Quality Management and Water Pollution Control

The Government has addressed water quality and water pollution by issuing Government Regulation No. 82 of 2001 on Water Quality Management and Water Pollution Control. Under this regulation, any business which disposes of waste water on the land for application in the soil is obliged to obtain written permit from the Head of Regency or Mayor. The written permit will be based on the result of AMDAL or UKL and UPL. In terms of this concern, each business player which disposes of waste water has an obligation to prevent and manage water pollution.

Technical Guidelines on the Research of Water Waste of the Palm Oil Industry to Soil at the Palm Oil Plantation and Guidelines on the Terms and Procedures of License on the Water Waste of the Palm Oil Industry to Soil at the Palm Oil Plantation

Every business which intends to use the waste water to soil must submit a research proposal regarding such intention to the Head of Regency or Mayor. Head of Regency or Mayor will issue an approval letter for such research within 30 working days since the research proposal is accepted.

The research must be implemented at least for a minimum of one year continuously. The research may only be conducted once in the same location. The permit must be issued within 90 working days after the submission of the application. The permit may be revoked within 30 working days after the evaluation if any violation of the requirements occurs.

Guidelines on the Terms and Procedures of License and Research Guidelines of Water Waste to Water or Water Resource

The State Minister of Environmental Affairs has issued Decree No.111 of 2003 on *Guidelines on the Terms and Procedures of License and Research Guidelines of Water Waste to Water or Water Resource*, as amended by Decree No. 142 of 2003.

The Head of Regency or Mayor is not permitted to issue the waste water disposal permit to any business which may violate the water quality standard and cause water pollution. Each business which has the intention to dispose of waste water to water or water resources must obtain a written permit from the Head of Regency or Mayor. The application will be based on the result of AMDAL or the UKL/UPL.

PROPER

PROPER (*Program Peniliaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup/ Rating on Company's Performance in Environmental Management Program*) is a program initiated by the Ministry of Environment to encourage companies to manage the environmental control in accordance with the prevailing laws and regulations. The implementation of PROPER is also to promote transparency and to invite the community involvement in the management of environmental control in Indonesia.

PROPER is regulated under the Decree of the State Minister of Environment No.127/2002 ("Decree 127").

Under Decree 127, PROPER rates companies within five categories: (i) gold, for companies which have succeed in managing the environmental controls and/or have implemented environmental management with outstanding results; (ii) green, for companies which have succeeded in managing environmental controls and/or have implemented environmental management beyond regulatory requirements; (iii) blue, for companies which have managed environmental control and/or have implemented environmental management according to minimum requirements; (iv) red, for companies which have managed environmental control but have not achieved all minimum requirements; and (v) black, for companies which have not managed the environmental control and may have caused pollution and/or environmental destruction.

Those companies with gold, green and blue categories obtain reputation incentives in the form of a certificate of achievement, while companies with red and black categories do not.

One of our Subsidiaries, PT Perdana Intisawit Perkasa is named in the black category, as a result of its IPAL (*Ijin Pemanfaatan Air Limbah/Waste Water Utilization Permit*) not being re-registered in January 2005, even though the permit is valid until January 2009. We have re-registered the permit and the next re-registration is due in January 2008. The *Kementerian Negara Lingkungan Hidup* (the Ministry of Environment for Indonesia) has written to note PT Perdana Intisawit Perkasa's progress in March 2006. However, there has been no re-rating by the Kementerian Negara Lingkungan Hidup since. There is no sanction for those companies included in red or black categories under Decree 127.

Plasma Program

In accordance with Indonesian Government policy, oil palm plantation companies are encouraged to develop new plantations that will be operated by local small landholders. This form of assistance to local small landholders is generally known as the "Plasma Program". The Plasma Program is a program for the development of oil palm plantations for small landholders by a developer of plantations, being either Indonesian private or public plantation companies having fund, manpower and management sufficiency to perform its function as a nucleus company (*Perusahaan Inti*). Once developed, the plasma plantations are transferred (or "converted") to the small landholders who then operate the plasma plantations under the supervision of the developer.

Under the Plasma Program, the developer is committed to purchase fresh fruit bunches from the local small landholders at formula prices set by the Indonesian Government, in this case by the Minister of Agriculture, less the costs incurred by the developer in processing and selling the fresh fruit bunches.

The development of the Plasma Program is funded by loans from Indonesian Government-owned banks and other banks with the approval of Bank Indonesia.

KKPA Program

In relation to the development of plantation business which purpose is to increase the income of the farmer, the Government has provide funding facility to the Primary Cooperative for its Members (*Kredit kepada Koperasi Primer untuk Anggotanya*—KKPA).

In 1993, the Indonesian Government introduced another program called the KKPA Program which is similar to the Plasma Program except that the small landholder enters into a contract with the primary cooperative under which the primary cooperatives obtain investment credit and or working capital credit given by a bank and the small landholder obtains the credit.

On such matters, the Government has issued Joint Decree of the Minister of Agriculture and Minister of Cooperation and Small Scale Enterprise Management No.73/Kpts/OT.210/2/98 and No.01/SKB/M/II/1998 concerning Management and Development of County Unit Cooperation (*Koperasi Unit Desa*—KUD) in Plantation Business Sector with Partnership Pattern through Credit Utilization to Primary Cooperation for its Members.

Biodiesel

There are no specific Indonesian laws or regulations in relation to the setting-up of a biodiesel plant, except for the requirement to obtain prior approval from the Indonesian Investment Coordinating Board to engage in investments in the biodiesel industry, which we have obtained. Certain other licences and approvals will be required upon the completion of the biodiesel plant, such as licences in relation to biodiesel and/or biofuel trading, for which we will need to apply from the Ministry of Energy and Mineral Resources for the commencement of our biodiesel business.

As the operation of a biodiesel plant presents potential health and safety hazards in the work place, we must apply for the relevant occupational safety and health permits from the Indonesian Manpower Department. These permits and procedures must be obtained and prepared before any production activities begin.

DESCRIPTION OF MATERIAL INDEBTEDNESS

The following is a summary only of the principal terms of our material indebtedness as of the date of this document and does not purport to be complete. Refer to our audited, consolidated financial statements and the notes thereto included elsewhere in this document for additional information with respect to our indebtedness.

As of December 31, 2006 and June 30, 2007, our total short-term indebtedness, including current maturities, consisted of approximately Rp7.6 billion (US$0.8 million) and Rp10.7 billion (US$1.2 million), respectively. As of December 31, 2006 and June 30, 2007, our total long-term indebtedness, net of current maturities, consisted of approximately Rp1,476 billion (US$163.0 million) and Rp1,401 billion (US$154.7 million), respectively. We repaid all of our bank debt and Rupiah bonds outstanding at that time with the proceeds from the offering of the Notes described below in December 2006. From June 30, 2007 until the Latest Practicable Date, there was no material change to our levels of indebtedness. As of the Latest Practicable Date, the Notes were our only outstanding indebtedness. We have recently issued Rp500 billion additional Rupiah bonds (see "Management's Discussion and Analysis of Financial Condition and Results of Operations—Recent Developments"). In addition, upon consolidation of MSSP, MSSP's indebtedness, described below, will also be consolidated (to the extent it is not repaid using the proceeds from the Rupiah bonds).

On December 8, 2006 we issued US$160 million aggregate principal amount of 10.75% guaranteed secured notes due 2011 (the "Notes") through our subsidiary Ciliandra Perkasa Finance Company Pte. Ltd. The Notes are guaranteed by Ciliandra and each of its restricted subsidiaries and are secured by: (i) a security interest in a pre-funded interest reserve account; (ii) a security interest in an escrow account; (iii) a security interest in our new biodiesel plant; (iv) a security interest in all movable assets of Ciliandra and its restricted subsidiaries; (v) a pledge by Ciliandra Perkasa Finance Company Pte. Ltd., the issuer of the Notes, of its rights in the intercompany loans made with the proceeds of the issuance of the Notes; and (vi) pledges by the shareholders of Ciliandra of 100.0% of the share capital of Ciliandra .

The indenture governing the Notes contains a number of covenants that, among other things:

- restrict the declaration or payment of dividends or distributions on account of equity interests of Ciliandra and certain of its subsidiaries;
- limit the incurrence of indebtedness by Ciliandra and certain of its subsidiaries;
- restrict Ciliandra and certain of its subsidiaries from making restricted payments, including paying dividends;
- limit the incurrence by Ciliandra and certain of its subsidiaries of any lien upon any of its property;
- limit the issuance or sale by Ciliandra and its subsidiaries of any shares of capital stock of certain of its subsidiaries;
- limit the sale of assets by Ciliandra and certain of its subsidiaries;
- restrict Ciliandra and certain of its subsidiaries from entering into transactions for the benefit of any affiliate of Ciliandra;
- restrict Ciliandra and certain of its subsidiaries from entering into any sale and leaseback transaction with respect to any property; and
- limit the incurrence of capital expenditure by Ciliandra and certain of its subsidiaries.

In addition, under the Notes, we are subject to a cash management arrangement pursuant to which all payments made by our biodiesel customers, once we begin producing biodiesel, must be made to a collection account that is pledged as security to the holders of our Notes. We will only be able to access funds from that account to pay for our biodiesel expenses, while the remaining funds in the account will be used in the first instance for debt service payments.

On November 7, 2006, our associated company MSSP entered into a Rp30.0 billion bank loan with PT Bank Ekspor Indonesia (Persero) for working capital, which is secured by: (i) a security interest in MSSP's inventories; (ii) a security interest in MSSP's receivables (iii) a security interest in the factory's machinery and equipment; (iv) mortgages on the land owned by MSSP; and (v) a personal guarantee from our Director and Chief Executive Officer, Ciliandra Fangiono. Interest on this loan is fluctuating; as of the Latest Practicable Date, the interest rate on this loan was 13.0%.

The bank loan contains a number of covenants that, among other things:

- require PT Meridan Sejatisurya Plantation to conduct an assessment on its inventories at least once a year, through an independent assessment company which shall render the assessment results to PT Bank Ekspor Indonesia (Persero);
- restrict MSSP from obtaining another loan;
- restrict MSSP from lending money, including but not limited to its affiliates, except for trade loans;
- restrict MSSP from conducting any merger, consolidation, capital participation, share participation or share purchase in other companies;
- restrict MSSP from amending its articles of association or changing its status;
- restrict the declaration or payment of dividends or profit in any form and in any amount to its shareholders;
- restrict MSSP from amending or allowing any amendment to its capitalization structure;
- restrict MSSP from changing the composition of its shareholders and management;
- restrict MSSP from conducting any investment or expanding its business apart from its current line of business.

On November 7, 2006, our associated company MSSP entered into a Rp130.0 billion bank loan with PT Bank Ekspor Indonesia (Persero) for investment purposes. The loan is secured by: (i) a security interest in MSSP's inventories; (ii) a security interest in MSSP's receivables (iii) a security interest in the machinery and equipment of the palm plantation's factory; (iv) mortgages on the land owned by MSSP; and (v) a personal guarantee from our Director and Chief Executive Officer, Ciliandra Fangiono. Interest on this loan is fluctuating; as of the Latest Practicable Date, the interest rate on this loan was 13.25%.

The bank loan contains a number of covenants that, among other things:

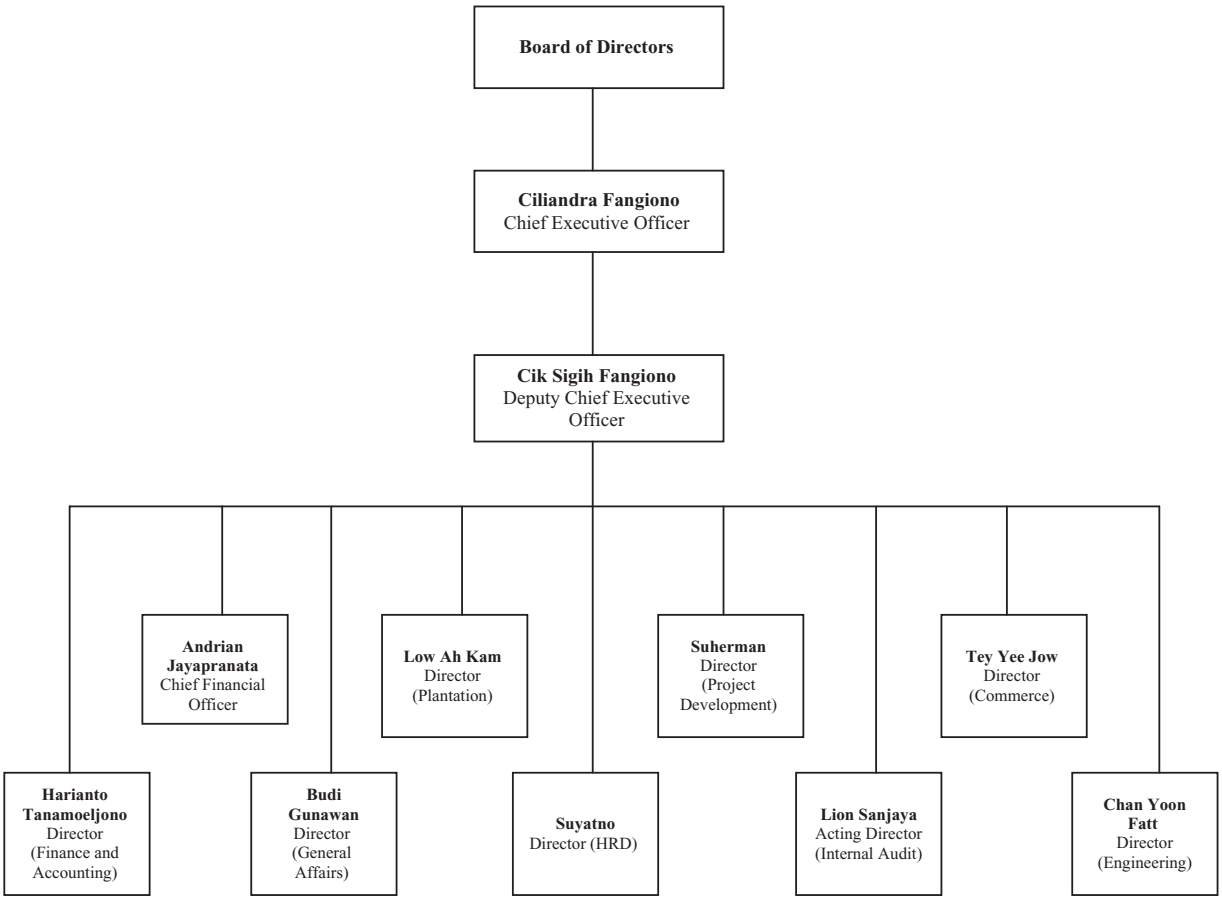
- require MSSP to conduct an assessment on its inventories at least once a year through an independent assessment company which shall render the assessment results to PT Bank Ekspor Indonesia (Persero);
- restrict MSSP from obtaining another loan;

- restrict MSSP from lending money, including but not limited to its affiliates, except for trade loans;
- restrict MSSP from conducting any merger, consolidation, capital participation, share participation or share purchase in other companies;
- restrict MSSP from amending its articles of association or changing its status;
- restrict the declaration or payment of dividends or profit in any form and in any amount to its shareholders;
- restrict MSSP from amending or allowing any amendment to its capitalization structure;
- restrict MSSP from changing the composition of its shareholders and management;
- restrict MSSP from conducting any investment or expanding its business apart from its current line of business.

MSSP is permitted to take the above corporate actions with regard to both loans, if it obtains prior approval from PT Bank Ekspor Indonesia (Persero).

MANAGEMENT

Our Management Reporting Structure



Our management and day-to-day operations are carried out by First Resources' Board of Directors, the members of which are appointed through a general meeting of shareholders.

The Board of Directors is currently composed of seven members. Directors are elected for a term of office for three years after such appointment, without having prejudice to the rights of the general meeting of shareholders to dismiss a Director during his or her term of office or to reappoint a Director whose term of office has expired. Our officers serve at the discretion of the Board of Directors.

The following table sets forth certain information concerning our Directors and executive officers.

Name	Age	Position	Address
Directors			
Lim Ming Seong	60	Chairman and Independent Director	69 Chartwell Drive Singapore 558765
Ciliandra Fangiono	31	Director and Chief Executive Officer	Jl. Kuantan Raya No. 20 Pekanbaru, Riau Indonesia
Wirastuty Fangiono	34	Non-executive Director	Jl. Kuantan Raya No. 20 Pekanbaru, Riau Indonesia
Ray Yoshuara	48	Non-executive Director	Blk 485 #03-01 Yio Chu Kang Road Singapore 787058
Teng Cheong Kwee	54	Independent Director	16B Margoliouth Road #06-03 Singapore 258542
Hee Theng Fong	52	Independent Director	16 Greenleaf Grove Singapore 279500
Ng Shin Ein	33	Independent Director	7A Holland Hill #02-09 Singapore 278732
Executive Officers			
Cik Sigih Fangiono	29	Deputy Chief Executive Officer	Jl. Kuantan Raya No. 20 Pekanbaru, Riau Indonesia
Andrian Jayapranata	47	Chief Financial Officer	Jl. Pengukiran I no. 3 Jakarta—Barat Indonesia
Low Ah Kam	58	Director (Plantation)	No. 23 Jalan Kasawari 6, Bandar Puchong Jaya Puchong, Selangor Malaysia
Suherman	42	Director (Project Development)	No. 12 Jalan Panglima Undan Pekanbaru—Riau Indonesia
Tey Yee Jow	35	Director (Commerce)	No. 39, Jl Samratulangi Pekanbaru—Riau Indonesia
Harianto Tanamoeljono	36	Director (Finance and Accounting)	Komplek Pondok Mutiara Block D no. 25 Pekanbaru—Riau Indonesia
Budi Gunawan	50	Director (General Affairs)	No. 8-8A, Jalan Teuku Umar Pekanbaru—Riau Indonesia
Chan Yoon Fatt	53	Director (Engineering)	Komplex Puri Nangka Indahblok C12, Jl. T. Tambusai/Nangkapekanbaru, Riau Indonesia
Suyatno	58	Director (HRD)	Perumahan Aur Kuning Blok A no. 2 Simpang Tiga—Pekanbaru—Riau Indonesia
Lion Sanjaya	36	Acting Director (Internal Audit)	Perumahan Graha Hangtuah Permai Blok D-11 Kel. Rejosari, Kec. Tenayan Raya Pekanbaru—Riau Indonesia

Board of Directors

Lim Ming Seong was appointed as Chairman and Independent Director of our Company on October 1, 2007. He is Chairman of CSE Global Ltd and, until August 2007, was Director and Deputy Chairman of STATS ChipPAC Ltd ("STATS ChipPAC"). From December 1986, Mr Lim was with the Singapore Technologies group and was Group Director when he left the group in February 2002. Prior to joining Singapore Technologies, Mr Lim was with the Singapore Ministry of Defence from October 1970. Mr Lim received his Bachelor of Applied Science (Honours) degree in Mechanical Engineering from the University of Toronto and his Diploma in Business Administration from the former University of Singapore. Mr Lim also participated in the Advance Management Programs conducted by INSEAD and Harvard Business School.

Ciliandra Fangiono was appointed as our Director on April 18, 2007 and has held the position of Chief Executive Officer of Ciliandra since 2002. He has held the position of President Director at Ciliandra since 2003. He obtained his Bachelor of Arts degree from Cambridge University (United Kingdom) in 1999 and his Master of Arts from Cambridge University (United Kingdom) in 2003. Before moving to Ciliandra, he started his career at the Investment Banking Division of Merrill Lynch, Singapore (1999-2001).

Wirastuty Fangiono was appointed as non-executive Director on June 29, 2007. She held the position of President Commissioner of Ciliandra from March 2003 to present. She obtained her Bachelor of Science in Commerce from University of Toronto, Canada in 1995. She began her career as Senior Logistic Manager at PT Surya Dumai Industry Tbk. (1995-1996). She then held the position of Logistic Director-Forest and Forest Production Division at Surya Dumai Group (1996-1997). She subsequently joined Ciliandra Group as Chief Executive Officer (1998-2001), before taking up the position of Vice President Operations at the Surya Dumai Group (2001-2003).

Ray Yoshuara was appointed as our Non-executive Director on October 1, 2007. He is presently resident in Singapore. He obtained a Doctorandus in Business Administration from Parahyangan Catholic University in 1986 and a Master of Commerce from the University of New South Wales in 1990. His previous working experience includes serving as Reporting Accountant in Atlantic Richfield Bali North Inc., Financial Planning & Control manager of the Gelael group, and lecturer at Tarumanagara University. From 1998 to 2007, Mr Yoshuara was the Vice President of Finance of the Uniseraya Group. Since February 2007, he has been the Vice President of Corporate Planning of the Uniseraya Group. Mr Yoshuara qualified as a Certified Practicing Accountant under CPA Australia in 2000.

Teng Cheong Kwee was appointed as an Independent Director of our Company on October 1, 2007. He obtained a Bachelor degree in Engineering (Industrial) with first class honours and a Bachelor degree in Commerce from the University of Newcastle, Australia in 1977. He started his career in 1977 as an administrative assistant in the Singapore Government Administrative Service. In 1978, he was seconded to the Singapore Securities Industry Council (SIC) as assistant secretary in the SIC Secretariat. From 1982 to 1989, he served as secretary in SIC. From 1985 to 1989, he served as assistant and deputy director in the Monetary Authority of Singapore. From 1989 to 1999, he joined the Stock Exchange of Singapore (SES) as executive vice president where he was in charge of the review of listings, market surveillance, member broker supervision and investigations. From 1999 to 2000, Mr Teng was with the Singapore Exchange as executive vice president and head of the Risk Management and Regulatory Division. He is a director of Pheim Asset Management (Asia) Pte Ltd, a fund management company, and also serves as independent director of several listed companies. From 1998 to 2005, he was a council member of the Singapore Institute of Directors.

Hee Theng Fong was appointed as an Independent Director of our Company on October 1, 2007. He is a Singapore citizen born in Singapore in 1954. He obtained an LLB (Hons) from the University of Singapore (now

known as National University of Singapore) in 1979 and was admitted as an advocate and solicitor in Singapore in 1981. Mr. Hee is a practising lawyer with more than 20 years' experience in legal practice. His current appointments include being a Fellow of the Chartered Institute of Arbitrators (UK), an Arbitrator of Singapore International Arbitration Centre (SIAC) and China International Economic and Trade Arbitration Commission (CIETAC). Mr Hee is also a member of the Standing Committee of the Singapore Chinese Chamber of Commerce & Industry and an independent director of several public listed companies. He is frequently invited to speak on Director's Duties and Corporate Governance.

Ng Shin Ein was appointed as an Independent Director of our Company on October 1, 2007. She is the Regional Director for Asia of Blue Ocean Associates Pte Ltd, a pan Asian firm focused on investing in and providing financing solutions to businesses. She is also in charge of the firm's portfolio of European and U.S. partners co-investing in Asia. Prior to this, Ms Ng was with the Singapore Exchange, where she was responsible for developing Singapore's capital market by bringing foreign companies to list in Singapore. Additionally, she was responsible for being a conduit between the marketplace and regulators, and contributed industry perspectives to the Singapore Exchange's IPO Committee. Ms Ng started her career as a corporate lawyer in Messrs Lee & Lee, pursuant to her admission as an advocate and solicitor of the Singapore Supreme Court. While in legal practice, she advised on joint ventures, mergers and acquisitions and fund raising exercises. She has an LLB (Hons) from Queen Mary College, University College London, and a Diploma in Singapore Law from the National University of Singapore. Ms Ng was also an independent director and Chairman of the Risk Management Committee of Yanlord Land Group Limited, a Chinese real estate developer listed on the SGX–ST.

None of our Directors has any arrangement or understanding with any of our substantial shareholders, customers or suppliers or other person pursuant to which such director was appointed as a director.

Present and Past Principal Directorships of our Directors

The present principal and past directorships held by our Directors in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

Name	Present Directorships	Past Directorships
Lim Ming Seong	***Singapore*** CSE Global Ltd Accuron Technologies Ltd (formerly known as Singapore Precision Industries 2000 Pte Ltd) Singapore Technologies Kinetics Ltd Singapore Technologies Telemedia Pte Ltd Starhub Ltd STT Communications Ltd Genovate Solutions Pte Ltd Singapore Aerospace Manufacturing Pte Ltd Tuas Power Ltd Whiterock Management Pte Ltd Whiterock Healthcare Pte Ltd United BMEC Pte Ltd Amplus Communication Pte Ltd ***Overseas*** Servelec Group Limited W-Industries Inc. Whiterock^{2} Management (USA) Inc. Whiterock^{N} Partners Ltd	Teralogic Inc. Double Helix Pte Ltd Singapore Technologies Electronics Holdings Pte Ltd Singapore Millennium Foundation Ltd Singapore Technologies Capitals Services Pte Ltd Singapore Technologies Semiconductors Pte Ltd Chartered Semiconductor Manufacturing Ltd Ebworx Limited Transtel Engineering Pte Ltd Stetsys Pte Ltd Stetsys US Inc. LHI Technology Limited Healthstats International Pte Ltd Whiterock Management I Ltd Whiterock Management Ltd White Rock Investments III Ltd Stats ChipPac Ltd
Ciliandra Fangiono	***Singapore*** Fangiono Asset Management Pte Ltd Ciliandra Perkasa Finance Company Pte. Ltd. ***Indonesia*** PT Ciliandra Perkasa PT Surya Intisari Raya PT Priatama Riau PT Perdana Intisawit Perkasa PT Pancasurya Agrindo PT Muriniwood Indah Industry PT Pancasurya Binasejahtera PT Pancasurya Agrosejahtera PT Pancasurya Agrindo Perkasa ***British Virgin Islands*** Lizant Investments Ltd.	***Indonesia*** PT Priatama Riau PT Andalan Mitrasawit Sejati PT Dharma Bhakti Utama

Name	Present Directorships	Past Directorships
Wirastuty Fangiono	***Singapore*** Fangiono Asset Management Pte Ltd Fangiono Resources Pte Ltd ***Indonesia*** PT Surya Intisari Raya PT Priatama Riau PT Meridan Sejatisurya Plantation PT Arindo Trisejahtera PT Subur Arummakmur PT Pancasurya Agrindo Perkasa ***British Virgin Islands*** Eight Capital Inc.	***Indonesia*** PT Ciliandra Perkasa PT Bumi Sawit Perkasa PT Perdana Intisawit Perkasa PT Muriniwood Indah Industry
Ray Yoshuara	—	—
Teng Cheong Kwee	***Singapore*** Pheim Asset Management (Asia) Pte Ltd Sinomem Technology Ltd AEI Corporation Ltd Memtech International Ltd Musikgarten Singapore Pte Ltd Stats ChipPac Ltd ***Bermuda*** Techcomp (Holdings) Ltd ***People's Republic of China*** Junma Tyre Cord Co Ltd ***British Virgin Islands*** Asean Emerging Companies Growth Fund The Vittoria Fund Ltd	***Singapore*** Hua Kok International Ltd Pacific King Shipping Holding Pte. Ltd. ***People's Republic of China*** Tianjin Zhong Xin Pharmaceutical Group Corporation Ltd ***British Virgin Islands*** Pheim APEC Growth Fund Ltd (Liquidated) The Vittoria One Ltd (Liquidated)
Hee Theng Fong	Hee Theng Fong & Co. HTF Management Pte Ltd Datapulse Technology Limited Tye Soon Limited Singapore Chinese Orchestra Company Limited Sinomen Technology Limited YHI International Limited Transil Corporation Pte Ltd Delong Holdings Ltd NTUC Fairprice Co-operative Limited Business China Limited	Sapphire Corporation Limited Rotol Singapore Ltd Waterbank Properties (S) Pte Ltd. Delgro Corporation Limited (formerly known as Singapore Bus Services (1978) Ltd. Ban Joo & Company Limited Sun Yat Sen Nanyang Memorial Hall Company Limited Oriental Century Limited Pacific King Shipping Holding Pte. Ltd.
Ng Shin Ein	Blue Ocean Associates Pte Ltd Blue Ocean Associates Ltd	Yanlord Land Group Limited

Senior Management

Cik Sigih Fangiono has served as our deputy chief executive officer since 2003. He is an Indonesian citizen born in Bengkalis in 1977. He obtained his Bachelor degree from Bronte College, Toronto, Canada in 1996. He has held the position of Director of Ciliandra since 2001. He began his career at PT Surya Dumai Industri Tbk as Assistant Production Director (2000-2001). As deputy chief executive officer, he is jointly responsible for the day-to-day management of our group, including the annual budget and the strategic direction of the group's business. In particular, he focuses on project development and general affairs, including government relations and matters relating to land permits.

Andrian Jayapranata is an Indonesian citizen born in Jakarta in 1960. He has held the position of Executive Director of First Resources since 2007. His previous experience at Lippo Group includes the position of Comptroller at Across Asia Multimedia (2002-2003). Previously, he was Finance Director and Controller at Investor Group (2004-2006), Senior Corporate Finance Manager at Raja Garuda Mas Group (1997-2002), Finance and Accounting Director at PT Wapoga Mutiara Timber (1991-1997), Finance and Accounting Director at PT Gema Lapik, Rajawali Group (1986-1991), and Senior Auditor at Ernst and Young (1982-1986). He obtained a Bachelor of Accountancy from Trisakti University Jakarta.

Low Ah Kam is a Malaysian citizen born in Pahang, Malaysia in 1948. He has held the position of Director (Plantation) at First Resources since 2002. He obtained his Diploma from the Malaysia Planters Association. In 1968 he began his career at TDM Berhad, Malaysia, holding the position of Assistant Manager (1968-1975), Senior Assistant Manager (1976-1979) and Manager (1980-1990). In 1991 he joined the Indosawit Group, holding the position of General Manager (1991-1994) and Executive Director (1995-2002).

Suherman is an Indonesian citizen born in Putussibau, West Kalimantan in 1964. He has held the position of Director (Development) at First Resources since 2005. He obtained his Bachelor of Accounting from the Riau University Pekanbaru—Riau. He started his career as a member of staff at the PT Bank of Central Asia, BCA Pontianak (1983-1988). He held the position of Senior Manager of Administration Finance at PT Inti Indosawit (1988-1997) and PT Bumi Reksanusa Sejati (1997-1998). In 1999 he joined the Sawit Mas Group, holding the positions of Head of Estate Department, Jambi Region (1999-2000), Finance Controller, Palembang Region (2000-2001), Finance Controller, Pekanbaru Region (2001-2003) and the Deputy Executive Director (2004-2005).

Tey Yee Jow is a Malaysian citizen born in Johor, Malaysia in 1971. He has held the position of Director (Commerce) at First Resources since 2003. He obtained his Bachelor of Accounting from the University of Utara Malaysia. He began his career at the Kuok Group, holding the positions of Assistant Accounts Manager at the Myanmar Branch and Manager at the Padang Branch (Kernel Crushing Plant) (1996-2000). He subsequently held the position of Director (Purchasing) at Surya Dumai Group (2000-2003).

Harianto Tanamoeljono is an Indonesian citizen born in Lasem, Central Java in 1970. He obtained his Bachelor of Accounting at the Atmajaya University, Yogyakarta in 1994. He has held the position of Director (Finance and Accounting) at First Resources since 2001. He previously held the position of Head of Accounts and Finance Department at PT Surya Dumai Industri Tbk. (1996-2001). He started his career as an Auditor at Johan Malonda & Rekan Certified Public Accountant (1994-1996).

Budi Gunawan is an Indonesian citizen born in Pekanbaru, Riau in 1957. He obtained his Bachelor of Accounting at the Riau University Pekanbaru-Riau. He has held the position of Director (General Affairs) since 2002. He previously served as Regional Office Manager, Pekanbaru, at Indosawit Group (1986-2002) after his extensive career as Head of Credit Division at the Panin Group (1983-1986).

Chan Yoon Fatt is a Malaysian citizen born in 1954. He has held the position of Director (Engineering) at First Resources since 2007. He received his Bachelor of Engineering (Honours) degree in Mechanical Engineering from the University of Malaya in 1978. He has previously served as Senior General Manager of Projects and Engineering at Natural Oleochemicals Sdn Bhd (1990-2007), Executive Director at Natural Soaps Sdn Bhd (2005-2007) and Executive Director at Natural Oleochemicals Sdn Bhd (2005).

Suyatno is an Indonesian citizen born in Ngawi, East Java in 1948. He has held the position of Director (HRD) at First Resources since 2003. He obtained his Bachelor of Law from the Gadjah Mada University, Yogyakarta. He started his career in 1983 in the Legal Division of Department Pertanian Jakarta. He then held a position in Internal Audit at Bank Bumi Daya (1983-1990). In 1990 he joined the Surya Dumai Group, holding the position of General Audit Staff (1990-1991), Legal Department, Assistant (1991-1992), Head of HRD (1992-2001) and Head of Training and Development (2001-2003).

Lion Sanjaya is an Indonesia citizen born in Sei Selari in 1971. He obtained his Bachelor of Economics from Sekolah Tinggi Ilmu Ekonomi (STIE) Institut Bisnis Indonesia (IBiI) in 1996. He has held the position of Acting Director (Internal Audit) at First Resources since 2007. He previously held the position of Finance Manager at Ciliandra (2001-2006) and Logistic Manager at PT. Perawang Perkasa Industry (2000-2001). He started his career as an Internal Audit Staff and Senior Auditor (1996-2000).

None of the members of our Senior Management has any arrangement or understanding with any of our substantial shareholders, customers or suppliers or other persons pursuant to which such senior manager was appointed as a senior manager.

Present and Past Principal Directorships of our Executive Officers

The present principal and past directorships held by our Executive Officers in the last five years preceding the Latest Practicable Date (excluding those held in our Company) are as follows:

Name	Present Directorships	Past Directorships
Cik Sigih Fangiono	***Singapore***	***Indonesia***
	Fangiono Resources Pte Ltd	PT Bumi Sawit Perkasa
		PT Perdana Intisawit Perkasa
	Indonesia	PT Surya Dumai Agrindo
	PT Ciliandra Perkasa	PT Andalan Mitrasawit Sejati
	PT Surya Intisari Raya	PT Dharma Bhakti Utama
	PT Perdana Intisawit Perkasa	
	PT Surya Dumai Agrindo	
	PT Andalan Mitrasawit Sejati	
	PT Dharma Bhakti Utama	
	PT Pancasurya Agrindo	
	PT Muriniwood Indah Industry	
	PT Arindo Trisejahtera	
	PT Subur Arummakmur	
	PT Pancasurya Binasejahtera	
	PT Pancasurya Agrosejahtera	
Andrian Jayapranata	PT Ciliandra Perkasa	—

Name	Present Directorships	Past Directorships
Harianto Tanamoeljono	PT Ciliandra Perkasa PT Perdana Intisawit Perkasa PT Pancasurya Agrindo PT Priatama Riau PT Arindo Trisejahtera PT Subur Arummakmur	—
Budi Gunawan	PT Ciliandra Perkasa PT Bumi Sawit Perkasa PT Surya Intisari Raya PT Pancasurya Binasejahtera	—
Low Ah Kam	—	—
Suherman	—	—
Tey Yee Jow	—	—
Chan Yoon Fatt		Natural Soaps Sdn Bhd Natural Oleochemicals Sdn Bhd
Suyatno	—	—
Lion Sanjaya	—	—

Wirasneny Fangiono, Ciliandrew Fangiono, Wirashery Fangiono, Wirastuty Fangiono, Ciliandra Fangiono and Cik Sigih Fangiono are siblings. Wirastuty Fangiono and Tey Yee Jow are married to each other. There are no other family relationships among our Directors or Senior Management.

Service Contracts

We have entered into service contracts with our Chief Executive Officer, Ciliandra Fangiono, our Deputy Chief Executive Officer, Cik Sigih Fangiono, and our Chief Financial Officer, Andrian Jayapranata. The terms of these service agreements are fixed for three years beginning on the date of admission of our Company to the Official List of the SGX-ST, and are renewable annually thereafter. The service contracts provide for a fixed annual salary and benefits such as transport allowances. The service contracts may be terminated by either party giving not less than six months notice in writing for Ciliandra Fangiono and Cik Sigih Fangiono, and not less than three months notice in writing for Andrian Jayapranata. There are no benefits payable upon termination of these service contracts.

Board Practices

Audit Committee

The Audit Committee comprises Messrs Teng Cheong Kwee, Ray Yoshuara and Hee Theng Fong. The Chairman of the Audit Committee is Teng Cheong Kwee. The Audit Committee shall meet periodically to perform the following functions:

(i) assisting our Board in the discharge of its responsibilities on financial and accounting matters;

(ii) reviewing the audit plans, scope of work and results of our audits compiled by our internal and external auditors;

(iii) reviewing the co-operation given by our officers to the external auditors;

(iv) nominating external auditors for re-appointment;

(v) reviewing the integrity of any financial information presented to our shareholders;

(vi) reviewing interested person transactions, if any;

(vii) reviewing potential conflicts of interest, if any;

(viii) reviewing all hedging policies and instruments to be implemented by us, if any;

(ix) reviewing and evaluating our administrative, operating and internal accounting controls and procedures; and

(x) reviewing our risk management structure and any oversight of our risk management processes and activities to mitigate and manage risk at acceptable levels determined by our Board.

Apart from the duties listed above, the Audit Committee shall commission and review the findings of internal investigations into matters where there is any suspected fraud or irregularity, or failure of internal controls or infringement of any law, rule or regulation which has or is likely to have a material impact on our results of operations and/or financial position. Each member of the Audit Committee shall abstain from voting on any resolution in respect of matters in which he is interested.

Remuneration Committee

The Remuneration Committee comprises Messrs Ng Shin Ein, Teng Cheong Kwee and Hee Theng Fong. The Chairman of the Remuneration Committee is Ng Shin Ein. The role of the Remuneration Committee shall be to implement and administer the Share Option Scheme and the Performance Share Plan, as well as recommend to the Board a framework of remuneration for the directors and key executives, and determine specific remuneration packages for each executive director. The recommendations of the Remuneration Committee shall be submitted for endorsement by the entire Board. All aspects of remuneration, including but not limited to directors' fees, salaries, allowances, bonuses and benefits in kind shall be covered by our Remuneration Committee. Each member of the Remuneration Committee shall abstain from voting any resolutions in respect of his remuneration package.

Nominating Committee

The Nominating Committee comprises Messrs Lim Ming Seong, Ng Shin Ein and Ciliandra Fangiono. The Chairman of the Nominating Committee is Lim Ming Seong. Our Nominating Committee will be responsible for the following functions:

(i) reviewing and assessing candidates for directorships (including executive directorships) before making recommendations to our Board for appointment of Directors;

(ii) re-nomination of our Directors for re-election of Directors in accordance with our Articles of Association at each annual general meeting having regard to the Director's contribution and performance;

(iii) determining annually whether or not a Director is independent;

(iv) deciding whether or not a Director is able to and has been adequately carrying out his duties as a director. The Nominating Committee will decide how our Board's performance is to be evaluated and propose objective performance criteria, subject to the approval of our Board, which address how our Board has enhanced long-term shareholders' value; and

(v) implement and administer the Share Option Scheme and the Performance Share Plan.

The performance evaluation will also include consideration of our Share price performance over a five-year period vis-à-vis the Singapore Straits Times Index and a benchmark index of its industry peers. Our Board will also implement a process to be carried out by the Nominating Committee for assessing the effectiveness of our Board as a whole and for assessing the contribution by each individual Director to the effectiveness of our Board.

Each member of the Nominating Committee shall abstain from voting on any resolutions in respect of the assessment of his performance or re-nomination as director. In the event that any member of the Nominating Committee has an interest in a matter being deliberated upon by the Nominating Committee, he will abstain from participating in the review and approval process relating to that matter.

Compensation

The compensation of our Directors and our Senior Management is set by our Remuneration Committee. The compensation in bands of the equivalent of S$250,000 we paid to each of our Directors and Senior Management for services rendered by them in all capacities to us for the financial years ended December 31, 2005 and 2006 and expected to be payable by us to each of these Directors and Senior Management for services rendered by them in all capacities to us for the year ended December 31, 2007, including any benefit-in-kind and any deferred compensation accrued for the financial year in question and payable at a later date, is as follows:

	Year ended December 31,		
	2005	2006	2007 (Estimated)
Directors			
Lim Ming Seong	—	—	A
Ciliandra Fangiono	B	B	B
Wirastuty Fangiono	A	A	A
Ray Yoshuara	—	—	A
Teng Cheong Kwee	—	—	A
Hee Theng Fong	—	—	A
Ng Shin Ein	—	—	A
Senior Management			
Cik Sigih Fangiono	A	B	B
Andrian Jayapranata	—	A	A
Low Ah Kam	A	A	A
Suherman	A	A	A
Tey Yee Jow	A	A	A
Harianto Tanamoeljono	A	A	A
Budi Gunawan	A	A	A
Chan Yoon Fatt	—	—	A
Suyatno	A	A	A
Lion Sanjaya	A	A	A

Notes:
Remuneration bands:
"A" refers to remuneration below the equivalent of S$250,000.
"B" refers to remuneration between the equivalent of S$250,000 and S$499,999.
"—" indicates that the relevant Director/Senior Management was not in office during the relevant period.

First Resources Share Option Scheme

On 14 November 2007, our Shareholders approved a share option scheme known as the First Resources share option scheme (the "Share Option Scheme")

The Share Option Scheme will provide eligible participants with an opportunity to participate in the equity of our Company and to motivate them toward better performance through increased dedication and loyalty. The Share Option Scheme, which forms an integral and important component of our compensation plan, is designed to primarily reward and retain employees whose services are vital to our success.

As at the Latest Practicable Date, no Options have been granted under the Share Option Scheme.

The rules of the Share Option Scheme may be inspected by Shareholders at the registered office of our Company for a period of six months from the date of registration of this Prospectus. See Appendix 1 of this Prospectus for a summary of the rules of the Share Option Scheme.

First Resources Performance Share Plan

On 14 November 2007, our Shareholders approved a performance share plan known as the First Resources performance share plan (the "Performance Share Plan").

Our Company recognizes that the contributions and continued dedication of our employees and Non-executive Directors are critical to the future growth and development of our Group. The Performance Share Plan is a share-based incentive plan that will complement the Share Option Scheme and form an integral part of our incentive compensation program. Similar to the Share Option Scheme, the objective of the Performance Share Plan is to recognize the contribution of its participants ("Plan Participants") so as to achieve greater growth for us.

Unlike the options granted under the Share Option Scheme, the Performance Share Plan is designed to reward the Plan Participants with the award comprising fully paid Shares, or the equivalent in cash or a combination of both (the "Award"). Awards granted under the Performance Share Plan will vest only after the satisfactory completion of time-based service conditions and/or according to the extent to which Plan Participants achieve their performance targets over set performance periods, as determined by the committee administering the Performance Share Plan. The performance targets set are based on medium-term corporate objectives covering market competitiveness, quality of returns, business growth and productivity growth. Examples of performance targets to be set include targets based on criteria such as shareholders' return, return on equity and earnings per Share. By working toward and achieving their own performance targets, the Plan Participants would at the same time be indirectly assisting us in attaining our objectives and strategic business goals. We will have the flexibility to grant both time-based Awards and performance-based Awards to a Plan Participant concurrently.

The Performance Share Plan is currently targeted at executives in key positions who are able to drive our growth through innovation, creativity and superior performance. These executives are those categorized by us as typically having the title "Director" and above.

In deciding on an Award to be granted to a Plan Participant, the committee administering the Performance Share Plan will also consider the compensation and/or benefits to be given to the Plan Participant under any concurrent share plan implemented by us. The number of new Shares to be issued under the Performance Share Plan and the Share Option Scheme will be subject to the existing maximum limit of 15.0% of our Group's total issued share capital.

The reason for having the Performance Share Plan in addition to the Share Option Scheme is to give us greater flexibility in structuring the compensation packages of eligible participants and providing an additional tool to motivate and retain staff members so that we can offer compensation packages that are market competitive.

As at the Latest Practicable Date, no Awards have been granted under the Performance Share Plan.

The rules of the Performance Share Plan may be inspected by Shareholders at the registered office of our Company for a period of six months from the date of registration of this Prospectus. See Appendix 2 of this Prospectus for a summary of the rules of the Performance Share Plan.

Disclosures in Annual Report

The following disclosures (as applicable) will be made by us in our annual report for so long as the Schemes continue in operation:

(a) the names of the members of the Administration Committee administering the Schemes; and

(b) in respect of the following Participants of the Schemes:

(i) Directors of the Group; and

(ii) Participants (other than those in paragraph (i) above) who have been granted Options under the Share Option Scheme and/or who have received Shares pursuant to the release of Awards granted under the Performance Share Plan which, in aggregate, represent 5.0% or more of the aggregate of:

(1) the total number of Shares available under the Schemes collectively; and

(2) the total number of existing Shares purchased for delivery of Shares upon the release of Awards released under the Performance Share Plan collectively,

the following information:

(aa) the name of Participant;

(bb) the following particulars relating to Options granted under the Share Option Scheme:

(i) Options granted during the financial year under review (including terms);

(ii) the aggregate number of Shares comprised in Options granted since the commencement of the Share Option Scheme to the end of the financial year under review;

(iii) the aggregate number of Shares arising from Options exercised since the commencement of the Share Option Scheme to the end of the financial year under review; and

(iv) the aggregate number of Shares comprised in Options outstanding as at the end of the financial year under review;

(cc) the following particulars relating to Awards released under the Performance Share Plan:

(i) the number of new Shares issued to such Participant during the financial year under review; and

(ii) the number of existing Shares transferred to such Participant during the financial year under review;

(c) the number and proportion of Shares comprised in Options granted under the Share Option Scheme during the financial year under review:

(i) at a discount of 10.0% or less of the exercise price in respect of the relevant Option; and

(ii) at a discount of more than 10.0% of the exercise price in respect of the relevant Option;

(d) in relation to the Performance Share Plan, the following particulars:

(i) the aggregate number of Shares comprised in Awards granted since the commencement of the Performance Share Plan respectively to the end of the financial year under review;

(ii) the aggregate number of Shares comprised in Awards which have vested during the financial year under review and in respect of such Awards, the proportion of:

(1) new Shares issued; and

(2) existing Shares purchased, including the range of prices at which such Shares have been purchased, upon the release of the vested Awards; and

(iii) the aggregate number of Shares comprised in Awards which have not been released as at the end of the financial year under review.

Administration of the Schemes

The Administration Committee, comprising the members of the Remuneration Committee and the Nominating Committee, is responsible for the administration of the Schemes.

In compliance with the requirements of the Listing Manual, a participant of the Schemes who is a member of the Administration Committee shall not be involved in its deliberations in respect of Options or Awards (as the case may be) to be granted or held by that member of the Administration Committee.

Participation of executive directors and employees of associated companies

The extension of the Schemes to executive directors and employees of associated companies allows us to have a fair and equitable system to reward executive directors and employees who have made and who continue to make significant contributions to our long-term growth. We believe that the Schemes will also enable us to attract, retain and provide incentives to such executive directors and employees to higher standards of performance as well as encourage greater dedication and loyalty by enabling us to give recognition to past contributions and services as well as motivating such executive directors and employees to contribute to our long-term growth.

Participation of Controlling Shareholders

The Performance Share Plan will also include the participation of the controlling shareholders as defined by the Listing Manual, who have actively contributed to the progress and success of our Group. This will enable our

Group to have a fair and equitable system to reward employees who have made and continue to make important contributions to the long-term growth of our Group notwithstanding that they are controlling shareholders. It will serve as a way of rewarding them for their dedicated services to our Group and also as a motivation for them to take a long-term view of our Group.

Although the controlling shareholders may already have shareholding interests in the Group, their participation in the Performance Share Plan ensures that they are equally entitled with the employees of our Group who are not controlling shareholders, to take part and benefit from these systems of remuneration.

There will be safeguards in place to prevent abuses of the Performance Share Plan resulting from the participation of controlling shareholders such as the following:

(a) the participation of the controlling shareholders must be specifically approved by independent shareholders in separate resolutions for each such person; and

(b) in seeking such approval, clear justification as to their participation, the number of Shares comprised in the Award and the terms of the Award to be granted to the controlling shareholders must be provided.

The controlling shareholders who are entitled to participate in the Performance Share Plan and the rationale for their participation is described below.

Financial Effects of the Schemes

(i) Share Capital

The Schemes will result in an increase in the Group's issued share capital when the Options are exercised into new Shares and when new Shares are issued to Participants pursuant to the grant of the Awards. This will in turn depend on, among others, the number of Shares comprised in the Options to be granted and the Awards to be vested, the respective vesting schedules under the Options and the Awards and in the case of Options, the prevailing market price of our Shares on the SGX-ST.

However, with respect to the Performance Share Plan, if existing Shares are purchased for delivery to Plan Participants in lieu of issuing new Shares to Plan Participants, there will be no impact on our Group's issued share capital.

(ii) Net Tangible Assets

Under the Share Option Scheme, the issue of new Shares upon the exercise of Options will increase the Group's consolidated NTA after minority interests by the aggregate exercise price of the new Shares issued. On a per Share basis, the effect is accretive if the exercise price is above the NTA per Share after minority interests but dilutive otherwise.

As described below, the Schemes will result in a charge to the Group's profit and loss account equal to the market value at which the new Shares are issued. Accordingly, the consolidated NTA of our Group after minority interests would decrease by the amount charged (after any adjustment for tax).

Nonetheless, it should be noted that the delivery of Shares to Plan Participants is contingent upon the Plan Participants meeting prescribed performance targets and conditions. Accordingly, it would have resulted in significant added value to the Group's consolidated NTA after minority interests before our Shares are delivered.

(iii) Costs to the Group

The grant of Options will have an impact on our Group's reported profit under the accounting rules in the Singapore Financial Reporting Standards ("Singapore FRS") which is effective for financial periods beginning on or after a January 2005. It requires the recognition of an expense in respect of Options granted. The expenses will be based on the fair value of the Options at the date of grant (as determined by an option-pricing model) and will be recognised over the vesting period.

In granting Awards under the Performance Share Plan, the Singapore FRS requires the fair value of employee services received in exchange for the grant of our Shares to be recognised as an expense. For equity-settled share-based payment transactions, the total amount to be expensed in the income statement over the vesting period is determined by reference to the fair value of the each Share granted at the grant date and the number of Shares vested by the vesting date, with a corresponding increase in equity.

Before the end of the vesting period, at each balance sheet date, the entity revises its estimates of the number of Shares that are expected to vest by the vesting date and recognizes the impact of this revision in the income statement with a corresponding adjustment to equity. After the vesting date, no adjustment to the income statement would be made.

When new Shares are issued to participants, the share capital will increase. If existing Shares are purchased, as opposed to new Shares issued for delivery to participants, the Share Plan will have no impact on our Company's share capital.

The consolidated net tangible assets will be decreased by the amount of expenses charged to the income statement if existing Shares are purchased. If new Shares are issued, there would be no effect on the consolidated net tangible assets due to the offsetting effect of expenses recognized and increased share capital.

During the vesting period, the consolidated earnings per share would be reduced by both the expense recognized and the potential ordinary shares to be issued under the Share Plan. Net tangible assets per Share would be diluted as a result of the reduced net tangible assets if existing Shares are purchased or the increased share capital if new Shares are issued.

We have made an application to the SGX-ST for permission to deal in and for quotation of our Shares which may be issued pursuant to the grant of Awards under the Performance Share Plan or upon the exercise of the Options to be granted under the Share Option Scheme. The approval of the SGX-ST is not to be taken as an indication of the merits of our Group, our subsidiaries, our Shares, the new Shares or our Shares arising from the grant of Awards pursuant to the Performance Share Plan or the issue of new Shares arising from the exercise of Options pursuant to the Share Option Scheme.

MAJOR SHAREHOLDERS

Current Shareholders

The table below sets out the names of each substantial shareholder, which means a shareholder who is known by us to beneficially own 5.0% or more of our issued Shares, each Director or Executive Officer of the Company who has an interest in our Shares, and the number and percentage of Shares in which each of them has an interest (whether direct or deemed) immediately before and after the completion of this Offering. Beneficial ownership generally includes any Shares over which a person exercises sole or shared voting or investment power.

Except as indicated in the footnotes to this table, each shareholder in the table has sole voting and investment power for the Shares shown as beneficially owned by him or her. The Shares held by all our shareholders do not carry different voting rights from the Offering Shares. Percentage ownership is based on 1,159,550,130 Shares outstanding as of the date of this document and 1,468,459,221 Shares outstanding immediately following the closing of the Offering. There are no holders of record of our equity securities who are, to our knowledge, U.S. persons. Wirastuty Fangiono, Wirasneny Fangiono, Ciliandra Fangiono, Cik Sigih Fangiono, Ciliandrew Fangiono and Wirashery Fangiono are all brothers and sisters. Wirastuty Fangiono and Ciliandra Fangiono are Directors of our Company.

	Before Offering as at the Latest Practicable Date				After Offering[1]				After Offering[2]			
	Direct Interest		Deemed Interest		Direct Interest		Deemed Interest		Direct Interest		Deemed Interest	
	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Directors												
Ciliandra Fangiono[3]	—	—	1,159,550,130	100.0	—	—	1,109,550,130	75.6	—	—	1,075,800,130	73.3
Wirastuty Fangiono[3]	—	—	1,159,550,130	100.0	—	—	1,109,550,130	75.6	—	—	1,075,800,130	73.3
Ray Yoshuara	—	—	—	—	—	—	—	—	—	—	—	—
Hee Theng Fong	—	—	—	—	—	—	—	—	—	—	—	—
Teng Cheong Kwee	—	—	—	—	—	—	—	—	—	—	—	—
Lim Ming Seong	—	—	—	—	—	—	—	—	—	—	—	—
Ng Shin Ein	—	—	—	—	—	—	—	—	—	—	—	—
Substantial Shareholders												
Eight Capital Inc.[4]	1,159,550,130	100.00	—	—	1,109,550,130	75.6	—	—	1,075,800,130	73.3	—	—
Lizant Investments Ltd.[3][5]	—	—	1,159,550,130	100.0	—	—	1,109,550,130	75.6	—	—	1,075,800,130	73.3
Cik Sigih Fangiono[3]	—	—	1,159,550,130	100.0	—	—	1,109,550,130	75.6	—	—	1,075,800,130	73.3
Wirasneny Fangiono[3]	—	—	1,159,550,130	100.0	—	—	1,109,550,130	75.6	—	—	1,075,800,130	73.3
Ciliandrew Fangiono[3]	—	—	1,159,550,130	100.0	—	—	1,109,550,130	75.6	—	—	1,075,800,130	73.3
Wirashery Fangiono[3]	—	—	1,159,550,130	100.0	—	—	1,109,550,130	75.6	—	—	1,075,800,130	73.3
Infinite Capital Fund Limited[6]	—	—	—	—	133,909,091	9.1	—	—	133,909,091	9.1	—	—
King Fortune International Inc.[7]	—	—	—	—	—	—	133,909,091	9.1	—	—	133,909,091	9.1
DB International Trust (Singapore) Limited as trustee of the King Fortune Trust[8]	—	—	—	—	—	—	133,909,091	9.1	—	—	133,909,091	9.1
Ivory Capital Partners Pte Ltd[9]	—	—	—	—	—	—	133,909,091	9.1	—	—	133,909,091	9.1
Public	—	—	—	—	225,000,000	15.3	—	—	258,750,000	17.6	—	—
Total	1,159,550,130	100.0	1,159,550,130	100.0	1,468,459,221	100.0			1,468,459,221	100.0		

Note:

(1) Assuming the Over-allotment Option is not exercised and assuming that none of our Directors or existing Substantial Shareholders subscribes for and/or purchases any Offering Shares in the Offering.

(2) Assuming the Over-allotment Option is fully exercised and assuming that none of our Directors or existing Substantial Shareholders subscribes for and/or purchases any Offering Shares in the Offering.

(3) The shareholders of Lizant Investments Ltd. are Ciliandra Fangiono (16.7%), Wirasneny Fangiono (16.7%), Wirastuty Fangiono (16.7%), Wirashery Fangiono (16.7%), Cik Sigih Fangiono (16.7%) and Ciliandrew Fangiono (16.7%).

(4) Lizant Investments Ltd. is the only Shareholder of Eight Capital Inc.
(5) Lizant Investments Ltd. is deemed to be interested in the Shares held by Eight Capital Inc.
(6) Infinite Capital Fund Limited is currently the indirect shareholder of 38% of the share capital of PSA. See "Summary—Our Restructuring". Based on the Offering Price (and assuming an exchange rate of S$1.473=US$1.00 and rounding up to the nearest Share), Infinite Capital Fund Limited will hold 133,909,091 Shares as at the Listing Date.
(7) King Fortune International Inc. ("King Fortune") holds the entire issued and paid-up share capital of Infinite Capital Fund Limited and is deemed to be interested in the Shares held by Infinite Capital Fund Limited.
(8) DB International Trust (Singapore) Limited (the "Trustee") is the sole shareholder of King Fortune and the trustee of the King Fortune Trust, a discretionary trust (the "Trust"). Accordingly, the Shares held indirectly by King Fortune are property that is subject to the Trust of which the settlor is Ng Khim Guan. The beneficiaries of the Trust are the settlor's spouse, children, grandchildren and remoter issue. Distribution of the income and capital of the Trust are at the Trustee's discretion. The beneficiaries of the Trust currently do not have any interest under the Trust over the Shares. Infinite Capital Fund Limited has appointed Ivory Capital Partners Pte Ltd as investment manager with powers of investment and the right to exercise the voting rights of the Shares. Ivory Capital Partners Pte Ltd is not connected to the settlor or his family.
(9) Ivory Capital Partners Pte Ltd is the investment manager of Infinite Capital Fund Limited and is deemed to be interested in the Shares held by Infinite Capital Fund Limited.

Vendor

The following existing shareholders will be selling Shares in the Offering:

			Vendor Shares offered pursuant to the Offering					
	Shares owned immediately before the Offering		(Assuming the Over-allotment Option is not exercised)		(Assuming the Over-allotment Option is Exercised in Full)		Shares owned immediately after the Completion of the Offering (assuming the Over-allotment Option is exercised in full)	
Name	No. of Shares	%	No. of Shares	%	No. of Shares	%	No. of Shares	%
Eight Capital Inc.	1,159,550,130(1)	100	50,000,000	3.4	83,750,000	5.7	1,075,800,130	73.3(2)

Notes:
(1) Save as disclosed above, none of our Directors or substantial shareholders has an interest in the Vendor Shares.
(2) Based on a total number of issued and existing Shares of 1,468,459,221 (which includes the Consideration Shares).

Significant Changes in Percentage of Ownership

The following table shows the significant changes in the percentage of ownership of the Issuer held by our Directors and substantial shareholders in the last three financial years and in the period between December 31, 2006 and the Latest Practicable Date. Disposals of shares are shown in parentheses:

	For the financial year ended,						In the period between December 31, 2006 and the Latest Practicable Date	
Name	2004		2005		2006			
	Number of Shares	%	Number of Shares	%	Number of Shares	%	Number of Shares	%
Substantial shareholders								
Eight Capital Inc.	—	—	—	—	3,637,900	6.27	1,159,550,130	100.00

Lock-ups

The Company and our shareholders have agreed with the Sole Global Coordinator on certain lock-up arrangements, as described under "Plan of Distribution—Restrictions on Disposals and Issues of Shares".

Change in Control of the Company

To our knowledge, we will not be owned or controlled by any corporation (other than as described herein) immediately after the completion of the Offering. Other than as described herein, we are not directly or indirectly owned or controlled, whether severally or jointly, by any government or other natural or legal person.

We are not currently aware of any arrangements, the operation of which may at a subsequent date result in a change of control of our Company or PT Ciliandra Perkasa.

INTERESTED PERSON TRANSACTIONS AND CONFLICTS OF INTEREST

Interested Person Transactions

In general, transactions between our Group (when used in this section, our "Group" refers to our Company, its subsidiaries and its associated companies as of the Latest Practicable Date) and any of our interested persons (namely, our Directors, Chief Executive Officer or controlling Shareholders or the associates (as defined in the Listing Manual) of such Directors, Chief Executive Officer or controlling Shareholders) ("Interested Persons" and each, an "Interested Person") would constitute interested person transactions for the purposes of Chapter 9 of the Listing Manual.

Details of the present and ongoing transactions as well as past transactions between our Group and interested persons which are material in the context of the Offering are set out below. Save as disclosed under the section "Summary—our Restructuring" and in this section, there are no material interested person transactions for the last three financial years ended 31 December 2004, 2005 and 2006 and for the period from 1 January 2007 until the Latest Practicable Date.

In line with the rules set out in Chapter 9 of the Listing Manual, a transaction which value is less than S$100,000 is not considered material in the context of the Offering and is not taken into account for the purposes of aggregation in this section.

Past Interested Person Transactions

(a) Loans made to and from our Chief Executive Officer's father, Martias

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, obtained advances from and made advances to our Chief Executive Officer's father, Martias (the "Martias Loans"). The Martias Loans were interest-free, unsecured and without fixed repayment dates.

The aggregate amount due to and from Martias as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding from our Group (Rp)	As at 31 December 2004	2005	2006	As at the Latest Practicable Date
Martias	—	2,151,812,682	57,637,694	—

Total Amount of Loan Outstanding to our Group (Rp)	As at 31 December 2004	2005	2006	As at the Latest Practicable Date
Martias	5,719,815,947	—	—	—

The largest amount due to and from Martias during the above period was Rp40,171,108,915 and Rp5,719,815,947 respectively. The amount due to Martias has been fully repaid in June 2007. We do not intend to enter into any other loan arrangements with Martias in the future.

(b) Loans made to and from group companies controlled by our Chief Executive Officer and his siblings

Loans made to and from group companies which are controlled by our Chief Executive Officer and his siblings are considered interested person transactions. The following sets out companies controlled by our Chief Executive Officer and his siblings with which we have entered into transactions:

Name of Company controlled by our Chief Executive Officer and his siblings	Shareholding
PT Fangiono Perkasa Sejati	Our Chief Executive Officer holds a 20.0% interest in PT Fangiono Perkasa Sejati. His siblings, Wirastuty Fangiono, Cik Sigih Fangiono, Ciliandrew Fangiono, Wirasneny Fangiono and Wirashery Fangiono each hold an interest of 20.0%, 20.0%, 20.0%, 10.0% and 10.0% respectively in PT Fangiono Perkasa Sejati respectively.
PT Plamo Karya ("PT Plamo")	Our Chief Executive Officer and his siblings hold the entire interest in PT Fangiono Perkasa Sejati, which in turn holds an interest of 99.9% in PT Plamo.
PT Panca Surya Garden ("PT Panca")	Our Chief Executive Officer and his siblings hold the entire interest in PT Fangiono Perkasa Sejati. PT Fangiono Perkasa Sejati holds an interest of 99.9% in PT Plamo, which in turn owns an interest of 51.0% in PT Panca.

(i) Loans made to and from PT Fangiono Perkasa Sejati

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, obtained advances from and made advances to PT Fangiono Perkasa Sejati (the "Sejati Loans"). The Sejati Loans were interest-free, unsecured and without fixed repayment dates.

The aggregate amount due to and from PT Fangiono Perkasa Sejati as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding from our Group (Rp.)	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	
PT Fangiono Perkasa Sejati	—	—	8,794,501,500	—

Total Amount of Loan Outstanding to our Group (Rp.)	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	
PT Fangiono Perkasa Sejati	100,000,000	155,000,000	—	—

The largest amount due to and from PT Fangiono Perkasa Sejati during the above relevant period was Rp8,794,501,500 and Rp155,000,000 respectively. The amount due to PT Fangiono Perkasa Sejati has been fully repaid in June 2007.

We do not intend to grant any further advances from PT Fangiono Perkasa Sejati. However, if such advances are granted from PT Fangiono Perkasa Sejati, we will ensure that they are made in accordance with the provisions of Chapter 9 of the SGX-ST Listing Manual.

(ii) Loans made to PT Plamo

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, made advances to PT Plamo (the "Plamo Loans"). The Plamo Loans were interest-free, unsecured and without fixed repayment dates.

The aggregate amount due from PT Plamo as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding to our Group (Rp)	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	
PT Plamo	—	374,070,000	—	—

The largest amount due from PT Plamo during the above relevant period was Rp374,070,000 and the Plamo Loans are fully repaid. The Plamo Loans were not transacted on an arm's length basis and we do not intend to provide any other advances to PT Plamo in the future.

(iii) Loans made to and from PT Panca

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, obtained advances from and made advances to PT Panca (the "Panca Loans"). The Panca Loans were interest-free, unsecured and without fixed repayment dates.

The aggregate amount due to and from PT Panca as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding from our Group (Rp)	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	
PT Panca	—	—	47,460,000	—

Total Amount of Loan Outstanding to our Group (Rp)	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	
PT Panca	—	3,130,000	—	—

The largest amount due to and from PT Panca during the above relevant period was Rp47,460,000 and Rp3,130,000 respectively. The amount due to PT Panca has been fully repaid in January 2007. We do not intend to enter into any other loan arrangements with PT Panca in the future.

(c) Loans made to and from group companies controlled by Martias and Irawaty, the parents of our Chief Executive Officer

Loans made to and from group companies which are controlled by Martias and Irawaty, the parents of our Chief Executive Officer, are considered interested person transactions. The following sets out companies controlled by Martias and Irawaty, with which we have entered into transactions:

Name of Company controlled by Martias and Irawaty	Shareholding
PT Bumi Simanggaris Indah ("PT Bumi")	Martias, the father of our Chief Executive Officer, holds an interest of 5.0% in PT Karangjuang Hijau Lestari ("PT Karangjuang"). Irawaty, the mother of our Chief Executive Officer, holds an interest of 94.0% in PT Fangiono Agro Plantation ("PT Fangiono Agro"), which in turn owns an interest of 95.0% in PT Karangjuang.PT Karangjuang holds an interest of 99.9% in PT Bumi.
PT Fangiono Agro Plantation	Irawaty holds an interest of 94.0% in PT Fangiono Agro.
PT Karangjuang Hijau Lestari	Martias holds an interest of 5.0% in PT Karangjuang. Irawaty holds an interest of 94.0% in PT Fangiono Agro, which in turn holds an interest of 95.0% in PT Karangjuang.
PT Perawang Lumber ("PT Perawang")	Martias and Irawaty hold an interest of 55.25% and 33.3% in PT Fangiono Jaya Perkasa ("PT Fangiono Jaya") respectively.PT Fangiono Jaya holds an interest of 50.47% in PT Surya Dumai Industri Tbk ("PT SDI"), which in turn holds an interest of 62.0% in PT Perawang.
PT SDI	Martias and Irawaty hold interests of 55.25% and 33.3% in PT Fangiono Jaya respectively. PT Fangiono Jaya in turn owns an interest of 50.47% in PT SDI.Martias and Irawaty also hold interests of 95.1% and 4.9% in Fangiono Resources Pte Ltd ("Fangiono Resources") respectively. Fangiono Resources in turn holds an interest of 1.86% in PT SDI. Our Chief Executive Officer and his siblings hold the entire interest in PT Fangiono Perkasa Sejati. PT Fangiono Perkasa Sejati in turn holds an interest of 18.47% in PT SDI. Our Chief Executive Officer and his sibling, Cik Sigih Fangiono hold interests of 0.99% each in PT SDI.
PT Fangiono Jaya Perkasa	Martias and Irawaty hold interests of 55.25% and 33.3% in PT Fangiono Jaya respectively.
Fangiono Resources	Martias and Irawaty hold interests of 95.1% and 4.9% in Fangiono Resources respectively.
PT Expra Baru	Martias holds an interest of 55.0% in PT Expra. Martias and Irawaty hold an interest of 55.25% and 33.3% in PT Fangiono Jaya respectively. PT Fangiono Jaya owns an interest of 50.47% in PT SDI, which in turn holds an interest of 62.0% in PT Perawang. PT Perawang holds an interest of 5.0% in PT Expra Baru.

(i) Loans made to and from PT Bumi

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, obtained advances from and made advances to PT Bumi (the "Bumi Loans"). The Bumi Loans were interest-free, unsecured and without fixed repayment dates.

The aggregate amount due to and from PT Bumi as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding from our Group (Rp)	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	
PT Bumi	—	—	301,390,000	—

Total Amount of Loan Outstanding to our Group (Rp)	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	
PT Bumi	—	301,390,000	—	—

The largest amount due from and to PT Bumi during the above relevant period was Rp882,858,516 and Rp301,390,000 respectively. The amount due to PT Bumi has been fully repaid in June 2007. We do not intend to enter into any other loan arrangements with PT Bumi in the future.

(ii) Loans made to and from PT Fangiono Agro

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, obtained advances from and made advances to PT Fangiono Agro (the "Agro Loans"). The Agro Loans were interest-free, unsecured and without fixed repayment dates.

The aggregate amount due to and from PT Fangiono Agro as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding from our Group (Rp)	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	
PT Fangiono Agro	—	—	2,696,981	—

Total Amount of Loan Outstanding to our Group (Rp)	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	
PT Fangiono Agro	—	106,446,981	—	—

The largest amount due from and to PT Fangiono Agro during the above relevant period was Rp4,001,250,000 and Rp2,696,981 respectively. The amount due to PT Fangiono Agro has been fully repaid in June 2007. We do not intend to enter into any other loan arrangements with PT Fangiono Agro in the future.

(iii) Loans from PT Karangjuang

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, obtained advances from and to PT Karangjuang (the "Karangjuang Loans"). The Karangjuang Loans were interest-free, unsecured and without fixed repayment dates.

The aggregate amount due to PT Karangjuang as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding from our Group (Rp)	As at 31 December 2004	2005	2006	As at the Latest Practicable Date
PT Karangjuang	—	123,750,000	—	—

The largest amount due from and to PT Karangjuang during the above relevant period was Rp5,745,894,300 and Rp123,750,000 respectively. The Karangjuang Loans are fully repaid. We do not intend to enter into any other loan arrangements with PT Karangjuang in the future.

(iv) Loans made to PT Perawang

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, made advances to PT Perawang (the "Perawang Loans"). The Perawang Loans were interest-free, unsecured and without fixed repayment dates. The aggregate amount due from PT Perawang as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding to our Group (Rp)	As at 31 December 2004	2005	2006	As at the Latest Practicable Date
PT Perawang	64,607,133	2,647,374,678	—	—

The largest amount due from PT Perawang during the above relevant period was Rp5,971,969,541 and the Perawang Loans are fully repaid. We do not intend to enter into any other loan arrangements with PT Perawang in the future.

(v) Loans made to PT SDI

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, made advances to PT SDI (the "PT SDI Loans"). The SDI Loans were interest-free, unsecured and without fixed repayment schedules.

The aggregate amount due from PT SDI as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding to our Group (Rp)	As at 31 December 2004	2005	2006	As at the Latest Practicable Date
PT SDI	207,724,537	55,165,303	330,935,876	—

The largest amount due from and to PT SDI during the above relevant period was Rp5,137,468,510. The PT SDI Loans have been fully repaid in June 2007. We do not intend to enter into any other loan arrangements with PT SDI in the future.

(vi) Loans made to PT Fangiono Jaya

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, made advances to PT Fangiono Jaya (the "Fangiono Jaya Loans"). The Fangiono Jaya Loans were interest-free, unsecured and without fixed repayment schedules.

The aggregate amount due from PT Fangiono Jaya as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding to our Group (Rp)	As at 31 December 2004	2005	2006	As at the Latest Practicable Date
PT Fangiono Jaya	64,716,964	64,716,964	30,536,382	—

The largest amount due from PT Fangiono Jaya during the above relevant period was Rp2,592,491,999. The Fangiono Jaya Loans have been fully repaid in June 2007. We do not intend to provide any other advances to PT Fangiono Jaya.

(vii) Loans made to Fangiono Resources

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, made advances to Fangiono Resources (the "Fangiono Resources Loans"). The Fangiono Resources Loans were interest-free, unsecured and without fixed repayment dates.

The aggregate amount due from Fangiono Resources as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding to our Group (Rp)	As at 31 December 2004	2005	2006	As at the Latest Practicable Date
Fangiono Resources	147,323,340	298,316,341	269,874,321	—

The largest amount due from Fangiono Resources during the above relevant period was Rp866,098,797. The Fangiono Resources Loans have been fully repaid in August 2007. We do not intend to provide any other advances to Fangiono Resources in the future.

(viii) Loan from PT Expra

In 2004, 2005, 2006 and from 1 January 2007 to the Latest Practicable Date, we had, from time to time, obtained advances from PT Expra (the "Expra Loans"). The Expra Loans are interest-free, unsecured and without a fixed repayment date. The aggregate amount due to PT Expra as at the end of each of the last three years ended 31 December and the amount outstanding as at the Latest Practicable Date are as follows:

Total Amount of Loan Outstanding from Group (Rp)	As at 31 December 2004	2005	2006	As at the Latest Practicable Date
PT Expra	100,000,000	3,875,148,455	—	—

The largest amount due to PT Expra during the above relevant period was Rp3,875,148,455 and the Expra Loans are fully repaid. We do not intend to enter into any other loan arrangements with PT Expra in the future.

Present and Ongoing Interested Person Transactions

(a) Tenancy Agreement between PT SDI and PT Ciliandra Perkasa ("PT Ciliandra")

On 16 April 2001, our subsidiary, PT Ciliandra, had entered into a tenancy agreement with PT SDI (the "Pekanbaru Tenancy Agreement") to lease 1,478.22 square metres of office space in the Surya Dumai Building (the "Property") in Pekanbaru, Indonesia. This tenancy agreement was valid for and renewable every three years, and was recently renewed on 16 April 2007 (the "renewed Pekanbaru Tenancy Agreement").

Martias and Irawaty, the parents of our Chief Executive Officer, hold interests of approximately 29.65% and 16.9% respectively in PT SDI, a company listed on the Jakarta Stock Exchange.

The renewed Pekanbaru Tenancy Agreement is for a period of three years ending on 15 April 2010. The total amount paid to PT SDI per month is approximately Rp103,474,000 (excluding 10.0% Indonesian value-added taxes), comprising rental and service charges. Service charges are levied on us to cover PT SDI's expenses in managing the Property, such as personnel costs, electricity expenses, clean water supply, waste management, lift and air-conditioning maintenance, general property upkeep, public liability insurance and property taxes.

In the event that we wish to terminate the lease, we have to give PT SDI three months' notice. PT SDI can only terminate the lease if we fail to fulfill certain conditions such as the payment of rent. The lease can be renewed for another three years upon us giving three months' notice to PT SDI and subject to terms being mutually agreed between both parties. From 16 April 2007 to the Latest Practicable Date, we paid Rp570,887,366 to PT SDI under the terms of the renewed Pekanbaru Tenancy Agreement.

The amount of rental was arrived at after taking into account prevailing market rates and the Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms.

(b) Tenancy Agreement between Fangiono Resources and our Company

On 1 February 2007, our Company entered into a tenancy agreement with Fangiono Resources to lease 8 Temasek Boulevard, #36-02 Suntec Tower Three, Singapore 038988 (the "Suntec Tenancy Agreement"). Martias and Irawaty, the parents of our Chief Executive Officer, hold interests of 95.1% and 4.9% in Fangiono Resources respectively.

The Suntec Tenancy Agreement is for a period of two years ending on 31 January 2009. The total amount paid to Fangiono Resources per month is approximately S$45,000. Our Company has an option to extend the lease under the Suntec Tenancy Agreement for a further term of one year by making a written request to Fangiono Resources within three months from the expiration of the lease. The rental to be paid by our Company upon such extension of lease will be based on the prevailing market rate as agreed between our Company and Fangiono Resources and will be subject to the same covenants and provisions contained in the Suntec Tenancy Agreement.

Either party may terminate the Suntec Tenancy Agreement if the premises are destroyed by any cause beyond the control of Fangiono Resources (except through our own default or negligence) in the event that the premises becomes unusable for more than one month. The tenancy may be terminated by one party serving two weeks' notice on the other party. From 1 February 2007 to the Latest Practicable Date, we paid S$428,850 to Fangiono Resources under the terms of the Suntec Tenancy Agreement.

The amount of rental was arrived at after taking into account prevailing market rates and the Directors are of the view that the above transaction was carried out on an arm's length basis and on normal commercial terms.

(c) Prepayment for subscription of shares in PT Ciliandra Perkasa

PT Fangiono Perkasa Sejati ("Sejati") made cash payments to us as prepayment for the subscription of shares in our subsidiary PT Ciliandra Perkasa ("PTCP"). Sejati will no longer subscribe for shares in PTCP and the amounts are expected to be repaid after the listing of our Company on the SGX-ST from our working capital.

	As at 31 December			As at the Latest Practicable Date
	2004	2005	2006	
Total amounts paid	Rp.19,246,000,000	Rp.63,606,000,000	Rp.109,006,000,000	16,334,501,500

Review Procedures for Future Interested Person Transactions

The Audit Committee will review all future interested person transactions to ensure that they are carried out on normal commercial terms and are not prejudicial to the interests of our Company and the minority Shareholders. They will adopt the following procedures when reviewing such interested person transactions:

(a) transactions equal to or exceeding 3.0% but less than 5.0% of the latest audited consolidated NTA after minority interests of our Group, will be reviewed and approved by our Audit Committee and the Board;

(b) transactions equal to or exceeding 5.0% of the latest audited consolidated NTA after minority interests of our Group, will be reviewed and approved by the Audit Committee and the Board, which may as they deem fit, request for additional information pertaining to the transaction from independent sources or advisers, including the obtaining of valuations from professional valuers; and

(c) when renting properties from or to an interested person, the Board shall take appropriate steps to ensure that the rent is commensurate with the prevailing market rates, including adopting necessary measures such as making relevant inquiries with landlords of similar property and/or obtaining necessary report or reviews published by property agents (including an independent valuation report by a property valuer, where considered appropriate). The amount payable shall be based on the most competitive market rental rate of similar property in terms of size and location, based on the results of the relevant inquiries.

Transactions falling within the above categories, if any, will be reviewed at least quarterly by the Audit Committee to ensure that they are carried out on normal commercial terms and in accordance with the procedures outlined above. Such review includes the examination of the transaction and its supporting documents or such other data deemed necessary by the Audit Committee. The Audit Committee may request for any additional information pertaining to the transaction under review from independent sources, advisers or valuers as they deem fit. In the event that a member of the Audit Committee is interested in any interested person transaction, he or she will abstain from reviewing that particular transaction. In the event that such interested person transaction requires the approval of our Shareholders, additional information may be required to be presented to our Shareholders and an independent financial adviser may be appointed for an opinion.

In addition, the Audit Committee and the Board will also ensure that all disclosure, approval and other requirements on interested person transactions, including those required by prevailing legislation, the Listing Manual (in particular, Chapter 9) and relevant accounting standards, are complied with. The annual internal audit plan shall incorporate a review of all interested person transactions entered into. Such transactions will also be subject to the approval of our Shareholders if required by the Listing Manual. We will also endeavour to comply with the recommendations set out in the Code of Corporate Governance.

The Audit Committee shall review the internal audit reports to ascertain whether the guidelines and procedures established to monitor interested person transactions have been complied with. The Audit Committee shall also review from time to time such guidelines and procedures to determine if they are adequate and/or commercially practicable in ensuring that the interested person transactions are conducted on normal commercial terms. Further, if during these periodic reviews by the Audit Committee, the Audit Committee is of the opinion that the guidelines and procedures as stated above are not sufficient to ensure that interested person transactions will be on normal commercial terms and will not be prejudicial to the interests of our Company and our minority Shareholders, the Audit Committee will adopt new guidelines and review procedures for future interested person transactions.

Potential Conflicts of Interests

PT Karangjuang Hijau Lestari ("PT KHL") is a company principally engaged in the palm oil business. Martias and Irawaty, the parents of Ciliandra Fangiono, our Chief Executive Officer, beneficially own 95.0% of PT KHL, with the balance 5.0% directly held by Martias.

Our Company's operations are based in Riau and are currently focused on the production of crude palm oil, whereas PT KHL's operations are based in East Kalimantan and are at the planting stage. PT KHL will sell its crude palm oil to the same groups of customers as our Company when its oil palms reach maturity, but as far as we are aware, PT KHL's crude palm oil will be sold to the East Kalimantan refineries of these groups, while our crude palm oil will be sold to the Riau-based refineries of these groups. As our current operations and those of PT KHL are distinctly separated due to geographical location and base of operations, we do not currently foresee any conflicts of interest.

However, we do not exclude the possibility of acquiring land banks in other provinces such as East Kalimantan to expand our oil palm plantations due to the limited land banks for planting oil palms in Riau. In the event that our Company acquires land in East Kalimantan, our business may compete directly with PT KHL for the same group of customers, and a potential conflict of interest may arise. However, before our Company commences any form of operations in East Kalimantan, we will ensure that the approval of our Board, which consists of a majority of independent directors, is first obtained. That approval and the fact that our Company and PT KHL have distinct management teams and controlling shareholders will mitigate any potential conflict of interest that may arise. Our Company has and will continue to have a majority of independent directors on our Board for the foreseeable future. Further, PT KHL has signed a deed of non-competition dated November 28, 2007 undertaking that it will not, without our prior written consent, engage or be interested in any palm oil business in the province of Riau for a period of at least 10 years from the date of the deed of non-competition.

In addition, Ciliandra Fangiono, our Chief Executive Officer, has undertaken to our Company that he will inform our Board as soon as practicable when he is aware of information relating to PT KHL entering into or having firm plans to enter into the Riau palm oil market.

DESCRIPTION OF SHARE CAPITAL

The Issuer (Registration No. 200415931M) was incorporated in Singapore on December 9, 2004 under the Singapore Companies Act as a private limited company under the name First Resources Pte. Ltd. We changed our name to First Resources Limited on November 22, 2007 in connection with our conversion into a public company limited by shares. As at the Latest Practicable Date, our issued and paid-up ordinary share capital was S$77,303,342 comprising 1,159,550,130 Shares.

At an Extraordinary General Meeting held on November 14, 2007, our shareholders approved, among other things, the following:

(a) the conversion of the Issuer to a public limited company and the change of name from "First Resources Pte Ltd." to First Resources Limited;

(b) the adoption of a new set of Articles of Association;

(c) the sub-division of each ordinary share in the share capital of our Company into 15 ordinary shares;

(d) the allotment and issue of the Offering Shares which are the subject of the Offering. The Offering Shares, when allotted, issued and fully paid-up, will rank *pari passu* in all respects with the existing issued and fully paid-up Shares;

(e) that authority be given to the Directors to allot and issue shares and/or convertible securities and any Shares in our Company pursuant to convertible securities (where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities) in our Company (whether by way of rights, bonus, or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions whether for cash or otherwise and for such purposes and to such persons as the Directors may in their absolute discretion deem fit provided always that the aggregate number of Shares to be issued pursuant to such authority shall not exceed 50.0% of the total number of Shares outstanding, of which the aggregate number of Shares and/or convertible securities to be issued other than on a pro rata basis to the then existing Shareholders shall not exceed 20.0% of the total number of Shares outstanding (the total number of Shares outstanding being based on the total number of Shares outstanding at the time such authority is given after adjusting for new Shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and any subsequent consolidation or subdivision of shares) and unless revoked or varied by our Company in general meeting and that such authority shall continue in full force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of our Company is required by law or by the Articles of Association to be held, whichever is the earlier, except that the Directors shall be authorized to allot and issue new Shares pursuant to the convertible securities notwithstanding that such authority has ceased; and

(f) the adoption of the Share Option Scheme and the Performance Share Plan, that authority be given to our Directors to allot and issue new Shares upon the exercise of options granted under the Share Option Scheme and that authority be given to the Committee to grant Options at a discount up to a maximum of 20.0% and authority be given to our Directors to allot and issue new Shares, where necessary, upon the release of the Awards granted under the Performance Share Plan.

For the purposes of the foregoing and pursuant to Rules 806(3) and 806(4) of the Listing Manual, "total number of Shares outstanding" shall mean the total number of Shares outstanding in our Company after the Offering, after adjusting for (i) new Shares arising from the conversion or exercise of convertible securities; (ii) new Shares arising from the exercise of share options or the vesting of share awards outstanding or subsisting at the time of the passing of this resolution, providing the options or awards were granted in compliance with Part VIII of Chapter 8 of the Listing Manual; and (iii) any subsequent consolidation or sub-division of shares.

Save for the Offering Shares, the Additional Shares and Shares to be issued pursuant to the exercise of the Options under the Share Option Scheme, there are no founder, management, deferred or unissued Shares reserved for issuance for any purpose.

As at the Latest Practicable Date, the total issued and paid-up capital of the Issuer is S$77,303,342 comprising 1,159,550,130 Shares. Upon the issue of the Offering Shares, upon issue of the Consideration Shares and the completion of the Offering, the issued and paid-up share capital of our Company will increase to S$269,803,342 comprising 1,468,459,221 Shares.

Details of the changes in our issued and paid-up capital in the three years prior to the Latest Practicable Date and the resultant issued and paid-up share capital immediately after the Offering are as follows:

Purpose of Issue	Number of Shares	Paid-up capital (S$)
100,000 Shares issued fully paid on December 9, 2004	100,000	100,000
54,385,965 Shares issued fully paid on June 22, 2005 to Prinsep Management Limited ("Prinsep") pursuant to the assignment and delivery by Prinsep to the Company of a promissory note given by PT Fangionoperkasa Sejati for value of 310,000,000,000 Rupiah issued on 29 November 2004 and maturing 30 June 2005[(1)]	54,385,965	54,485,965
3,537,900 Shares issued fully paid on June 24, 2006	58,023,865	58,023,865
18,010,327 Shares issued fully paid on May 16, 2007 pursuant to the offset against all debts amounting to S$18,010,327 owing by the Company to Eight Capital Inc.	76,034,192	76,034,192
769,150 Shares issued fully paid on June 30, 2007 pursuant to a loan assignment agreement dated 4 June 2007 and a novation agreement dated June 4, 2007	76,803,342	76,803,342
500,000 Shares issued fully paid on June 30, 2007	77,303,342	77,303,342
Share split	1,159,550,130	77,303,342
New Shares to be issued pursuant to the Offering	175,000,000	192,500,000
Consideration Shares to be issued	133,909,091	192,500,000
Issued and paid-up share capital after the Offering	1,468,459,221	269,803,342

Notes:

(1) Prinsep assigned the promissory note as payment for the subscription of Shares. PT Fangionoperkasa Sejati repaid the amounts owing under the promissory note by way of transfer of Shares of PT Ciliandra Perkasa to the Company in 2005 and 2006.

DESCRIPTION OF OUR SHARES

The following statements are brief summaries of the more important rights and privileges of shareholders conferred by the laws of Singapore and our Articles of Association. These statements summarise the material provisions of our Articles of Association but are qualified in their entirety by reference to our Articles of Association and the laws of Singapore. (See "General and Statutory Information—Documents Available for Inspection".)

The section below describes, among other things, the principal objects of our Company as set out in our Memorandum of Association, a summary of the main provisions in our Articles of Association which relate to the Directors' borrowing powers and remuneration, Directors' retirement and restrictions on voting powers of Directors in interested transactions. It also describes shareholders' voting rights, restrictions on the transferability of shareholdings and shareholders' rights to share in any surplus in the event of liquidation and provides certain information about our share capital.

OUR SHARES

Our Articles of Association provide that we may issue shares of a different class with preferential, deferred, qualified or other special rights or restrictions, whether in regard to dividend, voting, return of capital or otherwise as our Board of Directors may determine.

As at the Latest Practicable Date, the total issued and paid-up capital of our Company is S$77,303,342 comprising 1,159,550,130 ordinary shares. All of our Shares are in registered form. We may, subject to the provisions of the Singapore Companies Act and the rules of the SGX-ST, purchase our own Shares. However, we may not, except in circumstances permitted by the Singapore Companies Act, grant any financial assistance for the acquisition or proposed acquisition of our Shares.

NEW SHARES

New ordinary shares may only be issued with the prior approval in a general meeting of our Shareholders. Our Shareholders have given our Board of Directors authority to allot and issue shares and/or convertible securities in our Company. Where the maximum number of shares to be issued upon conversion is determinable at the time of the issue of such securities (whether by way of rights, bonus or otherwise) at any time and from time to time thereafter to such persons and on such terms and conditions and for such purposes as the Directors may in their absolute discretion deem fit provided always that the aggregate number of shares (including shares to be issued in pursuance of convertible securities issued pursuant to such authority) to be issued shall not exceed 50.0% of the total number of Shares outstanding in our Company, of which the aggregate number of shares (including Shares to be issued in pursuance of convertible securities issued pursuant to such authority) to be issued other than on a pro rata basis to existing Shareholders shall not exceed 20.0% of the total number of Shares outstanding in our Company (the total number of Shares outstanding being based on our Company's total number of Shares outstanding at the time such authority is given after adjusting for new shares arising from the conversion of any convertible securities or employee share options in issue at the time such authority is given and any subsequent consolidation or subdivision of shares). Unless revoked or varied by us in general meeting, such authority shall continue in force until the conclusion of the next Annual General Meeting or the expiration of the period within which the next Annual General Meeting of our Company is required by law to be held, whichever is the earlier.

Subject to the foregoing, the provisions of the Singapore Companies Act and any special rights attached to any class of shares currently issued, our Board of Directors control the allotment and issue of all new ordinary shares and may impose such rights and restrictions as they think fit.

SHAREHOLDERS

Only persons who are registered in our register of shareholders and, in cases in which the person so registered is the CDP, the persons named as the depositors in the depository register maintained by the CDP for our shares, are recognised as Shareholders.

For the purpose of determining the number of votes which a Shareholder who is an account-holder directly with the CDP or a depository agent, or his proxy, may cast at any general meeting on a poll, the reference to Shares held or represented shall, in relation to Shares of that Shareholder, be the number of Shares entered against his name in the register maintained with the CDP 48 hours before the time of the relevant general meetings as supplied by the CDP to us.

We will not, except as required by law, recognise any equitable, contingent, future or partial interest in any Share or other rights for any Share other than the absolute right thereto of the registered holder of the Share or of the person whose name is entered in the depository register for the Share.

We may close the register of shareholders for any time or times if we provide the SGX-ST with at least 10 clear Market Days' notice. However, the register may not be closed for more than 30 days in aggregate in any calendar year. We would typically close the register to determine shareholders' entitlement to receive dividends and other distributions.

TRANSFER OF SHARES

Our Board of Directors may decline to register any transfer of Shares which are not fully paid or Shares on which we have a lien. Our Board of Directors may also decline to register any instrument of transfer unless, among other things, it has been duly stamped and is presented for registration together with the share certificate and such other evidence of title as they may require. Shares may be transferred by a duly signed instrument of transfer in any form approved by any stock exchange on which we are listed or in any other form acceptable to the Directors. There is no restriction on the transfer of fully paid Shares except where required by law, the statutes or the bye-laws or listing rules of any stock exchange on which we are listed. A Shareholder may transfer any shares held through the SGX-ST book-entry settlement system by way of a book-entry transfer without the need for any instrument of transfer.

We will replace lost or destroyed certificates for Shares if we are properly notified and if the applicant pays a fee which will not exceed S$2.00 and furnishes any evidence and indemnity that our Board of Directors may require.

VOTING RIGHTS OF SHAREHOLDERS

Except as otherwise provided in our Articles of Association, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association:

- on a show of hands, every Shareholder present in person or by proxy shall have one vote (provided that in the case of a Shareholder who is represented by two proxies, only one of the two proxies as determined by that Shareholder or, failing such determination, by the chairman of the meeting (or by a person authorised by the chairman) in his sole discretion shall be entitled to vote on a show of hands); and

- on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents.

A poll may be demanded in certain circumstances, including:

- by the chairman of the meeting;
- by not less than five Shareholders having the right to vote at the meeting;
- by any Shareholder having the right to vote at the meeting representing not less than 10.0% of the total voting rights of all Shareholders having the right to vote at the meeting; or
- by any Shareholder having the right to vote at the meeting and holding shares on which an aggregate sum has been paid up equal to not less than 10.0% of the total sum paid-up on all Shares conferring that right (excluding treasury shares).

However, no poll may be demanded on a question of the choice of the chairman of the meeting or on a question of adjournment of the meeting. In the case of a tied vote, whether on a show of hands or a poll, the chairman of the meeting shall be entitled to a casting vote.

A Shareholder is entitled to attend, speak and vote at any general meeting,

Shareholders may exercise their voting rights in person or by proxy. A proxy need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by the CDP 48 hours before the general meeting.

GENERAL MEETINGS OF SHAREHOLDERS

Subject to the provisions of the Singapore Companies Act and except as otherwise provided in our Articles of Association, we are required to hold an annual general meeting every year. Our Board of Directors may convene an extraordinary general meeting whenever it thinks fit and must do so if Shareholders representing not less than 10.0% of our paid-up capital (excluding paid-up capital held as treasury shares) request in writing that such a meeting be held. In addition, two or more Shareholders holding not less than 10.0% of the total number of our issued shares (excluding treasury shares) may call a meeting. Unless otherwise required by law or by our Articles of Association, voting at general meetings is by ordinary resolution, requiring an affirmative vote of a simple majority of the votes cast at that meeting. An ordinary resolution suffices, for example, for the appointment of directors. A special resolution, requiring the affirmative vote of at least 75.0% of the votes cast at the meeting, is necessary for certain matters under Singapore law, such as the voluntary winding up of our Company, amendments to our Memorandum and Articles of Association, a change of our corporate name and a reduction in our share capital.

We must give at least 21 days' notice in writing for every general meeting convened for the purpose of passing a special resolution. Ordinary resolutions generally require at least 14 days' notice in writing. The notice must be given to every Shareholder holding Shares conferring the right to attend and vote at the meeting and must set forth the place, the day and the hour of the meeting and, in the case of special business, the general nature of that business.

LIMITATIONS ON RIGHTS TO HOLD OR VOTE SHARES

Singapore law and our Articles of Association do not impose any limitations on the right of non-resident or foreign shareholders to hold or exercise voting rights attached to our Shares.

BONUS AND RIGHTS ISSUE

Our Board of Directors may, with the approval of our Shareholders at a general meeting, capitalise any sum standing to the credit of any of the Company's reserve accounts (including any undistributable reserve) or any sum standing to the credit of profit and loss account and distribute the same as bonus shares credited as paid-up to our Shareholders in proportion to their shareholdings. Our Board of Directors may also issue rights to take up additional ordinary shares to Shareholders in proportion to their shareholdings. Such rights are subject to any conditions attached to such issue.

TAKE-OVERS

The Singapore Companies Act, the Securities and Futures Act and the Singapore Code on Take-overs and Mergers regulate the acquisition of ordinary shares of public companies and contain certain provisions that may delay, deter or prevent a future takeover or change in control of the Company. Any person acquiring an interest, either on his own or together with parties acting in concert with him, in 30.0% or more of our voting shares, or, if such person holds, either on his own or together with parties acting in concert with him, between 30.0% and 50.0% (both inclusive) of our voting shares, and if he (or parties acting in concert with him) acquires additional voting shares representing more than 1.0% of our voting shares in any six-month period, must, except with the consent of the Securities Industry Council, extend a takeover offer for the remaining voting shares in accordance with the provisions of the Singapore Code on Take-overs and Mergers.

"Parties acting in concert" comprise individuals or companies who, pursuant to an agreement or understanding (whether formal or informal), co-operate, through the acquisition by any of them of shares in a company, to obtain or consolidate effective control of that company. Certain persons are presumed (unless the presumption is rebutted) to be acting in concert with each other. They are as follows:

- a company and its related companies, the associated companies of any of the company and its related companies, companies whose associated companies include any of these companies and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights;

- a company and its directors (including their close relatives, related trusts and companies controlled by any of the directors, their close relatives and related trusts);

- a company and its pension funds and employee share schemes;

- a person with any investment company, unit trust or other fund whose investment such person manages on a discretionary basis;

- a financial or other professional adviser and its clients in respect of shares held by the adviser and persons controlling, controlled by or under the same control as the adviser and all the funds managed by the adviser on a discretionary basis, where the shareholdings of the adviser and any of those funds in the client total 10.0% or more of the client's equity share capital;

- directors of a company (including their close relatives, related trusts and companies controlled by any of such directors, their close relatives and related trusts) which is subject to an offer or where the directors have reason to believe a bona fide offer for the company may be imminent;
- partners; and
- an individual and his close relatives, related trusts, any person who is accustomed to act in accordance with his instructions and companies controlled by the individual, his close relatives, his related trusts or any person who is accustomed to act in accordance with his instructions and any person who has provided financial assistance (other than a bank in the ordinary course of business) to any of the foregoing for the purchase of voting rights.

A mandatory offer must be in cash or be accompanied by a cash alternative at not less than the highest price paid by the offeror or parties acting in concert with the offeror within the six months preceding the acquisition of shares that triggered the mandatory offer obligation.

Under the Singapore Code on Take-overs and Mergers, where effective control of a company is acquired or consolidated by a person, or persons acting in concert, a general offer to all other shareholders is normally required. An offeror must treat all shareholders of the same class in an offeree company equally. A fundamental requirement is that shareholders in the company subject to the takeover offer must be given sufficient information, advice and time to consider and decide on the offer.

LIQUIDATION OR OTHER RETURN OF CAPITAL

If our Company liquidates or in the event of any other return of capital, the assets of the Company available for distribution shall be paid out to our Shareholders according to their respective rights and interests in the Company (which would normally be in proportion to their shareholding for each class of Shares).

INDEMNITY

As permitted by Singapore law, our Articles of Association provide that, subject to the Singapore Companies Act, we will indemnify our Board of Directors and officers against any liability incurred in defending any proceedings, whether civil or criminal, which relate to anything done or omitted to have been done as an officer, director or employee and in which judgment is given in his favour or if the proceedings are otherwise disposed of without any finding or admission of any material breach of duty on his part or in which he is acquitted or in connection with any application for relief which is granted to him by the court.

We may not indemnify directors and officers against any liability which by law would otherwise attach to them in respect of any negligence, default, breach of duty or breach of trust of which they may be guilty in relation to the Company.

SUBSTANTIAL SHAREHOLDINGS

The Singapore Companies Act and the Securities and Futures Act require our substantial shareholders to give notice to us and the SGX-ST respectively, including particulars of their interest and the circumstances by which they have acquired such interest, within two business days of their becoming our substantial shareholders and of any change in the percentage level of their interest. “Percentage level”, in relation to a substantial shareholder, is the percentage figure ascertained by expressing the aggregate of the votes attached to all the voting shares in which the substantial shareholder has an interest (or interests) immediately before or (as the case may be) immediately after the relevant time as a percentage of the total votes attached to all the voting shares in our Company, and if it is not a whole number, rounding that figure down to the next whole number.

Under the Singapore Companies Act, a person has a substantial shareholding in our Company if he has an interest (or interests) in one or more of the voting shares in our Company and the total votes attached to that share or those Shares is not less than 5.0% of the aggregate of the total votes attached to all voting shares in our Company.

MINORITY RIGHTS

The rights of minority shareholders of Singapore-incorporated companies are protected under Section 216 of the Singapore Companies Act, which gives the Singapore courts a general power to make any order, upon application by any shareholder of the Company, as they think fit to remedy any of the following situations:

- our affairs being conducted or the powers of our Board of Directors being exercised in a manner oppressive to, or in disregard of the interests of, one or more of our Shareholders; or

- we take an action, or threaten to take an action, or the Shareholders pass a resolution, or threaten to pass a resolution, which unfairly discriminates against, or is otherwise prejudicial to, one or more of our Shareholders, including the applicant.

Singapore courts have wide discretion as to the relief they may grant and that relief is in no way limited to the relief listed in the Singapore Companies Act. Without prejudice to the foregoing, Singapore courts may among other things:

- direct or prohibit any act or cancel or vary any transaction or resolution;

- regulate our affairs in the future;

- authorise civil proceedings to be brought in the name of, or on behalf of, our Company by a person or persons and on such terms as the court may direct;

- provide for the purchase of a minority Shareholder's Shares by our other Shareholders or by us and, in the case of a purchase of Shares by us, a corresponding reduction of our share capital; or

- provide that our Company be wound up.

MEMORANDUM OF ASSOCIATION AND REGISTRATION NUMBER

We are registered in Singapore with the Accounting and Corporate Regulatory Authority. Our company registration number is 200415931M.

SUMMARY OF OUR ARTICLES OF ASSOCIATION

1. Directors

(a) Ability of interested directors to vote

A Director shall not be entitled to vote in respect of any contract, proposed contract or arrangement or any other proposal in which he has any personal material interest directly or indirectly, and he shall not be counted in the quorum present at the meeting in relation to any resolution on which he is debarred from voting.

(b) Remuneration

Fees payable to non-executive Directors shall be a fixed sum (not being a commission on or a percentage of profits or turnover of the Company) as shall from time to time be determined by the Company in general meeting. Fees payable to Directors shall not be increased except at a general meeting convened by a notice specifying the intention to propose such increase.

Any Director who holds any executive office, or who serves on any committee of the Directors, or who performs services outside the ordinary duties of a Director, may be paid extra remuneration by way of salary, commission or otherwise, as the Directors may determine.

The remuneration of a Managing Director (or person holding an equivalent position) shall be fixed by the Directors and may be by way of salary or commission or participation in profits or by any or all of these modes but shall not be by a commission on or a percentage of turnover. The Directors shall have power to pay pensions or other retirement, superannuation, death or disability benefits to (or to any person in respect of) any Director for the time being holding any executive office and for the purpose of providing any such pensions or other benefits, to contribute to any scheme or fund or to pay premiums.

(c) Borrowing

Our Directors may exercise all the powers of our Company to borrow money, to mortgage or charge its undertaking, property and uncalled capital, and to secure any debt, liability or obligation of our Company.

(d) Retirement Age Limit

There is no retirement age limit for Directors under our Articles of Association. Section 153(1) of the Singapore Companies Act however, provides that no person of or over the age of 70 years shall be appointed a director of a public company or of a subsidiary of a public company, unless he is appointed or re-appointed as a director of the Company or authorised to continue in office as a director of the Company by way of an ordinary resolution passed at an annual general meeting of the Company.

(e) Shareholding Qualification

There is no shareholding qualification for Directors in the Memorandum and Articles of Association of the Company.

2. Share rights and restrictions

Our Company has one class of shares, namely, ordinary shares, which have identical rights in all respects and rank equally with one another.

Only persons who are registered in our register of shareholders and in cases in which the person so registered is the CDP, the persons named as the depositors in the depository register maintained by the CDP for the Shares, are recognised as our Shareholders.

(a) Dividends and distribution

We may, by ordinary resolution of our Shareholders, declare dividends at a general meeting, but we may not pay dividends in excess of the amount recommended by our Board of Directors. We must pay all dividends out of our profits.

All dividends are paid pro-rata amongst our Shareholders in proportion to the number of Shares held by a Shareholder but where Shares are partly paid all dividends must be paid in proportion to the amount paid or credited as paid on each Shareholder's partly paid Shares, unless the rights attaching to an issue of any Share provide otherwise. Unless otherwise directed, dividends are paid by cheque or warrant sent through the post to each Shareholder at his registered address. Notwithstanding the foregoing, the payment by us to the CDP of any dividend payable to a Shareholder whose name is entered in the depository register shall, to the extent of payment made to the CDP, discharge us from any liability to that Shareholder in respect of that payment.

The payment by the Directors of any unclaimed dividends or other moneys payable on or in respect of a share into a separate account shall not constitute the Company a trustee in respect thereof. All dividends unclaimed after being declared may be invested or otherwise made use of by the Directors for the benefit of the Company. Any dividend unclaimed after a period of six (6) years from the date they are first payable may be forfeited and shall revert to the Company but the Directors may thereafter at their discretion annul any such forfeiture and pay the dividend so forfeited to the person entitled thereto prior to the forfeiture.

The Directors may retain any dividends or other moneys payable on or in respect of a Share on which our Company has a lien, and may apply the same in or towards satisfaction of the debts, liabilities or engagements in respect of which the lien exists.

(b) Voting rights

A Shareholder is entitled to attend, speak and vote at any general meeting.

Shareholders may exercise their voting rights in person or by proxy. Proxies need not be a Shareholder. A person who holds Shares through the SGX-ST book-entry settlement system will only be entitled to vote at a general meeting as a Shareholder if his name appears on the depository register maintained by the CDP 48 hours before the general meeting.

Except as otherwise provided in our Articles of Association, two or more Shareholders must be present in person or by proxy to constitute a quorum at any general meeting. Under our Articles of Association, on a show of hands, every Shareholder present in person and by proxy shall have one vote, and on a poll, every Shareholder present in person or by proxy shall have one vote for each Share which he holds or represents. A poll may be demanded in certain circumstances, including by the Chairman of the meeting or by any Shareholder present in person or by proxy and representing not less than 10.0% of the total voting rights of all Shareholders having the right to attend and vote at the meeting or by not less than five Shareholders present in person or by proxy and entitled to vote. In the case of a tie vote, whether on a show of hands or a poll, the Chairman of the meeting shall be entitled to a casting vote.

3. Change in capital

Changes in the capital structure of our Company (for example, a consolidation, sub-division or conversion of our share capital) require Shareholders to pass an ordinary resolution. Ordinary resolutions generally require at

least 14 days' notice in writing. The notice must be given to each of our Shareholders who have supplied us with an address in Singapore for the giving of notices and must set forth the place, the day and the hour of the meeting. However, we are required to obtain our Shareholders' approval by way of a special resolution for any reduction of our share capital, subject to the conditions prescribed by law.

4. Variation of rights of existing shares or classes of shares

Subject to the Singapore Companies Act, whenever the share capital of our Company is divided into different classes of shares, the special rights attached to any class may be varied or abrogated either with the consent in writing of the holders of three-quarters of the total voting rights of the issued shares of the class or with the sanction of a special resolution passed at a separate general meeting of the holders of the shares of the class. To every such separate general meeting the provisions of our Articles of Association relating to general meetings of our Company and to the proceedings thereat shall mutatis mutandis apply, except that the necessary quorum shall be two persons at least holding or representing by proxy at least one-third of the total voting rights of the issued shares of the class, and that any holder of shares of the class present in person or by proxy may demand a poll and that every such holder shall on a poll have one vote for every share of the class held by him, provided always that where the necessary majority for such a special resolution is not obtained at such general meeting, consent in writing if obtained from the holders of three-quarters of the total voting rights of the issued shares of the class concerned within two months of such general meeting shall be as valid and effectual as a special resolution carried at such general meeting. These provisions shall apply to the variation or abrogation of the special rights attached to some only of the shares of any class as if each group of shares of the class differently treated formed a separate class the special rights whereof are to be varied or abrogated.

5. Limitations on foreign or non-resident shareholders

There are no limitations imposed by Singapore law or by our Articles of Association on the rights of our Shareholders who are regarded as non-residents of Singapore, to hold or vote their Shares.

CLEARANCE AND SETTLEMENT

A letter of eligibility has been obtained from the SGX-ST for the listing and quotation of our Shares on the Main Board of the SGX-ST. For the purpose of trading on the SGX-ST, a board lot for our Shares will comprise 1,000 Shares. Upon listing and quotation on the SGX-ST, our Shares will be traded under the book-entry settlement system of the CDP, and all dealings in and transactions of our Shares through the SGX-ST will be effected in accordance with the terms and conditions for the operation of securities accounts with the CDP, as amended from time to time.

The CDP, a wholly-owned subsidiary of the Singapore Exchange Limited, is incorporated under the laws of Singapore and acts as a depository and clearing organization. The CDP holds securities for its accountholders and facilitates the clearance and settlement of securities transactions between accountholders through electronic book-entry changes in the securities accounts maintained by such accountholders with the CDP.

Our Shares will be registered in the name of the CDP or its nominees and held by the CDP for and on behalf of persons who maintain, either directly or through depository agents, securities accounts with the CDP. Persons named as direct securities account holders and depository agents in the depository register maintained by the CDP, rather than the CDP itself, will be treated, under the Singapore Companies Act and our Articles of Association, as our members in respect of the number of our Shares credited to their respective securities accounts.

Persons holding our Shares in a securities account with the CDP may withdraw the number of Shares they own from the book-entry settlement system in the form of physical share certificates. Such share certificates will not, however, be valid for delivery pursuant to trades transacted on the SGX-ST, although they will be prima facie evidence of title and may be transferred in accordance with our Articles of Association. A fee of S$10.00 for each withdrawal of 1,000 Shares or less and a fee of S$25.00 for each withdrawal of more than 1,000 Shares will be payable upon withdrawing our Shares from the book-entry settlement system and obtaining physical share certificates. In addition, a fee of S$2.00 (or such other amounts as our Directors may decide) will be payable to our share registrar for each share certificate issued, and stamp duty of S$10.00 is also payable where our Shares are withdrawn in the name of the person withdrawing our Shares, or S$0.20 per S$100.00 or part thereof of the last-transacted price where our Shares are withdrawn in the name of a third party. Persons holding physical share certificates who wish to trade on the SGX-ST must deposit with the CDP their share certificates together with the duly executed and stamped instruments of transfer in favor of the CDP, and have their respective securities accounts credited with the number of our Shares deposited before they can effect the desired trades. A fee of S$20.00 is payable upon the deposit of each instrument of transfer with the CDP.

Transactions in our Shares under the book-entry settlement system will be reflected by the seller's securities account being debited with the number of our Shares sold and the buyer's securities account being credited with the number of our Shares acquired. No transfer stamp duty is currently payable for the transfer of our Shares that are settled on a book-entry basis.

A Singapore clearing fee for trades in our Shares on the SGX-ST is payable at the rate of 0.04% of the transaction value, subject to a maximum of S$400.00 per transaction. The clearing fee, instrument of transfer deposit fees and share withdrawal fee are subject to GST (as defined herein) of 7.0%.

Dealings in our Shares will be carried out in Singapore Dollars and will be effected for settlement in the CDP on a scripless basis. Settlement of trades on a normal "ready" basis on the SGX-ST generally takes place on the third Market Day following the transaction date, and payment for the securities is generally settled on the following day. The CDP holds securities on behalf of investors in securities accounts. An investor may open a direct securities account with the CDP or a securities sub-account with a depository agent. A depository agent may be a member company of the SGX-ST, bank, merchant bank or trust company.

CERTAIN TAX CONSIDERATIONS

The following summary is based on tax laws of the United States and Singapore as in effect on the date of this document, and is subject to changes in U.S. or Singaporean law, including changes that could have retroactive effects. Prospective purchasers in all jurisdictions are urged to consult their own tax advisors about the tax consequences of an investment in the Shares under the laws of the United States and Singapore and their constituent jurisdictions, and any other jurisdictions where the purchasers of the Shares may be subject to taxation.

Singapore Taxation

The following is a summary of certain Singapore income tax, stamp duty, estate duty and goods and services tax ("GST") consequences of the purchasing, holding or disposal of our Shares. This summary is based on current tax laws in Singapore and is subject to changes in such laws, or in the interpretation thereof, which changes may be retrospective. Also, while this summary is considered to be generally correct, no assurance can be given that courts or fiscal authorities responsible will agree with the interpretations taken. The statements made herein do not purport to be a comprehensive nor exhaustive description of all tax considerations that may be relevant to a decision to purchase, hold or dispose of our Shares and do not address the tax treatment of investors subject to specific rules.

Income Tax

Corporate taxpayers

Singapore resident and non-resident corporate taxpayers are subject to Singapore income tax on income accruing in or derived from Singapore and, subject to certain exceptions, on foreign-sourced income received or deemed to be received in Singapore from outside Singapore. Foreign-sourced income in the form of dividends, branch profits and services income received or deemed to be received in Singapore by Singapore resident corporate taxpayers will be exempt from tax if certain prescribed conditions are met.

A company is regarded as tax resident in Singapore if the control and management of its business are exercised in Singapore.

The corporate tax rate for the Year of Assessment 2007 (the 2007 tax year—that is, for the 2006 financial year) in Singapore is 20.0%—after allowing for (partial) tax exemption on three-quarters of up to the first S$10,000 and up to one-half of the next S$90,000 of the company's chargeable income. The tax exemption does not apply to Singapore dividends received by the company.

The corporate tax rate has been reduced to 18.0% from the Year of Assessment 2008: the partial tax exemption will be increased from the current S$100,000 to S$300,000 being three-quarters of up to the first S$10,000 and one-half of up to the next S$290,000 (increased from S$90,000) of a company's chargeable income—other than Singapore franked dividends received by the company.

New companies will, subject to certain conditions, be eligible for full tax exemption on their normal chargeable income (other than Singapore taxable dividends) of up to S$100,000 a year and 50% tax exemption on the next S$200,000 for each of the company's first three Years of Assessment falling in or after the Year of Assessment 2008. To qualify for this full exemption, the new company (a) must be incorporated in Singapore (other than a company limited by guarantee); (b) must be tax resident in Singapore for that Year of Assessment; (c) must have no more than 20 shareholders throughout the basis period relating to that Year of Assessment; and (d) all of the shareholders are individuals throughout the basis period relating to that Year of Assessment. The remaining chargeable income (after the tax exemption as described) will be taxed at the applicable corporate tax rate.

Individual taxpayers

An individual is regarded as tax resident in Singapore in a Year of Assessment if, in the preceding year, he was physically present in Singapore or exercised an employment in Singapore (other than as a Director of a company) for 183 days or more, or if he resides in Singapore.

For a Singapore tax resident individual, the rate of tax will vary according to the individual's chargeable income, subject to a maximum rate of 20.0% for the Year of Assessment 2007—that is, the 2006 calendar year.

Individual taxpayers who are Singapore tax residents are subject to Singapore income tax on income accruing in or derived from Singapore. All foreign-sourced income received (except for income received through a partnership in Singapore) in Singapore on or after January 1, 2004 by Singapore tax resident individuals will be exempt from income tax. Foreign sourced dividend and service income received in Singapore by a Singapore resident individual through a partnership in Singapore may also be exempted from tax if certain prescribed conditions are met.

Non-resident individuals, subject to certain exceptions, are generally subject to income tax on income accruing in or derived from Singapore.

Certain Singapore sourced investment income derived from financial institutions by individual taxpayers are exempt from Singapore income tax.

Dividend Distributions

As the Company will be a tax resident in Singapore, dividends distributed or paid by the Company would be considered as sourced from Singapore. Dividends, either in cash or in any other form, received in respect of our Shares by either a resident or non-resident of Singapore are not subject to Singapore withholding tax.

The Company is under the one-tier corporate tax system. The Company can pay one-tier (tax exempt) dividends to its shareholders subject to the provisions in the Companies Act. The one-tier (tax exempt) dividends are exempted from Singapore income tax in the hands of the corporate and individual shareholders.

Foreign shareholders are advised to consult their own tax advisers to take into account the tax laws of their respective countries of residence and the existence of any double taxation agreement which their country of residence may have with Singapore.

Dividend Income

Foreign dividends received on or after 1 June 2003 by corporate taxpayers resident in Singapore, which have been subject to tax in the foreign jurisdictions from which the dividends are derived, would be exempt from tax in Singapore provided that the headline tax of the respective foreign jurisdictions from which the dividends are actually remitted from is not less than 15% when such persons receive the dividends in Singapore. Where tax exemption is not available, corporate taxpayers resident in Singapore may claim tax credit on foreign dividends when the income is subject to tax in Singapore.

Under the double tax agreement between Indonesia and Singapore, the (withholding) tax on dividend distributed by an Indonesian company, where the recipient of the dividend is a Singapore company which owns

directly at least 25% of the capital of the Indonesian company paying the dividend and provides a current Certificate of Domicile or Residence from the Singaporean Tax Authority, is at the rate of 10%; 15% withholding tax rate will apply for other cases. The withholding tax of 10% or 15% on the dividend together with the corporate tax the Indonesian company paid in Indonesia on its profits, out of which the Indonesian dividend is paid, is claimable as a tax credit against the Singapore tax assessed on the Indonesian dividend income. The tax credit the Singapore company can claim is restricted to the Singapore tax chargeable on the Indonesian dividend income.

With the tax of 10% or 15% paid in Indonesia on the Indonesian dividend and provided that the headline tax of Indonesia, is not less than 15% when the Company receives the dividend in Singapore, the Indonesian dividend received by the Company would be exempt from tax in Singapore. These rules would apply to dividends received by the Company from its subsidiary/subsidiaries in Indonesia.

Gains on Disposal of Our Shares

Singapore currently does not have a capital gains tax regime and does not impose tax on capital gains. There are, however, no specific laws or regulations which deal with the characterization of capital gains. Gains arising from the disposal of our Shares may be construed as income and subject to Singapore income tax, especially if they arise from the carrying on of a trade or business in Singapore; to dealing in investments; or the investor acquires and held our Shares as part of a profit-making undertaking or scheme.

Gains from the disposal of our Shares are not taxable as income in Singapore if they are gains of a capital nature.

Stamp Duty

No stamp duty is payable if no instrument of transfer is executed or the instrument of transfer is executed outside Singapore and not brought in Singapore. However, stamp duty may be payable if the instrument of transfer is executed outside Singapore and received in Singapore. Stamp duty is not applicable to electronic transfers of our Shares through CDP.

Estate Duty

Singapore estate duty is imposed on the value of immovable property situated in Singapore which passes on the death of a person, whatever the domicile of the deceased, subject to specific exemption limits. For persons domiciled in Singapore at the date of death, estate duty is also imposed on movable property, wherever situated, subject to specific exemption limits. Movable assets of persons not domiciled in Singapore are exempt from Singapore estate duty. Our Shares are considered movable property situated in Singapore as the Issuer is constituted in Singapore. Our Shares held by an individual domiciled in Singapore could be subject to Singapore estate duty upon such individual's death.

Singapore estate duty is payable to the extent that the value of our Shares aggregated with any other assets subject to Singapore estate duty exceeds S$600,000. Unless other exemptions apply to the other assets, for example, the separate exemption limit for residential properties, any excess beyond S$600,000 will be taxed at 5.0% on the first S$12,000,000 of the Singapore domiciled individual's Singapore chargeable assets subject to Singapore estate duty and the remainder at 10.0%. Quick succession relief is available for deaths occurring within 2 years of the individual and his beneficiary.

Estate duty, however, is not imposed on movable properties in or outside Singapore passing on the death of persons who are not domiciled in Singapore.

Prospective purchasers and subscribers of our Shares who are individuals, whether or not domiciled in Singapore, should consult their own tax advisers regarding the Singapore estate duty consequences of their ownership of or investment in our Shares.

Goods and Services Tax

The sale of our Shares by an investor belonging in Singapore through a SGX-ST member or to another person belonging in Singapore is an exempt supply not subject to GST. Any GST incurred by the investor particularly one who is not GST-registered in respect of this exempt supply will become an additional cost to the investor.

Any GST which is incurred by a GST-registered investor in relation to such exempt supply is generally not recoverable from the Comptroller of GST.

Where our Shares are sold by a GST-registered investor to a person belonging outside Singapore or through an overseas exchange, the sale is a taxable supply subject to GST at zero-rate. Any GST incurred by a GST-registered investor in the making of this supply in the course or furtherance of a business may, subject to the provisions of the Goods and Services Tax Act, be set-off against his liability to account for GST or may be recovered as a refund from the Comptroller of GST.

Services such as brokerage, underwriting or advising on the issue, handling and clearing services, allotment or transfer of ownership of our Shares rendered by a GST-registered person to an investor belonging in Singapore in connection with the investor's purchase, sale or holding of our Shares will be subject to GST at the prevailing standard rate of 7%. Similar services rendered contractually to and directly for the direct benefit of a person belonging outside Singapore are subject to GST at zero-rate.

United States Federal Income Taxation

The discussion of U.S. tax matters set forth in this document was written in connection with the promotion or marketing of the Offering and was not intended or written to be used, and cannot be used, by any taxpayer for the purpose of avoiding tax-related penalties under U.S. federal, state or local tax law. Each taxpayer should seek advice based on its particular circumstances from an independent tax advisor.

The following is a summary of certain U.S. federal income tax considerations relevant to a U.S. Holder (as defined below) acquiring, holding and disposing of Shares. This summary is based upon existing U.S. federal income tax law, which is subject to change, possibly with retroactive effect. This summary does not discuss all aspects of U.S. federal income taxation which may be important to particular investors in light of their individual investment circumstances, including investors subject to special tax rules, such U.S. financial institutions, insurance companies, broker-dealers, tax-exempt organizations, partnerships, holders who are not U.S. Holders, holders who own (directly, indirectly or constructively) 10.0% or more of our voting stock, holders liable for the alternative minimum tax, persons holding Shares through partnerships or other pass-through entities, investors that hold Shares as part of a straddle, hedge, conversion, constructive sale or other integrated transaction for U.S. federal income tax purposes, or investors that have a functional currency other than the U.S. Dollar, all of whom may be subject to tax rules that differ significantly from those summarized below. In addition, this summary does not discuss any non U.S., state, or local tax considerations. This summary assumes that investors have acquired Shares pursuant to this offering and will hold their Shares as "capital assets" (generally, property held for investment) for U.S. federal income tax purposes. You are urged to consult your own tax advisor regarding the U.S. federal, state, local, and non U.S. income and other tax considerations that may be relevant to an investment in the Shares.

For purposes of this summary, you are considered a "U.S. Holder" if you are: (i) a citizen or individual resident of the United States, (ii) a corporation created in, or organized under the law of, the United States, any State thereof or the District of Columbia, (iii) an estate the income of which is includible in gross income for U.S. federal income tax purposes regardless of its source, or (iv) a trust the administration of which is subject to the primary supervision of a U.S. court and which has one or more U.S. persons who have the authority to control all substantial decisions of the trust.

Dividends

Subject to the discussion under "Passive Foreign Investment Company Rules" below, the U.S. Dollar value of distributions paid by us out of our earnings and profits, as determined under U.S. federal income tax principles, will be subject to tax as foreign source ordinary dividend income and will be includible in your gross income upon actual or constructive receipt. Distributions that we pay to you will not be eligible for the preferential rates of taxation that are available for certain dividends received by non-corporate U.S. taxpayers, and will not be eligible for the dividends received deduction allowed to corporations. If non-U.S. currency received as a distribution is converted to U.S. Dollars on the date it is received, there generally will be no foreign currency gain or loss.

Sale or Other Disposition of Shares

Subject to the discussion under "Passive Foreign Investment Company Rules" below, you will recognize U.S. source capital gain or loss upon the sale or other disposition of Shares in an amount equal to the difference between the U.S. Dollar value of the amount realized upon the disposition and your adjusted basis in such Shares (generally your cost in U.S. Dollars). Any capital gain or loss will be long-term if the Shares have been held for more than one year. If you are a non-corporate U.S. Holder (including an individual U.S. Holder), any long-term capital gain generally will be subject to tax at preferential rates. The deductibility of capital losses may be subject to limitations.

Passive Foreign Investment Company Rules

Based on our historic and expected operations, composition of assets and market capitalization (which will fluctuate from time to time) we do not expect that we will be classified as a passive foreign investment company (a "PFIC"). The determination of whether we are a PFIC is made annually. Therefore, it is possible that we could be classified as a PFIC in the current or any future year due to changes in the composition of our (or our subsidiaries') assets or income, as well as changes in our market capitalization. In general, a non U.S. corporation will be classified as a PFIC for any taxable year if at least (i) 75.0% of its gross income is classified as "passive income" or (ii) 50.0% of the average quarterly value of its assets produce or are held for the production of passive income. In making this determination, the non U.S. corporation is treated as earning its proportionate share of any income and owning its proportionate share of any assets of any corporation in which it holds a 25.0% or greater interest, by value. For these purposes, cash (including the proceeds of a stock offering) is considered a passive asset and gross interest generally is considered as passive income.

If we are considered a PFIC at any time that you hold Shares, you may be subject to materially adverse U.S. federal income tax consequences with respect to certain distributions on and any gain realized on a disposition of Shares compared to an investment in a company that is not considered a PFIC, including being subject to greater amounts of U.S. tax than would otherwise apply, and being subject to additional tax form filing requirements. You should consult your own tax advisor about the application of the PFIC rules to you.

Information Reporting and Backup Withholding

Information returns may be filed with the Internal Revenue Service in connection with distributions on our Shares and the proceeds from their sale, exchange or redemption unless you establish that you are exempt from the information reporting rules, for example by properly establishing that you are a corporation. If you do not establish that you are exempt from these rules, you may be subject to backup withholding on these payments if you fail to provide your taxpayer identification number or otherwise comply with the backup withholding rules. The amount of any backup withholding from a payment to you will be allowed as a credit against your U.S. federal income tax liability and may entitle you to a refund, provided that the required information is timely furnished to the Internal Revenue Service.

PLAN OF DISTRIBUTION

THE OFFERING

Citigroup Global Markets Singapore Pte. Ltd. is acting as Sole Global Coordinator, Bookrunner, Issue Manager and Underwriter in connection with the Offering. The Offering consists of: (i) the Placement to investors, including institutional and other investors in Singapore and (ii) the Public Offer in Singapore. The size of the Public Offer has been fixed at 3,000,000 Offering Shares. Offering Shares may be reallocated between the Placement and the Public Offer in the event of excess applications in one and a deficit of applications in the other.

The Placement is being conducted pursuant to a placement agreement dated December 3, 2007 (the "Placement Agreement") among the Sole Global Coordinator, the Vendor and the Issuer. Subject to the terms and conditions of the Placement Agreement, the Issuer and the Vendor have agreed to sell, and the Sole Global Coordinator has agreed to purchase, 225,000,000 Offering Shares at the Offering Price.

The Public Offer is being conducted pursuant to an offer agreement dated December 3, 2007 (the "Offer Agreement") among the Sole Global Coordinator, the Vendor and the Issuer. Subject to the terms and conditions of the Offer Agreement, and concurrently with the sale of 225,000,000 Offering Shares to the Sole Global Coordinator pursuant to the Placement Agreement, the Issuer and the Vendor have appointed the Sole Global Coordinator to procure subscribers and purchasers or failing which, to subscribe for and purchase an aggregate of 225,000,000 Offering Shares, at the Offering Price. The completion of the Public Offer is conditional upon the completion of the Placement.

The Offering Shares are being offered and sold outside the United States to non-U.S. persons (including institutional and other investors in Singapore) in reliance on Regulation S and within the United States to "qualified institutional buyers" in reliance on Rule 144A. The Offering Shares are being offered concurrently in other jurisdictions outside Singapore.

Prior to the Offering, there has been no public market for the Offering Shares. The Offering Price has been determined following a book-building process by agreement between the Issuer, the Vendor and the Sole Global Coordinator. Among the factors that were considered in such determination include:

- the indications of interest, in terms of price and quantity, received from institutional investors;
- prevailing market conditions;
- our historical performance;
- estimates of our business potential and earning prospects; and
- the market valuation of publicly traded shares of comparable companies.

Neither the Issuer, the Vendor nor the Sole Global Coordinator can provide you with any assurance that an active trading market will develop for the Offering Shares or that the Offering Shares will trade in the public market after the Offering at or above the Offering Price.

Each of the Issuer and the Vendor will pay the Sole Global Coordinator, as compensation for its services in connection with the offer and sale of the Offering Shares in the Offering, a combined underwriting and selling

commission (the "Commission") based on the total gross proceeds of the Offering (the "Offering Proceeds"). The Commission will be 2.75% of the Offering Price and (assuming the Over-allotment Option is not exercised), on a per Offering Share basis, S$0.03. The Commission will be borne by the Issuer and the Vendor in the proportion in which the number of Offering Shares offered by each of them pursuant to the Offering bears to the total number of Offering Shares. The Issuer and the Vendor may also pay the Sole Global Coordinator an incentive fee of up to a maximum of 0.5% of an amount equal to the aggregate of (i) the total number of Offering Shares and (ii) any Additional Shares that are issued and/or sold pursuant to the Over-allotment Options, multiplied by the Offering Price.

Subscribers and purchasers of our Shares may be required to pay a brokerage fee (and if so required such brokerage fee will be up to 1.0% of the Offering Price), stamp taxes and other similar charges in accordance with the laws and practices of the country of purchase, in addition to the Offering Price, as applicable.

THE PLACEMENT

The Sole Global Coordinator, the Vendor and the Issuer have entered into the Placement Agreement, under which the Sole Global Coordinator has agreed, subject to the terms and conditions set forth in that agreement, to subscribe or purchase, and/or procure the subscription or purchase of, Offering Shares being offered in the Placement. The Placement Agreement may be terminated pursuant to the terms thereof, at any time before dealings in the Offering Shares first commence on the SGX-ST, or in respect of the Additional Shares, at any time before the time on the closing date applicable to the Additional Shares when payment would otherwise be due in respect of the Additional Shares, upon the occurrence of certain events, including, among other things, certain force majeure events. The closing of the Offering is conditional upon certain events, including the fulfilment, or waiver by the SGX-ST, of all conditions contained in the letter of eligibility from the SGX-ST for the listing and quotation of our issued Shares (including the Offering Shares and Consideration Shares) on the Main Board of the SGX-ST and the closing of the transactions contemplated by the Placement Agreement. The Sole Global Coordinator shall be at liberty at its own expense to make sub-underwriting arrangements in respect of its obligations under the Placement Agreement, upon such terms and conditions as it deems fit.

Subject to certain conditions, the Issuer and the Vendor have agreed to indemnify the Sole Global Coordinator against certain liabilities, including certain liabilities under the U.S. Securities Act, incurred in connection with the Placement. The Issuer and the Vendor have also agreed to reimburse the Sole Global Coordinator for certain expenses incurred in connection with the Offering.

THE PUBLIC OFFER

In the Offer Agreement, the Sole Global Coordinator has agreed, subject to the terms and conditions set forth in that agreement, to subscribe or purchase and/or procure the subscription or purchase of Offering Shares being offered pursuant to the Public Offer. The Offer Agreement will be terminated upon termination of the Placement Agreement. The Public Offer is conditional upon the conditions to the Placement set out in the Placement Agreement being satisfied. The closing of the Offering is conditional upon, among other things, the closing of the transactions contemplated by the Offer Agreement.

Subject to certain conditions, the Issuer and the Vendor have agreed in the Offer Agreement to indemnify the Sole Global Coordinator against certain liabilities incurred in connection with the Public Offer.

OVER-ALLOTMENT OPTION

In connection with the Offering, the Vendor has granted to Citi as Stabilizing Manager, an Over-allotment Option exercisable by the Stabilizing Manager, in full or in part on one or more occasions but no later than the

earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, or (ii) the date when the Stabilizing Manager has bought, on the SGX-ST, an aggregate of 33,750,000 Shares, representing not more than 15.0% of the total Offering Shares to undertake stabilising actions, if any, to purchase up to an aggregate of 33,750,000 Shares (representing not more than 15.0% of the total Offering Shares) at the Offering Price, solely to cover the over-allotment of the Offering Shares, if any.

PRICE STABILIZATION

In connection with the Offering, the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager), may over-allot Shares or effect transactions which may stabilize or maintain the market price of our Shares at levels that might not otherwise prevail in the open market. Such transactions may be effected on the SGX-ST and in other jurisdictions where it is permissible to do so, in each case in compliance with all applicable laws and regulations, including the Securities and Futures Act and any regulations thereunder. However, there is no assurance that the Stabilizing Manager (or persons acting on behalf of the Stabilizing Manager) will undertake any such stabilization actions. Such transactions may commence on or after the commencement of trading of the Shares on the SGX-ST and, if commenced, may be discontinued at any time and shall not be effected after the earliest of (i) the date falling 30 days from the commencement of trading of the Shares on the SGX-ST, or (ii) the date when the Stabilizing Manager has bought, on the SGX-ST, an aggregate of 33,750,000 Shares representing not more than 15.0% of the total Offering Shares, to undertake stabilizing action.

None of the Issuer, the Vendor or the Sole Global Coordinator makes any representation or prediction as to the direction or magnitude of any effect that the transactions described above may have on the price of our Shares. In addition, none of the Issuer, the Vendor nor the Sole Global Coordinator makes any representation that Citi will engage in such transactions or that such transactions once commenced, will not be discontinued without notice (unless such notice is required by law). Citi, the Stabilizing Manager, will be required to make a public announcement through the SGX-ST on the cessation of the stabilizing action and the amount of the Over-allotment Option that has been exercised not later than 8.30 a.m. on the trading day of the SGX-ST immediately after the day of cessation of stabilization action.

SHARE LENDING

In connection with settlement and stabilisation, Citi, as Stabilizing Manager, has entered into a share lending agreement (the "Share Lending Agreement") with Eight Capital Inc. pursuant to which Citi may borrow up to 33,750,000 Shares allowing Citi to settle over-allotments, if any, made in connection with the Offering. If Citi borrows Shares pursuant to the Share Lending Agreement it is required to return equivalent securities to Eight Capital Inc. by no later than three Business Days following the earliest of (i) the date falling 30 days from the Listing Date, or (ii) the date when the Stabilizing Manager has bought, on the SGX-ST, an aggregate of 33,750,000, Shares, representing not more than 15.0% of the total Offering Shares, to undertake stabilizing actions.

RESTRICTIONS ON DISPOSALS AND ISSUES OF SHARES

Disposals in the Lock-up Period

Each of the Vendor and Infinite Capital, who will receive Shares in our restructuring, has agreed with the Sole Global Coordinator that from the date hereof until the date falling six months from the Listing Date, it will not:

- offer, sell, contract to sell, grant any option to purchase, grant any security over, pledge, charge, encumber, transfer or otherwise dispose of, directly or indirectly, any or all of its effective, direct, deemed, or indirect interest in our Shares (or any securities convertible into or exchangeable or exercisable for Shares or which carry rights to subscribe for or purchase Shares);

- enter into a transaction which would have the same effect as, or enter into any swap, hedge or other arrangement that transfer, in whole or in part, any of the economic consequences of ownership of the Shares, whether any such aforementioned transaction is to be settled by delivery of the Shares or other securities, in cash or otherwise;

- deposit any Shares (or any securities convertible into or exchangeable for Shares or which carry rights to subscribe or purchase Shares) in any depository receipt facilities; or

- publicly disclose any intention to do any of the above.

This restriction shall apply to all Shares (or any interest therein) held by the foregoing persons as at the Listing Date.

The restrictions above do not apply:

(a) to disposals which are made with the prior written consent of the Sole Global Coordinator; or

(b) to the transfer of Shares by Eight Capital Inc. as contemplated under the Share Lending Agreement.

Each of Lizant Investments Ltd., which is the sole shareholder of the Vendor, and Ciliandra Fangiono, Wirasneny Fangiono, Wirastuty Fangiono, Wirashery Fangiono, Cik Sigih Fangiono and Ciliandrew Fangiono, who are the ultimate shareholders of Lizant Investments Ltd, has agreed that (i) it/she/he will not offer, sell, contract to sell, pledge, transfer or otherwise dispose of, directly or indirectly, any of its/her/his effective interest in the shares of the Vendor and Lizant Investments Ltd., as applicable, without the prior written consent of the Sole Global Coordinator until six months after the Listing Date, and (ii) it/she/he will ensure that its/her/his effective direct or indirect percentage and economic interest in the shares of the Vendor and Lizant Investments Ltd., as applicable, shall not be less than such effective interest as of the date of this document.

Each of King Fortune International Inc. and DB International Trust (Singapore) Limited, which are the shareholders of Infinite Capital and King Fortune International Inc. respectively, has agreed that (i) it will not offer, sell, contract to sell, pledge, transfer or otherwise dispose of, directly or indirectly, any of its effective interest in the shares of Infinite Capital and King Fortune International Inc., as applicable, without the prior written consent of the Sole Global Coordinator until six months after the Listing Date, and (ii) it will ensure that its effective direct or indirect percentage and economic interest in the shares of Infinite Capital and King Fortune International Inc., as applicable, shall not be less than such effective interest as of the date of this document.

Furthermore, in its capacity as trustee of the King Fortune Trust, DB International Trust (Singapore) Limited agrees that it will not seek to change or make any addition to, or agree to any change to or the making of any addition to, the beneficiaries of the King Fortune Trust, during the said six-months period, without the prior written consent of the Sole Global Coordinator. DB International Trust (Singapore) Limited has further agreed that it will not make any distributions or vest any interests in respect of the shares in King Fortune International Inc. under the trust deed of the King Fortune Trust during the above-mentioned six-months period.

In furtherance of the foregoing, DB International Trust (Singapore) Limited has agreed to decline to make any amendment to the trust deed of the King Fortune Trust if such amendment would constitute a violation or breach of the agreement described in the two preceding paragraphs.

Issuer Lock-up

The Issuer has agreed with the Sole Global Coordinator that, from the date of the Purchase Agreement until the date falling six months from the Listing Date, it will not:

- issue, offer, sell, contract to sell, sell any option or contract to purchase, purchase any option or contract to sell, grant any option, right or warrant to purchase, lend or otherwise transfer or dispose of, directly or indirectly, any Shares (or any securities convertible into or exchangeable for or which represent the right to receive, subscribe for or purchase Shares);
- enter into a transaction (including a derivative transaction) having an economic effect similar to that of a sale of Shares;
- deposit any Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe for or purchase Shares) in any depositary receipt facility; or
- publicly announce any intention to do any of the above,

without the prior written consent of the Sole Global Coordinator.

The foregoing restrictions shall not apply in respect of the Offering Shares and Shares (or any securities convertible into or exchangeable for or which carry rights to subscribe or purchase Shares) issued, offered, allotted, appropriated, modified or granted under the Share Option Scheme.

OTHER RELATIONSHIPS

In the reasonable opinion of the Directors, the Sole Global Coordinator does not have a material relationship with the Company, save that the Sole Global Coordinator and its affiliates engage in transactions with, and perform services for, us and/or the Vendor and the affiliates of the Vendor in the ordinary course of business and have engaged, and may in the future engage, in commercial banking and investment banking transactions with the Vendor and/or us, for which they have received, and may in the future receive, customary compensation.

PERSONS INTENDING TO SUBSCRIBE FOR AND/OR PURCHASE IN THE OFFERING

We are not aware of any person who intends to purchase more than 5.0% of the Offering Shares offered pursuant to the Offering.

No action has been or will be taken in any jurisdiction that would permit a public offering of the Offering Shares being offered outside Singapore, or the possession, circulation or distribution of this document or any other material relating to us or the Offering Shares in any jurisdiction where action for the purpose is required. Accordingly, the Offering Shares may not be offered or sold, directly or indirectly, and neither this document nor any other offering material or advertisements in connection with the Offering Shares may be distributed or published, in or from any country or jurisdiction except under circumstances that will result in compliance with any applicable rules and regulations of any such country or jurisdiction.

DISTRIBUTION AND SELLING RESTRICTIONS

The distribution of this Prospectus or any offering material and the offering, sale or delivery of our Shares is restricted by law in certain jurisdictions. Therefore, persons who may come into possession of this Prospectus or any offering material are advised to consult with their own legal advisers as to what restrictions may be applicable to them and to observe such restrictions. This Prospectus may not be used for the purpose of an offer or invitation in any circumstances in which such offer or invitation is not authorised.

Australia

No prospectus, disclosure document, offering material or advertisement in relation to the Offering Shares has been lodged with the Australian Securities and Investments Commission ("ASIC") or the Australian Stock Exchange Limited. Accordingly, a person may not (a) make, offer or invite applications for the issue, sale or purchase of the Offering Shares within, to or from Australia (including an offer or invitation which is received by a person in Australia) or (b) distribute or publish this document or any other prospectus, disclosure document, offering material or advertisement relating to the Offering Shares in Australia, unless (i) the minimum aggregate consideration payable by each offeree is at least A$500,000 (or its equivalent in an alternative currency) (disregarding moneys lent by the offeror or its associates) or the offer otherwise does not require disclosure to investors in accordance with Part 6D.2 of the Corporations Act 2001 (Cth) of Australia ("Corporations Act"); and (ii) such action complies with all applicable laws and regulations.

An offer does not require disclosure to investors under Part 6D.2 of the Corporations Act if it is to persons who are able to demonstrate that are a "professional investor", a "sophisticated investor", or an "experienced investor" as contemplated in sections 708(8), 708(10), or 708(11) of the Corporations Act.

As any offer for the issue of Offering Shares under this document will be made without disclosure in Australia under Part 6D.2 of the Corporations Act, the offer of the Offering Shares for resale in Australia within 12 months of their issue may, under section 707(3) of the Corporations Act, require disclosure to investors under Part 6D.2 if none of the exemptions in section 708 of the Corporations Act apply to that resale.

Accordingly, any person to whom Offering Shares are issued pursuant to this document should not, within 12 months after the issue, offer those Offering Shares for sale to investors in Australia except in circumstances where disclosure to investors is not required under Part 6D.2 or unless a compliant disclosure document is prepared and lodged with ASIC.

Chapter 6D of the Corporations Act 2001 (Cth) is complex, and if in any doubt as to the application or effect of this legislation, you should confer with your professional advisers.

Belgium

This document has not been submitted for approval to the Belgian Banking, Finance and Insurance Commission or any other competent authority in the European Economic Area and, accordingly, the Offering Shares may not be distributed in Belgium by way of an offer of securities to the public, as defined in Article 2.1(d) of the Prospectus Directive and Article 3 § 1 of the law of June 16, 2006 on public offerings of investment instruments and the admission of investment instruments to trading on regulated markets, save in those circumstances commonly called "private placement") set out in Article 3.2 of the Prospectus Directive and Article 3 § 2 of the law of June 16, 2006.

Canada

The Sole Global Coordinator has represented, warranted and undertaken, that (i) it has not offered or sold, and will not offer or sell, the Offering Shares in Canada by means of any advertisement in any printed media of general or regular paid circulation or through any radio, television or telecommunication broadcast, including electronic display, or any other form of advertising, or by means of any document other than the Canadian Offering Memorandum; (ii) it has not offered or sold, and will not offer or sell, the Offering Shares in Canada without first being properly registered as a dealer under applicable provincial securities laws or, alternatively, without the availability of an exemption from the dealer registration requirement in the applicable province of Canada in which such offer or sale is made; (iii) it has not offered or sold, and will not offer or sell, the Offering Shares in Canada by means other than in reliance on an exemption from the requirement that the Company and the Vendors prepare and file a prospectus with the local provincial securities regulator; and (iv) it has not offered

or sold, and will not offer or sell, directly or indirectly, Offering Shares in Canada to any Canadian purchaser other than: (A) in the case of a purchaser resident in the province of British Columbia, Alberta, Saskatchewan, Manitoba or Quebec, a purchaser who qualifies as an "accredited investor" within the meaning of section 1.1 of National Instrument 45-106 Prospectus and Registration Exemptions ("NI 45-106"); and (B) in the case of a purchaser resident in Ontario, (I) a purchaser, or any ultimate purchaser for which such purchaser is acting as agent, that is an "accredited investor", other than an individual, as that term is defined in NI 45-106 or (II) an "accredited investor", including an individual, as defined in NI 45-106 in the event the Global Coordinator is a fully registered dealer within the meaning of section 98 of the Regulation to the U.S. Securities Act (Ontario).

Cayman Islands

The Offering Shares may not be offered to the public in the Cayman Islands.

European Economic Area

The distribution of this document and the offering of the Shares in certain jurisdictions may be restricted by law. Neither we nor the Sole Global Coordinator represent that this document may be lawfully distributed, or that the Shares may be lawfully offered, in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any distribution or offering.

Unless expressly specified otherwise below, neither we nor the Sole Global Coordinator have taken action, nor will any of us take action to render the public offer of the Shares or their possession, or the distribution of offer documents relating to the Shares, admissible in any jurisdiction requiring special measures to be taken for this purpose. Accordingly, the Shares may not be offered or sold, directly or indirectly, and none of this document, any advertisement relating to the Shares or any other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this document comes must inform themselves about, and observe, any such restrictions.

Public Offer of the Shares within the European Economic Area

Anyone who purchases the Shares is obliged and agrees never to publicly offer the Shares to persons in one of the member states of the European Economic Area that has implemented EU Directive 2003/71/EC (the "Prospectus Directive"; the term also covers all implementation measures by member states of the European Economic Area), except in circumstances that comply with one of the following offerings of the respective Shares:

(a) within the period which begins on publication of a base prospectus which was approved in accordance with the Prospectus Directive, and, if necessary, for which cross-border validity pursuant to sections 17 and 18 of the Prospectus Directive has been granted, and which ends twelve months after publication of the base prospectus;

(b) to legal entities which are authorized or regulated to operate in the financial markets, including: to credit institutions, investment firms, other authorized or regulated financial institutions, insurance companies, collective investment schemes and their management companies, pension funds and their management companies, commodity dealers, as well as entities that are not authorized or regulated whose corporate purpose is solely to invest in Shares;

(c) to other legal entities which meet two of the following three criteria: an average number of employees during the most recent financial year of more than 250, total assets exceeding €43 million and an annual net revenue of over €50 million; all as stated in the most recent annual financial statements or consolidated accounts, or

(d) other circumstances prevail whereby the publication of a prospectus is not required pursuant to Article 3 of the Prospectus Directive.

The term "public offer of Shares" in this context means any kind or means of communication to the public containing sufficient information relating to the offering conditions and the Shares offered to put an investor in a position to decide whether to buy or subscribe to these Shares. Anyone buying the Shares should note that the term "public offer of Shares" may vary, depending on the implementation measures in the various member states of the European Economic Area.

In any member states of the European Economic Area which have not yet implemented the Prospectus Directive in national law, the Shares may only be offered or sold directly or indirectly, in accordance with prevailing legislation, to which the dissemination and publication of the prospectus, any advertising or other sales documents, is also subject.

Germany

The Shares have not been notified to, registered with or approved by the German Federal Financial Supervisory Authority (Bundesanstalt für Finanzdienstleistungsaufsicht— BaFin) for public offer or public distribution under German law.

Accordingly, the Shares may not be distributed/offered to or within Germany by way of a public distribution/offer within the meaning of applicable German laws, public advertisement or in any similar manner. This document and any other document relating to the offer of the Shares, as well as any information contained therein, may not be supplied to the public in Germany or used in connection with any offer for subscription of the Shares to the public in Germany or any other means of public marketing.

This document and any other document relating to the offer of the Shares are strictly confidential and may not be distributed to any person or entity other than the recipient hereof to whom this document is personally addressed.

The receipt of this document by any person, as well as information contained therein or supplied herewith or subsequently communicated to any person in connection with any offer for subscription is not to be taken as constituting the giving of investment advice to such person; each such person should make its own independent assessment of the merits or otherwise of acquiring the Shares and should take its own professional advice.

Hong Kong

The Sole Global Coordinator has represented, warranted and agreed, that (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any Offering Shares other than (i) to "professional investors" as defined in the Securities and Futures Ordinance, Chapter 571 of the Laws of Hong Kong (the "SFO") and any rules made thereunder or (ii) to persons whose ordinary business is to buy or sell shares or debentures, whether as principal or agent, or (iii) in circumstances which do not result in the document being a "prospectus" as defined in the Companies Ordinance, Chapter 32 of the Laws of Hong Kong and; (b) it has not issued or had in its possession for the purposes of issue, and will not issue or have in its possession for the purposes of issue, whether in Hong Kong or elsewhere, any advertisement, invitation or document relating to the Offering Shares, which is directed at, or the contents of which are likely to be accessed or read by the public of Hong Kong (except if permitted to do so under the securities laws of Hong Kong) other than with respect to the Offering Shares which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" as defined in the SFO and any rules made thereunder.

Republic of Italy

The offering of the Offering Shares in Italy has not been registered with the *Commissione Nazionale per le Società e la Borsa* ("CONSOB") pursuant to Italian securities legislation and, accordingly, the Sole Global Coordinator has represented and agreed that it has not offered or sold, and will not offer or sell, any Offering Shares in the Republic of Italy in a solicitation to the public, and that sales of the Offering Shares in the Republic of Italy shall be effected in accordance with all Italian securities, tax and exchange control and other applicable laws and regulations.

The Sole Global Coordinator has represented and agreed that it will not offer, sell or deliver any Offering Shares or distribute copies of this document or any other document relating to the Offering Shares in the Republic of Italy except:

(1) to "Professional Investors", as defined in Article 31.2 of CONSOB Regulation No. 11522 of 1 July 1998, as amended ("Regulation No. 11522"), pursuant to Article 30.2 and 100 of Legislative Decree No. 58 of 24 February 1998, as amended ("Decree No. 58") and/or to "Qualified Investors" pursuant to Article 100 of Decree No. 58 and to Article 2(e) of Directive 2003/71/EC of the European Parliament and of the Council of 4 November 2003; or

(2) in any other circumstances where an express exemption from compliance with the solicitation restrictions applies, as provided under Decree No. 58 or CONSOB Regulation No. 11971 of 14 May 1999, as amended.

Any such offer, sale or delivery of the Offering Shares or distribution of copies of this document or any other document relating to the Offering Shares in the Republic of Italy must be:

(a) made by investment firms, banks or financial intermediaries permitted to conduct such activities in the Republic of Italy in accordance with Legislative Decree No. 385 of 1 September 1993 as amended, Decree No. 58, Regulation No. 11522 and any other applicable laws and regulations; and

(b) made in compliance with any other applicable notification requirement or limitation which may be imposed by CONSOB, the Italian securities and exchange commission, or the Bank of Italy.

Japan

The Offering Shares have not been and will not be registered under the Securities and Exchange Law of Japan (the "Securities Exchange Law") Article 4, Paragraph 1 because the requirements under Article 2, Paragraph 3, Item 2-i (QII) of the Securities and Exchange Law are satisfied. The Offering Shares which the Sole Global Coordinator subscribes or purchases will be subscribed or purchased by it as principal and, in connection with the Offering, it will not, directly or indirectly, offer or sell any Offering Shares in Japan or to, or for the benefit of, any resident of Japan (which terms as used herein means any person resident in Japan, including any corporation or other entity organized under the laws of Japan), except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Securities Exchange Law and other relevant laws and regulations of Japan. Resale of the Offering Shares purchased by offeree is permitted only where that transferee is QII.

Malaysia

This document may not be circulated or distributed in Malaysia and any Offering Shares may not be offered or sold within Malaysia other than to corporations (including offshore companies under the Offshore Companies Act 1990 in Labuan) with total net assets exceeding RM10 million or its equivalent in foreign currencies, high net worth

individuals with a total net personal assets exceeding RM3 million or its equivalent in foreign currencies and principals that enter into transactions of a minimum value of RM250,000 for each transaction and in such cases, only if the prior permission of the Securities Commission of Malaysia under section 32 of the Securities Commission Act 1993 is obtained and a copy of this document is lodged with the Securities Commission of Malaysia within seven days of its issue.

Switzerland

This document does not constitute an issue prospectus pursuant to art. 652a or art. 1156 of the Swiss Code of Obligations. We have not applied nor will we apply for listing of the Offering Shares on the SWX Swiss Exchange or any other exchange in Switzerland, and consequently, the information presented in this document does not necessarily comply with the information standards set out in the relevant listing rules.

The Offering Shares will not and may not be distributed and offered, directly or indirectly, to the public in or from Switzerland, but only to a selected and limited circle of investors, which do not subscribe the Offering Shares with a view to distribution. The investors will be individually approached by us or the Sole Global Coordinator from time to time.

This document is personal to each offeree and does not constitute an offer to any person. This document may only be used by those persons to whom it has been handed out in connection with the Offering described therein and may neither directly nor indirectly be distributed or made available to other persons without our express consent or the express consent of the Sole Global Coordinator. It may not be used in connection with any other offer and shall in particular not be copied and/or distributed to the public in Switzerland.

Thailand

The Sole Global Coordinator has represented and agreed that it has not offered or sold, and will not offer or sell, Offering Shares to persons in Thailand other than under circumstances which do not constitute an offer for sale of Shares to the public for the purposes of the Securities and Exchange Act of 1992 of Thailand or require approval from the Office of the Securities and Exchange Commission of Thailand.

United Arab Emirates

This Prospectus is not intended to constitute an offer, sale or delivery of shares or other securities under the laws of the United Arab Emirates ("UAE"). The Offering Shares have not been and will not be registered under Federal Law No. 4 of 2000 Concerning the Emirates Securities and Commodities Authority and the Emirates Security and Commodity Exchange, or with the UAE Central Bank, the Dubai Financial Market, the Abu Dhabi Securities market or with any other UAE exchange.

The Offering, the Offering Shares and interests therein have not been approved or licensed by the UAE Central Bank or any other relevant licensing authorities in the UAE, and do not constitute a public offer of securities in the UAE in accordance with the Commercial Companies Law, Federal Law No. 8 of 1984 (as amended) or otherwise.

This Prospectus is strictly private and confidential and is being distributed to a limited number of investors and must not be provided to any person other than the original recipient, and may not be reproduced or used for any other purpose. The interests in the Offering Shares may not be offered or sold directly or indirectly to the public in the UAE.

This advice is limited to the UAE outside the Dubai International Financial Centre.

United Kingdom

The Sole Global Coordinator has represented, warranted and agreed that:

(i) it has only communicated or caused to be communicated and will only communicate or cause to be communicated ay invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000, as amended (the "FSMA")) received by it in connection with the issue or sale of any Offering Shares in circumstances in which section 21(1) of the FSMA does not apply to us; and

(ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Offering Shares in, from or otherwise involving the United Kingdom.

United States of America

The Offering Shares have not been and will not be registered under the U.S. Securities Act and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in accordance with Regulation S or pursuant to an exemption from the registration requirements under the U.S. Securities Act. The Sole Global Coordinator has agreed that it has offered and sold the Offering Shares, and that it will offer and sell the Offering Shares (i) as part of its distribution at any time or (ii) otherwise until 40 days after the later of the commencement of the Offering and the Closing Date (the "distribution compliance period"), only in accordance with Rule 903 of Regulation S or Rule 144A.

The Sole Global Coordinator, has agreed that, at or prior to the confirmation of the sale of Offering Shares (other than a sale pursuant to Rule 144A), it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Offering Shares from it during the distribution compliance period a confirmation or notice to substantially the following effect:

"The Offering Shares covered hereby have not been registered under the U.S. Securities Act of 1933, as amended (the "U.S. Securities Act"), and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons (i) as part of their distribution at any time and (ii) otherwise until 40 days after the later of the commencement of the Offering and the closing date, in either case only in accordance with Regulation S or Rule 144A under the U.S. Securities Act. Terms used above have the meanings given to them by Regulation S under the U.S. Securities Act."

Terms used in this paragraph have the meanings given to them by Regulation S under the U.S. Securities Act. The Sole Global Coordinator has represented and warranted that such initial purchaser to whom Offering Shares are sold directly or through its respective U.S. broker-dealer affiliates in accordance with Rule 144A under the U.S. Securities Act is a qualified institutional buyer as defined in Rule 144A.

In addition, until 40 days after the later of the commencement of the Offering and the completion of the distribution of the Offering Shares, an offer or sale of Offering Shares within the United States by any dealer (whether or not participating in the Offering) may violate the registration requirements of the U.S. Securities Act if such offer or sale is made otherwise than in accordance with an exemption from, or in a transaction not subject to, such requirements or in accordance with Rule 144A.

The Offering Shares have not been approved or disapproved by the U.S. Securities and Exchange Commission, any state securities commission in the United States or any other U.S. regulatory authority, nor have any of the foregoing authorities passed upon or endorsed the merits of the Offering or the accuracy or adequacy of the Prospectus relating to the Offering. Any representation to the contrary is a criminal offense in the United States.

TRANSFER RESTRICTIONS

Because the following restrictions will apply to the Placement, purchasers are advised to consult their own legal counsel prior to making any offer, resale, pledge or transfer of our Shares.

Rule 144A Shares

Each purchaser of our Shares in the Offering within the United States pursuant to Rule 144A, by accepting delivery of this Prospectus, will be deemed to have represented, agreed and acknowledged that:

(1) It is (a) a qualified institutional buyer within the meaning of Rule 144A, (b) acquiring such Shares for its own account or for the account of a qualified institutional buyer, and (c) aware, and each beneficial owner has been advised, that the sale of such Shares to it is being made in reliance on Rule 144A.

(2) It understands that our Shares in the Offering have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (a) in accordance with Rule 144A to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or for the account of a qualified institutional buyer, (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or (c) pursuant to an exemption from registration under the Securities Act provided by Rule 144 (if available), in each case in accordance with any applicable securities laws of any State of the United States.

(3) It understands that our Shares in the Offering purchased pursuant to Rule 144A (to the extent they are in certificated form), unless we determine otherwise in accordance with applicable law, will bear a legend substantially to the following effect:

"THESE SHARES HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE "SECURITIES ACT") OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER, (2) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT OR (3) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (IF AVAILABLE), IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT FOR RESALES OF THESE SHARES. NOTWITHSTANDING ANYTHING TO THE CONTRARY IN THE FOREGOING, THE SHARES MAY NOT BE DEPOSITED INTO ANY UNRESTRICTED DEPOSITARY RECEIPT FACILITY IN RESPECT OF THE SHARES ESTABLISHED OR MAINTAINED BY A DEPOSITARY BANK."

(4) We, the Sole Global Coordinator and its affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Shares in the Offering for the account of one or more qualified institutional buyers, it represents that it has sole investment discretion with respect to each such account and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.

Prospective purchasers are hereby notified that sellers of our Shares in the Offering may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

Regulation S Shares

Each purchaser of our Shares in the Offering outside the United States pursuant to Regulation S and each subsequent purchaser of those Shares in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Prospectus and those Shares, will be deemed to have represented, agreed and acknowledged that:

(1) It is, or at the time our Shares in the Offering are purchased pursuant to Regulation S will be, the beneficial owner of such shares and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of U.S. or a person acting on behalf of such an affiliate.

(2) It understands that our Shares in the Offering have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period, it will not offer, sell, pledge or otherwise transfer such shares except (a) in accordance with Rule 144A under the Securities Act to a person that it and any person acting on its behalf reasonably believe is a qualified institutional buyer purchasing for its own account or the account of a qualified institutional buyer or (b) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S, in each case in accordance with any applicable securities laws of any State of the United States.

(3) We, the Sole Global Coordinator and its affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.

General

Each purchaser of our Shares in the Offering will be deemed to have represented and agreed that it is relying on this Prospectus and not on any other information or representation concerning us or our Shares, and none of us, the Vendor, the Sole Global Coordinator, the Public Offer Coordinator or any other person responsible for this Prospectus or any part of it, will have any liability for any such other information or representation.

LEGAL MATTERS

Certain legal matters with respect to the Shares offered hereby will be passed upon for us by Ali Budiardjo, Nugroho, Reksodiputro, as to matters of Indonesian law, and by WongPartnership as to matters of Singapore law, and for the Sole Global Coordinator by Clifford Chance Wong Pte Ltd as to New York and United States federal securities law and by Allen & Gledhill LLP as to Singapore law.

Each of Ali Budiardjo, Nugroho, Reksodiputro, WongPartnership, Clifford Chance Wong Pte Ltd and Allen & Gledhill LLP does not make, or purport to make, any statement in this document and is not aware of any statement in this document which purports to be based on a statement made by it and each of them makes no representation, expressed or implied, regarding, and to the maximum extent permitted by law, takes no responsibility for, any statement in or omission from this document.

INDEPENDENT AUDITORS

The consolidated financial statements of our Company and its subsidiaries for the years ended December 31, 2004, 2005, and 2006 and the six months ended June 30, 2007, included elsewhere in this document have been audited by the public accounting firm of Ernst & Young with an unqualified opinion. Ernst & Young has prepared its audit report for the year ended December 31, 2006 and the six months ended June 30, 2007, for the purposes of incorporation in this document.

The unaudited consolidated financial statements of PT Ciliandra Perkasa, a subsidiary of the Company, for the nine-month period ended on September 30, 2007, included elsewhere in this document have been reviewed by the public accounting firm of Purwantono, Sarwoko & Sandjaja in accordance with the review standards established by the Indonesian Institute of Accountants and has been prepared for the purposes of incorporation in this document.

GENERAL AND STATUTORY INFORMATION

Information on Directors and Executive Officers

Except as disclosed below, as at the date of this document, none of our Directors or Executive Officers or controlling Shareholders has:

(a) at any time during the last 10 years, had an application or a petition under any bankruptcy laws of any jurisdiction filed against him or against a partnership of which he was a partner at the time when he was a partner or at any time within two years from the date he ceased to be a partner;

(b) at any time during the last 10 years, had an application or a petition under any law of any jurisdiction filed against an entity (not being a partnership) of which he was a director or an equivalent person or a key executive, at the time when he was a director or an equivalent person or a key executive of that entity or at any time within two years from the date he ceased to be a director or an equivalent person or a key executive of that entity, for the winding up or dissolution of that entity or, where that entity is the trustee of a business trust, that business trust, on the ground of insolvency;

(c) had any unsatisfied judgment against him;

(d) had ever been convicted of any offence, in Singapore or elsewhere, involving fraud or dishonesty, which is punishable with imprisonment, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such purpose;

(e) had ever been convicted of any offence, in Singapore or elsewhere, involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or been the subject of any criminal proceedings (including any pending criminal proceedings of which he is aware) for such breach;

(f) at any time during the last 10 years, had judgment entered against him in any civil proceedings in Singapore or elsewhere involving a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere, or a finding of fraud, misrepresentation or dishonesty on his part, or been the subject of any civil proceedings (including any pending civil proceedings of which he is aware) involving an allegation of fraud, misrepresentation or dishonesty on his part;

(g) had ever been convicted in Singapore or elsewhere of any offence in connection with the formation or management of any entity or business trust;

(h) had ever been disqualified from acting as a director or an equivalent person of any entity (including the trustee of a business trust), or from taking part directly or indirectly in the management of any entity or business trust;

(i) had ever been the subject of any order, judgment or ruling of any court, tribunal or governmental body, permanently or temporarily enjoining him from engaging in any type of business practice or activity;

(j) had ever, to his knowledge, been concerned with the management or conduct, in Singapore or elsewhere, of the affairs of:

(i) any corporation which has been investigated for a breach of any law or regulatory requirement governing corporations in Singapore or elsewhere;

(ii) any entity (not being a corporation) which has been investigated for a breach of any law or regulatory requirement governing such entities in Singapore or elsewhere;

(iii) any business trust which has been investigated for a breach of any law or regulatory requirement governing business trusts in Singapore or elsewhere; or

(iv) any entity or business trust which has been investigated for a breach of any law or regulatory requirement that relates to the securities or futures industry in Singapore or elsewhere,

in connection with any matter occurring or arising during the period when he was so concerned with the entity or business trust; or

(k) had been the subject of any current or past investigation or disciplinary proceedings, or been reprimanded or issued any warning, by the Authority or any other regulatory authority, exchange, professional body or governmental agency, whether in Singapore or elsewhere.

Our independent Director, Mr Teng Cheong Kwee, is currently a non-executive director of Pheim Asset Management (Asia) Private Limited ("Pheim"), a company licensed to conduct fund management business in Singapore. Mr Teng was an executive director of Pheim from February 2002 up to 31 December 2004. In 2006, Pheim assisted the Monetary Authority of Singapore (the "Authority") in investigations in relation to certain securities trades transacted in December 2004 and late 2005. Mr Teng was not involved in any of the transactions nor was he the subject of the investigations. As far as Mr Teng is aware, no action has been taken against Pheim to date.

Except as disclosed under "Management—Share Option Schemes", and save for the Over-allotment Option as at the Latest Practicable Date, no option to subscribe for any Shares in or debentures of our Company or our subsidiaries has been granted to, or was exercised by, any Director or Executive Officer within the two financial years preceding the date of this offering document.

Except as disclosed under "Management—Share Option Schemes", and save for the Over-allotment Option as at the Latest Practicable Date no person has been, or has the right to be, given an option to subscribe for or purchase any securities of our Company or any of our subsidiaries.

Except as disclosed under "Interested Person Transactions", no Director or expert is interested, directly or indirectly, in the promotion of, or in any assets acquired or disposed of by, or leased to, us within the two years preceding the date of this offering document, or in any proposal for such acquisition or disposal or lease as aforesaid.

Except as disclosed under "Management" and "Major Shareholders", none of our Directors or Executive Officers has any arrangement or understanding with any of our Substantial Shareholders, customers or suppliers or other person pursuant to which such Director or Executive Officer was appointed as a Director or as an Executive Officer.

Except as disclosed under "Interested Person Transactions—Conflicts of Interest", none of our Directors, controlling Shareholders or any of their associates has any interest, direct or indirect, in any company carrying on the same business or dealing in similar products as us.

No sum or benefit has been paid or has been agreed to be paid to any Director or to any firm in which a Director is a partner in cash or in shares or otherwise, by any person to induce him to become a Director in connection with the promotion or formation of our Company.

The interests of our Directors and Substantial Shareholders in our Shares as at the Latest Practicable Date and as recorded in the Register of Directors' Shareholdings and the Register of Substantial Shareholders maintained under the provisions of the Act are set out under "Major Shareholders".

Except as disclosed under "Management", none of our Directors and Executive Officers is related to each other or to our Substantial Shareholders.

Subsidiaries and Associated Companies

The details of our Group's subsidiaries and associated companies as at the date of this document are as follows:

Name	Date and place of incorporation/Principal place of business	Principal activities	Registered/Issued and paid-up capital	Effective Ownership Interest
PT Ciliandra Perkasa	July 31, 1992, Indonesia/Indonesia	Owns and operates palm oil plantations and working mills	Rp450,000,000,000	95.51%
PT Pancasurya Agrindo	June 20, 1994, Indonesia/Indonesia	Owns and operates palm oil plantation and working mills	Rp400,000,000,000	62.00%(1)
PT Muriniwood Indah Industry	August 22, 1988, Indonesia/Indonesia	Owns and operates palm oil plantation	Rp75,000,000,000	99.99%(2)
PT Pancasurya Binasejahtera	December 17, 1994, Indonesia/Indonesia	Owns and operates palm oil plantation	Rp165,000,000,000	99.99%(2)
PT Arindo Trisejahtera	January 31, 1990, Indonesia/Indonesia	Owns and operates palm oil plantation and working mills	Rp90,000,000,000	99.99%(3)
PT Subur Arummakmur	February 20, 1990, Indonesia/Indonesia	Owns and operates palm oil plantation and working mills	Rp75,000,000,000	99.99%(3)
Ciliandra Perkasa Finance Company Pte. Ltd.	June 30, 2006, Singapore	To facilitate debt financing transactions	S$1.00	100.0%(1)
PT Meridan Sejatisurya Plantation	November 4,1992, Indonesia/Indonesia	Owns and operates palm oil plantation and working mills	Rp80,000,000,000	32.0%(4)
PT Surya Intisari Raya	July 29, 1987, Indonesia/Indonesia	Owns and operates palm oil plantation	Rp200,000,000,000	99.99%(5)
PT Perdana Intisawit Perkasa	November 21, 1988, Indonesia/Indonesia	Owns and operates palm oil plantation and working mills	Rp85,000,000,000	99.99%(5)
PT Priatama Riau	August 17, 1989, Indonesia/Indonesia	Owns and operates palm oil plantation	Rp12,500,000,000	99.75%(6)
PT Bumi Sawit Perkasa	February 12, 1999, Indonesia/Indonesia	Owns and operates palm oil plantation	Rp15,000,000,000	99.90%(5)
PT Dharma Bhakti Utama	June 24, 1997, Indonesia/Indonesia	Owns and operates palm oil plantation and working mills	Rp1,000,000,000	99.90%(7)
PT. Andalan Mitrasawit Sejati	August 31, 1998, Indonesia/Indonesia	Owns and operates palm oil plantation	Rp1,000,000,000	99.9%(8)
PT. Surya Dumai Agrindo	June 4, 1994, Indonesia/Indonesia	Owns and operates palm oil plantation	Rp6,250,000,000	99.992%(9)

Notes:

(1) On July 10, 2007, we entered into separate sale and purchase agreements with the shareholders of Pinebrook International Inc., Pacific Eagle Management Ltd., and Global Paragon Investment Ltd to purchase their 27.0%, 26.0% and 10.0% shareholding in MSSP, respectively. The Company will acquire the 63.0% interest in MSSP upon completion of the Offering. For more information, see "Business—Our Restructuring—Acquisition of MSSP".

(2) PT Muriniwood Indah Industry and Pancasurya Binasejahtera are both 99.99% held by PT Pancasurya Agrindo, which is 38.0% held by the Company and 62.0% held by Ciliandra.
(3) PT Arindo Trisejahtera and PT Subur Arummakmur are both 99.99% held by PT Pancasurya Binasejahtera, which is 99.99% held by PT Pancasurya Agrindo, which is 38.0% held by the Company and 62.0% held by Ciliandra.
(4) On October 9, 2007, we entered into a sale and purchase agreement with Infinite Capital Fund Limited, the shareholder of Ivory Asset Management-7 Pte. Ltd., which in turn holds 95.0% of the issued and paid-up capital of PT Aditya Seraya Korita, which in turn holds 38.0% of the issued and paid-up share capital of PSA. The Company will acquire the 38.0% shareholding in PSA upon completion of the Offering. For more information, see "Business—Our Restructuring—Acquisition of PSA".
(5) PT Surya Intisari Raya, PT Perdana Intisawit Perkasa and PT Bumi Sawit are 99.99% held by the Company.
(6) PT Priatama Riau is 99.75% held by the Company; the remaining 0.25% is held by Ciliandra Fangiono.
(7) The remaining 0.1% is held by Cik Sigih Fangiono.
(8) The remaining 0.1% is held by Ciliandra Fangiono.
(9) The remaining 0.008% is held by Ciliandrew Fangiono.

Share Capital

As at the date of this offering document, there is only one class of shares in the capital of our Company. The rights and privileges attached to our Shares are stated in the Articles of Association of our Company. There are no founder, management or deferred shares. The Substantial Shareholders of our Company are not entitled to any different voting rights from the other shareholders.

Except as disclosed in "Description of Share Capital" and below, there were no changes in the issued and paid-up share capital of our Company or our subsidiaries within the three years preceding the Latest Practicable Date:

PT Surya Intisari Raya

Date of Issue	Number of shares issued	Issue price per share	Purpose of issue	Resultant issued share capital
October 12, 2005	50,000,000	Rp1,000	Increase of issued and paid-up capital	Rp50,000,000,000

Our Subsidiaries

Except as disclosed in the paragraph above, "Description of Share Capital" and "Description of Material Indebtedness", no shares in, or debentures of, our Company or any of our subsidiaries had been issued, or were proposed to be issued, as fully or partly paid for in cash or for a consideration other than cash, within the three years preceding the Latest Practicable Date.

Bank Borrowings and Working Capital

Except as disclosed under "Capitalization", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Liquidity and Capital Resources", "Management's Discussion and Analysis of Financial Condition and Results of Operations—Indebtedness", "Description of Material Indebtedness" and "Appendix F—Independent Auditors' Report and Financial Statements For The Years Ended December 31 2004, 2005 and 2006," we have, as at the Latest Practicable Date, no other borrowings or indebtedness in the nature of

borrowings including bank overdrafts and liabilities under acceptances (other than normal trading credits) or acceptances credits, mortgages, charges, hire purchase commitments, guarantees or other material contingent liabilities. Our directors are of the opinion that, as at the date of lodgment of this document, after taking into consideration our present cash position and available banking facilities, we have adequate working capital to meet our present requirements.

Material Contracts

The following contracts, not being contracts entered into in the ordinary course of business, have been entered into by our Company and our subsidiaries within the two years preceding the date of lodgment of this document and are or may be material:

(a) a purchase agreement dated December 1, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd., Citigroup Global Markets Singapore Pte. Ltd., PT Ciliandra Perkasa, the subsidiary guarantors: PT Priatama Riau, PT Bumi Sawit Perkasa, PT Surya Intisari Raya, PT Pancasurya Agrindo, PT Perdana Intisawit Perkasa, PT Pancasurya Binasejahtera, PT Muriniwood Indah Industry, PT Arindo Trisejahtera and PT Subur Arummakmur and Deutsche Bank Trust Company Americas pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. issued US$160,000,000 in principal amount of 10.75% Guaranteed Secured Notes due 2011 (the "Notes") to the Managers according to the terms of an indenture dated December 8, 2006 (the "Indenture");

(b) the Indenture dated December 8, 2006 entered into between the Ciliandra Perkasa Finance Company Pte. Ltd., the guarantors: PT Ciliandra Perkasa, PT Priatama Riau, PT Bumi Sawit Perkasa, PT Pancasurya Agrindo, PT Muriniwood Indah Industry, PT Perdana Intisawit Perkasa, PT Subur Arummakmur, PT Surya Intisari Raya, PT Pancasurya Binasejahtera, Deutsche Bank Trust Company Americas as the trustee, DB Trustees (Hong Kong) Limited as the collateral agent and DB Trustees (Hong Kong) Limited as the escrow agent for the issuance of the Notes;

(c) a Biodiesel cash management agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd., PT Ciliandra Perkasa, PT Priatama Riau, PT Bumi Sawit Perkasa, PT Surya Intisari Raya, PT Pancasurya Agrindo, PT Perdana Intisawit Perkasa, PT Pancasurya Binasejahtera, PT Muriniwood Indah Industry, PT Arindo Trisejahtera and PT Subur Arummakmur, DB Trustees (Hong Kong) Limited and Deutsche Bank Trust Company Americas in connection with the issuance of the Notes to regulate the rights and obligations of the parties in respect of each transaction account and with each other;

(d) an escrow agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd., Deutsche Bank Trust Company Americas for the registered holders of the Notes, DB Trustees (Hong Kong) Limited and DB Trustees (Hong Kong) Limited pursuant to which the Company agreed to deposit US$8,600,000 in escrow to be held by DB Trustees (Hong Kong) Limited and that net proceeds of US$154,347,285 from the sale of the Notes will be paid by initial purchasers of the Notes directly to Deutsche Bank Trust Company Americas for deposit in the account established by DB Trustees (Hong Kong) Limited with Deutsche Bank Trust Company Americas;

(e) an accounts charge by way of first fixed charge dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd., DB Trustees (Hong Kong) Limited and Deutsche Bank Trust Company Americas pursuant to which Ciliandra Perkasa Finance Company Pte Ltd agreed to assign absolutely to DB Trustees (Hong Kong) Limited, as chargee, all its present and future rights, title and interest in and to the assets as set out and described in the accounts charge as continuing security for the due and punctual payment, discharge and performance of Ciliandra Perkasa Finance Company Pte Ltd's secured obligations under the Bonds;

(f) an accounts charge by way of first fixed charge dated December 8, 2006 entered into between PT Ciliandra Perkasa, DB Trustees (Hong Kong) Limited and Deutsche Bank Trust Company Americas pursuant to which PT Ciliandra Perkasa agreed to assign absolutely to DB Trustees (Hong Kong) Limited, as chargee, all its present and future rights, title and interest in and to the assets as set out and described in the accounts charge as continuing security for the due and punctual payment, discharge and performance of Ciliandra Perkasa Finance Company Pte Ltd's secured obligations under the Bonds;

(g) a debenture agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd., DB Trustees (Hong Kong) Limited and Deutsche Bank Trust Company Americas pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. granted a first fixed charge to DB Trustees (Hong Kong) Limited over the assets as set out and described in the charge as continuing security for the due and punctual payment, discharge and performance of Ciliandra Perkasa Finance Company Pte. Ltd.'s secured obligations under the Bonds;

(h) a loans charge dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd., DB Trustees (Hong Kong) Limited and Deutsche Bank Trust Company Americas pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. granted by way of first fixed charge to DB Trustees (Hong Kong) Limited all its present and future rights, title and interest in and to the loans and the loans proceeds as set out and described in the loans charge;

(i) a share charge dated December 8, 2006 entered into between PT Ciliandra Perkasa, DB Trustees (Hong Kong) Limited and Deutsche Bank Trust Company Americas pursuant to which PT Ciliandra Perkasa has agreed to grant in favour of DB Trustees (Hong Kong) Limited a continuing first fixed charge in and all to PT Ciliandra Perkasa's present and future rights, title and interest in and to the shares and related assets as set out and described in the share charge to secure the payment of Ciliandra Perkasa Finance Company Pte. Ltd.'s secured obligations under the Notes;

(j) an intercompany loan agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd. and PT Subur Arummakmur in connection with the Notes issued pursuant to the Indenture, pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. agreed to make an advance of US$9,287,727 with an interest rate of not less than 10.75% per annum (US$8,959,596 net of deduction) on and as of December 8, 2006;

(k) an intercompany loan agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd. and PT Pancasurya Agrindo in connection with the Notes issued pursuant to the Indenture, pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. agreed to make an advance of US$7,631,021 with an interest rate of not less than 10.75% per annum (US$7,361,421) on and as of December 8, 2006.

(l) an intercompany loan agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd. and PT Arindo Trisejahtera in connection with the Notes issued pursuant to the Indenture, pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. agreed to make an advance of US$12,366,883 with an interest rate of not less than 10.75% per annum (US$11,929,968 net of deduction) on and as of December 8, 2006.

(m) an intercompany loan agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd. and PT Priatama Riau in connection with the Notes issued pursuant to the Indenture, pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. agreed to make an advance of US$10,366,233 with an interest rate of not less than 10.75% per annum (US$10,000,000 net of deduction) on and as of December 8, 2006.

(n) an intercompany loan agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd. and PT Muriniwood Indah Industry in connection with the Notes issued

pursuant to the Indenture, pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. agreed to make an advance of US$10,252,319 with an interest rate of not less than 10.75% per annum (US$9,890,110 net of deduction) on and as of December 8, 2006.

(o) an intercompany loan agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd. PT Bumi Sawit Perkasa in connection with the Notes issued pursuant to the Indenture, pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. agreed to make an advance of US$8,734,650 with an interest rate of not less than 10.75% per annum (US$8,426,060 net of deduction) on and as of December 8, 2006.

(p) an intercompany loan agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd. PT Ciliandra Perkasa in connection with the Notes issued pursuant to the Indenture, pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. agreed to make an advance of US$70,968,829 with an interest rate of not less than 10.75% per annum (US$68,461,538 net of deduction) on and as of December 8, 2006.

(q) an intercompany loan agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd. and PT Surya Intisari Raya in connection with the Notes issued pursuant to the Indenture, pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. agreed to make an advance of US$10,366,233 with an interest rate of not less than 10.75% per annum (US$10,000,000 net of deduction) on and as of December 8, 2006.

(r) an intercompany loan agreement dated December 8, 2006 entered into between Ciliandra Perkasa Finance Company Pte. Ltd. and PT Perdana Intisawit Perkasa in connection with the Notes issued pursuant to the Indenture, pursuant to which Ciliandra Perkasa Finance Company Pte. Ltd. agreed to make an advance of US$20,026,104 with an interest rate of not less than 10.75% per annum (US$19,318,593 net of deduction) on and as of December 8, 2006.

(s) a deed of pledge of shares dated December 8, 2006 entered into by First Resources Limited to pledge 429,800,000 shares constituting 95.511% of the issued share capital of PT Ciliandra Perkasa as security in relation to the Notes;

(t) a deed of pledge of shares dated December 8, 2006 entered into by PT Pancasurya Binasejahtera to pledge 89,999,900 shares constituting 99.99% of the issued share capital of PT Arindo Trisejahtera as security in relation to the Notes;

(u) a deed of pledge of shares dated December 8, 2006 entered into by PT Ciliandra Perkasa to pledge 199,995,000 shares constituting 99.99% of the issued share capital of PT Surya Intisari Raya as security in relation to the Notes;

(v) a deed of pledge of shares dated December 8, 2006 entered into by PT Pancasurya Agrindo to pledge 164,999,990 shares constituting 99.99% of the issued share capital of PT Pancasurya Binasejahtera as security in relation to the Notes;

(w) a deed of pledge of shares dated December 8, 2006 entered into by PT Ciliandra Perkasa to pledge 12,375,000 shares constituting 99.0% of the issued share capital of PT Priatama Riau as security in relation to the Notes;

(x) a deed of pledge of shares dated December 8, 2006 entered into by PT Ciliandra Perkasa to pledge 14,950,000 shares constituting 99.66% of the issued share capital of PT Bumi Sawit Perkasa as security in relation to the Notes;

(y) a deed of pledge of shares dated December 8, 2006 entered into by PT Ciliandra Perkasa to pledge 248,000,000 shares constituting 62.0% of the issued share capital of PT Pancasurya Agrindo as security in relation to the Notes;

(z) a deed of pledge of shares dated March 7, 2007 entered into by PT Pancasurya Binasejahtera to pledge 74,999,990 shares constituting 99.99% of the issued share capital of PT Subur Arummakmur as security in relation to the Notes;

(aa) a deed of pledge of shares dated March 7, 2007 entered into by PT Ciliandra Perkasa to pledge 84,995,000 shares constituting 99.99% of the issued share capital of PT Perdana Intisawit Perkasa as security in relation to the Notes;

(bb) a deed of pledge of shares dated March 7, 2007 entered into by PT Pancasurya Agrindo to pledge 74,999,990 shares constituting 99.99% of the issued share capital of PT Muriniwood Indah Industry as security in relation to the Notes;

(cc) a conditional sale and purchase agreement dated October 9, 2007 entered into between the Company and Infinite Capital, pursuant to which the Company will obtain 38.0% of the issued and paid-up share capital of PT Panca Surya Agrindo for a consideration of US$115 million upon the listing of the Company;

(dd) a conditional sale and purchase agreement dated July 10, 2007 entered into between the Company, Yenny Juwita and Widyasari Triyono, relating to 2 ordinary shares consisting of 100% of the ordinary shares in the share capital of Pinebrook, pursuant to which the Company will obtain 27.0% of the shareholding in PT Meridan Sejati Surya Plantation for a consideration of US$17.55 million upon the listing of the Company;

(ee) a conditional sale and purchase agreement dated July 10, 2007 entered into between the Company, Tekun Konadi, Meryani, Wijaya Merko and Suratno Konadi, relating to 5 ordinary shares consisting of 100% of the ordinary shares in the share capital of Pacific Eagle, pursuant to which the Company will obtain 26.0% of the shareholding in PT Meridan Sejati Surya Plantation for a consideration of US$16.9 million upon the listing of the Company;

(ff) a conditional sale and purchase agreement dated July 10, 2007 entered into between the Company, Siuryeni and Aspriyanty, relating to 2 ordinary shares consisting of 100% of the ordinary shares in the share capital of Global Paragon, pursuant to which the Company will obtain 10.0% of the shareholding in PT Meridan Sejati Surya Plantation for a consideration of US$6.5 million upon the listing of the Company;

Litigation

There are no legal or arbitration proceedings, including those which are pending or known to be contemplated, which may have, or which have had during the last 12 months before the date of lodgment of this document, a material effect on our financial position or profitability.

Government Regulations

We have all the necessary business licenses and permits which are material to our business operations in Indonesia and we are in compliance with all applicable Indonesian laws and regulations which are material to our business operations. A summary of the relevant Indonesian laws and regulations relevant to us is set out in the section “Regulatory Environment”.

Miscellaneous

The amount payable on application is $1.10 for each Share. There has been no previous issue of Shares by our Company or offer for sale of our Shares to the public within the two years preceding the date of this document.

No amount of cash or securities or benefit has been paid or given to any promoter within the two years preceding the date of this document or is proposed or intended to be paid or given to any promoter at any time.

Details, including the name, address and professional qualifications (including membership in a professional body) of our auditors since our Company's incorporation on December 9, 2004 are as follows:

Name, member and address	Professional body	Partner-in-charge/Professional qualification	Duration
Ernst & Young One Raffles Quay North Tower Level 18 Singapore 048583	Institute of Certified Public Accounts of Singapore	Vincent Toong / Certified Public Accountant	June 28, 2007 to Present
RSM Chio Lim 18 Cross Street # 08-01 Marsh & McLennan Centre Singapore 048423	Institute of Certified Public Accounts of Singapore	Teo Cheow Tong / Certified Public Accountant	January 6, 2005 to June 28, 2007

Our Directors intend to continue with the appointment of Ernst & Young as our auditors after our listing on the Official List of the SGX-ST.

No expert is employed on a contingent basis by our Company or any of our subsidiaries, or has a material interest, whether direct or indirect, in the shares of our Company or our subsidiaries, or has a material economic interest, whether direct or indirect, in our Company including an interest in the success of the Offering.

There are, as at the date of this Prospectus, no patents or licenses, industrial, commercial or financial contract or new manufacturing process on which we are materially dependent on.

Except as disclosed under "Plan of Distribution—Other Relationships", our Company does not have any material relationship with the Sole Global Coordinator or any other financial adviser in relation to the offering.

Except as disclosed under "Regulatory Environment", there are, as at the date of this Prospectus no regulatory requirements that may materially affect our utilization of any land bank, tangible property, plant and equipment.

Save as disclosed under "Note 37—Subsequent events" of the Independent Auditors' Report and the Financial Statements for the financial years ended December 31, 2004, 2005 and 2006 and the review report for the interim financial statements for the period ended June 30, 2006 and 2007, the Directors are not aware of any event which has occurred since December 31, 2006 and up to the Latest Practicable Date, which may have a material effect on the financial position and results of our Group.

Except as disclosed under "The Palm Oil Industry", "Risk factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", our financial condition and operations are not likely to be affected by any of the following:

- known trends or demands, commitments, events or uncertainties that will result in or are reasonably likely to result in our liquidity increasing or decreasing in any material way;

- material commitments for capital expenditure;
- unusual or infrequent events or transactions or any significant economic changes that materially affected the amount of reported income from operations; and
- known trends or uncertainties that have had or that we reasonably expect will have a material favorable or unfavorable impact on our revenues or operating income.

Except as disclosed under "The Palm Oil Industry", "Risk factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations", our Directors are not aware of any known trends, uncertainties, demands, commitments or events that are reasonably likely to have a material effect on net sales or revenues, profitability, liquidity or capital resources, or that would cause financial information disclosed in this document to be not necessarily indicative of our future operating results or financial condition for the financial year ending 31 December 2007.

Consents

The Sole Global Coordinator has given and has not withdrawn its written consent to being named in this document as the Sole Global Coordinator, Bookrunner, Issue Manager and Underwriter in relation to the Offering.

ISTA Mielke GmbH has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of its name and all references thereto, the section "The Palm Oil Industry" in the form and context in which it appears in this document and to act in such capacity in relation to this document.

Ernst & Young has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the Independent Auditors' Report and the Financial Statements for the years ended December 31, 2004, 2005 and 2006 and the six months ended June 30, 2007 and the pro forma report and the pro forma consolidated financial statements for the years ended December 31, 2004, 2005 and 2006 and the six months ended June 30, 2006 and 2007, and references to its name, in the form and context in which it appears in this document and to act in such capacity in relation to this document.

Purwantono, Sarwoko & Sandjaja has given and has not withdrawn its written consent to the issue of this document with the inclusion herein of the Unaudited Consolidated Financial Statements with the Independent Accountants' Review Report as of September 30, 2007, and references to its name, in the form and context in which it appears in this document and to act in such capacity in relation to this document.

The Sole Global Coordinator, the Public Offer Coordinator, the Share Registrar and the Receiving Bank do not make or purport to make any statement in this document and are not aware of any statement in this document which purports to be based on a statement made by it and each of them makes no representation regarding any statement in this document and, to the extent permitted by law, takes no responsibility for any statement in or omission from this document.

Documents available for Inspection

Copies of the following documents may be inspected at the registered office of the Issuer at 8 Temasek Boulevard, #36-02 Suntec Tower 3, Singapore 038988 during normal business hours for a period of six months from the date of this document:

(a) the Memorandum and Articles of Association of the Issuer;

(b) the rules of the Share Option Scheme and Performance Share Plan;

(c) the material contracts referred to above;

(d) the letters of consent referred to above;

(e) Oil World Market Report;

(f) Independent Auditors' Report and the Financial Statements for the Years ended December 31, 2004, 2005 and 2006;

(g) the audited accounts of the Group's subsidiaries for the years ended December 2004, 2005 and 2006;

(h) the Directors' and Executive Officers' service contracts referred to in the section "Management—Board Practices"; and

(i) the consolidated interim financial statements for the six months ended June 30, 2007.

Responsibility Statement by our Directors and the Vendor

This document has been seen and approved by our Directors and the Vendor and they collectively and individually accept full responsibility for the accuracy of the information given in this document and confirm, having made all reasonable enquiries, that to the best of their knowledge and belief, the facts stated and the opinions expressed in this document are fair and accurate in all material respects as at the date of this document and that there are no other facts the omission of which would make any statements herein misleading, and that this document constitutes full and true disclosure of all material facts about the Offering and us.

SUMMARY OF CERTAIN PRINCIPAL DIFFERENCES BETWEEN SINGAPORE FRS AND U.S. GAAP

Our consolidated financial statements included in this Prospectus have been prepared and presented in accordance with Singapore Financial Reporting Standards ("SFRS"), which differ in certain significant respects from accounting principles generally accepted in the United States of America ("US GAAP"). As required by U.S. GAAP, such differences involve methods for measuring the amounts shown in the financial statements, as well as additional disclosures that have not been described.

Certain significant differences between SFRS and U.S. GAAP relevant to our consolidated financial statements are summarised below. This summary should not be construed as being exhaustive. In making an investment decision, investors must rely upon their own examination of our Company, the terms of the Offering and our financial information. Potential investors should consult their own professional advisors for an understanding of the differences between SFRS and U.S. GAAP and how these differences might affect the financial information herein. In addition, no attempt has been made to identify all classification, disclosure and presentation differences between SFRS and U.S. GAAP that would affect the manner in which transactions and events are presented in the consolidated financial statements or notes thereto. No attempt has been made to identify future differences between SFRS and U.S. GAAP as the result of prescribed changes in standards and regulations. In addition, regulatory bodies that promulgate SFRS and U.S. GAAP have significant projects ongoing that could affect future comparisons of SFRS and U.S. GAAP. Finally, no attempt has been made to identify all future differences between SFRS and U.S. GAAP that may affect our consolidated financial statements as a result of transactions or events that may occur in the future.

Business Combination

Under SFRS, the acquisition date is the date on which the acquirer effectively obtains control of the acquiree.

Under SFRS, negative goodwill is recognized immediately in income, after reassessing the purchase price allocation

The effective date for an acquisition under U.S. GAAP is ordinarily the date assets are received and other assets are given, liabilities are assumed or incurred, or equity interests are issued. Under SFAS 141, for convenience, and only if certain conditions are met, the parties to an acquisition may designate the end of an accounting period between the date of initiation and consummation of the transaction as the effective acquisition date. This date may be used as the date of acquisition for accounting purposes if a written agreement provides that effective control of the acquired entity is transferred to the acquiring entity on that date without restrictions, except those required to protect the shareholders or other owners of the acquired entity. This alternative is not available under SFRS.

Under U.S. GAAP, negative goodwill is allocated on a pro rata basis to reduce the carrying amount of certain acquired assets with any excess recognized as an extraordinary gain.

Business Combination Under Common Control

SFRS excludes from its scope business combinations involving entities or businesses under common control. For such business combinations, in general, either the purchase method or the pooling-of-interest method can be applied, as long as the accounting policy is applied consistently for all such business combinations. In the absence of specific guidance in SFRS, professional judgment should be used to develop and apply a relevant and reliable accounting policy.

In applying the pooling of interests method, the financial statement items of the combining enterprises for the period in which the combination occurs and for any comparative periods disclosed are included in the financial statements of the combined enterprises as if they had been combined from the beginning of the earliest period presented.

Under U.S. GAAP, restructuring transactions among entities under common control are accounted for using a method similar to the pooling-of-interests method, except that the resulting excess of outstanding shares of the combined entities at par or stated amounts over the total share capital of the separate combining entities is deducted first from the combined retained earnings. The assets of the entities are combined at their historical cost. Under US GAAP, common control exists when one person owns over 50% of two or more entities, and also when immediate family members vote their shares in concert so as to effect control. Different companies owned by individuals that are non-members of an immediate family are not under common control unless there is contemporaneous written evidence of an agreement to vote a majority of an entity's shares in concert.

Under U.S. GAAP, in applying the pooling of interests method of accounting, the corporation should report results of operations for the period in which the combination occurs as though the companies had been combined as of the beginning of the period. Similarly, balance sheets and other financial information of the separate companies as of the beginning of the period should be presented as though the companies had been combined at that date. Financial statements and financial information of the separate companies presented for prior years should also be restated on a combined basis to furnish comparative information.

Impairment of Long-Lived Assets

Under SFRS, assessment is required at each reporting date when there is an indication that an asset may be impaired. The measurement of impairment loss is based on the recoverable amount of the asset. The recoverable amount is the higher of an asset's fair value less cost to sell and its value in use based on discounted cash flows.

Under US GAAP, if indicators of impairment are present, a company should determine whether the sum of the estimated undiscounted future cash flows attributable to the long-lived asset in question is less than the carrying amount. If less, then the company should recognise an impairment loss based on the excess of the carrying amount of the asset over its respective fair value. SFAS No. 144: "Accounting for the Impairment or Disposal of Long-Lived Assets" requires that for purposes of recognition and measurement of an impairment loss, a long-lived asset should be grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. US GAAP does not allow the reversal of impairment loss.

Comprehensive Income

Under SFRS, disclosure is required in a statement of changes in equity of:

- net profit or loss for the period;
- each item of income and expense, gain or loss which, as required by other standards, is recognized directly in equity, and the total of these items; and
- the cumulative effect of changes in accounting policy and the correction of fundamental errors under the benchmark treatments in SFRS 8.

In addition, an entity should present either in this statement or in the notes:

- capital transactions with owners and distributions to owners;
- the balance of accumulated profit or loss at the beginning of the period and at the balance sheet date, and the movements for the period; and
- a reconciliation between the carrying amount of each class of equity capital, share premium and each reserve at the beginning and the end of the period, separately disclosing each movement.

There is no specific guidance for recognizing and presenting other comprehensive income under SFRS.

U.S. GAAP establishes standards for reporting and display of comprehensive income and its components in financial statements that are displayed with the same prominence as other financial statements. Comprehensive income is composed of two subsets: "net income" and "other comprehensive income". Comprehensive income includes charges or credits to equity that are not the result of transactions with owners and consists of the following:

- net income;
- unrealised holding gains and losses on available-for-sale securities;
- foreign currency translation adjustments;
- the minimum pension liability in excess of unrecognised prior service costs;
- gains and losses on foreign currency transactions designated as, and effective as, economic hedges of a net investment in a foreign entity;
- gains and losses from derivatives that qualify as cash flow hedges; and
- change in the fair value of a futures contract that qualifies as a hedge of an asset.

Under U.S. GAAP, one of three possible formats may be used for presenting comprehensive income:

- a single primary statement of income and comprehensive income containing both net income and other comprehensive income;
- a two statement approach; or
- a separate category highlighted within the primary statement of changes in equity.

The total of gains and losses recognised in the period comprises net income and the following gains and losses recognised directly in equity:

- available for sale investments and certain financial instruments;
- foreign exchange translation differences; and
- the cumulative effect of changes in accounting policy and changes in fair value on certain financial instruments if designated as cash flow hedges, net of tax and cash flow hedges reclassified to income and/or relevant hedged asset/liability.

Deferred Income Tax

Under SFRS, deferred tax is calculated using the tax rates that have been enacted or "substantively enacted" by the balance sheet date. Deferred tax assets and liabilities are presented on the balance sheet as non-current amounts.

Under SFRS deferred tax assets are recognised for future deductions and utilisations of tax carry forwards to the extent that it is more likely than not that suitable taxable profit is expected to be available

Under SFRS, with regards to uncertain tax positions, there is no specific guidance. SFRS 12 indicates tax assets/liabilities should be measured at the amount expected to be paid. In practice, the recognition principles in SFRS 37 on provisions and contingencies are frequently applied. Practice varies regarding consideration of detection risk in the analysis.

Under U.S. GAAP, in computing deferred tax assets, the applicable tax rate and tax laws must have been enacted. Under US GAAP, deferred tax assets and liabilities are separated into their current and non-current portions based on the classification of related assets or liabilities for financial reporting purposes. Tax assets not associated with an underlying asset or liability are classified based on the expected reversal period.

U.S. GAAP has no exemption from the requirement to provide for deferred tax on initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit.

U.S. GAAP requires deferred tax assets to be recognised in full, but reduced by a valuation allowance to an amount that is more likely than not to be realised. Evidence about future taxable profits and the reversal of existing taxable temporary differences will be taken into account when judging whether a valuation provision is necessary.

Under U.S. GAAP, for uncertain tax positions, FIN 48 requires a two-step process, separating recognition from measurement. A benefit is recognized when it is "more likely than not" to be sustained based on the technical merits of the position. The amount of benefit to be recognized is based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. Detection risk is precluded from being considered in the analysis.

Basis of consolidation

Under SFRS, power to control is considered when determining whether a parent/subsidiary relationship exists. Control is the parent's ability to govern the financial and operating policies of a subsidiary to obtain benefits. Companies acquired or disposed of are included in or excluded from consolidation from the date control passes. Presently exercisable potential voting rights are also considered in determining whether to consolidate an entity.

Under INT FRS 12, Consolidation—Special Purpose Entities ("SPE") (relates to entities created to accomplish a narrow and well-defined objective) are consolidated when the substance of the relationship indicates that an entity controls the SPE.

Under SFRS, minority interest is included in equity.

Under U.S. GAAP, the focus is on controlling financial interests. All entities are first evaluated as potential variable interest entities ("VIE"). If a VIE, FASB Interpretation No. 46, "Consolidation of Variable Interest

Entities" ("FIN 46") in January 2003, as amended by FIN 46-R in December 2003 guidance is followed. Entities controlled by voting rights are consolidated as subsidiaries, but potential voting rights are not included in this consideration. The concept of "effective control" exists, but is rarely employed in practice.

Under U.S. GAAP, FIN 46R (Revised) requires the primary beneficiary (determined based on the consideration of economic risks and rewards) to consolidate the VIE.

Under U.S. GAAP, minority interest is presented in mezzanine equity, a category that is classified between liabilities and equity.

Inventories

Under SFRS, inventories are valued at the lower of cost and net realisable value. Net realisable value is the selling price in the ordinary course of business, less the costs to sell. The amount of any write-down of inventories to net realisable value and all losses of inventories shall be recognised as an expense in the period the write-down or loss occurs. The amount of any reversal of any write-down of inventories, arising from an increase in net realisable value, shall be recognised as a reduction in the amount of inventories recognised as an expense in the period in which the reversal occurs.

Under U.S. GAAP, inventories are carried at the lower of cost or market value. Market value is defined as being current replacement cost subject to an upper limit of net realisable value (i.e. estimated selling price in the ordinary course of business less reasonable predictable costs of completion and disposal) and a lower limit of net realisable value less a normal profit margin.

U.S. GAAP prohibits reversal of a write-down, as a write-down creates a new cost basis. In addition, the write-down of inventory to the lower of cost and market creates a new cost basis that subsequently cannot be reversed. Substantial and unusual losses arising from the application of the lower of cost or market rule must be separately disclosed from 'cost of goods sold' in the income statement. Likewise, accrued net losses on firm purchase commitments for inventory should be identified in the income statement.

Cash Flow Statement

Under SFRS, bank overdrafts are netted with positive cash and bank balances for purposes of determining cash and cash equivalents for the cash flow statement only if it forms an integral part of the entity's cash management.

SFRS permits interest and dividends that are paid or received to be classified as part of operating, investing or financing cashflows. Under SFRS, income tax paid should be classified as an operating cash flow unless the tax paid can be specifically identified with financing or investing activities.

Under U.S. GAAP, companies which present their cash flows using the direct method are required to present, in a separate schedule, a reconciliation of the net income to cash flows from operating activities. Such reconciliation should show the (a) effects of all deferrals of past operating cash receipts and payments, such as changes during the period in inventory, deferred income, and all accruals of expected future operating cash receipts and payments such as changes during the period in receivables and payables, and (b) the effects of all items which cash effects are investing or financing cash flows, such as depreciation, amortization of goodwill, and gains or losses on sales of property and equipment and discontinued operations (which relate to investing activities), and gains or losses on extinguishments of debts (which is a financing activity). Bank overdrafts would not be netted against cash and bank balances for the cashflow statement.

Under U.S. GAAP, interest paid, interest received and dividends received are classified as operating activities. U.S. GAAP requires income tax paid to be classified as an operating cash flow.

Segment Reporting

Under SFRS, certain forms of disclosure need to be presented in respect to business and geographical segments, one as primary segment and the other as secondary. The choice depends on business risks and returns and internal reporting structure. Under US GAAP, disclosure is presented on the basis management organises and reports the business result internally. Under SFRS, disclosures for primary segment include revenues, results, capital expenditures, total assets and liabilities and other items. Disclosures for secondary segment include revenues, total assets and capital expenditures. Under US GAAP, similar disclosures for primary segment are required with the exception of liabilities and geographical capital expenditures.

Under U.S. GAAP, depreciation, amortisation, tax, interest and exceptional/extraordinary items are also disclosed, if reported internally. Disclosure of factors used to identify segments is required.

Biological assets and agriculture products

Under SFRS, biological assets are stated at fair value. Gains or losses arising on initial recognition of plantations at fair value less estimated point-of-sale costs and from the change in fair value less estimated point-of-sale costs of plantations at each reporting date are included in the profit and loss accounts for the period in which they arise. Agricultural product harvested from biological assets should be measured at its fair value less estimated point-of-sale costs at the point of harvest

Under U.S. GAAP, limited-life land development costs and direct and indirect development costs of orchards, groves, vineyards, and intermediate-life plants should be capitalized during the development period and depreciated over the estimated useful life of the land development or that of the tree, vine or plant. An agricultural producer should report inventories of harvested crops held for sale at (a) the lower of cost or market or (b) in accordance with established industry practice, at sales price less estimated costs of disposal, when all the following conditions exist:

- The product has a reliable, readily determinable and realizable market price.
- The product has relatively insignificant and predictable costs of disposal.
- The product is available for immediate delivery

Capitalization of Borrowing Costs

Under SFRS, entities can choose to capitalize borrowing costs where they are directly attributable to the acquisition, construction or production of a qualifying asset or to expense the interest expenses as incurred. The choice should be applied consistently.

Borrowing costs may include amortization of discounts or premiums relating to borrowings and exchange differences arising from foreign currency borrowings to the extent that they are regarded as an adjustment to interest costs.

A qualifying asset is one that necessarily takes a substantial period of time to get ready for its intended use or sale.

If funds are borrowed specifically for the purpose of obtaining a qualifying asset, the amount capitalized is the actual borrowing costs incurred on that borrowing less any investment income on the temporary investment of that borrowings.

U.S. GAAP requires capitalization of interest costs, including the amortization of discount premium and issue costs on debt, if applicable.

The amount capitalized is determined by applying an interest rate to the average amount of accumulated expenditures for the asset during the construction or development period. The interest rate for capitalization purposes is to be based on the rates of the enterprise's outstanding borrowings. If the enterprise associates a specific new borrowing with the asset, it may apply the rate on that borrowing to the appropriate portion of the expenditures for the asset. A weighted average of the rates on other borrowings is to be applied to expenditures not covered by specific new borrowings

Pension

Under SFRS, pension costs are recognized as an expense in the periods during which the employees render services. Pension costs include past service costs recognized as an expense on a straight-line basis, experience adjustments and the effects of changes in actuarial assumptions over the expected remaining useful working lives of existing employees.

No minimum liability is required to be recognized when the accumulated benefit obligation is greater than the fair value of the plan assets.

Under SFRS, net periodic pension costs include current service costs, interest cost, return in plan assets, actuarial gains and losses and past service costs. Past service costs are recognized on a straight-line basis over the average period until the amended benefits become vested. A specified portion of the net cumulative actuarial gains and losses may be recognized subject to a certain corridor.

The present value of defined benefit obligations and the fair value of any plan assets should be determined with sufficient regularity that the amounts recognized in the financial statements do not differ materially from the amounts that would be determined at the balance sheet date.

Under U.S. GAAP, an annual pension provision is recognized as a charge to results of operations over the employees' service period. U.S. GAAP focuses on the plan's benefit formula as the basis for determining the benefit earned, and therefore the cost incurred, for each year. The determination of the benefit earned is actuarially determined, and includes components for service cost, time value of money, return on plan assets and gains or losses from changes in previous assumptions.

U.S. GAAP stipulates a minimum level of recognition of pension liabilities, which is referred to as the accumulated benefit obligation. The accumulated benefit obligation is the actuarial present value of benefits attributed by the pension benefit formula to employee services rendered prior to the balance sheet date, taking into account current and past but not future compensation benefits. If the accumulated benefit obligation is greater than the value of pension assets, then the minimum liability to be reflected in the balance sheet is the unfunded accumulated pension liability. When an additional minimum liability is required, an equal amount is recognized as an intangible asset up to the amount of any unrecognized prior service cost or transitional liability, and thereafter directly in equity.

Under U.S. GAAP, actuarial valuations should be as of a date not earlier than three months before the date of the financial statements.

SUMMARY OF CERTAIN SIGNIFICANT DIFFERENCES BETWEEN INDONESIAN GAAP AND U.S. GAAP

The unaudited interim consolidated financial statements of PT Ciliandra Perkasa and its subsidiaries (collectively referred to as the "CP Group") as of and for the nine-month period ended September 30, 2007 included in this Prospectus are prepared and presented in accordance with Indonesian GAAP, which differ in certain material respects from U.S. GAAP. As required by U.S. GAAP, such differences involve methods for measuring the amounts shown in the financial statements, as well as additional disclosures that have not been described.

Certain differences between Indonesian GAAP and U.S. GAAP applicable to the CP Group are summarized below. The summary should not be construed to be exhaustive. In making an investment decision, investors must rely upon their own examination of the CP Group, the terms of the offering, and the financial information of the CP Group. Potential investors should consult their own professional advisors for an understanding of the differences between Indonesian GAAP and U.S. GAAP and how these differences might affect the financial information herein. Additionally, no attempt has been made to identify all disclosure, presentation, or classification differences that would affect the manner in which transactions and events are presented in the consolidated financial statements or notes thereto. Further, no attempt has been made to identify future differences between Indonesian GAAP and U.S. GAAP as the result of prescribed changes in accounting standards. Regulatory bodies that promulgate Indonesian GAAP and U.S. GAAP have significant projects ongoing that could affect future comparisons such as this one. Finally, no attempt has been made to identify all future differences between Indonesian GAAP and U.S. GAAP that may affect the consolidated financial statements of the CP Group as a result of transactions or events that may occur in the future.

Business Combinations

Indonesian GAAP permits the accounting for business combination using pooling of interests method and purchase method. Assets and liabilities requiring recognition at the date of acquisition may also include those arising as a result of the acquisition but not the recognition of liabilities of the acquired entity at acquisition date and any contingent liabilities; provision to cover future operating losses is not allowed.

Intangible assets are recognized separately from goodwill at the acquisition date when it is probable that any associated future economic benefits will flow to or from the acquirer and a reliable measure of the costs or fair values of the intangible assets is available. Assets and liabilities recognized at acquisition date should be measured as the aggregate of the fair value of the identifiable assets and liabilities acquired as at the date of the exchange transaction to the extent of the acquirer's interest obtained in the exchange transaction and the minority proportion of the pre-acquisition carrying amounts of the assets and liabilities of the subsidiary. Goodwill should be amortized over its estimated useful life using the straight-line basis, unless another method is more appropriate, where the useful life should not exceed five years unless a longer period, not exceeding twenty years, can be justified. The unamortized balance should be reviewed for any indication that it cannot be fully recovered from expected future economic benefits, thus should be recognized immediately as expense. When the acquisition cost is less than the acquirer's interest in the fair values of identifiable assets and liabilities acquired at acquisition date, negative goodwill is recognized for the remaining excess after the fair values of the acquired non-monetary assets have been reduced proportionately. Negative goodwill is treated as deferred revenue and recognized as income on a systematic basis over a minimum of twenty years.

Further, Indonesian GAAP requires transactions among entities under common control that meet the restructuring principles and conditions should be accounted for in the same manner as pooling of interests where net assets are transferred at book value. The difference between the transfer price and book value of the net assets, equity or other ownership instrument transferred is recorded under the restructuring difference arising from restructuring transactions among entities under common control, an account under stockholders' equity. In July 2004, the Indonesian Institute of Accountants ("IAI") revised the existing Indonesian Statement of Financial Accounting Standards No. 38, "Accounting for Restructuring of Entities under Common Control" ("PSAK 38"),

which provides for the realization of the restructuring difference to gain or loss if the conditions therein are fulfilled. The PSAK 38 (Revised 2004) is effective for the financial statements covering periods beginning on or after January 1, 2005.

The effective date for an acquisition under U.S. GAAP is ordinarily the date assets are received and other assets are given, liabilities are assumed or incurred, or equity interests are issued. Under SFAS 141, for convenience, and only if certain conditions are met, the parties to an acquisition may designate the end of an accounting period between the date of initiation and consummation of the transaction as the effective acquisition date. This date may be used as the date of acquisition for accounting purposes if a written agreement provides that effective control of the acquired entity is transferred to the acquiring entity on that date without restrictions, except those required to protect the shareholders or other owners of the acquired entity. This alternative is not available under SFRS.

Under U.S. GAAP, negative goodwill is allocated on a pro rata basis to reduce the carrying amount of certain acquired assets with any excess recognized as an extraordinary gain.

Under U.S. GAAP, restructuring transactions among entities under common control are accounted for using a method similar to the pooling-of-interests method, except that the resulting excess of outstanding shares of the combined entities at par or stated amounts over the total share capital of the separate combining entities is deducted first from the combined retained earnings. The assets of the entities are combined at their historical cost. Under US GAAP, common control exists when one person owns over 50% of two or more entities, and also when immediate family members vote their shares in concert so as to effect control. Different companies owned by individuals that are non-members of an immediate family are not under common control unless there is contemporaneous written evidence of an agreement to vote a majority of an entity's shares in concert.

Under U.S. GAAP, in applying the pooling of interests method of accounting, the corporation should report results of operations for the period in which the combination occurs as though the companies had been combined as of the beginning of the period. Similarly, balance sheets and other financial information of the separate companies as of the beginning of the period should be presented as though the companies had been combined at that date. Financial statements and financial information of the separate companies presented for prior years should also be restated on a combined basis to furnish comparative information.

Consolidation

Under Indonesian GAAP, control is presumed to exist when the parent enterprise owns, directly or indirectly through subsidiaries, more than 50% of the voting rights of an enterprise. Even when an enterprise owns 50% or less of the voting rights of an enterprise, control exists when one of the following conditions is met:

- Having more than 50% of the voting rights by virtue of an agreement with other investors.
- Having the right to govern the financial and operating policies of the enterprise under the articles of association or an agreement.
- Ability to appoint or remove the majority of the members of management.
- Ability to control the majority of votes at meetings of management.

Under U.S. GAAP, the focus is on controlling financial interests. All entities are first evaluated as potential variable interest entities ("VIE"). If a VIE, FASB Interpretation No. 46, "Consolidation of Variable Interest Entities" ("FIN 46") in January 2003, as amended by FIN 46-R in December 2003 guidance is followed. Entities controlled by voting rights are consolidated as subsidiaries, but potential voting rights are not included in this consideration. The concept of "effective control" exists, but is rarely employed in practice.

Under U.S. GAAP, FIN 46R (Revised) requires the primary beneficiary (determined based on the consideration of economic risks and rewards) to consolidate the VIE.

Under U.S. GAAP, minority interest is presented in mezzanine equity, a category that is classified between liabilities and equity.

Revenue Recognition

The principles of accounting for revenue recognition under Indonesian GAAP and U.S. GAAP are generally consistent; however, as U.S. GAAP provides more detail guidance in recognizing revenue compared to Indonesian GAAP, the application of these principles may result in differences between Indonesian GAAP and U.S. GAAP.

Under Indonesian GAAP, when an uncertainty arises about the collectibility of an amount already included in revenue, the uncollectible amount or the amount that is not probable of recovery is recognized as an expense, rather than as an adjustment of the amount of revenue originally recognized.

Under U.S. GAAP, when the product has been delivered and/or the earnings process is complete, but the ability to collect the selling price is questionable and reliable estimates of the potential losses are not possible, the installment method is used to recognize revenue. The installment method recognizes a portion of the gross profit from the sale as cash is collected.

Inventory

Under Indonesian GAAP, inventories are measured at the lower of cost or net realizable value. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. The provision to write down inventories to their net realizable value cannot be reversed when they are no longer required.

Under U.S. GAAP, inventories are carried at the lower of cost or market value. Market value is defined as being current replacement cost subject to an upper limit of net realisable value (i.e. estimated selling price in the ordinary course of business less reasonable predictable costs of completion and disposal) and a lower limit of net realisable value less a normal profit margin.

U.S. GAAP prohibits reversal of a write-down, as a write-down creates a new cost basis. In addition, the write-down of inventory to the lower of cost and market creates a new cost basis that subsequently cannot be reversed. Substantial and unusual losses arising from the application of the lower of cost or market rule must be separately disclosed from ‘cost of goods sold’ in the income statement. Likewise, accrued net losses on firm purchase commitments for inventory should be identified in the income statement.

Immature Plantation

Under Indonesian GAAP, costs directly attributable to bringing a long-lived asset to its working condition may be capitalized. Immature plantations require an extended period of time to develop, typically up to four years, whereby palm trees are planted in blocks that mature at various dates. Over this time period, the CP Group capitalizes all costs directly attributable to the maturity of the plantations. The costs typically capitalized include land preparation and opening costs, overhead and maintenance costs, and interest costs.

Under U.S. GAAP, limited-life land development costs and direct and indirect development costs of orchards, groves, vineyards, and intermediate-life plants should be capitalized during the development period and depreciated over the estimated useful life of the land development or that of the tree, vine or plant. An agricultural producer should report inventories of harvested crops held for sale at (a) the lower of cost or market or (b) in accordance with established industry practice, at sales price less estimated costs of disposal, when all the following conditions exist:

- The product has a reliable, readily determinable and realizable market price.
- The product has relatively insignificant and predictable costs of disposal.
- The product is available for immediate delivery.

Capitalization of Interest Costs

Under Indonesian GAAP, the capitalization of a parent company's interest expense into a subsidiary's asset is not allowed.

Under Indonesian GAAP, where borrowed funds are attributable to an asset, costs eligible for capitalization are the actual costs less any income earned on the temporary investment of such borrowings.

Under Indonesian GAAP, foreign exchange losses (net of foreign exchange gains) on foreign currency borrowings used to finance the construction of assets are capitalized to the extent that they are regarded as an adjustment to interest costs. Capitalization of net foreign exchange losses ceases when the construction is substantially completed and the asset is ready for its intended use.

U.S. GAAP requires capitalization of interest costs, including the amortization of discount premium and issue costs on debt, if applicable.

The amount capitalized is determined by applying an interest rate to the average amount of accumulated expenditures for the asset during the construction or development period. The interest rate for capitalization purposes is to be based on the rates of the enterprise's outstanding borrowings. If the enterprise associates a specific new borrowing with the asset, it may apply the rate on that borrowing to the appropriate portion of the expenditures for the asset. A weighted average of the rates on other borrowings is to be applied to expenditures not covered by specific new borrowings.

Impairment of Long-Lived Assets

Under Indonesian GAAP, if indicators of impairment exist and the assets are held and used, carrying values are adjusted to the asset's recoverable amount, which is the higher of net selling price or value in use. Carrying values are increased for subsequent recoveries of fair value not to exceed the original carrying value adjusted for depreciation.

Under U.S. GAAP, if indicators of impairment are present, a company should determine whether the sum of the estimated undiscounted future cash flows attributable to the long-lived asset in question is less than the carrying amount. If less, then the company should recognise an impairment loss based on the excess of the carrying amount of the asset over its respective fair value. SFAS No. 144: "Accounting for the Impairment or Disposal of Long-Lived Assets" requires that for purposes of recognition and measurement of an impairment loss, a long-lived asset should be grouped with other assets and liabilities at the lowest level for which identifiable cash flows are largely independent of the cash flows of other assets and liabilities. U.S. GAAP does not allow the reversal of impairment loss.

Leases

Under Indonesian GAAP (which is sourced from the Joint Decree of the Minister of Finance, Minister of Trade, and Minister of Industry of the Republic of Indonesia No. Kep-122/MK/2/1974, No. 32/M/SK/2/1974, and No. 30/Kpb/I/74 dated February 7, 1974 on "License for Leasing Enterprises"), leasing is defined as any financing activity engaged by an enterprise to provide capital goods for use by another enterprise for a fixed period based on periodic payments, with an option to purchase such capital goods or to extend the lease term taking into account a mutually agreed residual value. Further, as also noted in Indonesian GAAP, the Decree of the Minister of Finance of the Republic of Indonesia No. 1251/KMK.013/1988 dated December 20, 1988 expanded the definition of leasing activities to include operating lease, which is a leasing activity that gives the lessee no option to buy the object of the lease.

Under U.S. GAAP, a lease is defined as an agreement conveying the right to use property, plant, or equipment (land and/or depreciable assets) usually for a stated period of time. It includes agreements that, although not nominally identified as leases, meet the above definition, such as a power purchase agreement.

Under Indonesian GAAP, a lease transaction is classified as a capital lease if it meets all of the following criteria; otherwise, it is an operating lease:

- The lessee has the option to purchase the leased asset at the end of the lease period at a price agreed at the inception of the lease agreement.
- The sum of periodic lease payments made by the lessee, plus the residual value will cover the acquisition price of the leased capital goods and the related interest, which become the leasing enterprise's profit (full payout lease).
- A minimum lease period of two years.

Under U.S. GAAP, a lease transaction is a capital lease if it meets any one of the following criteria; otherwise, it is an operating lease:

- Ownership is transferred to the lessee by the end of the lease term.
- The lease contains a bargain purchase option.
- The lease term is at least 75% of the property's estimated remaining economic life.
- The present value of the minimum lease payments at the beginning of the lease term is 90% or more of the fair value of the leased property to the lessor at the inception date, less any related investment tax credit.

Deferred Taxes

Under Indonesian GAAP, deferred tax assets are only recognized if it is probable that future taxable profits will be available against which the deferred tax assets can be utilized. The carrying amount is reviewed periodically and reduced if appropriate.

Under U.S. GAAP, in computing deferred tax assets, the applicable tax rate and tax laws must have been enacted. Under US GAAP, deferred tax assets and liabilities are separated into their current and non-current portions based on the classification of related assets or liabilities for financial reporting purposes. Tax assets not associated with an underlying asset or liability are classified based on the expected reversal period.

U.S. GAAP has no exemption from the requirement to provide for deferred tax on initial recognition of an asset or liability in a transaction that is not a business combination and at the time of the transaction affects neither accounting profit nor taxable profit.

U.S. GAAP requires deferred tax assets to be recognised in full, but reduced by a valuation allowance to an amount that is more likely than not to be realised. Evidence about future taxable profits and the reversal of existing taxable temporary differences will be taken into account when judging whether a valuation provision is necessary.

Under U.S. GAAP, for uncertain tax positions, FIN 48 requires a two-step process, separating recognition from measurement. A benefit is recognized when it is "more likely than not" to be sustained based on the technical merits of the position. The amount of benefit to be recognized is based on the largest amount of tax benefit that is greater than 50% likely of being realized upon ultimate settlement. Detection risk is precluded from being considered in the analysis.

Debt Issuance Costs

Under Indonesian GAAP, debt issuance costs are deducted directly from the proceeds of the related debt to determine the net proceeds.

Under U.S. GAAP, such issuance costs would generally be separately presented as deferred charges on the balance sheet, to be amortized using the effective interest method over the term of the debt.

Employee Benefits

Prior to January 1, 2004, Indonesian GAAP provided the accounting standards for defined benefit and defined contribution pension plan. Current service cost of a defined benefit plan is recognized as expense in the current period, while past service cost, experience adjustments, effects of changes in actuarial assumptions and effects of program adjustments with respect to existing employees are recognized as expense or income systematically over the estimated average remaining working lives of the employees. This standard does not provide for the 10% corridor approach for actuarial gains or losses and limitation in the asset carrying amount which are specifically provided in the revised standard described below. In 2004, the IAI issued a revised standard on accounting for employee benefits, which provides for a comprehensive accounting for employee benefits covering several types of employee benefit costs and is effective for financial statements covering periods beginning on or after July 1, 2004. The revised standard requires the use of projected unit credit method to measure obligations and costs for defined benefit plans.

Under U.S. GAAP, an annual pension provision is recognized as a charge to results of operations over the employees' service period. U.S. GAAP focuses on the plan's benefit formula as the basis for determining the benefit earned, and therefore the cost incurred, for each year. The determination of the benefit earned is actuarially determined, and includes components for service cost, time value of money, return on plan assets and gains or losses from changes in previous assumptions.

U.S. GAAP stipulates a minimum level of recognition of pension liabilities, which is referred to as the accumulated benefit obligation. The accumulated benefit obligation is the actuarial present value of benefits attributed by the pension benefit formula to employee services rendered prior to the balance sheet date, taking into account current and past but not future compensation benefits. If the accumulated benefit obligation is greater than the value of pension assets, then the minimum liability to be reflected in the balance sheet is the unfunded accumulated pension liability. When an additional minimum liability is required, an equal amount is recognized as an intangible asset up to the amount of any unrecognized prior service cost or transitional liability, and thereafter directly in equity.

Under U.S. GAAP, actuarial valuations should be as of a date not earlier than three months before the date of the financial statements.

The accounting for the above-mentioned plans differs and may result in differences between Indonesian GAAP and U.S. GAAP.

Accounting for Guarantees

Under Indonesian GAAP, guarantee contracts that contain financial, performance, indemnification, and indirect guarantees are treated as off-balance sheet and are disclosed if material.

Under U.S. GAAP, certain guarantees are recorded and measured initially at fair value.

APPENDIX 1

Summary of the Share Option Scheme

A summary of the rules of the Share Option Scheme is set out as follows:

(1) Option Participants

Under the rules of the Share Option Scheme, employees of our Group, our subsidiaries and associated companies over which our Group has control (including executive directors) are eligible to participate in the Share Option Scheme at the absolute discretion of the Administration Committee (as defined below), and such person must:

(i) be confirmed in his/her employment with the Group;

(ii) have attained the age of 21 years on or before the date of grant of the relevant Options; and

(iii) not be an undischarged bankrupt and must not have entered into a composition with his/her creditors.

(2) Share Option Scheme administration

The Share Option Scheme shall be administered by a committee comprising of members of the Nominating Committee and Remuneration Committee (the "Administration Committee"), with powers to determine, among others, the following:

(i) persons to be granted Options;

(ii) number of Options to be offered;

(iii) recommendations for modifications to the Share Option Scheme; and

(iv) determination of exercise price of the options.

No member of the Administration Committee shall participate in any deliberation or decision in respect of Options to be granted to him or held by him.

(3) Size of the Share Option Scheme

The aggregate number of new shares over which the Administration Committee may grant Options on any date, when aggregated with the number of new shares issued and issuable and/or transferred and transferable in respect of all Options granted under the Share Option Scheme and any Award granted under the Performance Share Plan shall not exceed 15.0% of our issued Shares (including treasury shares) on the day preceding the date of the relevant grant.

We believe that this 15.0% limit set by the SGX-ST gives us sufficient flexibility to decide upon the number of Options and Awards to offer to our existing and new employees. 15.0% of our pre-Offering issued share capital constitutes approximately 173,932,519 Shares. As it is intended that the Schemes shall last for 10 years, assuming that there is no change in our total issued share capital, the number of Options that may be granted in a year will average approximately 17,393,251 (assuming no Awards are granted under the Performance Share Plan).

The number of Option Participants is expected to grow over the years. In line with our goals of ensuring sustainable growth, we are constantly reviewing our position and considering the expansion of our talent pool which may involve employing new employees. The employee base, and thus the number of Option Participants will increase as a result. If the number of Options available under the Share Option Scheme is limited, we may only be able to grant a small number of Options to each Option Participant which may not be a sufficiently attractive incentive. We are of the opinion that we should have sufficient number of Options to offer to new employees as well as to existing ones. The number of Options offered must also be significant enough to serve as a meaningful reward for contribution to our Group's employees. However, it does not indicate that the Administration Committee will definitely issue Options or grant Awards up to the prescribed limit. The Administration Committee shall exercise its discretion in deciding the number of Options or Awards to be granted to each eligible employee which will depend on the performance and value of the employee to our Group.

(4) Maximum entitlements

The number of shares comprised in any Option to be offered to an Option Participant shall be determined at the absolute discretion of the Administration Committee, which shall take into account criteria such as rank, past performance, years of service and potential for future development of that participant.

(5) Options, exercise period and exercise price

The exercise price ("Exercise Price) for each Share in the respect of which an Option is exercisable shall be determined by the Administration Committee, in its absolute discretion, on the date granted, at:

(a) price equal to the "Market Price", being the price equal to the average of the last dealt prices for the Shares on the SGX-ST over the five consecutive days the Shares are traded immediately preceding the date the Option is granted. This Option is a "Market Price Option"; or

(b) the price which is set at a discount to the Market Price. This Option is an "Incentive Option".

Market Price Options may be exercised after the first anniversary of the date of grant of the Option as follows:

(a) one-third of the total number of Market Price Options are exercisable any time after the first anniversary of the date of grant until the tenth anniversary of the date of grant;

(b) one-third of the total number of Market Price Options are exercisable any time after the second anniversary of the date of grant until the tenth anniversary of the date of grant; and

(c) one-third of the total number of Market Price Options are exercisable any time after the third anniversary of the date of grant until the tenth anniversary of the date of grant.

Incentive Options may be exercised after the second anniversary of the date of grant of the Option as follows:

(a) one-half of the total number of Incentive Option are exercisable at any time after the second anniversary of the date of grant until the tenth anniversary of the date of grant; and

(b) the remaining number of Incentive Options are exercisable at any time after the third anniversary of the date of grant until the tenth anniversary of the date of grant.

(6) Grant of Options

Under the rules of the Share Option Scheme, there are no fixed periods for the grant of Options. As such, offers of the grant of Options may be made at any time from time to time at the discretion of the Committee.

However, in the event that an announcement on any matter of an exceptional nature involving unpublished price sensitive information is imminent, offers may only be made after the second market day from the date on which the aforesaid announcement is made.

(7) Termination of Options

Special provisions in the rules of the Share Option Scheme deal with the lapse or earlier exercise of Options in circumstances which include the termination of the employment of the Option Participant, the bankruptcy of the Option Participant, the death of the Option Participant, a take-over of our Group, and the winding-up of our Group.

(8) Acceptance of Options

The grant of Options shall be accepted within 30 days from the date of the offer. Offers of Options made to grantees, if not accepted before the closing date, will lapse. Upon acceptance of the offer, the grantee must pay a consideration of S$1.00.

(9) Rights of Shares arising from the exercise of Options

Subject to prevailing legislation and the Memorandum and Articles of Association of our Group, our Group has sole discretion to deliver Shares to Option Participants upon the exercise of their Options by way of an issue of new Shares, deemed to be fully paid upon their issuance and allotment and/or the transfer of existing Shares, whether such existing Shares are held as treasury shares or otherwise.

Shares arising from the exercise of Options are subject to the provisions of the Memorandum and Articles of Association of our Group. Shares which are allotted will upon issue rank *pari passu* in all respects with the then existing issued Shares, save for any dividend, rights, allotments or distributions, the record date ("Record Date") for which falls on or before the relevant exercise date of the Option. "Record Date" means the date as at the close of business on which the Shareholders must be registered in order to participate in any dividends, rights, allotments or other distributions.

(10) Adjustments Events

If a variation in the issued ordinary share capital of the Group (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(a) the Exercise Price of the Shares, class and/or number of Shares comprised in an Option to the extent unexercised; and/or

(b) the class and/or number of Shares over which Options may be granted under the Share Option Scheme,

shall be adjusted in such manner as the Administration Committee may determine to be appropriate.

Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition, or a private placement of securities, or the cancellation of issued Shares purchased or acquired by us by way of a market purchase of such Shares undertaken by us on the SGX-ST, during the period when a share purchase mandate granted by the Shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

(11) Duration of the Share Option Scheme

The Share Option Scheme shall continue in operation for a maximum duration of 10 years and may be continued for any further period thereafter with the approval of our Shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

(12) Abstention from voting

Participants who are Shareholders are to abstain from voting on any Shareholders' resolution relating to the Share Option Scheme.

(13) Grant of Options with a Discounted Exercise Price

The ability to offer Incentive Options to participants of the Share Option Scheme will operate as a means to recognise the performance of participants as well as to motivate them to continue to excel while encouraging them to focus more on improving our profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation.

The flexibility to grant Incentive Options is also intended to cater to situations where the stock market performance has overrun the general market conditions. In such events, the Committee will have absolute discretion to:

(i) grant Incentive Options (subject to a maximum discount of 20.0%); and

(ii) determine the participants to whom, and the Options to which, such reduction in exercise prices will apply.

It is envisaged that our Group may consider granting the Incentive Options under circumstances including (but not limited to) the following:

(a) where, due to speculative forces in the stock market resulting in an overrun of the market, the market price of our Shares at the time of the grant of Options is not a true reflection of the financial performance of our Group;

(b) to enable our Group to offer competitive remuneration packages in the event that the practice of granting Options with exercise prices that have a discount element becomes a general market norm. As share options become more significant components of executive remuneration packages, a discretion to grant Incentive Options will provide our Group with a means to maintain the competitiveness of our compensation strategy; and/or

(c) where we need to provide more compelling motivation for specific business units to improve their performance, grants of share options with discounted exercise prices will help to align the interests of

employees to those of the Shareholders by encouraging them to focus more on improving the profitability and return of our Group above a certain level which will benefit all Shareholders when these are eventually reflected through share price appreciation, as such the Options granted at a discount would be perceived more positively by the employees who receive such Options.

The Administration Committee will determine on a case-by-case basis whether a discount will be given, and if so, the quantum of the discount, taking into account the objective that is desired to be achieved by our Group and the prevailing market conditions. As the actual discount given will depend on the relevant circumstances, the extent of the discount may vary from one case to another, subject to a maximum discount of 20.0% of the Market Price of a Share, as described in paragraph (5) above. The discretion to grant Incentive Options will, however, be used judiciously. In determining whether to give a discount and the quantum of the discount, the Administration Committee shall be at liberty to take into consideration factors including the performance of our Group, the performance of the participant concerned, the contribution of the participant to the success and development of our Group and the prevailing market conditions.

Such flexibility in determining the quantum of discount would enable the Administration Committee to tailor the incentives in the grant of Options to be commensurate with the performance and contribution of each individual participant. By individually recognising the degree of performance and contribution of each participant, the granting of Options at a commensurate discount would enable the Administration Committee to provide incentives for better performance, greater dedication and loyalty of the participants.

The Administration Committee may also grant Options without any discount to the Market Price. Additionally, the Administration Committee may, if it deems fit, impose conditions on the exercise of the Options (whether such Options are granted at the market price or at a discount to the market price), such as restricting the number of Shares for which the Option may be exercised during the initial years following its vesting.

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Appendix 2

Summary of the Performance Share Plan

The following is a summary of the principal rules of the Performance Share Plan.

(1) Eligibility

Under the rules of the Performance Share Plan, employees of our Group, our subsidiaries and associated companies over which our Group has control (including executive directors) and non-executive directors of our Group are eligible to participate in the Performance Share Plan at the absolute discretion of the Committee, and such person must:

(i) be confirmed in his/her employment with the Group;

(ii) have attained the age of 21 years on or before the date of grant of the relevant Awards; and

(iii) not be an undischarged bankrupt and must not have entered into a composition with his creditors.

Controlling shareholders and their associates who have contributed to the success and development of our Group are eligible to participate in the Performance Share Plan at the absolute discretion of the Administration Committee, provided that the participation by each such controlling shareholder and their associate and each grant of Award to any of them may be effected only with the specific prior approval of independent shareholders at a general meeting in separate resolutions. The Group will at such time provide the rationale and justification for any proposal to grant Awards to our controlling shareholder(s).

(2) Awards

Awards represent the right of a Plan Participant to receive fully paid Shares, their equivalent cash value or combinations thereof free of charge, upon the Participant achieving prescribed performance target(s) and/or time-based service conditions. Awards are released once the Administration Committee is satisfied that the prescribed performance target(s) have been achieved and/or time-based service conditions. There may be vesting period beyond the performance achievement period as may be determined by the Administration Committee.

The selection of a Plan Participant and the number of Shares which are the subject of each Award to be granted to a Plan Participant in accordance with the Performance Share Plan shall be determined at the absolute discretion of the Administration Committee, which shall take into account criteria such as his job performance, level of responsibility and potential for future development and his contribution to the success and development of our Group.

The Administration Committee shall decide, in relation to each Award to be granted to a Plan Participant:

(i) the date on which the Award is to be granted;

(ii) the number of Shares which are the subject of that Award;

(iii) the prescribed performance condition(s);

(iv) the performance period during which the prescribed performance condition(s) are to be satisfied;

(v) the schedule setting out the extent to which our Shares under that Award shall be released on the prescribed performance condition(s) being satisfied (whether fully or partially) or exceeded or not being satisfied, as the case may be, at the end of the prescribed performance period; and

(vi) the prescribed vesting period and the extent to which Shares, which are subject to that Award, are released.

Awards may be granted at any time in the course of a financial year. An Award letter confirming the Award and specifying, among others, in relation to the Award, the vesting period and in relation to performance-related Awards, the prescribed performance condition(s) and the performance period during which the prescribed performance condition(s) are satisfied, will be sent to each Participant as soon as reasonably practicable after the making of an Award.

Special provisions for the vesting and lapsing of Awards apply in certain circumstances, including the following:

(a) the termination of the employment of a Participant;

(b) the ill health, injury, disability or death of a Participant;

(c) the bankruptcy of a Plan Participant;

(d) the misconduct of a Plan Participant;

(e) the Plan Participant, ceasing to be a Director of the Group or the relevant subsidiary of the Group for any reason whatsoever; and

(f) a take-over, winding-up or reconstruction of the Group.

(3) Size and Duration of the Performance Share Plan

The total number of Shares which may be issued and/or transferred pursuant to Awards granted under the Performance Share Plan, when added to the total number of Shares issued and issuable and/or transferred and transferable in respect of all Options granted under the Share Option Scheme shall not exceed 15.0% of the issued share capital of the Group on the day preceding the relevant date of the Award.

The aggregate number of Shares available to controlling shareholders shall not exceed 25.0% of the Shares available under the Performance Share Plan. The number of Shares available to each controlling shareholder shall not exceed 10.0% of the Shares available under the Performance Share Plan.

The Performance Share Plan shall continue in force at the discretion of the Committee subject to a maximum period of 10 years commencing on the date the Performance Share Plan is adopted by the Group in general meeting, providing always that the Performance Share Plan may continue beyond the above stipulated period with the approval of shareholders by ordinary resolution in general meeting and of any relevant authorities which may then be required.

Notwithstanding the expiry or termination of the Performance Share Plan, any Awards made to Participants prior to such expiry or termination will continue to remain valid.

(4) Operation of the Performance Share Plan

Subject to prevailing legislation and SGX-ST guidelines, the Group will have the flexibility to deliver Shares to Plan Participants upon vesting of their Awards by way of an issue of new Shares, deemed to be fully paid upon their issuance and allotment and/or the purchase of the existing Shares.

New Shares allotted and issued on the release of an Award shall rank in full for all entitlements, including dividends or other distribution declared or recommended in respect of the then existing Shares, the Record Date for which is on or after the relevant vesting date, and shall in all other respects rank pari passu with other existing Shares then in issue.

In determining whether to issue new Shares or to purchase existing Shares for delivery to participants upon vesting of their Awards, we will take into account factors such as (but not limited to) the number of Shares to be delivered, the prevailing market price of the Shares, our cash position and the cost to us of either issuing new Shares or purchasing existing Shares.

The Administration Committee has the right to make computational adjustments to the audited results of the Group or our Group, as the case may be, to take into account such factors as the Administration Committee may determine to be relevant, including changes in accounting methods, taxes and extraordinary events, and the right to amend the performance condition(s) if the Administration Committee decides that a changed performance target would be a fairer measure of performance.

(5) Adjustment Events

If a variation in the issued ordinary share capital of the Group (whether by way of a capitalisation of profits or reserves or rights issue, reduction, subdivision, consolidation, distribution or otherwise) shall take place, then:

(a) the class and/or number of Shares which are the subject of an Award to the extent not yet vested and the rights attached thereto; and/or

(b) the class and/or number of Shares in respect of which Awards may be granted under the Performance Share Plan,

shall be adjusted in such manner as the Administration Committee may determine to be appropriate.

Unless the Administration Committee considers an adjustment to be appropriate, the issue of securities as consideration for an acquisition or a private placement of securities, or the cancellation of issued Shares purchased or acquired by us by way of a market purchase of such Shares undertaken by us on the SGX-ST during the period when a share purchase mandate granted by our shareholders (including any renewal of such mandate) is in force, shall not normally be regarded as a circumstance requiring adjustment.

(6) Modifications or Alterations to the Performance Share Plan

The Performance Share Plan may be modified and/or altered from time to time by a resolution of the Administration Committee, subject to the prior approval of the SGX-ST and such other regulatory authorities as may be necessary.

However, no modification or alteration shall adversely affect the rights attached to Awards granted prior to such modification or alteration except with the written consent of such number of Plan Participants under the Performance Share Plan who, if their Awards were released to them, would thereby become entitled to not less than three-quarters of the aggregate number of all the Shares which would be issued upon vesting in full of all outstanding Awards under the Performance Share Plan, as the case may be.

No alteration shall be made to particular rules of the Performance Share Plan to the advantage of the holders of the Awards, as the case may be, except with the prior approval of Shareholders in general meeting.

FIRST RESOURCES LIMITED AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS

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REPORT ON EXAMINATION OF THE COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2004, 2005 AND 2006 AND SIX-MONTH PERIOD ENDED JUNE 30, 2007

December 3, 2007

The Board of Directors
First Resources Limited
8 Temasek Boulevard
#36-02 Suntec Tower Three
Singapore 038988

Dear Sirs:

This report has been prepared for inclusion in the offering documents of First Resources Limited (the "Company") in connection with the initial public offering of the ordinary shares of the Company.

We have audited the accompanying combined and consolidated financial statements of the Company and its subsidiaries (collectively, the "Group") set out on pages F-4 to F-66, which comprise the balance sheets of the Group as at December 31 2004, 2005 and 2006 and June 30 2007, the statements of changes in equity, the profit and loss accounts and statements of cash flows of the Group for the years and period then ended, and a summary of significant accounting policies and other explanatory notes.

Directors' Responsibility for the Financial Statements

The Company's directors are responsible for the preparation and fair presentation of these financial statements in accordance with Singapore Financial Reporting Standards. This responsibility includes: designing, implementing and maintaining internal controls relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Singapore Standards on Auditing. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal controls relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by directors, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the combined and consolidated financial statements of the Group are properly drawn up in accordance with Singapore Financial Reporting Standards so as to give a true and fair view of the state of affairs as at December 31 2004, 2005 and 2006 and June 30, 2007 and the results, changes in equity and cash flows of the Group for the years and period then ended.

Yours faithfully,

/s/ ERNST & YOUNG
ERNST & YOUNG
Certified Public Accountants

Singapore

Partner-in-charge: Vincent Toong Weng Sum

COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2004, 2005, AND 2006
AND SIX-MONTH PERIOD ENDED JUNE 30, 2007

A. PROFIT AND LOSS ACCOUNTS

	Notes	Year ended December 31			Six months period ended June 30	
		2004 (Combined)	2005 (Combined)	2006	2006	2007
		Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Sales	3	701,025	703,030	857,133	376,961	760,566
Cost of sales	4	(459,014)	(460,263)	(487,303)	(218,827)	(403,487)
Gross profit		242,011	242,767	369,830	158,134	357,079
Gains/ (losses) arising from changes in fair value of biological assets	9	130,044	(56,737)	270,235	96,151	204,624
Other operating income		18,787	1,533	106	—	828
Selling and distribution costs		(12,051)	(15,780)	(13,418)	(6,628)	(11,133)
General and administrative expenses		(25,354)	(30,572)	(32,635)	(14,468)	(23,982)
Losses on conversion of rubber plantations		(26,752)	—	—	—	—
(Losses)/gains on foreign exchange		(16,519)	(11,631)	17,017	9,981	(4,206)
Loss on plasma project conversion		—	(2,921)	—	—	—
Other operating expenses		—	(978)	—	—	(824)
Profit from operations	5	310,166	125,681	611,135	243,170	522,386
Financial expenses	6	(111,564)	(101,423)	(114,834)	(52,086)	(57,409)
Financial income	6	2,795	917	964	482	737
Share of results of associates		(810)	(3,439)	5,470	4,353	13,371
Profit before taxation		200,587	21,736	502,735	195,919	479,085
Tax expense	7	(66,745)	(14,854)	(151,830)	(58,132)	(142,302)
Profit for the year/period		133,842	6,882	350,905	137,787	336,783
Attributable to :						
Equity holders of the Company		90,756	(18,610)	243,851	90,486	217,581
Minority interests		43,086	25,492	107,054	47,301	119,202
		133,842	6,882	350,905	137,787	336,783
Earnings/ (losses) per share (in Rupiah)						
—basic	8	1,174	(241)	3,154	1,171	2,815

The accompanying accounting policies and explanatory notes form an integral part of the financial information.

B. BALANCE SHEETS

	Notes	As at December 31			As at June 30	
		2004 (Combined)	2005 (Combined)	2006	2006	2007
		Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Non-current assets						
Biological assets—plantations	9	1,714,407	1,763,830	2,255,098	1,927,397	2,574,240
Property, plant and equipment	10a	426,603	469,127	477,907	476,096	665,736
Land use rights	10b	59,633	57,245	56,513	57,278	63,999
Plasma plantation receivables	11	68,291	59,268	61,235	63,076	84,444
Investment in an associate	12	48,231	44,792	50,262	49,145	63,383
Advances for investment in unquoted equity	13	2,175	2,175	—	2,175	—
Due from related parties	14	31,697	34,662	23,163	32,036	16,320
Tax recoverable	15	1,329	1,063	6,204	948	7,334
Deferred tax assets	7	23,425	22,848	21,374	20,956	12,636
Intangible assets	16	—	—	—	—	1,012
Other non-current assets		237	186	186	329	186
Total non-current assets		2,376,028	2,455,196	2,951,942	2,629,436	3,489,290
Current assets						
Inventories	17	66,410	82,896	75,507	72,095	92,416
Trade receivables	18	14,117	1,602	18,005	900	36,897
Notes receivable	19	—	197,500	—	—	—
Other receivables	20	17,326	8,997	10,721	14,536	23,770
Prepaid taxes	21	3,504	5,928	3,294	8,794	12,887
Cash and bank balances	22	10,762	13,485	745,478	11,949	461,072
Total current assets		112,119	310,408	853,005	108,274	627,042
Total assets		2,488,147	2,765,604	3,804,947	2,737,710	4,116,332
Current liabilities						
Trade payables	23	31,997	50,424	62,126	62,038	65,763
Other payables and accruals	24	74,736	58,768	94,135	154,163	101,970
Due to immediate holding company	14	—	—	100,000	—	—
Due to related parties	14	947	10,678	15,605	26,993	58,452
Loans and borrowings from financial institutions	25	109,023	168,801	7,600	179,672	10,721
Provision for taxation		6,428	14,540	40,127	18,631	59,716
Total current liabilities		223,131	303,211	319,593	441,497	296,622

B. BALANCE SHEETS (Continued)

	Notes	As at December 31			As at June 30	
		2004 (Combined)	2005 (Combined)	2006	2006	2007
		Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Non-current liabilities						
Loans and borrowings from financial institutions	25	371,902	314,435	4,645	258,335	6,019
Bonds payable	26	338,344	340,818	88,382	342,431	—
Notes payable	27	—	—	1,383,455	—	1,394,949
Provision for post employment benefits	28	10,864	15,309	19,903	17,753	23,247
Deferred tax liabilities	7	296,448	294,552	392,888	329,664	464,869
Total non-current liabilities		1,017,558	965,114	1,889,273	948,183	1,889,084
Total liabilities		1,240,689	1,268,325	2,208,866	1,389,680	2,185,706
Net assets		1,247,458	1,497,279	1,596,081	1,348,030	1,930,626
Equity attributable to equity holders of the Company						
Share capital	29	—	309,777	330,487	330,487	444,814
Differences arising from restructuring transactions involving entities under common control	30	754,270	642,259	324,959	324,959	324,959
Translation reserve	31	—	813	(100)	(5,533)	(6,925)
Retained earnings		90,756	72,146	315,997	162,632	533,578
		845,026	1,024,995	971,343	812,545	1,296,426
Minority interests		402,432	472,284	624,738	535,485	634,200
Total equity		1,247,458	1,497,279	1,596,081	1,348,030	1,930,626

The accompanying accounting policies and explanatory notes form an integral part of the financial information.

C. STATEMENTS OF CHANGES IN EQUITY

The statements of changes in equity for the financial years ended December 31, 2004, 2005 and 2006 and six months periods ended June 30, 2006 and 2007 are as follows:

	Attributable to equity holders of the Group						
	Share Capital	Differences arising from restructuring transactions involving entities under common control	Translation reserve	Retained earnings	Total share capital and reserves	Minority interests	Total equity
	Rp.'million (Note 29)	Rp.'million (Note 30)	Rp.'million (Note 31)	Rp.'million	Rp.'million	Rp.'million	Rp.'million
At January 1, 2004	—	754,270	—	—	754,270	359,346	1,113,616
Profit for the year	—	—	—	90,756	90,756	43,086	133,842
At December 31, 2004	—	754,270	—	90,756	845,026	402,432	1,247,458
At January 1, 2005	—	754,270	—	90,756	845,026	402,432	1,247,458
Net surplus on restructuring transactions	—	489	—	—	489	—	489
Share application monies	—	—	—	—	—	44,360	44,360
Difference between shares received and shares issued from acquisition of subsidiary under common control	—	(112,500)	—	—	(112,500)	—	(112,500)
Issuance of ordinary shares	309,777	—	—	—	309,777	—	309,777
(Loss)/ profit for the year	—	—	—	(18,610)	(18,610)	25,492	6,882
Translation reserve	—	—	813	—	813	—	813
At December 31, 2005	309,777	642,259	813	72,146	1,024,995	472,284	1,497,279
At January 1, 2006	309,777	642,259	813	72,146	1,024,995	472,284	1,497,279
Share application monies	—	—	—	—	—	45,400	45,400
Difference between shares received and shares issued from acquisition of subsidiary under common control	—	(317,300)	—	—	(317,300)	—	(317,300)
Issuance of ordinary shares	20,710	—	—	—	20,710	—	20,710
Profit for the year	—	—	—	243,851	243,851	107,054	350,905
Translation reserve	—	—	(913)	—	(913)	—	(913)
At December 31, 2006	330,487	324,959	(100)	315,997	971,343	624,738	1,596,081

C. STATEMENTS OF CHANGES IN EQUITY (Continued)

	Attributable to equity holders of the Group						
	Share Capital	Differences arising from restructuring transactions involving entities under common control	Translation reserve	Retained earnings	Total share capital and Reserves	Minority interests	Total equity
	Rp.'million (Note 29)	Rp.'million (Note 30)	Rp.'million (Note 31)	Rp.'million	Rp.'million	Rp.'million	Rp.'million
At January 1, 2006	309,777	642,259	813	72,146	1,024,995	472,284	1,497,279
Share application monies	—	—	—	—	—	15,900	15,900
Difference between shares received and shares issued from acquisition of subsidiary under common control	—	(317,300)	—	—	(317,300)	—	(317,300)
Issuance of ordinary shares	20,710	—	—	—	20,710	—	20,710
Profit for the year	—	—	—	90,486	90,486	47,301	137,787
Translation reserve	—	—	(6,346)	—	(6,346)	—	(6,346)
At June 30, 2006	330,487	324,959	(5,533)	162,632	812,545	535,485	1,348,030
At January 1, 2007	330,487	324,959	(100)	315,997	971,343	624,738	1,596,081
Repayment of share application monies	—	—	—	—	—	(109,740)	(109,740)
Issuance of ordinary shares	114,327	—	—	—	114,327	—	114,327
Profit for the year	—	—	—	217,581	217,581	119,202	336,783
Translation reserve	—	—	(6,825)	—	(6,825)	—	(6,825)
At June 30, 2007	444,814	324,959	(6,925)	533,578	1,296,426	634,200	1,930,626

D. STATEMENTS OF CASH FLOWS

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Cash flows from operating activities					
Cash receipt from customers	698,613	696,252	847,282	382,905	756,732
Cash payments to suppliers and employees	(510,993)	(459,752)	(424,686)	(210,919)	(454,249)
Cash generated from operations	187,620	236,500	422,596	171,986	302,483
Receipts from:					
Interest income	2,795	917	964	483	9,181
Income tax refunds	—	—	629	—	—
Payments for:					
Interest expenses	(109,449)	(101,774)	(107,082)	(54,312)	(80,159)
Income tax	(3,788)	(9,178)	(27,417)	(17,001)	(53,171)
Net cash generated from operating activities	**77,178**	**126,465**	**289,690**	**101,156**	**178,334**
Cash flows from investing activities					
Acquisition of property, plant and equipment	(69,292)	(57,603)	(50,320)	(27,777)	(188,670)
(Increase)/decrease in field preparation costs	(5,858)	(12,093)	5,773	(2,126)	(12,159)
Proceeds from sale of property, plant and equipment	445	46	—	—	142
Refund of deposit for property building	13,000	—	—	—	—
Increase in immature plantations	(35,763)	(109,574)	(214,686)	(58,998)	(80,472)
Acquisition of land use rights	(22,712)	(3,209)	(1,317)	(1,332)	—
(Increase)/decrease in plasma plantations receivables—net	(7,481)	6,071	(1,969)	(3,808)	(23,209)
Acquisitions of shares from minority shareholders	(18,365)	—	—	—	—
Proceeds from sale of subsidiary	—	16,997	—	—	—
Proceeds from sale of investment in unquoted shares	30,881	—	—	—	—
Refund from cancellation of advance for investment in unquoted equity	—	—	2,175	—	—
Acquisition of intangible assets	—	—	—	—	(1,012)
Dividend received from an associate	—	—	—	—	250
Increase in deferred charges	—	(134)	(282)	(10)	(8,798)
Net cash used in investing activities	**(115,145)**	**(159,499)**	**(260,626)**	**(94,051)**	**(313,928)**

D. STATEMENTS OF CASH FLOWS (Continued)

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Cash flows from financing activities					
Share application monies received from minority shareholders of subsidiaries	—	—	—	15,900	—
Share allotment monies received from shareholders for future allotment of shares	—	44,360	45,400	—	—
Proceeds from issuance of notes payable, net of issuance costs	—	—	1,382,659	—	—
Decrease/(increase) in restricted fund	39,956	—	(706,644)	—	710,778
Redemption of bonds payable	—	—	(260,910)	—	(90,315)
Increase/ (decrease) in related party balances	1,808	6,766	16,426	18,580	(55,440)
Repayment of bank loans	(7,464)	(5,466)	(472,170)	(38,751)	—
Proceeds from issuance of shares	—	—	—	—	2,955
Repayment of share application money to third party	—	—	—	—	(731)
Payment of obligations under capital leases	(5,846)	(6,262)	(4,928)	(2,340)	(2,651)
Payment of consumer financing loans	(3,349)	(3,642)	(3,548)	(2,030)	(2,933)
Net cash generated from / (used in) financing activities	**25,105**	**35,756**	**(3,715)**	**(8,641)**	**561,663**
Net (decrease)/increase in cash on hand and in banks	(12,862)	2,722	25,349	(1,536)	426,069
Cash on hand and in banks, beginning balance	19,491	6,629	9,351	9,351	34,700
Cash on hand and in banks, ending balance (Note 22)	**6,629**	**9,351**	**34,700**	**7,815**	**460,769**

The cash on hand for the period ended June 30, 2007 includes an amount that has been earmarked for the construction of the new biodiesel production facility in Dumai, Riau province. The total cost for this facility is expected to be Rp. 362,160 million (US$40 million).

D. STATEMENTS OF CASH FLOWS (Continued)

The reconciliation of cash receipts from customers is as follows:

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Sales	701,025	703,030	857,133	376,961	760,566
(Increase)/decrease in trade receivables	(13,307)	12,515	(16,403)	702	(18,892)
Increase/(decrease) in advance from customers	10,895	(19,293)	6,552	5,242	15,058
	698,613	696,252	847,282	382,905	756,732

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Purchase of fixed assets (Note 10) comprise of:					
Obligations under capital lease	2,146	384	4,938	1,440	6,935
Consumer financing loans	1,230	9,343	4,716	2,957	2,360
Reclassification of conversion of rubber plantations	2,574	8,619	—	—	—
Reclassification of deferred charges	—	11,765	—	—	—
Capitalisation of deferred charges	—	—	323	—	21,382
Purchase of fixed assets using cash	69,292	57,603	50,320	27,777	188,670
	75,242	87,714	60,297	32,174	219,347

The accompanying accounting policies and explanatory notes form an integral part of the financial information.

COMBINED AND CONSOLIDATED FINANCIAL STATEMENTS
FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2004, 2005, AND 2006
AND SIX-MONTH PERIOD ENDED JUNE 30, 2007

1. GENERAL

(a) Corporate information

First Resources Limited (the "Company") is a limited liability company, which is incorporated and domiciled in the Republic of Singapore. First Resources Pte Ltd changed its name to First Resources Limited on November 22, 2007 in connection with its conversion into a public company limited by shares. The immediate holding company is Eight Capital Inc., incorporated in the Territory of British Virgin Islands and the ultimate holding company is Lizant Investments Ltd, incorporated in the Territory of British Virgin Islands.

Related companies in these financial statements refer to members of the ultimate holding company's group of companies.

The registered office and principal place of business of the Company is located at 8 Temasek Boulevard, #36-02, Suntec Tower Three, Singapore 038988.

The principal activity of the Company is that of an investment holding company. The principal activities of the subsidiaries are as disclosed in Note 1(b).

(b) Subsidiaries

As of December 31, 2004, 2005 and 2006 and June 30, 2006 and 2007, the details of subsidiaries are as follows:

Subsidiaries	Country of incorporation	Activities	Percentage of Ownership				
			At December 31			At June 30	
			2004	2005	2006	2006	2007
			%	%	%	%	%
Direct Ownership:							
PT Ciliandra Perkasa ("PT CLP")	Indonesia	Oil palm plantation	—	25.00	95.51	95.51	95.51
Indirect Ownership:							
Subsidiaries of PT CLP							
PT Pancasurya Agrindo ("PT PSA")	Indonesia	Oil palm plantation	62.00	62.00	62.00	62.00	62.00
PT Surya Intisari Raya ("PT SIR")	Indonesia	Oil palm and rubber plantation	99.99	99.99	99.99	99.99	99.99
PT Perdana Intisawit Perkasa ("PT PISP")	Indonesia	Oil palm plantation	99.99	99.99	99.99	99.99	99.99
PT Bumi Sawit Perkasa ("PT BSP")	Indonesia	Oil palm plantation	99.67	99.90	99.90	99.90	99.90
PT Priatama Riau ("PT PTR")	Indonesia	Oil palm plantation	99.00	99.75	99.75	99.75	99.75
Cilandra Perkasa Finance Company Pte. Ltd. ("CPF")	Singapore	Debt financing transactions facilitator	—	—	100.00	—	100.00
PT Sawit Dumai Perkasa ("PT SDP")	Indonesia	Oil palm plantation	100.00	—	—	—	—
PT Andalan Mitrasawit Sejati ("PT AMS")	Indonesia	Oil palm plantation	99.99	—	—	—	—
PT Dharma Bhakti Utama ("PT DBU")	Indonesia	Oil palm plantation	99.99	—	—	—	—

1. GENERAL (Continued)

(b) Subsidiaries (Continued)

Subsidiaries	Country of incorporation	Activities	Percentage of Ownership				
			At December 31			At June 30	
			2004	2005	2006	2006	2007
			%	%	%	%	%
Subsidiaries of PT PSA							
PT Pancasurya Binasejahtera ("PT PSBS")	Indonesia	Investment holding	99.99	99.99	99.99	99.99	99.99
PT Muriniwood Indah Industry ("PT MII")	Indonesia	Oil palm and rubber plantation	99.99	99.99	99.99	99.99	99.99
Subsidiaries of PT PSBS							
PT Subur Arummakmur ("PT SAM")	Indonesia	Oil palm plantation	99.99	99.99	99.99	99.99	99.99
PT Arindo Trisejahtera ("PT ATS")	Indonesia	Oil palm plantation	99.99	99.99	99.99	99.99	99.99
Subsidiaries of PT ATS							
PT Pancasurya Agrosejahtera ("PT PSAS")	Indonesia	Oil palm plantation	90.00	90.00	90.00	90.00	90.00
PT Pancasurya Agrindo Perkasa ("PT PSAP")	Indonesia	Oil palm plantation	90.00	99.99	99.99	99.99	99.99

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of preparation

These combined and consolidated financial statements of the Group have been prepared in accordance with Singapore Financial Reporting Standards ("SFRS").

The combined and consolidated financial statements of the Group have been prepared on the historical cost basis, except for biological assets and agricultural products that have been measured at their fair value. The unaudited combined and consolidated profit and loss account, balance sheet, statement of cash flows, statement of changes in equity and the related notes for the six months period ended June 30, 2006 have been included for the purposes of information only.

The combined and consolidated financial statements are presented in Indonesian Rupiah (Rp.) and all values are rounded to the nearest million (Rp.' million) except when otherwise indicated.

The accounting policies have been consistently applied by the Group.

2.2 Changes in accounting policies

(a) FRS and INT FRS not yet effective

The Group has not applied the following FRS and INT FRS that have been issued but not yet effective:

		Effective date (Annual periods beginning on or after)
FRS 108	: Operating Segments	January 1, 2009
INT FRS 111	: Group and Treasury Share Transactions	March 1, 2007
INT FRS 112	: Service Concession Arrangements	January 1, 2008

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.2 Changes in accounting policies (Continued)

(a) FRS and INT FRS not yet effective (Continued)

The directors are of the opinion that the adoption of the above standards will not have a material impact to the combined and consolidated financial statements, in the period of initial application.

2.3 Significant accounting estimates and judgements

Estimates, assumptions concerning the future and judgements are made in the preparation of the combined and consolidated financial statements. They affect the application of the Group's accounting policies, reported amounts of assets, liabilities, income and expenses, and disclosures made. They are assessed on an on-going basis and are based on experience and relevant factors, including expectations of future events that are believed to be reasonable under the circumstances.

(a) Key sources of estimation uncertainty

The key assumptions concerning the future and other key sources of estimation uncertainty at the balance sheet date, that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below.

(i) Depreciation of property, plant and equipment

The cost of property, plant and equipment are depreciated on a straight-line basis over their estimated useful lives. Management estimates the useful lives of these property, plant and equipment to be within 5 to 20 years. These are common life expectancies applied in the oil palm industry. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, therefore future depreciation charges could be revised. The carrying amount of the property, plant and equipment as at December 31, 2004, 2005 and 2006 and as at June 30, 2006 and 2007 were Rp. 426,603 million, Rp. 469,127 million, Rp. 477,907 million, Rp. 476,096 million and Rp. 665,736 million respectively.

(ii) Biological assets and agricultural products

The Group carries its oil palm and rubber plantations and agriculture products at fair value less estimated point-of-sale costs, which require extensive use of accounting estimates. Significant components of fair value measurement were determined using assumptions including average lives of plantations, period of being immature and mature plantations, yield per hectare, average selling price and annual discount rates. The amount of changes in fair values would differ if there are changes to the assumptions used. Any changes in fair values of these plantations would affect the Group's combined and consolidated profit and loss accounts and equity. The carrying amount of the Group's biological assets as at December 31, 2004, 2005 and 2006 and as at June 30, 2006 and 2007 were Rp. 1,714,407 million, Rp. 1,763,830 million, Rp. 2,255,098 million, Rp. 1,927,397 million and Rp. 2,574,240 million respectively. The carrying amount of the Group's fresh fruit bunches ("FFB") as at December 31, 2004, 2005 and 2006 and as at June 30, 2006 and 2007 were nil, Rp. 155 million, Rp. 344 million, nil and Rp. 2,108 million respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant accounting estimates and judgements (Continued)

(a) Key sources of estimation uncertainty (Continued)

(iii) Income taxes

The Group has exposure to income taxes in mainly 2 jurisdictions, Singapore and Indonesia. Significant judgement is involved in determining provision for income taxes. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Group recognises liabilities for expected tax issues based on estimates of whether additional taxes will be due. Where the final income tax outcome of these matters is different from the amounts that were initially recognised, such differences will impact the income tax and deferred income tax in the year in which such decision is made by the taxation authority.

The carrying amount of the Group's tax payables as at December 31, 2004, 2005 and 2006 and as at June 30, 2006 and 2007 were Rp. 6,428 million, Rp. 14,540 million, Rp. 40,127 million, Rp. 18,631 million and Rp. 59,716 million respectively.

The carrying value of the Group's tax recoverable as at December 31, 2004, 2005 and 2006 and as at June 30, 2006 and 2007 were Rp. 1,329 million, Rp. 1,063 million, Rp. 6,204 million, Rp. 948 million and Rp. 7,334 million respectively.

(iv) Allowances for inventories

Allowance for inventories is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical condition, their market selling prices, estimated costs of completion and estimated costs to be incurred for their sales. The allowances are re-evaluated and adjusted as additional information received affects the amount estimated. The carrying amount of the Group's inventories as at December 31, 2004, 2005 and 2006 and as at June 30, 2006 and 2007 were Rp. 66,410 million, Rp. 82,896 million, Rp. 75,507 million, Rp. 72,095 million and Rp. 92,416 million respectively.

(b) Critical judgements made in applying accounting policies

The following are judgements made by management in the process of applying the Group's accounting policies that have the most significant effects on the amounts recognised in the combined and consolidated financial statements.

(i) Classification of financial assets and financial liabilities

The Group determines the classification of certain of its assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set out in FRS 32 Financial instruments: Disclosure and Presentation. Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Group's accounting policies set out in this note.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.3 Significant accounting estimates and judgements (Continued)

(b) Critical judgements made in applying accounting policies (Continued)

(ii) Impairment of financial assets

The Company follows the guidance of FRS 39 Financial instruments: Recognition and Measurement in determining when an investment or financial asset is other-than-temporarily impaired and this requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the fair value of financial asset is less than its cost; and the financial health of and near-term business outlook for the financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(iii) Impairment of non-financial assets

The Company follows the guidance of FRS 36 Impairment of Assets in determining when an investment or financial asset is other-than-temporarily impaired and this requires significant judgement. The Company evaluates, among other factors, the duration and extent to which the fair value of the non-financial asset is less than its cost; and the financial health of and near-term business outlook for the non-financial asset, including factors such as industry and sector performance, changes in technology and operational and financing cash flow.

(iv) Allowance for doubtful debts

The Group evaluates specific accounts where it has information that certain customers are unable to meet their financial obligations. In these cases, the Group uses judgement, based on the best available facts and circumstances, including but not limited to, the length of its relationship with the customer and the customer's current credit status based on third party credit reports and known market factors, to record specific allowance against amount due from such customers to reduce its receivable to the amount the Group expects to collect. These specific allowances are re-evaluated and adjusted as additional information received affects the amounts of allowance for doubtful debts. The carrying amount of the Group's trade receivables as at December 31, 2004, 2005 and 2006 and for June 30, 2006 and 2007 were Rp. 14,117 million, Rp. 1,602 million, Rp. 18,005 million, Rp. 900 million and Rp. 36,897 million respectively.

2.4 Principles of consolidation

The combined and consolidated financial statements comprise the financial statements of all the entities within the Group. The financial statements are prepared for the same reporting date. Consistent accounting policies are applied for like transactions and events in similar circumstances.

All intra-group balances, transactions, income and expenses and profits and losses resulting from intra-group transactions that are recognised in assets, are eliminated in full.

Acquisitions of subsidiaries are accounted for using the purchase method other than entities under common control. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange, plus costs directly attributable to the acquisition. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date, irrespective of the extent of any minority interest.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.4 Principles of consolidation (Continued)

Any excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities is classified as goodwill.

Any excess of the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities over the cost of business combination is recognised in the combined and consolidated profit and loss accounts on the date of acquisition.

Subsidiaries are consolidated from the date of acquisition, being the date on which the Group obtains control, and continue to be consolidated until the date that such control ceases.

Acquisition of entities under common control is accounted for using the method similar to the pooling of interest method. The subsidiaries are deemed acquired on the date that the entities came under common control or January 1, 2004, being the beginning of the first period presented, whichever is later. Differences between the shares issued on acquisition and the nominal value of the shares acquired are recorded in equity.

Minority interests represent the portion of profit or loss and net assets in subsidiaries not held by the Group. They are presented in the combined and consolidated balance sheets within equity, separately from the parent shareholders' equity, and are separately disclosed in the combined and consolidated profit and loss accounts.

2.5 Functional and foreign currency

(a) Functional currency

Management has determined the currency of the primary economic environment in which the Group operates i.e. functional currency, to be Indonesian Rupiah. Sales prices and major costs of providing goods and services including major operating expenses are transacted mainly in Indonesian Rupiah.

(b) Foreign currency transactions

Transactions in foreign currencies are measured in the respective functional currencies and are recorded on initial recognition in the functional currencies at exchange rates approximating those ruling at the transaction dates. Monetary assets and liabilities at the balance sheet date denominated in foreign currencies are translated at the closing rate of exchange ruling at the balance sheet date. Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a foreign currency are translated using the exchange rates at the date when the fair value was determined. The exchange rate between Rupiah and US Dollar and Rupiah and Singapore Dollar is computed by taking the average of the buying and selling rates of exchange prevailing at the last banking transaction date of the year published by Bank Indonesia as follows:

December 31, 2004	USD 1 = Rp. 9,290	SGD 1 = Rp. 5,685
December 31, 2005	USD 1 = Rp. 9,830	SGD 1 = Rp. 5,907
December 31, 2006	USD 1 = Rp. 9,020	SGD 1 = Rp. 5,879
June 30, 2006	USD 1 = Rp. 9,300	SGD 1 = Rp. 5,854
June 30, 2007	USD 1 = Rp. 9,054	SGD 1 = Rp. 5,908

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.5 Functional and foreign currency (Continued)

(b) Foreign currency transactions (Continued)

Exchange differences arising on the settlement of monetary items or on translating monetary items at the balance sheet date are recognised in the combined and consolidated profit and loss accounts except for exchange differences arising on monetary items that form part of the Group's net investment in foreign subsidiaries, which are recognised initially in a separate component of equity as foreign currency translation reserve in the combined and consolidated balance sheets and recognised in the combined and consolidated profit and loss accounts on disposal of the subsidiary.

(c) Foreign currency translation

The results and financial position of foreign currency operations are translated into Rupiah using the following procedures:

- Assets and liabilities for each balance sheet presented are translated at the closing rate ruling at that balance sheet date; and

- Revenue and expenses for each profit and loss accounts are translated at average exchange rates for the year, which approximates the exchange rates at the dates of the transactions.

All resulting exchange differences are recognised in a separate component of equity as foreign currency translation reserve.

Goodwill and fair value adjustments arising on the acquisition of foreign operations are treated as assets and liabilities of the foreign operations and are recorded in the functional currency of the foreign operations and translated at the closing exchange rate at the balance sheet date.

On disposal of a foreign operation, the cumulative amount of exchange differences deferred in equity relating to that foreign operation is recognised in the combined and consolidated profit and loss accounts as a component of the gain or loss on disposal.

2.6 Subsidiaries

A subsidiary is an entity over which the Group has the power to govern the financial and operating policies so as to obtain benefits from its activities. The Group generally has such power when it directly or indirectly, holds more than 50% of the issued share capital, or controls more than half of the voting power, or controls the composition of the Board of Directors.

2.7 Associates

An associate is an entity, not being a subsidiary or a joint venture, in which the Group has significant influence. This generally coincides with the Group having 20% or more of the voting power, or has representation on the Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.7 Associates (Continued)

The Group's investment in an associate is accounted for using the equity method. Under the equity method, the investment in associate is carried in the combined and consolidated balance sheets at cost plus post-acquisition changes in the Group's share of net assets of the associate. The Group's share of the profit or loss of the associate is recognised in the combined and consolidated profit and loss accounts. Where there has been a change recognised directly in the equity of the associate, the Group recognises its share of such changes in equity. After application of the equity method, the Group determines whether it is necessary to recognise any impairment loss with respect to the Group's net investment in the associate. The associate is equity accounted for from the date the Group obtains significant influence until the date the Group ceases to have significant influence over the associate.

Goodwill relating to an associate is included in the carrying amount of the investment.

Any excess of the Group's share of the net fair value of the associate's identifiable assets, liabilities and contingent liabilities over the cost of the investment is excluded from the carrying amount of the investment and is instead included as income in the determination of the Group's share of the associate's profit or loss in the period in which the investment is acquired.

When the Group's share of losses in an associate equals or exceeds its interest in the associate, including any other unsecured receivables, the Group does not recognise further losses, unless it has incurred obligations or made payments on behalf of the associate.

The most recent available audited financial statements of the associate are used by the Group in applying the equity method. Where the dates of the audited financial statements used are not co-terminous with those of the Group, the share of results is arrived at from the last audited financial statements available and unaudited management financial statements to the end of the accounting period. Consistent accounting policies are applied for like transactions and events in similar circumstances.

2.8 Biological assets

Biological assets, which include mature and immature oil palm plantations and rubber plantations, are stated at fair values less estimated point-of-sale costs. Oil palm trees have an average life that ranges from 23 to 25 years, with the first three years as immature and the remaining years as mature, while rubber trees have an average life at the same range, with the first five years as immature, and the remaining years as mature. As market determined prices or values are not readily available for plantations in its present condition, the Group uses the present value of expected net future cash flows (excluding any future cash flows for financing the assets, taxation, or re-establishing plantations after harvest) from the asset, discounted at a current market determined pre-tax rate in determining fair values.

Gains or losses arising on initial recognition of plantations at fair value less estimated point-of-sale costs and from the change in fair value less estimated point-of-sale costs of plantations at each reporting date are included in the combined and consolidated profit and loss accounts for the period in which they arise.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.8 Biological assets (Continued)

Oil palm plantation is classified as mature plantation if 70 % of total plants per block are ready to be harvested with the average fresh fruit bunch weight of at least 3.5 kg or with the plant age of minimum of 36 months. Rubber plantation is classified as mature plantations if 80 % of total plantations per block are ready to be tapped or have reached a diameter of 45 cm with the height of 1 meter above the grafting point.

Biological assets also include land preparation costs which is the cost incurred to clear the land and to ensure that the plantations are in a state ready for the planting of seedlings.

2.9 Property, plant and equipment

All items of property, plant and equipment are initially recorded at cost. Subsequent to recognition, property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses.

Cost includes purchase price and other incidental expenses to acquire or to secure the assets and bring the assets to its current location and condition. Incidental expenses include expenses incurred for the acquisition or renewal of land rights such as legal fees, measuring and mapping fees, notary fees, taxes and other expenses.

Depreciation of an asset begins when it is available for use and is computed on a straight-line basis over the estimated useful life of the asset as follows:

- Land use rights—over the period of lease
- Buildings and improvements—5-20 years
- Machinery and installation—5-15 years
- Farming equipment and motor vehicles—5 years
- Office equipment—5 years

Construction in progress is stated at cost and not depreciated. Accumulated cost is transferred to the related asset when the asset is completed and ready for use and is then depreciated.

The carrying values of property, plant and equipment are reviewed for impairment when events or changes in circumstances indicate that the carrying value may not be recoverable in accordance with Note 2.13.

The residual value, useful life and depreciation method are reviewed at each financial year-end to ensure that the amount, method and period of depreciation are consistent with previous estimates and the expected pattern of consumption of the future economic benefits embodied in the items of property, plant and equipment.

An item of property, plant and equipment is derecognised upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset is included in the combined and consolidated profit and loss accounts when the asset is derecognised.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.10 Plasma plantation receivables

To support the Indonesian Government policy, the Company develops plasma plantations under the schemes of *Perkebunan Inti Rakyat Trasmigrasi* ("Plasma Project Conversion") and *Kredit Koperasi Primer untuk Anggotanya* ("KKPA") for farmers who are members of partnership *Koperasi Unit Desa* ("KUD").

The Group assumes responsibility for developing oil palm plantations to the productive stage. When the plantation is at its productive stage, it is considered to be completed and is transferred to the landholders (conversion of plasma plantations). All cost incurred will be reviewed by the Government and the Group will be compensated for all approved cost and financed by KUD or a bank. Under this scheme, the farmers sell all harvest to the Group at a price determined by the Government which approximates the market price. Part of the cost from these purchases will be retained by the Group and be used to pay KUD or the bank for the loan taken under the landholder's name.

Amount incurred and recoverable from KUD or the bank, for the development of the plantations less amount received as compensation, are presented in the combined and consolidated balance sheets as "plasma plantation receivables".

The difference between the accumulated development costs of plasma plantations and their conversion value is charged to the combined and consolidated profit and loss accounts. The plasma plantation receivables are assessed for impairment in accordance with Note 2.13.

2.11 Intangible assets

(a) Goodwill

Goodwill acquired in a business combination is initially measured at cost being the excess of the cost of the business combination over the Group's interest in the net fair value of the identifiable assets, liabilities and contingent liabilities. Following initial recognition, goodwill is measured at cost less any accumulated impairment losses. Goodwill is reviewed for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired.

For the purpose of impairment testing, goodwill acquired in a business combination is, from the acquisition date, allocated to each of the Group's cash-generating units, or groups of cash-generating units, that are expected to benefit from the synergies of the combination, irrespective of whether other assets or liabilities of the Group are assigned to those units or groups of units. Each unit or group of units to which the goodwill is so allocated:

- Represents the lowest level within the Group at which the goodwill is monitored for internal management purposes; and
- Is not larger than a segment based on either the Group's primary or the Group's secondary reporting format.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.11 Intangible assets (Continued)

(a) Goodwill (Continued)

A cash-generating unit (or group of cash-generating units) to which goodwill has been allocated is tested for impairment annually and whenever there is an indication that the unit may be impaired, by comparing the carrying amount of the unit, including the goodwill, with the recoverable amount of the unit. Where the recoverable amount of the cash-generating unit (or group of cash-generating units) is less than the carrying amount, an impairment loss is recognised.

Where goodwill forms part of a cash-generating unit (or group of cash-generating units) and part of the operation within that unit is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the cash-generating unit retained.

(b) Other intangible assets

Other intangible assets acquired separately are measured on initial recognition at cost. The cost of intangible assets acquired in a business combination is their fair values as at the date of acquisition. Following initial recognition, other intangible assets are carried at cost less any accumulated amortisation and any accumulated impairment losses. The useful lives of other intangible assets are assessed to be either finite or indefinite. Other intangible assets with finite lives are amortised on a straight-line basis over the estimated economic useful lives and assessed for impairment whenever there is an indication that the intangible asset may be impaired. The amortisation period and the amortisation method for other intangible assets with a finite useful life are reviewed at least at each financial year-end. The amortisation expense on intangible assets with finite lives is recognised in the combined and consolidated profit and loss accounts through each line item according to the function.

Other intangible assets with indefinite useful lives are tested for impairment annually or more frequently if events or changes in circumstances indicate that the carrying value may be impaired either individually or at the cash-generating unit level. Such intangible assets are not amortised. The useful life of an intangible asset with an indefinite life is reviewed annually to determine whether the useful life assessment continues to be supportable.

2.12 Negative goodwill

Negative goodwill arising on acquisition represents the excess of the acquirer's interest in the net fair values of the identifiable assets, liabilities and contingent liabilities over the cost of acquisition. Any negative goodwill arising on acquisition is reassessed and any negative goodwill in excess of the net fair value of the identifiable assets, liabilities and contingent liabilities is recognised immediately in the combined and consolidated profit and loss accounts on the date of acquisition.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.13 Impairment of non-financial assets

The Group assesses at each reporting date whether there is an indication that an asset may be impaired. If such an indication exists, annual impairment testing for an asset is required, the Group makes an estimate of the asset's recoverable amount.

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or groups of assets. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. Where the carrying amount of an asset exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount. Impairment losses are recognised in the combined and consolidated profit and loss accounts.

An assessment is made at each reporting date as to whether there is any indication that previously recognised impairment losses recognised for an asset may no longer exist or may have decreased. If such an indication exists, the recoverable amount is estimated. A previously recognised impairment loss is reversed only if there has been a change in the estimates used to determine the asset's recoverable amount since the last impairment loss was recognised. If that is the case, the carrying amount of the asset is increased to its recoverable amount. That increased amount cannot exceed the carrying amount that would have been determined, net of depreciation and amortisation, had no impairment loss been recognised for the asset in prior years. Reversal of an impairment loss is recognised in the combined and consolidated profit and loss accounts unless the asset is carried at revalued amount, in which case the reversal in excess of impairment loss previously recognised through the combined and consolidated profit and loss accounts is treated as a revaluation increase. After such a reversal, the depreciation charge is adjusted in future periods to allocate the asset's revised carrying amount, less any residual value, on a systematic basis over its remaining useful life.

2.14 Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, loans and receivables, held to maturity investments or available-for-sale financial assets, as appropriate. Financial assets are recognised on the combined and consolidated balance sheets when, and only when, the Group becomes a party to the contractual provisions of the financial instrument.

When financial assets are recognised initially, they are measured at fair value, plus, in the case of financial assets not at fair value through profit or loss, directly attributable transaction costs. The Group determines the classification of its financial assets after initial recognition and, where allowed and appropriate, re-evaluates this designation at each financial year-end.

The Group has classified all financial assets as loans and receivables. Such assets are carried at amortised cost using the effective interest method, less impairment losses. Gains and losses are recognised in the combined and consolidated profit and loss accounts when the loans and receivables are derecognised or impaired, as well as through the amortisation process.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.15 Impairment of financial assets

The Group assesses at each balance sheet date whether there is any objective evidence that a financial asset or a group of financial assets is impaired.

If there is objective evidence that an impairment loss on a financial asset carried at amortised cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is reduced through the use of an allowance account. The amount of the loss is recognised in the combined and consolidated profit and loss accounts.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognised, the previously recognised impairment loss is reversed. Any subsequent reversal of an impairment loss is recognised in the combined and consolidated profit and loss accounts, to the extent that the carrying value of the asset does not exceed its amortised cost at the reversal date.

2.16 Derecognition of financial assets

A financial asset is derecognised where the contractual rights to receive cash flows from the asset have expired.

On derecognition of a financial asset, the difference between the carrying amount and the sum of the consideration received is recognised in the combined and consolidated profit and loss accounts.

2.17 Inventories

Inventories other than FFB are stated at the lower of cost or net realisable value. Cost of palm oil, palm kernel, inventories for fertilizer chemicals, spare parts and other consumables is determined using the weighted average method. FFB is initially recognised at fair value and subsequently lower of net realisable value and initial recognition value.

Allowance for decline in value of inventories is made to reduce the carrying value to net realizable value.

Cultivation of seedlings is stated at cost. The accumulated cost will be reclassified to immature plantations at the time of planting.

2.18 Cash and cash equivalents

Cash and cash equivalents comprise cash on hand, demand deposits, and short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.19 Trade and other payables

Liabilities for trade and other payables are initially recognised at fair value and subsequently measured at amortised cost using the effective interest method.

Gains and losses are recognised in the combined and consolidated profit and loss accounts when the liabilities are derecognised as well as through the amortisation process.

2.20 Provisions

Provisions are recognised when the Group has a present obligation (legal or constructive) where, as a result of a past event, it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

Provisions are reviewed at each balance sheet date and adjusted to reflect the current best estimate. If it is no longer probable that an outflow of resources embodying economic benefits will be required to settle the obligation, the provision is reversed.

2.21 Interest-bearing loans and borrowings

All loans and borrowings are initially recognised at the fair value of the consideration received less directly attributable transaction costs. After initial recognition, interest-bearing loans and borrowings are subsequently measured at amortised cost using the effective interest method. Gains and losses are recognised in the combined and consolidated profit and loss accounts when the liabilities are derecognised as well as through the amortisation process.

2.22 Borrowing costs

Borrowings are generally expensed as incurred. Borrowing costs are capitalised if they are directly attributable to the acquisition, construction or production of a qualifying asset. Capitalisation of borrowing costs commences when the activities to prepare the asset for its intended use or sale are in progress and the expenditures and borrowing costs are being incurred. Borrowing costs are capitalised until the asset is ready for its intended use. If the resulting carrying amount of the asset exceeds its recoverable amount, an impairment loss is recorded.

2.23 Bonds and notes issuance costs

Bonds and notes issuance costs are deducted from the proceeds of bonds/notes issuance in the combined and consolidated balance sheets as discounts and amortised over the period of the bonds and notes using the effective interest method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.24 Derecognition of financial liabilities

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

2.25 Employment benefits

(a) Defined contribution plans

The Group participates in the national pension schemes as defined by the laws of the countries in which it has operations. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

In particular, the Singapore companies in the Group make contribution to the Central Provident Fund scheme in Singapore, a defined contribution scheme. Contributions to national pension schemes are recognised as an expense in the period in which the related service is performed.

(b) Defined benefit plans

The Group also provides additional provisions for employee service entitlements in order to meet the minimum benefits required to be paid to qualified employees, as required under the Indonesian Labor Law No.13/2003 (the "Labor Law"). The said additional provisions, which are unfunded, are estimated using actuarial calculations based on the report prepared by an independent firm of actuaries.

Actuarial gains or losses are recognised in the combined and consolidated profit and loss accounts when the net cumulative unrecognised actuarial gains or losses at the end of the previous reporting year exceed 10.0% of the defined benefit obligation at that date. Such gains or losses in excess of the 10.0% corridor are amortised on a straight-line method over the expected average remaining service years of the covered employees.

Past service cost is recognised as an expense on a straight-line basis over the average period until the benefit becomes vested. To the extent that the benefit is already vested immediately following the introduction of, or changes to, the employee benefit program, the Group recognises past service cost immediately.

The related estimated liability for employee benefits is the aggregate of the present value of the defined benefit obligation at balance sheet date and actuarial gains and losses not recognised, less past service cost not yet recognised.

(c) Employee leave entitlement

Employee entitlements to annual leave are recognised as a liability when they accrue to employees. The estimated liability for leave is recognised for services rendered by employees up to balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.26 Leases

Finance leases, which transfer to the Group substantially all the risks and rewards incidental to ownership of the leased item, are capitalised and presented as part of property, plant and equipment at the inception of the lease at the fair value of the leased asset or, if lower, at the present value of the minimum lease payments. Any initial direct costs are also added to the amount capitalised. Lease payments are apportioned between the finance charges and reduction of the lease liability so as to achieve a constant rate of interest on the remaining balance of the liability. Finance charges are charged to the combined and consolidated profit and loss accounts. Contingent rents, if any, are charged as expenses in the periods in which they are incurred.

Capitalised leased assets are depreciated over the shorter of the estimated useful life of the asset and the lease term, if there is no reasonable certainty that the Group will obtain ownership by the end of the lease term.

Operating lease payments are recognised as an expense in the combined and consolidated profit and loss accounts on a straight-line basis over the lease term. The aggregate benefit of incentives provided by the lessor is recognised as a reduction of rental expense over the lease term on a straight-line basis.

2.27 Revenue

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Group and the revenue can be reliably measured. The following specific recognition criteria must also be met before revenue is recognised:

(a) Sale of goods

Revenue from sales arising from physical delivery of palm based products is recognised when significant risks and rewards of ownership of goods are transferred to the buyer, which generally coincide with their delivery and acceptance. Sales are stated net of discounts and taxes.

(b) Interest income

Interest income is recognised as interest accrues (using the effective interest method) unless collectibility is in doubt.

(c) Dividend income

Dividend income is recognised when the Group's right to receive payment is established.

2.28 Taxes

(a) Current tax

Income tax expense represents the sum of the tax currently payable and deferred tax. The tax currently payable is based on taxable profit for the year. Taxable profit differs from profit as reported in the combined and consolidated profit and loss accounts because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible. The Group's liability for current tax is calculated using tax rates that have been enacted or substantively enacted by the balance sheet date.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.28 Taxes (Continued)

(b) Deferred tax

Deferred tax is recognised on differences between the carrying amounts of assets and liabilities in the financial statements and the corresponding tax bases used in the computation of taxable profit, and is accounted for using the balance sheet liability method. Deferred tax liabilities are generally recognised for all taxable temporary differences and deferred tax assets are recognised to the extent that it is probable that taxable profits will be available against which deductible temporary differences can be utilised.

Deferred tax liabilities are recognised for all temporary differences, except:

- Where the deferred tax arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- In respect of temporary differences associated with investments in subsidiaries and associate, where the timing of the reversal of the temporary differences can be controlled by the Group and it is probable that the temporary differences will not reverse in the foreseeable future.

The carrying amount of deferred tax assets is reviewed at each balance sheet date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or part of the asset to be recovered. Unrecognised deferred tax assets are reassessed at each balance sheet date and are recognised to the extent that future taxable income will allow the deferred tax assets to be recovered.

Deferred tax is calculated at the tax rates that are expected to apply in the period when the liability is settled or the asset realised. Deferred tax is charged or credited to combined and consolidated profit and loss accounts, except when it relates to items charged or credited directly to equity, in which case the deferred tax is also dealt with in equity.

Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Group intends to settle its current tax assets and liabilities on a net basis.

(c) Sales tax

Revenues, expenses and assets are recognised net of the amount of Value-Added Tax ("VAT") except:

- Where the VAT incurred on a purchase of assets or services is not recoverable from the taxation authority, in which case the VAT is recognised as part of the cost of acquisition of the asset or as part of the expense item as applicable; and
- Receivables and payables that are stated with the amount of VAT included.

The net amount of VAT recoverable from, or payable to, the taxation authority is included as part of receivables or payables respectively in the combined and consolidated balance sheets.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

2.29 Related parties

A party is considered to be related to the Group if it possesses the ability (directly or indirectly) to control or exercise significant influence over the operating and financial decisions of the Group or vice-versa and/or subject to common control or common significant influence.

2.30 Segmental reporting

A segment is a distinguishable component of the Group that is engaged in providing certain products, or in providing products within a particular economic environment, which is subject to risks and rewards that are different from those of other segments. Segment information is presented in respect of the Group's business and geographical segments. The primary format, business segment, is based on the Group's management and internal reporting structure. Inter-segment pricing, if any, is determined on an arm's length basis. Segment revenue, expenses and assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment. They are determined before intra-group balances and intra-group transactions are eliminated. Segment capital expenditure is the total cost incurred during the period to acquire segment assets that are expected to be used for more than one period.

3. SALES

This comprises the following:-

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Crude Palm Oil ("CPO")	606,057	604,438	688,225	305,664	669,377
Fresh Fruit Bunches ("FFB")	22,648	17,356	90,033	31,050	21,370
Palm Kernel ("PK")	68,006	81,236	78,875	40,247	69,819
Rubber	4,314	—	—	—	
	701,025	703,030	857,133	376,961	760,566

4. COST OF SALES

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Rubber					
Depreciation	3,275	—	—	—	—
Maintenance cost	46	—	—	—	—
Plantation general expenses	3,145	—	—	—	—
Harvesting costs	1,845	—	—	—	—
Net change in rubber inventory	(713)	—	—	—	—
Cost of sales—Rubber	7,598	—	—	—	—
Fresh Fruit Bunches					
Depreciation	13,628	15,370	18,364	9,170	10,310
Maintenance cost	129,049	147,337	183,673	64,226	102,816
Plantation general expenses	58,803	51,440	49,760	24,212	27,569
Harvesting costs	36,272	36,044	57,593	24,825	31,423
Post employment benefits	1,663	—	—	—	2,307
Net changes in FFB inventory	—	(154)	(189)	—	—
Cost of FFB production	239,415	250,037	309,201	122,433	174,425
Cost of FFB transferred to production of CPO and PK	(222,454)	(238,195)	(268,246)	(107,056)	(162,967)
Cost of sales—FFB	16,961	11,842	40,955	15,377	11,458
Crude Palm Oil and Palm Kernel					
Cost of FFB to be processed into CPO and PK	222,454	238,195	268,246	107,056	162,967
Purchase of FFB	172,684	124,801	85,736	38,036	66,707
Depreciation	19,494	23,095	26,524	12,959	13,500
Processing—milling cost	31,521	28,592	30,196	13,926	17,135
Freight	11,446	10,231	15,100	7,056	11,209
Factory general expenses	4,035	9,660	10,678	5,167	5,809
Post employment benefits[1]	232	—	—	—	396
Purchases of CPO and PK	—	3,014	5,117	5,117	116,654
Net changes in FFB inventory	—	—	—	(183)	(489)
Net changes in CPO and PK inventory	(27,411)	10,833	4,751	14,316	(1,859)
Cost of sales—CPO and PK	434,455	448,421	446,348	203,450	392,029
Total cost of sales	459,014	460,263	487,303	218,827	403,487

[1] For the financial period ended June 30, 2007, post employment benefits are classified as cost of sales. Previously, such expenses were recorded as operating expenses in the financial year ended December 31, 2005 and December 31, 2006 and the financial period ended June 30, 2006.

5. PROFIT FROM OPERATIONS

The following items have been included in arriving at profit from operations:-

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Gain on sale of investments	(18,533)	—	—	—	—
Salaries, wages and allowances	10,745	10,677	11,019	5,608	10,806
Freight charges	10,307	11,370	9,615	4,651	5,572
Post employment benefits (in general and administrative expenses)[2]	1,342	4,445	4,594	2,444	1,367
Depreciation for plant, property and equipment (in operating expenses)	3,391	3,549	3,607	1,772	2,038
Operating lease rentals	352	868	992	431	1,374

6. FINANCIAL EXPENSES AND FINANCIAL INCOME

The following items have been included in financial expenses and financial income:

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Financial expenses					
Interest expense from financial institutions and finance company	(109,449)	(98,949)	(105,434)	(50,473)	(49,422)
Amortisation of bonds payable	(2,115)	(2,474)	(3,022)	(1,613)	(797)
Amortisation of notes payable	—	—	(796)	—	(6,054)
Loss on bond redemption	—	—	(5,582)	—	(1,136)
Total	(111,564)	(101,423)	(114,834)	(52,086)	(57,409)
Financial income					
Interest income from financial institutions	2,795	917	964	482	737

[2] For the financial period ended June 30, 2007, post employment benefits are classified as cost of sales. Previously, such expenses were recorded as operating expenses in the financial year ended December 31, 2005 and December 31, 2006 and the financial period ended June 30, 2006.

7. INCOME TAX

(a) Major components of tax expense

The major components of income tax expense for the years ended December 31, 2004, 2005 and 2006 and for the periods ended June 30, 2006 and 2007 are as follows:

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Current income taxation	5,546	16,181	52,021	21,129	61,583
Deferred tax charge/ (write back)	61,199	(1,327)	99,809	37,003	80,719
Income tax expense recognised in the profit and loss accounts	66,745	14,854	151,830	58,132	142,302

(b) Reconciliation between tax expense and accounting profit

A reconciliation between tax expense and the product of accounting profit multiplied by the applicable corporate tax rate for the years ended December 31, 2004, 2005 and 2006 and for the periods ended June 30, 2006 and 2007 is as follows:

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Accounting profit before income tax	200,587	21,736	502,735	195,919	479,085
Tax expense at the domestic rate @ 20% / 18%	40,117	4,347	100,547	39,184	86,236
Adjustments:					
Difference in tax rates of different jurisdictions	20,059	2,174	50,274	19,592	57,490
Income not subject to taxation	(838)	(243)	(274)	(145)	(737)
Non-deductible expenses	7,492	7,620	599	150	1,279
Deferred tax assets not recognised	109	151	1,288	—	—
Others	(194)	805	(604)	(649)	(1,966)
Income tax expense recognised in the profit and loss accounts	66,745	14,854	151,830	58,132	142,302

Companies in Indonesia are generally subject to progressive tax rates up to a maximum of 30.0%.

For the years ended December 31, 2004, 2005 and 2006 and for June 2006 and 2007, the Group has not recognised deferred tax assets amounting to Rp. 109 million, Rp. 151 million, Rp. 1,288 million, nil and nil relating to PT BSP and PT PTR due to uncertainty of its recoverability. The use of these tax losses is subject to the agreement of the tax authorities and compliance with certain provisions of the tax legislation of the respective countries in which the companies operate.

With effect from Year of Assessment 2008, the corporate tax rate in Singapore has reduced from 20% to 18%.

7. INCOME TAX (Continued)

(c) Deferred tax assets and liabilities

Deferred tax assets and liabilities comprise the following:

	Year ended December 31			Six months period June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Deferred tax assets					
Tax loss carried forward	20,175	18,255	15,401	15,625	5,686
Provision for post employment benefits	3,250	4,593	5,973	5,331	6,950
Gross deferred tax assets	23,425	22,848	21,374	20,956	12,636
Deferred tax liabilities					
Property, plant and equipment	(58,877)	(59,273)	(61,960)	(57,923)	(64,338)
Obligations under finance leases	(2,170)	(2,744)	(2,848)	(3,133)	(2,929)
Biological assets	(235,401)	(232,535)	(328,080)	(268,608)	(397,602)
Gross deferred tax liabilities	(296,448)	(294,552)	(392,888)	(329,664)	(464,869)

On September 18, 2006, PT MII received additional tax assessments for the financial year ended December 31, 2004 with regards to Income Tax Article 21, Income Tax Article 23 and Corporate Income tax. These additional assessments, including penalties and interest, amounting to Rp. 6,998 million have not been settled nor provided for as they were made by the Tax Authorities on unsupported transaction estimates. The Directors believe that the taxes pertaining to PT MII's activities have been fully disclosed and settled with the Tax Authorities and has filed objections against these additional assessments to the tax office accordingly.

8. EARNINGS PER SHARE

Basic earnings per share is calculated by dividing profit for the years that is attributable to ordinary equity holders of the Company by the weighted average number of ordinary shares outstanding.

There were no dilutive potential ordinary shares as at December 31, 2004, 2005 and 2006 and as at June 30, 2006 and 2007.

The following table reflects the profit/ (loss) attributable to the shareholders in the computation of basic and diluted earnings per share for the years ended December 31, 2004, 2005 and 2006 and for the periods ended June 30, 2006 and 2007:

	Year ended December 31			Six months period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Profit/ (loss) attributable to shareholders (Rp.'million)	90,756	(18,610)	243,851	90,486	217,581
Weighted average number of shares adjusted for the effect of dilution[1]	77,303,342	77,303,342	77,303,342	77,303,342	77,303,342

1 Basic earnings per share for the financial years ended December 31, 2004, 2005 and 2006 and for the periods ended June, 2006 and 2007 were computed based on the pre-invitation share capital of the Company being the weighted average number of shares as at June 30, 2007.

9a. BIOLOGICAL ASSETS—PLANTATIONS

Biological assets comprise oil palm plantations and rubber plantations with the following movements in their carrying value:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
At fair value					
At January 1	1,581,239	1,714,407	1,763,830	1,763,830	2,255,098
Additions	44,216	114,779	221,033	67,416	114,518
Conversion of rubber plantations	(41,092)	(8,619)	—	—	—
	1,584,363	1,820,567	1,984,863	1,831,246	2,369,616
Gains/(losses) arising from changes in fair value less estimated point-of-sale costs	130,044	(56,737)	270,235	96,151	204,624
At December 31/June 30	1,714,407	1,763,830	2,255,098	1,927,397	2,574,240
Represented by:					
Oil palm plantations	1,627,043	1,672,992	2,170,033	1,834,433	2,477,016
Field preparation costs	78,745	90,838	85,065	92,964	97,224
Rubber plantations	8,619	—	—	—	—
Total	1,714,407	1,763,830	2,255,098	1,927,397	2,574,240

Included in biological assets—plantations for the years ended 2004, 2005 and 2006 and for the periods ended June 30, 2006 and 2007 are Rp. 1,896 million, Rp. 3,675 million, Rp. 5,354 million, Rp. 2,470 million and Rp. 2,659 million in which depreciation have been capitalised.

Mature oil palm trees produce FFB, which are used to produce CPO and PK. The fair values of oil palm plantations are determined using the discounted future cash flows of the underlying plantations. The expected future cash flows of the oil palm plantations are determined using the forecast market price of FFB which is largely dependent on the projected selling prices of CPO and PK in the market.

Significant assumptions made in determining the fair values of the oil palm plantations are as follows:

(a) no new planting or re-planting activities are assumed;

(b) oil palm trees have an average life that ranges from 25 years, with the first three years as immature and the remaining years as mature;

(c) yield per hectare of oil palm trees is based on a guideline issued by the Indonesian Oil Palm Research Institute ("*Pusat Penelitian Kelapa Sawit*"), which varies with the average age of oil palm trees;

(d) the discount rates used for the years ended December 31, 2004, 2005, 2006 are 16.5%, 18.8%, 16.0% and for the periods ended June 30, 2006 and 2007 are 17.9% and 15.3% per annum, respectively, (such a discount rate represents the asset specific rate for the Group's plantation operations which are applied in the discounted future cash flows calculation); and,

9a. BIOLOGICAL ASSETS—PLANTATIONS (Continued)

(e) the projected selling price of CPO for the years ended December 31, 2004, 2005, 2006 of USD 450, USD 470, USD 487 and for the periods ended June 30, 2006 and 2007 of USD 480 and USD 525 are estimated by reference to independent professional valuations.

	At December 31			At June 30	
	2004	2005	2006	2006	2007
	Million tons	Million tons	Million tons	Million tons	Million tons
Production of FFB	654	720	869	387	432
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Fair value of FFB	481	503	703	312	388
	Hectares	Hectares	Hectares	Hectares	Hectares
Mature oil palm plantation	40,653	41,105	44,086	41,105	42,613
Immature oil palm plantation	6,440	9,883	16,384	13,449	19,465

The plantations have not been insured against the risks of fire, diseases and other possible risks.

The plantations of the subsidiaries, PT CLP and PT SIR, were pledged as collateral for bonds payable in 2008 (Notes 26 and 27).

9b. FIELD PREPARATION COSTS

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Field preparation costs	78,745	90,838	85,065	92,964	97,224

Field preparation costs are costs incurred to prepare the plantation lands, ready for the planting of seedlings.

10. PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS

(a) Property, plant and equipment

	Leasehold Buildings and improvements	Machinery and installation	Farming equipment and motor vehicles	Office equipment	Construction in progress	Total
	Rp.'million	Rp.'million	Rp.'Million	Rp.'million	Rp.'million	Rp.'million
Cost						
At January 1, 2004	157,731	173,891	74,199	5,893	109,038	520,752
Additions	4,375	1,110	5,575	626	63,556	75,242
Reclassifications	22,165	48,370	—	—	(70,535)	—
Disposals	—	—	(1,252)	—	(3,197)	(4,449)
At December 31, 2004 and January 1, 2005	184,271	223,371	78,522	6,519	98,862	591,545
Additions	3,895	10,825	11,435	1,065	60,494	87,714
Reclassifications	52,041	73,019	610	5	(125,675)	—
Disposals	—	(6)	(176)	(21)	(1,717)	(1,920)
At December 31, 2005 and January 1, 2006	240,207	307,209	90,391	7,568	31,964	677,339
Additions	4,133	4,372	17,228	969	33,595	60,297
Reclassifications	8,715	5,137	—	—	(13,852)	—
Disposals	—	—	(809)	—	—	(809)
At December 31, 2006 and January 1, 2007	253,055	316,718	106,810	8,537	51,707	736,827
Accumulated depreciation						
At 1 January 2004	46,271	34,667	44,049	3,309	—	128,296
Depreciation charge during the year	13,163	14,807	8,662	881	—	37,513
Disposals	—	—	(867)	—	—	(867)
At December 31, 2004 and January 1, 2005	59,434	49,474	51,844	4,190	—	164,942
Depreciation charge during the year	14,840	18,310	9,343	916	—	43,409
Disposals	—	(1)	(136)	(2)	—	(139)
At December 31, 2005 and January 1, 2006	74,274	67,783	61,051	5,104	—	208,212
Depreciation charge during the year	18,199	21,182	10,777	1,359	—	51,517
Disposals	—	—	(809)	—	—	(809)
At December 31, 2006 and January 1, 2007	92,473	88,965	71,019	6,463	—	258,920
Net Book Value						
As at December 31, 2004	124,837	173,897	26,678	2,329	98,862	426,603
As at December 31, 2005	165,933	239,426	29,340	2,464	31,964	469,127
As at December 31, 2006	160,582	227,753	35,791	2,074	51,707	477,907

10. PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS (Continued)

(a) Property, plant and equipment (Continued)

	Leasehold Buildings and improvements	Machinery and installation	Farming equipment and motor vehicles	Office equipment	Construction in progress	Total
	Rp.'million	Rp.'million	Rp.'Million	Rp.'million	Rp.'million	Rp.'million
Cost						
At January 1, 2006	240,207	307,209	90,391	7,568	31,964	677,339
Additions	13,698	1,565	9,758	375	6,778	32,174
Reclassifications	984	4,842	—	—	(5,826)	—
Disposals	—	—	—	—	—	—
At June 30, 2006	254,889	313,616	100,149	7,943	32,916	709,513
At January 1, 2007	253,055	316,718	106,810	8,537	51,707	736,827
Additions	1,508	1,427	17,378	785	198,249	219,347
Reclassifications	23,236	1,021	(406)	906	(24,757)	—
Disposals	(541)	—	—	(12)	(3,784)	(4,337)
At June 30, 2007	277,258	319,166	123,782	10,216	221,415	951,837
Accumulated depreciation						
At January 1, 2006	74,274	67,783	61,051	5,104	—	208,212
Depreciation charge during the year	9,067	10,465	5,047	626	—	25,205
Disposals	—	—	—	—	—	—
At June 30, 2006	83,341	78,248	66,098	5,730	—	233,417
Accumulated depreciation						
At January 1, 2007	92,473	88,965	71,019	6,463	—	258,920
Depreciation charge during the year	9,228	10,888	6,656	422	—	27,194
Reclassifications	(59)	(60)	(536)	655	—	—
Disposals	(10)	—	—	(3)	—	(13)
At June 30, 2007	101,632	99,793	77,139	7,537	—	286,101
Net Book Value						
As at June 30, 2006	171,548	235,368	34,051	2,213	32,916	476,096
As at June 30, 2007	175,626	219,373	46,643	2,679	221,415	665,736

Assets pledged as security

Property, plant and equipment amounting to Rp. 1,219,829 million, Rp. 1,279,829 million, Rp. 433,127 million, Rp. 1,279,829 million and Rp 1,692 million were pledged to secure the borrowings of the Group as at December 31, 2004, 2005 and 2006 and as at June 30, 2006 and 2007 (Note 25).

10. PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS (Continued)

(b) Land use rights

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
At January1	39,102	59,633	57,245	57,245	56,513
Addition	22,712	3,342	1,600	1,199	8,799
Disposal	—	(3,450)	—	—	—
Amortisation charge during the year/period	(2,181)	(2,280)	(2,332)	(1,166)	(1,313)
At December 31/June 30	59,633	57,245	56,513	57,278	63,999

Land use rights are in respect of the land utilisation rights ("Hak Guna Usaha" or "HGU") shown as follows:

HGU No.	Total Area	Location (Regency)	Expiry Date of HGU
	Hectares		
PT Ciliandra Perkasa			
HGU No. 55/HGU/BPN/1995	3,787	Kampar	December 31, 2030
PT Perdana Intisawit Perkasa			
HGU No. 60/HGU/BPN/1995	2,467	Kampar	December 31, 2030
PT Surya Intisari Raya			
HGU No. 40/HGU/BPN/1994	3,609	Pekanbaru	December 31, 2024
HGU No. 41/HGU/BPN/1994	1,430	Bengkalis	December 31, 2024
PT Pancasurya Agrindo			
HGU No. 42/VIII/1995	10,600	Kampar	December 31, 2020
PT Arindo Trisejahtera			
HGU No. 13/HGU/BPN/1993	7,741	Kampar	December 31, 2028
PT Subur Arummakmur			
HGU No. 65/HGU/BPN/1998	7,767	Kampar	September 21, 2033
PT Muriniwood Indah Industry			
HGU No. 10/HGU/BPN/2000	7,886	Bengkalis	July 4, 2035
Total	45,287		

As at June 30, 2007, the Group's land use rights covering a total land area of 45,287 hectares represents HGU. The legal terms of the existing land rights of the Group expire on various dates between 2020 and 2035.

Land use rights represent the cost of land use rights owned by the Group and are amortised on a straight line basis over their terms ranging from 25 years to 35 years. The terms can be extended for a period of 25 years subject to agreement with the Government of Indonesia and payments of premium.

Deferred land rights acquisition costs represent cost associated with the legal transfer or renewal for titles of land rights such as, among others, legal fees, land survey and re-measurement fees, taxes and other related expenses. They are deferred and amortised using the straight-line method over the legal tenure of the related land rights which range from 25 years to 35 years (including the extended period).

10. PROPERTY, PLANT AND EQUIPMENT AND LAND USE RIGHTS (Continued)

(c) Depreciation and amortisation

The depreciation and amortisation charge for each of the financial year is as follows:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Depreciation and amortisation included in cost of sales:					
—Rubber	3,275	—	—	—	—
—FFB	13,628	15,370	18,364	9,170	10,310
—CPO and PK	19,494	23,095	26,524	12,959	13,500
Depreciation capitalised in immature plantation	1,896	3,675	5,354	2,470	2,659
Depreciation included in operating expenses	3,391	3,549	3,607	1,772	2,038
Total	41,684	45,689	53,849	26,371	28,507
Depreciation in property, plant and equipment	37,513	43,409	51,517	25,205	27,194
Amortisation of land use rights	2,181	2,280	2,332	1,166	1,313
Depreciation in biological assets	1,990	—	—	—	—
Total	41,684	45,689	53,849	26,371	28,507

11. PLASMA PLANTATION RECEIVABLES

In support of the Indonesian Government policy, the Company develops plasma plantations under the schemes of *Perkebunan Inti Rakyat Trasmigrasi* ("PIR—Trans") and *Kredit Koperasi Primer untuk Anggotanya* ("KKPA") for farmers who are members of partnership *Koperasi Unit Desa* ("KUD").

Information regarding the development of plasma plantations as of December 31 2006, 2005 and 2004 and for the periods ended June 30 2006 and 2007 are as follows:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
Accumulated conversion value of plasma plantations (Rp.'million)	32,712	47,434	55,226	47,434	55,226
Accumulated conversion plasma plantations (Hectares)	2,906	4,056	4,642	4,056	4,642

11. PLASMA PLANTATION RECEIVABLES (Continued)

Details of plasma plantation receivables presented in the combined and consolidated balance sheets as of December 31, 2004, 2005, 2006 and June 30, 2006 and 2007, are as follows:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Plasma project conversion					
Beginning balance	53,660	56,481	40,308	40,308	33,762
Additional development costs	2,821	1,470	1,319	605	741
Conversion value	—	(14,722)	(7,865)	—	—
Difference between accumulated development cost of plasma plantations and conversion value	—	(2,921)	—	—	—
Ending balance	56,481	40,308	33,762	40,913	34,503
KKPA					
Beginning balance	7,124	11,810	18,960	18,960	27,473
Additional development costs	4,686	7,150	8,513	3,203	22,468
Ending balance	11,810	18,960	27,473	22,163	49,941
Total	68,291	59,268	61,235	63,076	84,444

12. INVESTMENT IN AN ASSOCIATE

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Unquoted shares, at cost	39,696	39,696	39,696	39,696	39,696
Share of post-acquisition reserves	8,535	5,096	10,566	9,449	23,687
Carrying amount of investment	48,231	44,792	50,262	49,145	63,383

Name	Country of incorporation	Principal activities	Proportion (%) of ownership interest *
PT Meridan Sejati Surya Plantation(1)	Indonesia	Sale and purchase of fresh fruit bunches and purchase of crude palm oil.	25

(1) Audited by Johan Malonda Astika & Rekan

* As at December 31, 2004, 2005, 2006 and as at June 30, 2006 and 2007

12. INVESTMENT IN AN ASSOCIATE (Continued)

The summarised financial information of the associate is as follows:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Assets and liabilities:					
Current assets	21,110	11,906	17,857	13,291	28,741
Non-current assets	329,688	377,576	280,882	389,284	412,339
Total assets	350,798	389,482	298,739	402,575	441,080
Current liabilities	21,506	39,502	59,963	40,328	55,900
Non-current liabilities	183,559	218,003	149,879	215,647	178,990
Total liabilities	205,065	257,505	209,842	255,975	234,890
Results:					
Revenue	54,325	70,174	138,903	53,385	90,218
(Loss)/profit for the year	(3,241)	(13,755)	21,878	17,408	52,484

13. ADVANCES FOR INVESTMENT IN UNQUOTED EQUITY

This pertains to advances placed for the proposed purchase of shares in the unquoted equity of PT Duta Swakarya Indah. The proposed share purchase was cancelled in 2006 and the advances were refunded to the Group.

14. DUE FROM/(TO) RELATED PARTIES AND DUE TO IMMEDIATE HOLDING COMPANY

A party is considered to be related to the Company if:

(a) the party, directly or indirectly through one or more intermediaries, (i) controls, is controlled by, or is under common control with, the Company; (ii) has an interest in the Company that gives it significant influence over the Company; or (iii) has joint control over the Company;

(b) the party is a member of the key management personnel of the Company or its parent;

(c) the party is a close member of the family of any individual referred to in (a) or (b); or

(d) the party is an entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such entity resides with, directly or indirectly, any individual referred to in (b) or (c).

These amounts other than those due to immediate holding company are non-trade related, unsecured, non-interest bearing, has no fixed terms of repayment and are to be settled in cash.

The amount due to immediate holding company refers to amount owing for the purchase of shares in subsidiary PT CLP. This amount is unsecured, non-interest bearing, has no fixed terms of repayment and has been settled in the form of shares issued to the immediate holding company.

15. TAX RECOVERABLE

This comprises:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
VAT	1,063	1,063	1,082	948	610
Income Tax Article 21	142	—	—	—	—
Income Tax Article 23	124	—	21	—	213
Income Tax Article 26	—	—	106	—	43
Corporate income tax	—	—	4,995	—	6,468
Total	1,329	1,063	6,204	948	7,334

The above represents tax payments made to the tax authorities on Tax Assessment Letter *Surat Keputusan Pajak* ("SKP") and Tax Collection Letter *Surat Tagihan Pajak* ("STP") which are recoverable subject to objections and appeals lodged with the tax authorities.

16. INTANGIBLE ASSETS

The intangible asset relates to the purchase of Oracle software, which is still in the progress of implementation. Amortization would only commence upon the date of implementation. The Oracle software will be amortized on a straight-line basis over its estimated useful life of 5 years.

17. INVENTORIES

This comprise of:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Crude Palm Oil	29,847	20,688	17,510	9,202	19,765
Palm Kernel	6,157	4,483	2,910	1,653	2,514
Fresh Fruit Bunches	—	155	344	—	2,108
Cultivation of Seedlings	6,887	23,321	21,392	24,875	24,291
Fertilizer and chemicals	8,416	16,422	14,224	16,636	23,424
Spare parts and other consumables	11,833	16,299	16,587	16,293	15,387
Goods-in-Transit	2,292	1,528	2,540	3,436	4,500
Rubber	978	—	—	—	—
Others	—	—	—	—	427
Inventories carried at lower of cost and net realisable value	66,410	82,896	75,507	72,095	92,416

18. TRADE RECEIVABLES

This comprised trade balances receivable from:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Third parties	13,681	1,511	17,751	900	36,869
Related parties	436	91	254	—	28
	14,117	1,602	18,005	900	36,897

Trade receivables from related parties are non-interest bearing, unsecured, repayable in demand and are to be settled in cash.

Trade receivables are denominated in the following currencies:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Indonesian Rupiah	9,134	1,602	1,995	900	—
US dollars	4,983	—	16,010	—	36,897
	14,117	1,602	18,005	900	36,897

An analysis of the trade receivables aging schedule is as follows:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Current	—	—	—	—	36,869
Overdue:					
1 - 30 days	13,986	1,380	17,750	769	28
31 - 60 days	—	—	255	—	—
61 - 90 days	—	—	—	—	—
More than 90 days	131	222	—	131	—
	14,117	1,602	18,005	900	36,897

As the Group's trade receivables relate to a large number of diversified customers, there is no concentration of credit risk. Trade receivables are non-interest bearing and are generally on 30 days terms for credit payments.

19. NOTES RECEIVABLE

PT Fangionoperkasa Sejati ("PTFS") issued promissory notes with nominal value of Rp. 310 billion to Prinsep Management Limited ("Prinsep"). Prinsep assigned the promissory note as consideration for the subscription of the Company's share capital of 54,385,965 ordinary shares.

Under the promissory note settlement agreement between PTFS and the Company:-

(a) PTFS transferred 112,500,000 shares in PT CLP valued at Rp. 112,500 million to the Company as part of the repayment; and

(b) issued a fresh promissory note for the remaining balance of Rp. 197,500 million maturing/due on June 30, 2006.

In 2006, PTFS transferred 197,500,000 shares in PT CLP, valued at Rp. 197,500 million (equivalent to S$34,649,123), to the Company as full settlement of the outstanding notes.

20. OTHER RECEIVABLES

This comprises:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Advances	13,465	5,604	6,277	7,867	18,484
Sundry receivables	3,861	3,393	4,444	6,669	5,286
	17,326	8,997	10,721	14,536	23,770

Advances are mainly payments made to suppliers and contracts for purchase of inventories, capital equipment and construction of capital assets. They are trade in nature, unsecured, interest-free and the obligations from suppliers are expected to be fulfilled within the next twelve months.

Other receivables are denominated in the following currencies:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Indonesian Rupiah	8,192	8,997	10,721	13,989	20,054
US dollars	9,134	—	—	—	3,062
Euro	—	—	—	—	418
JPY	—	—	—	—	220
SGD	—	—	—	547	16
	17,326	8,997	10,721	14,536	23,770

21. PREPAID TAXES

This comprises:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Income Tax Article 22	57	57	57	57	57
Income Tax Article 23	—	—	—	43	—
Income Tax Article 25	—	629	—	735	—
VAT	3,447	5,242	3,237	7,959	12,830
	3,504	5,928	3,294	8,794	12,887

With effect from January 1 2007, FFB has been classified as a Certain Strategic Taxable Good and is therefore exempted from the imposition of VAT. As such, FFB is no longer subject to VAT and can not be credited and instead such input VAT components should be charged as an expense. The directors are of the opinion that the production of CPO, which uses FFB produced by the Group, is not covered by this exemption and all input VAT in the production of the FFB can be claimed and offset against the output VAT of CPO. Accordingly, the net VAT is accounted for as a recoverable amount.

22. CASH AND BANK BALANCES

This comprises:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Cash on hand and in banks	6,629	9,351	34,700	7,815	460,769
Restricted funds	4,133	4,134	710,778	4,134	303
Cash and cash equivalents	10,762	13,485	745,478	11,949	461,072

Restricted funds represent the following:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Escrow Account	—	—	631,821	—	303
Pre-funded Interest Reserve Account	—	—	77,572	—	—
Interest Sinking Fund	4,133	4,134	1,385	4,134	—
	4,133	4,134	710,778	4,134	303

Amounts in the Escrow Account represents the funds from the net proceeds of the Notes issued by Ciliandra Perkasa Finance Co Pte Ltd, less the amount of such proceeds deposited into the Pre-Funded Interest Reserve Account and the release of the funds held at Deutsche Bank AG, Singapore Branch by DB Trustees (Hongkong) Limited (Note 27). Included in the cash on hand and in banks as at June 30, 2007 is an amount of Rp. 362,160 million which has been allocated for capital expenditure.

22. CASH AND BANK BALANCES (Continued)

Pre-Funded Interest Reserve Account represents the amount equivalent to one semi-annual interest payment as disclosed in Note 27.

Interest Sinking Fund represents the fund placed in PT Bank Niaga Tbk and PT Bank Syari'ah Mandiri under the name of Trustee for interest settlements on the bonds issued by the Company and disclosed in Note 26. The bonds have been fully redeemed as at June 30, 2007.

Cash and bank balances are denominated in the following currencies:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Indonesian Rupiah	9,736	12,574	19,835	11,495	25,739
US dollars	1,026	905	725,642	450	432,467
SGD	—	6	1	4	2,866
Total	10,762	13,485	745,478	11,949	461,072

For the purposes of the Statements of Cash Flows, cash and cash equivalents represent the following:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Cash on hand and in banks	6,629	9,351	34,700	7,815	460,769

For the period ended June 30, 2007, the amount of funds used to finance the new biodiesel production facility in Dumai, Riau province is Rp. 362,160 million (US$40 million).

23. TRADE PAYABLES

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Third parties	31,204	50,412	51,834	52,702	63,574
Related parties	793	12	10,292	9,336	2,189
Total	31,997	50,424	62,126	62,038	65,763

Trade payables are normally settled on 30 day to 90 day credit payments terms.

Trade payables to related parties are non-interest bearing, unsecured, repayable on demand and expected to be settled in cash.

23. TRADE PAYABLES (Continued)

Trade payables are denominated in the following currencies:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Indonesian Rupiah	27,331	37,467	35,936	28,457	41,591
US Dollars	4,650	12,783	26,167	26,294	23,920
SGD	—	—	—	7,238	142
Euro Dollars	16	117	23	49	110
Malaysian Ringgit	—	57	—	—	—
Total	31,997	50,424	62,126	62,038	65,763

An analysis of the trade payables aging schedule is as follows:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Current	—	—	—	—	—
Overdue:					
1 - 30 days	18,261	27,458	21,179	30,459	5,598
31 - 60 days	4,239	5,924	9,679	9,943	15,845
61 - 90 days	3,614	4,835	9,335	8,561	14,475
More than 90 days	5,883	12,207	21,933	13,075	29,845
Total	31,997	50,424	62,126	62,038	65,763

24. OTHER PAYABLES AND ACCRUALS

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Accrued staff cost	24,472	25,347	45,734	13,665	36,922
Accrued professional fees	91	291	1,904	412	2,592
Accrued interest	3,153	4,770	10,343	4,751	10,404
Accrued others	2,822	3,227	2,066	1,086	3,497
Advances from customers	26,197	6,904	13,456	12,146	28,514
Other payables to third parties	18,001	18,229	20,632	122,103	20,041
Total	74,736	58,768	94,135	154,163	101,970

Advances from customers represent advance payments relating to the sale of finished goods, are trade in nature, unsecured, interest-free, and the obligations to the customers are expected to be fulfilled within the next twelve months.

24. OTHER PAYABLES AND ACCRUALS (Continued)

Other payables are denominated in the following currencies:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Indonesian Rupiah	73,990	58,242	93,395	154,156	88,730
US Dollars	746	526	740	—	13,029
SGD	—	—	—	7	211
Total	74,736	58,768	94,135	154,163	101,970

25. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Loan 1	6,388	56,989	—	64,685	—
Loan 2	1,139	8,845	—	7,409	—
Loan 3	12,237	—	—	—	—
Loan 4	185,465	231,104	—	211,290	—
Loan 5	—	31,150	—	29,300	—
Loan 6	166,359	144,082	—	114,226	—
Loan 7	9,473	—	—	—	—
Loan 8	75,407	—	—	—	—
Loan 9	13,215	—	—	—	—
Consumer financing loans	6,074	2,816	4,207	2,224	8,359
Obligations under finance lease	5,168	8,250	8,038	8,873	8,381
Total	480,925	483,236	12,245	438,007	16,740
Current					
Consumer financing loan	3,537	2,512	2,773	1,805	5,112
Obligations under finance leases	3,761	4,328	4,827	4,361	5,609
Bank loans	101,725	161,961	—	173,506	—
	109,023	168,801	7,600	179,672	10,721
Non-current					
Consumer financing loan	2,537	304	1,434	419	3,247
Obligations under finance leases	1,407	3,922	3,211	4,512	2,772
Bank loans	367,958	310,209	—	253,404	—
	371,902	314,435	4,645	258,335	6,019
Total	480,925	483,236	12,245	438,007	16,740

25. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS (Continued)

Details of the loans and borrowings are as follows:

Loan 1

This pertains to a Working Capital Forex Line and Settlement Line Credit facility provided by PT Bank Central Asia Tbk ("PT BCA") to finance the working capital, hedge and settle transactions in foreign currencies. The facility matured in May 2006. These facilities were used by PT PISP, PT PSA, PT SAM, PT MII and associated company PT MSSP.

The facilities were granted at interest rates ranging from 12.50% per annum in 2004, 12.00 % to 14.00% per annum in 2005 and 11.75 % to 14.25 % per annum in 2006.

Loan 2

This pertains to a revolving working capital credit facility provided by PT Bank Mandiri (Persero) Tbk ("PT BMP") to PTATS to finance the working capital of the factory and oil palm plantations. The facilities mature in July 2007.

There was an early repayment of the loan in December 2006 arising from the proceeds from the notes issued by subsidiary, Ciliandra Perkasa Finance Co Pte Ltd ("CPF") (Note 27).

The facilities were granted at interest rates ranging from 13.50% to 17.00% per annum in 2004, 12.50 % to 13.50 % per annum in 2005 and 16.00 % per annum in 2006.

Loan 3

This pertains to a revolving credit facility provided by PT Bank Negara Indonesia (Persero) Tbk ("PT BNIP") to PT PISP to finance the purchase of fresh fruit bunches as well as export of crude palm oil and palm kernel. The facility matured in June 2005.

The facilities were granted at interest rates ranging from 12.50% to 16.75% per annum in 2004 and 12.50% to 14.50% per annum in 2005.

Loan 4

The Group obtained this Investment Credit Facility from PT BCA to refinance the existing loans taken out by PT PISP, PT PSA, PT SAM and PT MII from other financial institutions. This loan will be repaid in 24 quarterly instalments from August 2004 to May 2010.

There was an early repayment of the loan in December 2006 arising from the proceeds from the notes issued by subsidiary, CPF (Note 27).

25. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS (Continued)

Loan 5

The Group obtained this Investment Credit Facility from PT BCA to refinance the existing loans taken from other financial institutions to fund the planting of PT SAM's and PT MII's palm oil plantations. This loan will be repaid in quarterly instalments from August 2005 to December 2009.

The loan was granted at interest rates ranging from 12.00% to 12.50% per annum in 2004, 11.75% to 13.75% per annum in 2005, and 13.75% to 15.00% per annum in 2006.

In December 2006, PT PISP, PT PSA, PT SAM and PT MII settled all the loans obtained from PT BCA using the proceeds from the issuance of notes by subsidiary, CPF (Note 27).

Loan 6

This pertains to a credit investment facility provided by PT BMP to PT ATS. It is to be repaid in 24 quarterly installments starting from March 2003 and ending in December 2008.

There was an early repayment of the loan in December 2006 arising from the proceeds from the notes issued by subsidiary, CPF (Note 27).

Loan 7

This pertains to a credit investment facility provided by PT BMP to PT ATS. It is to be repaid in 24 quarterly installments starting from March 2003 and ending in December 2008.

Loans 6 and loan 7 were granted at interest rates ranging from 7.75% per annum in 2004, 7 % to 8 % per annum in 2005 and 2006.

On December 2006, PT ATS settled all the loans obtained from PT BMP using the proceeds from the issuance of notes by subsidiary, CPF (Note 27)

Loan 8

This pertains to a credit facility provided by PT BNIP to PT PISP to finance the development of its oil palm plantation. The repayment period is from March 1999 to June 2006.

The facility was granted at interest rates ranging from 12.75% to 17.25% per annum in 2004 and 2005.

The loan has been settled but the guarantees relating to the loan would only be released upon the conversion of the plasma plantation (Note 32(b)).

25. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS (Continued)

Loan 9

This pertains to a credit investment facility provided by PT BNIP to PT PISP to finance the development of the oil palm plantation under the PIR-Trans Plasma scheme. The repayment period is from November 1999 to December 2005.

The facility was granted at an interest rate of 16% per annum in 1995.

On 29 December 2005, PT PISP settled all the loans obtained pursuant to this facility.

Collaterals

The collaterals provided to secure Loans 1, 4 and 5 are as follows:

(a) Land including the building and other equipment under the name of PT MSSP, PT PSA, PT SAM, PT PISP and PT MII.

(b) Machinery, equipment, vehicles, inventories and receivables belonging to PT PISP, PT PSA, PT SAM, PT MII and PT MSSP under the Fiducia Guarantee Agreement;

(c) Mortgage of stocks of PT PISP, PT PSA, PT SAM, PT MII and PT MSSP as covered in Deeds of shares mortgage;

(d) Sales contract of production goods produced by PT PISP, PT PSA, PT SAM, PT MII and PT MSSP as covered in Deed of Sales Contract Transfer Agreement;

(e) Personal guarantee from a former director; and

(f) Temporary collateral in the form of a plot of land of 326 ha under the name of a non-related company PT Panca Surya Garden.

The collaterals provided to secure Loans 2, 6 and 7 are as follows:

(a) PT ATS's inventories and receivables from third parties covered by Fiducia Collateral Deed amounting to Rp. 15,000 million and Rp. 7,600 million;

(b) Two plots of land including the plantations, building and infrastructure thereon with the areas of 3,471 ha and 4,270 ha in Sinama Nenek, Siak Hulu, Kampar, Province Riau under the name of PT ATS which is covered by Guarantee Right I amounting to Rp. 87,000 million and Rp. 98,000 million;

(c) PT ATS's factory machinery including the equipment as covered by Fiducia Collateral Deed amounting to Rp. 59,204 million;

(d) Personal guarantees from former directors;

(e) Corporate guarantee from PT PSBS; and

(f) Mortgage of stocks of PT Surya Dumai Industri Tbk.

25. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS (Continued)

Collaterals (Continued)

The collaterals provided to secure Loan 8 is as follows:

(a) All of PT PISP's assets including inventories, trade receivables, land use rights;

(b) Guarantee from PT Perawang Lumber Industri;

(c) Personal guarantee from former directors; and

(d) Guarantee over the whole stocks of PT PISP.

The collaterals provided to secure Loan 9 is as follows:-

a) A plot of plantation land with an area of 8,000 Hectares in Kampar, Province Riau;

b) A plot of plantation land with an area of 2,295 Hectares in Kampar, Province Riau & palm oil trees, infrastructure, factory buildings and other buildings, machinery & other equipment on it, which will be covered by Guarantee Right I amounting to 25% of the value of the collateral;

c) All assets financed by this facility including both existing & future heavy machinery, farming equipment, motor vehicles which are pledged to the Bank;

d) Pre-production assets including fertilizers, palm oil seeds, pesticide;

e) Corporate guarantee from an related party, PT Perawang Lumber Industri;

f) Personal guarantees from former directors;

g) All pledged company's shares;

h) Raw materials, work-in-progress, end products are automatically pledged as collateral to the Bank once the Company starts operating commercially; and

i) PT PISP's receivables which are pledged to the Bank

Consumer financing loans

The Group entered into consumer financing loan agreements for purchase of heavy machinery and vehicles incidental to the ordinary course of the business. These consumer financing loans expire within the next three years. The discount rates implicit in these consumer financing loans for the financial year ended December 2004, 2005 and 2006 and for the six months periods ended June 2006 and 2007 range from 6.7% to 11.9% per annum, 6.2% to 11.9% per annum and 6.2% to 11.9% per annum, 6.7% to 11.9% per annum and 6.7% to 11.9% per annum respectively.

Obligation under financing lease

The Group entered into capital lease agreements for purchase of heavy machinery and vehicles incidental to the ordinary course of the business. These capital leases expire within the next three years. The discount rates

25. LOANS AND BORROWINGS FROM FINANCIAL INSTITUTIONS (Continued)

Obligation under financing lease (Continued)

implicit in these capital leases for financial year ended December 31, 2004, 2005 and 2006 and for the six month periods ended June 30, 2006 and 2007 range from 6.4% to 13.8% per annum, 6.4% to 13.8% per annum, 6.4% to 12.8% per annum, 6.4% to 12.8% per annum and 6.4% to 12.8% per annum respectively.

26. BONDS PAYABLE

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Nominal value:					
Ciliandra Perkasa Bond Year 2003	290,000	290,000	35,000	290,000	—
Syari'ah Mudharabah Ciliandra Perkasa Bond Year 2003	60,000	60,000	55,000	60,000	—
Total	350,000	350,000	90,000	350,000	—
Less:					
Bond issuance costs	14,251	14,251	3,665	14,251	—
Accumulated amortisation	(2,595)	(5,069)	(2,047)	(6,682)	—
Total	11,656	9,182	1,618	7,569	—
Bond payables, net	338,344	340,818	88,382	342,431	—

Ciliandra Perkasa Bond year 2003 are denominated in Rupiah with nominal value of Rp. 290,000 million. The Bonds have a maturity period of 5 years and bore interest at 14.75% per annum. It matures on September 26, 2008. The bond interest is payable quarterly with the first interest payment on December 26, 2003 and the last interest payment on September 26, 2008.

Syari'ah Mudharabah Ciliandra Perkasa Bond year 2003 are bonds denominated in Rupiah with nominal value of Rp. 60,000 million and have a maturity period of 5 years. PT CLP will distribute the revenues to the Syari'ah bondholders every 3 months subsequent to the bond issuance date. The amount of distributed revenue is calculated based on the bonds portion held by the bondholders and the related revenue to be distributed which refers to the Fresh Fruit Bunches Sales Contract between PT PSA and PT PISP for a period from 2003 to 2008 with contract value of Rp. 12,500 million per quarter or Palm Oil Sales Contract between PT PSA and PT CLP for the 3rd to 5th year with contract value of Rp. 12,500 million per quarter if the palm oil factory constructed in PT PSA is completed and has started its production activities. The percentage ownership of the bond portion of Syariah Bondholders is 17.70% per annum.

Both of the bonds were registered in the Surabaya Stock Exchange on October 1, 2003. The Trustee and Guarantee Agent for the bonds is PT Bank Niaga Tbk.

Both the bonds are jointly collateralised with the land, HGU, Palm Oil Factory, building and other supporting facilities including PT CLP's and PT SIR's plants, PT CLP's moving and non-moving assets covering a total collateral value amounting to Rp. 525,000 million or 150% of the total liabilities.

26. BONDS PAYABLE (Continued)

Based on the Trustee Agreement, PT CLP is prohibited, unless with the written consent from the Trustee, to collateralise and/or mortgage part of the Company's assets and/or allow and/or give approval to the subsidiaries to collateralise and/or mortgage part or all the subsidiaries' assets, issue Corporate guarantee or allow the subsidiaries to issue a Corporate guarantee for other parties, to conduct merger and/or acquisition, issue bonds or other kinds of loan instrument at a level higher than these bonds, change the scope of business activities, distribute dividends to the Company's stockholders or provide loans or credits to affiliated companies and other related parties with value of more than Rp. 10,000 million.

In addition, PT CLP is required to deposit a Bond Sinking Fund of 7.5% of the Bond Nominal Value payable should the Bond rating get below idBBB as assessed by PT Pemeringkat Efek Indonesia ("Pefindo") and to open an Interest Sinking Fund by gradually depositing the bond interest payable in one period of interest payment (Note 22).

Based on report from Pefindo, both of the bonds issued by PT CLP are classified as idBBB + stable outlook and idBBB + stable outlook in 2005 and 2006, respectively.

PT CLP is also required to maintain certain financial ratios in its consolidated financial statements and did not breach any of the covenants.

The costs incurred by PT CLP for the bonds issuance, covering the underwriting fee for the bond issuance, fees for the Stock Exchange, Securities Rating Institution and others are presented as discounts and are amortised over 5 years using the effective interest method.

As of December 31, 2006, the Company has redeemed Ciliandra Perkasa Bond year 2003 and Syari'ah Mudharabah Ciliandra Perkasa Bond year 2003 amounting to Rp. 255,000 million and Rp. 5,000 million, respectively, at the price of 100.35% of nominal value.

As of June 30, 2007, the remainder of the Ciliandra Perkasa Bond year 2003 and Syari'ah Mudharabah Ciliandra Perkasa Bond year 2003 amounting to Rp. 90,000 million have been redeemed at the price of 100.35% of nominal value.

Loss on bonds payable redemption including deferred bond issuance costs amounting to Rp. 4,615 million is presented as financial expenses in the combined and consolidated profit and loss accounts (Note 6).

27. NOTES PAYABLE

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Nominal value	—	—	1,443,200	—	1,448,640
Less:					
Deferred notes issuance costs	—	—	60,541	—	60,541
Accumulated amortisation of deferred notes	—	—	(796)	—	(6,850)
Total	—	—	59,745	—	53,691
Notes payable, net	—	—	1,383,455	—	1,394,949

On December 8, 2006, the Company issued US$160,000,000 10.75% Guaranteed Secured Notes due 2011 (the "Notes"). The Notes are listed on the Singapore Exchange Securities Trading Limited and are guaranteed by PT CLP, a company established with limited liability under the laws of the Republic of Indonesia, and each of its existing and future restricted subsidiaries.

The Notes bear interest at the rate of 10.75% per year. Interest on the Notes are payable semi-annually on June 8 and December 8 each year, beginning on June 8, 2007. The Notes will mature on December 8, 2011. The Notes are guaranteed by PT CLP and other subsidiaries. The Notes and the Guarantees will be effectively subordinated to all of the Guarantors' existing and future secured indebtedness to the extent of assets securing such indebtedness.

The Notes are secured by:

(a) a security interest in a pre-funded interest reserve account;

(b) a security interest in the escrow account;

(c) a security interest in the new biodiesel plant to be constructed by PT CLP;

(d) a security interest in all moveable assets of PT CLP and its restricted subsidiaries, whether located in Republic of Indonesia or Singapore, including cash accounts, but excluding accounts receivable and inventories;

(e) a pledge by the Company of its rights in the intercompany loans made with the net proceeds of the Notes; and

(f) pledges by the shareholders of PT CLP of 100% of the share capital of PT CLP and a pledge by PT CLP and any restricted subsidiary holding the shares of another restricted subsidiary of all such shares held.

28. POST EMPLOYMENT BENEFITS

The Group recognized employment benefits for all its permanent employees pursuant to Indonesian Labor Law No. 13/2003. The provision for employment benefits is based on the calculation of independent actuary, PT Sienco Aktuarindo Utama. No fund was provided for such liability for employment benefits. The total number of employees entitled for such benefits amounted to 4,167, 4,195 and 3,956 as at December 31, 2004, 2005 and 2006 and 3,956 and 4,001 as at June 30, 2006 and 2007, respectively.

The assumptions used in determining the employment benefits up to the Balance sheet dates are as follows:

	Year ended December 31 2004, 2005 and 2006	Six months period ended June 30, 2006	Six months period ended June 30, 2007
Normal Pension Age	55 Years	55 Years	55 Years
Salary Increment Rate per annum	8%	8%	8%
Discount Rate per annum	11%	11%	10%
Mortality Rate	The Commissioners 1958 Standard Ordinary Mortality Table	The Commissioners 1958 Standard Ordinary Mortality Table	The Commissioners 1958 Standard Ordinary Mortality Table
Disability Rate	1 % of mortality rate	1 % of mortality rate	1 % of mortality rate
Resignation Rate	0 % to 1 %	0 % to 1 %	0 % to 1 %
Calculation Method	Projected Unit Credit	Projected Unit Credit	Projected Unit Credit

Provision for employment benefits for the years ended December 31, 2004, 2005 and 2006 and June 30, 2006 and 2007 amounting to Rp. 1,342 million, Rp. 4,445 million, Rp. 4,594 million and Rp. 2,444 million and Rp. 1,367 million respectively, is presented in the “General and Administrative Expenses”.

The management has reviewed the assumptions used and believes that such assumptions are adequate. The management believes that the liability for employment benefits is adequate to cover the Company’s employment benefit liabilities.

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.’million	Rp.’million	Rp.’million	Rp.’million	Rp.’million
Estimated liability for employee benefits					
Present value of employee benefits obligation in addition to the defined contribution scheme	13,379	16,173	20,314	18,185	28,148
Unrecognised net actuarial (gain)/ loss	(897)	436	716	218	(3,846)
Unrecognised past service cost	(1,618)	(1,300)	(1,127)	(650)	(1,055)
Post employment benefits liability	10,864	15,309	19,903	17,753	23,247

28. POST EMPLOYMENT BENEFITS (Continued)

Changes in the present value of the defined benefit obligation are as follows:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Benefit obligation at beginning of year/period	7,627	10,864	15,309	15,309	19,903
Under provision of benefit obligation at beginning of year/period	349	—	—	—	—
Current service cost	3,324	3,591	4,067	1,796	2,265
Interest cost on benefit obligation	866	1,143	1,429	571	1,014
Amortisation of past service cost	166	153	144	77	72
Amortisation of internal movement of employees	—	—	—	—	720
Benefits paid	(1,468)	(442)	(1,046)	—	(727)
Benefit obligation at end of year/period	10,864	15,309	19,903	17,753	23,247

The following table summarises the component of net employee benefits expense recognised in the combined and consolidated profit and loss accounts and the amounts recognised in the combined and consolidated balance sheets:

	Year ended December 31			Six month period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Net employee benefit expense					
Current service cost	3,324	3,591	4,067	1,796	2,265
Under provision of benefit obligation at beginning of year/period	349	—	—	—	—
Interest cost on benefit obligation	866	1,143	1,429	571	1,014
Amortisation of past service cost	166	153	144	77	792
Benefits paid	(1,468)	(442)	(1,046)	—	—
Net employee benefit expense (Notes 4 and 5)	3,237	4,445	4,594	2,444	4,071

29. SHARE CAPITAL

	At December 31			At June 30	
	2004	2005	2006	2006	2007
Number of ordinary shares	—	54,485,965	58,023,865	58,023,865	77,303,342
Issued and fully paid					
Ordinary shares, with no par value (Rp.' million)	—	309,777	330,487	330,487	444,814

In accordance with the Companies (Amendment) Act 2005, the concepts of" par value" and "authorised capital" were abolished on January 30, 2006 and the shares of the Company ceased to have a par value.

The holders of ordinary shares are entitled to receive dividends as and when declared by the Company. Each ordinary share carries one vote per share without restriction.

30. DIFFERENCE ARISING FROM RESTRUCTURING TRANSACTIONS INVOLVING ENTITIES UNDER COMMON CONTROL

This represents the difference between the cost of investment of subsidiary and net assets of the subsidiary as at the date of acquisition of entities under common control.

31. TRANSLATION RESERVE

The foreign currency translation reserve is used to record exchange differences arising from the translation of the financial statements of foreign operations whose functional currencies are different from that of the Group's presentation currency.

32. COMMITMENTS AND CONTINGENCIES

(a) Sales Contracts

During the relevant balance sheets date, the Group has commitment to sell CPO on pre-determined terms to a customer as follows:

Balance sheet dates	Contract completion date	Tons	Price per ton
December 31, 2004	January 2005 (Shipment in December 2004)	2,125	USD342
December 31, 2005	Between January 2006 and May 2006	19,500	USD320
June 30, 2006	Between October 2006 and December 2006	15,000	USD355
December 31, 2006	Between January 2007 and December 2009	30,000	USD445
		30,000	USD450
		30,000	USD455
		15,000	USD530
June 30, 2007	Between July 2007 and December 2009	15,000	USD445
		30,000	USD450
		30,000	USD455
		30,000	USD700

(b) Collateral for Credit Facilities

As mentioned in more detail in Note 25, PT PISP had obtained credit facilities from PT Bank Negara Indonesia (Persero) Tbk ("the Bank") collateralised over PT PISP's property, plant and equipment, including leased equipment, inventories, accounts receivable, Corporate guarantee from PT Perawang Lumber Industri, personal guarantees from former directors and mortgage of all PISP's stocks.

The credit facilities were settled in 2005, but the collateral has not been returned by the Bank as the Bank confirmed that the collateral would be returned when all plasma plantations have been converted.

32. COMMITMENTS AND CONTINGENCIES (Continued)

(c) Key contracts of PT MII

PT MII has entered into several agreements for the construction of a palm oil mill. The counterparties to these agreements are PT Eracipta Binakarya for related mechanical fabrication and construction, PT Wijaya Karya for civil construction, PT Super Andalas Steel for the construction of 1 unit Takuma Boiler, PMT Industries (HK) Limited for the purchase of a steam turbine and several other suppliers for various equipments. The combined value of these commitments as at September 30, 2007 is Rp 84,268 million (Rp 69,160 million, JPY 15 million, EUR 78,161, MYR 1,811,625 and USD 907,670 in their source currencies).

(d) Key contracts of PT CLP

PT CLP has entered into several agreements for the construction of a biodiesel plant. The counterparties to these agreements are PT Kawasan Industri Dumai for the purchase and reclaiming of industrial land, De Smet Engineering (SEA) Pte Ltd for the fabrication of the biodiesel battery unit, SMEC (Malaysia) Sdn. Bhd. for consultancy services, Rekanan Jurutera Perunding Sdn. Bhd. for consultancy services, PT Wijaya Karya and PT Mitra Pemuda for piling and civil construction works, and Shandong Machinery I&E for steam boiler and turbine. The combined value of these commitments as at September 30, 2007 is Rp. 352,913 million. (Rp 117,144 million and USD 26.2 million in their source currencies).

PT CLP has also entered into an agreement with PT Mitra Integrasi Informatika for the license and implementation for the Oracle Financial and Purchasing modules. The contract value as at September 30, 2007 amounts to USD 178,000.

(e) Operating lease commitments

As Lessee

The Group has entered into commercial leases to lease land and buildings. These non-cancellable operating leases have remaining lease terms of between 3 months to 10 years and contain provisions for rental adjustments. There are no restrictions placed upon the lessee by entering into these leases. Operating lease payments recognised in the combined and consolidated profit and loss accounts for the financial years ended December 31, 2004, 2005 and 2006 and period ended June 30, 2006 and 2007 amounted to Rp. 352 million, Rp. 868 million, Rp. 992 million, Rp. 431 million and Rp. 1,374 million.

Future minimum lease payments under non-cancellable operating leases are as follows:

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Within one year	723	999	207	562	3,988
After one year but not more than five years	1,290	291	—	—	3,291
	2,013	1,290	207	562	7,279

33. RELATED PARTY DISCLOSURES

Related parties are those parties which have the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence.

In addition to those related party information provided elsewhere in the relevant notes to the combined and consolidated financial statements, the following are the significant transactions between the Group and related parties (who are not members of the Group) that took place during the financial years ended December 31, 2004, 2005 and 2006 and six month periods ended June 30, 2006 and June 30, 2007 at the terms agreed between the parties, which are conducted at arm's length.

	Year ended December 31			Six month period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Associates					
—Sales of goods	—	83	8,109	1,212	—
Former holding company					
—Sales of goods	—	46,381	—	—	60,179
Associate					
—Purchase of goods, processing fees, management fees and others	47,534	17,675	5,117	5,117	—
Director-related company					
—Share allotment consideration(1)	—	310,000	—	—	—
Director-related company and ex-director					
—acquisition of shares of minority interest(2)	18,365	—	—	—	—
Director-related company and ex-director					
—Acquisition of shares in subsidiaries(3)	—	112,500	317,300	317,300	—
Director-related company					
—Lease of office space	352	868	992	431	857

(1) In 2005, Prinsep Management Limited had assigned the promissory note as their consideration for the subscription of the Company's share capital of 54,385,965 ordinary shares of no par value.

(2) In 2004, a subsidiary PT CLP acquired 11,995,000 shares in PT SIR from an ex-director and a ex-director related company amounting to Rp. 10,275 million and Rp. 1,720 million respectively. As a result, the Company's share in PT SIR increased to 99.99%. At the same time, PT CLP also acquired 6,370,000 shares in PT PISP from directors amounting to Rp6,370 million. As a result, the Company's share in PT PISP increased to 99.99%.

(3) In 2005, a director-related company transferred 112,500,000 shares in PT CLP valued at Rp. 112,500 million to the Company as part of the repayment. In 2006, the same director-related company and an ex-director transferred 317,300,000 shares in PT CLP valued at Rp. 317,300 million, of which Rp. 197,500 million was utilised as the final settlement of the outstanding note receivable (Note 19).

Compensation of key management personnel of the Group

	Year ended December 31			Six month period ended June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Post-employment benefits	1,217	1,524	1,234	762	1,164
Salaries, wages, allowances and other benefits	6,736	9,094	10,559	4,303	7,040
	7,953	10,618	11,793	5,065	8,204

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Group's principal financial instruments comprise bank loans and other interest-bearing loans, cash and short-term time deposits. The main purpose of these financial instruments is to raise funds for the Group's operations. The Group has various other financial assets and liabilities such as trade receivables and trade payables, which arise directly from its operations.

It is and has been the Group's policy that no trading in financial instruments shall be undertaken.

The main risks arising from the Group's financial instruments are fair value and cash flow interest rate risk, market risk (including currency risk and commodity price risk), credit risk and liquidity risk. The directors review and agree policies for managing each of these risks, which are described in more details as follows:

(a) Fair value and cash flow interest rate risk

The value of the Group's investments in fixed rate bonds and notes payable fluctuate as a result of changes in market interest rates and the changes in their values are recognised in the Group's equity. Group's interest rate risk mainly arises from loans and borrowings for working capital. Borrowings at variable rates expose the Group to fair value interest rate risk. There are no loans and borrowings of the Group at fixed interest rates.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Fair value and cash flow interest rate risk (Continued)

The table below sets out the Group's exposure to interest rate risk. Included in the table are the assets and liabilities at carrying amounts, categorised by the earlier of contractual re-pricing or maturity dates.

	Interest bearing				
	Less than 1 year	Within 1 to 5 years	More than 5 years	Non-interest bearing	Total
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
As at December 31 2004					
Assets					
Due from related parties	—	—	—	31,697	31,697
Trade receivables	—	—	—	14,117	14,117
Other receivables	—	—	—	17,326	17,326
Advances for investment in unquoted equity	—	—	—	2,175	2,175
Cash and cash equivalents	4,133	—	—	6,629	10,762
Liabilities					
Due to related parties	—	—	—	947	947
Loans and borrowings from financial institutions	109,023	371,902	—	—	480,925
Bonds payable	—	338,344	—	—	338,344
Trade payables	—	—	—	31,997	31,997
Other payables	—	—	—	74,736	74,736
As at December 31 2005					
Assets					
Due from related parties	—	—	—	34,662	34,662
Trade receivables	—	—	—	1,602	1,602
Notes receivable	—	—	—	197,500	197,500
Other receivables	—	—	—	8,997	8,997
Advances for investment in unquoted equity	—	—	—	2,175	2,175
Cash and cash equivalents	4,134	—	—	9,351	13,485
Liabilities					
Due to related parties	—	—	—	10,678	10,678
Loans and borrowings from financial institutions	168,801	314,435	—	—	483,236
Bonds payable	—	340,818	—	—	340,818
Trade payables	—	—	—	50,424	50,424
Other payables and accruals	—	—	—	58,768	58,768

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(a) Fair value and cash flow interest rate risk (Continued)

	Interest bearing				
	Less than 1 year	Within 1 to 5 years	More than 5 years	Non-interest bearing	Total
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
As at December 31 2006					
Assets					
Due from related parties	—	—	—	23,163	23,163
Trade receivables	—	—	—	18,005	18,005
Other receivables	—	—	—	10,721	10,721
Cash and cash equivalents	710,778	—	—	34,700	745,478
Liabilities					
Due to related parties	—	—	—	15,605	15,605
Due to holding company	—	—	—	100,000	100,000
Loans and borrowings from financial institutions	7,600	4,645	—	—	12,245
Bonds payable	—	88,382	—	—	88,382
Trade payables	—	—	—	62,126	62,126
Other payables and accruals	—	—	—	94,135	94,135
Notes payable	—	1,383,455	—	—	1,383,455
As at June 2006					
Assets					
Due from related parties	—	—	—	32,036	32,036
Trade receivables	—	—	—	900	900
Other receivables	—	—	—	14,536	14.536
Cash and cash equivalents	4,134	—	—	7,815	11,949
Liabilities					
Due to related parties	—	—	—	26,993	26,993
Loans and borrowings from financial institutions	179,672	258,335	—	—	438,007
Bonds payable	—	342,431	—	—	342,431
Trade payables	—	—	—	62,038	62,038
Other payables and accruals	—	—	—	154,163	154,163
As at June 30, 2007					
Assets					
Due from related parties	—	—	—	16,320	16,320
Trade receivables	—	—	—	36,897	36,897
Other receivables	—	—	—	23,770	23,770
Cash and cash equivalents	303	—	—	460,769	461,072
Liabilities					
Due to related parties	—	—	—	58,452	58,452
Loans and borrowings from financial institutions	10,721	—	—	6,019	16,740
Trade payables	—	—	—	65,763	65,763
Other payables and accruals	—	—	—	101,970	101,970
Notes payable	—	1,394,949	—	—	1,394,949

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(b) Foreign currency risk

The Group's functional and reporting currency is the Indonesian Rupiah. The Group faces foreign exchange risk as its borrowings, export sales and the costs of certain key purchases which are either denominated in the United States dollars or whose price is significantly influenced by their benchmark price movements in foreign currencies (mainly United States Dollars) as quoted on international markets. To the extent that the revenue and purchases of the Group are denominated in currencies other than Indonesian Rupiah, and are not evenly matched in terms of quantum and/or timing, the Group has exposure to foreign currency risk.

The Group does not have any formal hedging policy for foreign exchange exposure. However, in relation to the matters discussed in the preceding paragraph, the fluctuations in the exchange rates between Indonesian Rupiah and United States Dollar provide some degree of natural hedge for the Group's foreign exchange exposure.

(c) Commodity price risk

The Group is exposed to commodity price risk due to certain factors, such as weather, government policy, level of demand and supply in the market and the global economic environment. Such exposure mainly arises from its purchase of CPO where the profit margin on sale of its finished products may be affected if the cost of CPO increases and the Group is unable to pass such cost increases to its customers.

The Group's policy is to minimise the risks arising from the fluctuations in the commodity prices by being partly self-sufficient in CPO as this provides a hedge against such cost fluctuations. To the extent that it is unable to do so, the Group may minimise such risks through forward contracts. As such, it may also be exposed to commodity price risk as changes in fair value of future commodity contracts are recognised directly in the consolidated profit and loss accounts.

(d) Credit risk

The Group is exposed to credit risk arising from the credit granted to its customers. To mitigate this risk, it has policies in place to ensure that sales of products are made only to creditworthy customers with proven track record or good credit history. It is the Group's policy that all customers who wish to trade on credit terms are subject to credit verification procedures. For export sales, the Group requires cash against the presentation of documents of title. For domestic sales, the Group may grant its customers credit terms up to 45 days from the issuance of invoice. The Group has policies that limit the amount of credit exposure to any particular customer, such as, requiring sub-distributors to provide bank guarantees. In addition, receivable balances are monitored on an ongoing basis to reduce the Group's exposure to bad debts.

When a customer fails to make payment within the credit terms granted, the Group will contact the customer to act on the overdue receivables. If the customer does not settle the overdue receivable within a reasonable time, the Group will proceed to commence legal proceedings. Depending on the Group's assessment, specific provisions may be made if the debt is deemed uncollectible. To mitigate from the credit risk, the Group will cease the supply of all products to customers in the event of late payment and/or default.

The Group has no concentration of credit risk.

34. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES (Continued)

(e) Liquidity risk

The Group manages its liquidity profile to be able to finance its capital expenditure and service its maturing debts by maintaining sufficient cash and marketable securities, and the availability of funding through an adequate amount of committed credit facilities.

The Group regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives. These initiatives may include bank loans and borrowings and equity market issues.

(f) Capital management

The primary objective of the Group's capital management is to ensure that it maintains a strong credit rating and healthy capital ratios in order to support its business and maximise shareholder value.

The Group manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Group may adjust the dividend payment to shareholders, return capital to shareholders or issue new shares.

The Group monitors capital using a gearing ratio, which is net debt divided by Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"). The Group's policy is to keep the gearing ratio low. With effect from December 2006, in accordance to the terms and conditions of the covenants stated in the Notes payable agreement, the Group has to maintain a gearing ratio of no more than 3.75 times of EBITDA.

	At December 31			At June 30	
	2004 (Combined)	2005 (Combined)	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Notes payable	—	—	1,383,455	—	1,394,949
Bonds payable	338,344	340,818	88,382	342,431	—
Interest bearing loans and borrowings	480,925	483,236	12,245	438,007	16,740
Trade and other payables	106,733	109,192	156,261	216,201	167,733
Due to related parties and immediate holding company	947	10,678	115,605	26,993	58,452
Less: Cash and short term deposits	(10,762)	(13,485)	(745,478)	(11,949)	(461,072)
Net debt	916,187	930,439	1,010,470	1,011,683	1,176,802
EBITDA	222,760	227,282	392,245	172,345	350,461
Gearing ratio	4.11	4.09	2.58	5.87	3.36

35. FINANCIAL INSTRUMENTS

The fair value of a financial instrument is the amount at which the instrument could be exchanged or settled between knowledgeable and willing parties in an arm's-length transaction, other than in a forced or liquidation sale situation.

(a) Financial instruments carried at fair value or amortised cost

The fair value of the quoted shares is based on their respective market prices. Net receivables and payables arising from future commodity contracts are stated based on their quoted market prices.

Long-term loans to employees are carried at amortised cost using the effective interest method and the discount rates used are the current market incremental lending rate for similar types of lending.

The fair value of bonds payable and notes payable are recorded at amortised cost using the effective interest method.

(b) Financial instruments with carrying amounts that approximate their fair values

The fair value of cash and cash equivalents, current trade and other receivables, current trade and other payables and current and short-term bank loans approximate their carrying values due to their short-term nature. The fair value of non-current borrowings (namely long-term loans and consumer financing loans, and obligations under capital leases) approximate their carrying value as they bear floating interest rates and are re-priced frequently.

36. SEGMENT INFORMATION

The Group operates in only one business segment, which is the plantation segment. Accordingly, no segmental information is prepared based on business segment as it is not meaningful.

The Group operates in Indonesia with sales made to the Indonesian market. Accordingly, an analysis of assets and profits of the Company by geographical distribution has not been included for the purposes of presentation under secondary segment.

37. SUBSEQUENT EVENTS

(a) Acquisition of PT MSSP

The Group proposed to acquire an additional 63.0% shareholding in PT MSSP, an associated company, by way of an acquisition of the three BVI companies that hold the shares of MSSP, Pinebrook International Inc. ("Pinebrook"), Pacific Eagle Management Ltd. ("Pacific Eagle") and Global Paragon Investment Ltd ("Global Paragon"), to purchase their 27.0%, 26.0% and 10.0% shareholding in MSSP, respectively.

The Company entered into various conditional sale and purchase agreements dated 10 July 2007 with the shareholders as illustrated below :

Respective shareholders	Amount (US $ million)
Pinebrook	17.55
Pacific Eagle	16.9
Global Paragon	6.5
Total consideration	40.95

The conditional purchase and purchase agreement is subject to the successful offering.

The Company will pay the total consideration under these agreements, amounting to US$40.95 million in cash, using part of the proceeds of the Offering.

In addition, on August 2, 2007, a subsidiary PT CLP entered into a sale and purchase agreement to acquire an additional 7% interest in PT MSSP from PT Payung Negeri Utama for a cash consideration of Rp. 8.750 billion.

(b) Acquisition of PT Surya Dumai Agrindo, PT Andalan Mitrasawit Sejati and PT Dharma Bhakti Utama

In July 2007, a subsidiary PT Ciliandra Perkasa will acquire 99.99% of PT Surya Dumai Agrindo, which in turn owns 99.90% of PT Andalan Mitrasawit Sejati and 99.90% in PT Dharma Bhakti Utama, for a cash consideration of Rp. 6,250 million.

(c) Acquisition of PT PSA

The Company has entered into a conditional sale and purchase agreement dated October 9, 2007 with Infinite Capital Fund Limited (“Infinite Capital”), the shareholder of Ivory Asset Management Pte. Ltd., which in turn holds 95% of the issued and paid-up share capital of PT Aditya Seraya Korita, which in turn holds 38.0% of the issued and paid-up share capital of PT PSA, a subsidiary of the Group.

The total consideration payable by the Company for this acquisition will be US$115 million, for which US$15 million will be settled in cash and the remaining US$100 million in newly issued shares of the Company. The conditional purchase and purchase agreement is subject to the successful offering. The Company will allot and issue the number of the Company’s shares that has a value of US$100 million at the Offering Price to Infinite Capital Fund Limited. Based on the Offering Price (and assuming an exchange rate of S$1.473 = US$1.00 and rounding up to the nearest Share), the number of shares to be allotted and issued to Infinite Capital Fund Limited will be 133,909,091.

(d) Issuance of Rupiah bonds

On 15 November 2007, PT Ciliandra Perkasa issued bonds amounting to Rp.500,000 million with interest rate of 11.5% per annum. The bonds were listed on the Surabaya Stock Exchange on November 28, 2007.

REPORT ON EXAMINATION OF UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2004, 2005 AND 2006 AND SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2007

December 3, 2007

The Board of Directors
First Resources Limited
8 Temasek Boulevard
#36-02 Suntec Tower Three
Singapore 038988

Dear Sirs:

We report on the unaudited proforma consolidated financial information of First Resources Limited (the "Company") and its subsidiary companies assuming that the proposed acquisitions of the 63.0% of PT Meridan Sejati Surya Plantation ("PT MSSP"), through the acquisition of the three companies, Pinebrook International Inc. ("Pinebrook"), Pacific Eagle Management Ltd. ("Pacific Eagle") and Global Paragon Investment Ltd ("Global Paragon"), all incorporated in British Virgin Islands and the proposed acquisition of additional 36.1% interest in PT Pancasurya Agrindo ("PT PSA") through the acquisition of Infinite Capital Pte Ltd, a company incorporated in Singapore, ("Proposed Acquisition"). The unaudited proforma financial information of the Company and its subsidiary companies set out on pages F-69 to F-88 were prepared in connection with the initial public offering of the ordinary shares of the Company.

The Company and the subsidiary companies under the Proposed Acquisition are referred to as the "Proforma Group" for the purposes of these unaudited proforma consolidated financial information.

The unaudited proforma consolidated financial information have been prepared for illustrative purposes only and based on certain assumptions and after making certain adjustments to show what: -

(i) the financial results of the Proforma Group for the financial years ended December 31, 2004, 2005 and 2006 and six-month periods ended June 30, 2006 and 2007 would have been if the Proforma Group structure (as described in Note E2 to the unaudited proforma consolidated financial information) as at the date of this Report had been in place on January 1, 2004;

(ii) the financial position of the Proforma Group as at December 31, 2006 and as at June 30, 2007 would have been if the Proforma Group structure as at the date of this report had been in place on those dates; and

(iii) the consolidated cash flow of the Proforma Group for the financial year ended December 31, 2006 and for the six-month period ended June 30, 2007 would have been if the Proforma Group structure as at the date of this report had been in place since January 1, 2006.

The unaudited proforma consolidated financial information, because of their nature, may not give a true picture of the Proforma Group's actual financial results, financial position and cash flows.

The unaudited proforma consolidated financial information is the responsibility of the directors of the Company. Our responsibility is to express an opinion on the proforma consolidated financial information based on our work.

REPORT ON EXAMINATION OF UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2004, 2005 AND 2006 AND SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2007 (Continued)

The Board of Directors
First Resources Limited

We carried out procedures in accordance with Singapore Statement of Auditing Practice: SAP 24: "Auditor and Public Offering Documents". Our work, which involved no independent examination of the underlying financial statements, consisted primarily of comparing the unaudited proforma consolidated financial information to the financial statements of each entity in the Proforma Group or where information is not available in the financial statements, to accounting records, considering the evidence supporting the adjustments and discussing the unaudited proforma consolidated financial information with the Directors of the Company.

In our opinion,

(a) the unaudited proforma consolidated financial information has been properly prepared:

(i) in a manner consistent with the format of the financial statements and the accounting policies of the Proforma Group, which are in accordance with Singapore Financial Reporting Standards, and

(ii) on the basis set out in Note E2 and E4 to the unaudited proforma consolidated financial information.

(b) each material adjustment made to the information used in the preparation of the unaudited proforma consolidated financial information is appropriate for the purpose of preparing such unaudited proforma consolidated financial information.

Yours faithfully,

/s/ ERNST & YOUNG
ERNST & YOUNG
Certified Public Accountants

Singapore

Partner-in-charge: Vincent Toong Weng Sum

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2004, 2005 AND 2006 AND SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2007

A. UNAUDITED PROFORMA CONSOLIDATED PROFIT AND LOSS ACCOUNTS

The financial results of the Proforma Group for the financial years ended December 31, 2004, 2005 and 2006 and six-month periods ended June 30 , 2006 and 2007, after making such adjustments as considered appropriate, are set out below:

	Year ended December 31			Six month period ended June 30	
	2004	2005	2006	2006	2007
	Rp.'million	Rp.'million	Rp.'million	Rp.'million	Rp.'million
Sales	707,087	753,152	982,809	424,016	850,783
Cost of Sales	(440,632)	(477,853)	(561,217)	(243,893)	(454,426)
Gross profit	266,455	275,299	421,592	180,123	396,357
Gains/(losses) arising from changes in fair value of biological assets	156,408	(86,949)	271,716	107,079	252,292
Other operating income	19,873	1,910	219	—	—
Selling and distribution costs	(18,196)	(18,377)	(13,653)	(6,865)	(11,133)
General and administrative expenses	(26,120)	(32,203)	(36,048)	(16,210)	(25,900)
Impairment of goodwill	(250,784)	—	—	—	—
Loss on conversion of rubber plantations	(26,752)	—	—	—	—
(Losses)/gains on foreign exchange	(16,864)	(11,346)	17,446	9,974	(4,176)
Loss on plasma project conversion	—	(2,921)	—	—	828
Other operating expenses	(21,136)	(2,901)	(2,531)	—	(789)
Profit from operations	82,884	122,512	658,741	274,101	607,479
Financial expenses	(125,800)	(114,851)	(135,084)	(61,963)	(66,406)
Financial income	3,013	951	1,034	487	897
(Loss)/Profit before taxation	(39,903)	8,612	524,691	212,625	541,970
Tax expense	(69,690)	(12,048)	(157,377)	(64,569)	(165,225)
(Loss)/Profit for the year/period	(109,593)	(3,436)	367,314	148,056	376,745
Attributable to:					
Equity holders of the Company	(117,123)	(4,534)	348,606	139,708	356,879
Minority interests	7,530	1,098	18,708	8,348	19,866
	(109,593)	(3,436)	367,314	148,056	376,745
(Loss)/Earnings per share (in Rupiah)					
—basic[1]	(1,515)	(59)	4,510	1,807	4,617

1 Basic earnings per share for the financial years ended December 31, 2004, 2005 and 2006 and for the periods ended June 30, 2006 and 2007 were computed based on the number of shares as at June 30, 2007.

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

B. UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEETS

The balance sheets of the Proforma Group as at December 31, 2006 and June 30, 2007 set out below has been prepared on the basis that the Proforma Group structure at the date of this report has been in place:

	As at December 31 2006	As at June 30 2007
	Rp.'million	Rp.'million
Non-current assets		
Biological assets—plantations	2,518,134	2,888,699
Property, plant and equipment	573,579	757,516
Land use rights	62,810	70,063
Plasma plantation receivables	61,235	84,444
Due from related parties	15,092	—
Tax recoverable	6,204	7,334
Deferred tax assets	27,104	12,636
Intangible assets	—	1,012
Other non-current assets	208	208
Total non-current assets	3,264,366	3,821,912
Current assets		
Inventories	82,636	99,859
Trade receivables	17,750	36,897
Other receivables	11,172	24,339
Prepaid taxes	3,294	12,887
Cash and bank balances	743,876	471,322
Total current assets	858,728	645,304
Total assets	4,123,094	4,467,216
Current liabilities		
Trade payables	66,708	73,493
Other payables and accruals	103,064	108,030
Due to immediate holding company	100,000	—
Due to related parties	40,134	71,699
Loans and borrowings from financial institutions	49,898	50,460
Provision for taxation	40,901	60,357
Total current liabilities	400,705	364,039

B. UNAUDITED PROFORMA CONSOLIDATED BALANCE SHEETS (Continued)

	As at December 31 2006	As at June 30 2007
	Rp.'million	Rp.'million
Non-current liabilities		
Loans and borrowings from financial institutions	116,834	107,907
Bonds payable	88,382	—
Notes payable	1,383,455	1,394,949
Provision for post employment benefits	21,862	25,531
Deferred tax liabilities	420,930	510,106
Total non-current liabilities	2,031,463	2,038,493
Total liabilities	2,432,168	2,402,532
Net assets	1,690,926	2,064,684
Equity		
Attributable to equity holders of the Company		
Share capital	1,737,156	1,856,785
Differences arising from restructuring transactions involving entities under common control	324,959	324,959
Translation reserve	(100)	(6,925)
Accumulated losses	(536,170)	(183,822)
	1,525,845	1,990,997
Minority interests	165,081	73,687
Total equity	1,690,926	2,064,684

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2004, 2005 AND 2006 AND SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2007

C. UNAUDITED PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS

	Year ended December 31 2006	Six month period ended June 30 2007
	Rp.'million	Rp.'million
Cash flows from operating activities		
Cash receipts from customers	974,932	846,695
Cash payments to suppliers and employees	(491,853)	(502,183)
Cash generated from operations	483,079	344,512
Receipts from:		
Interest income	1,034	9,341
Income tax refunds	629	—
Payments for:		
Interest expenses	(131,135)	(91,165)
Income tax	(27,417)	(53,171)
Net cash generated from operating activities	326,190	209,517
Cash flows from investing activities		
Acquisitions of property, plant and equipment	(52,684)	(201,627)
Proceeds from sale of property and equipment	—	250
(Increase)/decrease in field preparation cost	5,773	(11,967)
Increase in immature plantations	(218,322)	(70,079)
Acquisition of land use rights	(1,317)	—
Acquisition of intangible assets	—	(1,012)
Increase in plasma plantations receivables—net	(1,969)	(23,209)
Refund from cancellation of advance for investment in shares of stock	2,175	—
Increase in deferred charges	(282)	(8,798)
Dividend paid by PT MSSP to the other shareholders	—	(750)
Acquisition of shares in associate, PT MSSP	(378,119)	(378,119)
Acquisition of shares in subsidiary, PT PSA	(135,300)	(135,300)
Net cash used in investing activities	(780,045)	(830,611)
Cash flows from financing activities		
Release in restricted fund	—	710,778
Share allotment monies received from shareholders for future allotment of shares	45,400	—
Proceeds from issuance of shares	504,669	2,954
Proceeds from issuance of notes payable, net of issuance costs	1,382,659	—
Increase in sinking fund	(706,644)	—
Redemption of bonds payable	(260,910)	(90,315)
(Decrease) / increase in due (from) / to related parties, net and due to immediate holding company	(14,940)	446,197
Repayment of bank loans	(463,358)	(12,700)
Payment of subsidiary's deposits	—	(731)
Payment of obligations under capital leases	(5,556)	(2,897)
Payment of consumer financing loans	(4,248)	(3,020)
Net cash generated from financing activities	477,072	1,050,266
Net increase in cash on hand and in banks	23,217	429,172
Cash on hand and in banks, beginning balance	9,881	41,848
Cash on hand and in banks, ending balance	33,098	471,020

C. UNAUDITED PROFORMA CONSOLIDATED STATEMENTS OF CASH FLOWS (Continued)

The reconciliation of cash receipts from customers is as follows:

	Year ended December 31 2006	Six month period ended June 30 2007
	Rp.'million	Rp.'million
Sales	982,809	850,783
Increase in trade receivables	(16,239)	(19,147)
Decrease in advance from customers	8,362	15,059
	974,932	846,695

The accompanying accounting policies and explanatory notes form an integral part of the financial statements.

UNAUDITED PROFORMA CONSOLIDATED FINANCIAL INFORMATION
FOR THE FINANCIAL YEARS ENDED DECEMBER 31, 2004, 2005 AND 2006
AND SIX-MONTH PERIODS ENDED JUNE 30, 2006 AND 2007

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION

These notes form an integral part of and should be read in conjunction with the accompanying unaudited proforma consolidated financial information.

1. General

First Resources Limited (the "Company") is a limited liability company, which is incorporated and domiciled in the Republic of Singapore. First Resources Pte Ltd changed its name to First Resources Limited on November 22, 2007 in connection with its conversion into a public company limited by shares.

The immediate holding company is Eight Capital Inc., and the ultimate holding company is Lizant Investments Ltd, both incorporated in the Territory of British Virgin Islands. Related companies in these financial statements refer to members of the ultimate parent company's group of companies and entities under the control of the members.

The registered office and principal place of business of the Company is located at 8 Temasek Boulevard, #36-02, Suntec Tower Three, Singapore 038988.

The Company is an investment holding company. The subsidiary companies and proposed subsidiaries are principally involved in investment holding and, the owning and managing of plantation as detailed in Note E3.

The companies under the Proposed Acquisition (as described in Note E2) own oil palm plantations with their operations spanning from sale and purchase of fresh fruit bunches to purchase of crude palm oil, as disclosed in Note E3. The country of incorporation and principal place of businesses of companies under the Proposed Acquisition are also disclosed in Note E3.

The Company and the subsidiary companies under the Proposed Acquisition are referred to as the "Proforma Group" for the purposes of these unaudited proforma consolidated financial information.

2. Proposed acquisition

Save for the following proposed acquisitions, the Directors of the Company, as at the date of this report, are not aware of any significant proposed acquisition by the Group after June 30, 2007 and of any significant charges to the capital structure of the Company subsequent to June 30, 2007.

(a) Proposed acquisition of PT MSSP and other subsidiaries

The Group intends to acquire an additional 63.0% shareholding in PT MSSP by way of a 100% acquisition of the three British Virgin Island companies that hold the shares of MSSP, Pinebrook International Inc. ("Pinebrook"), Pacific Eagle Management Ltd. ("Pacific Eagle") and Global Paragon Investment Ltd ("Global Paragon"). Their shareholdings in MSSP are 27.0%, 26.0% and 10.0% shareholding, respectively.

The Group entered into the following sales and purchases agreements with the shareholders of Pinebrook, Pacific Eagle and Global Paragon in relation to the proposed acquisition.

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

2. Proposed acquisition (Continued)

(a) Proposed acquisition of PT MSSP and other subsidiaries.

Counter party	Date of agreement	Consideration
		US$'million (Rp.'billion)
Pinebrook	July 10, 2007	17.55 (157.88)
Pacific Eagle	July 10, 2007	16.90 (152.03)
Global Paragon	July 10, 2007	6.50 (58.48)
		40.95 (368.39)

All consideration for the above sales and purchase agreements are to be paid in cash. These sales and purchase agreements are conditioned on the success of this Offering.

A subsidiary, PT CLP, has acquired 7% interest in PT MSSP from PT Payung Negeri Utama for a cash consideration of Rp 8.750 billion. The Directors deemed this acquisition were completed on July 10, 2007.

The other subsidiaries that were acquired on July 30, 2007 are PT Surya Dumai Agrindo, PT Andalan Mitrasawit Sejati and PT Dharma Bhakti Utama, for a cash consideration of Rp 6,250 million.

(b) Proposed acquisition of PT PSA

The Company has entered into a sale and purchase agreement dated October 9, 2007 with Infinite Capital Fund Limited ("Infinite Capital"), to acquire the entire issued and paid up capital of Ivory Asset Management-7 Pte. Ltd. Ivory Asset Management-7 Pte. Ltd. owned 95% of the issued and paid-up share capital of PT Aditya Seraya Korita, which in turn holds 38.0% of the issued and paid-up share capital of PT PSA, a subsidiary of the Company. Based on the Offering Price, the number of shares to be allotted and issued to infinite Capital will be 133,909,091.

The total consideration is US$115 million, of which US$15 million will be paid in cash, using part of the net proceeds of the Offering, and the remaining US$100 million in newly issued shares of the Company. The Company will allot and issue the number of the Company's shares that has a value of US$100 million at the Offering Price to Infinite Capital. The number of shares to be allotted and issued to Infinite Capital is subject to the Offer Price. This sales and purchase agreement is subject to the success of this Offering.

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

3. Proforma Group

Upon completion of the Proposed Acquisition as disclosed in Note E2, the Company will have the following interest in its subsidiary companies:

Subsidiaries	Country of incorporation	Activities	Percentage of Ownership
			%
Direct Ownership:			
PT Ciliandra Perkasa ("PT CLP")	Indonesia	Oil palm plantation	95.51
Pinebrook International Inc	British Virgin Island	Investment holding	100.00
Pacific Eagle Management Ltd	British Virgin Island	Investment holding	100.00
Global Paragon Investment Ltd	British Virgin Island	Investment holding	100.00
Ivory Asset Management-7 Pte. Ltd	Singapore	Investment holding	100.00
Indirect Ownership:			
Subsidiaries of PT CLP			
PT Pancasurya Agrindo ("PT PSA")	Indonesia	Oil palm plantation	98.10
PT Meridan Sejati Surya Plantation ("PT MSSP")	Indonesia	Sale and purchase of fresh fruit bunches and purchase of crude palm oil	95.00
PT Surya Intisari Raya ("PT SIR")	Indonesia	Oil palm and rubber plantation	99.99
PT Perdana Intisawit Perkasa ("PT PISP")	Indonesia	Oil palm plantation	99.99
PT Bumi Sawit Perkasa ("PT BSP")	Indonesia	Oil palm plantation	99.90
PT Priatama Riau ("PT PTR")	Indonesia	Oil palm plantation	99.75
Ciliandra Perkasa Finance Company Pte. Ltd. ("CPF")	Singapore	Debt financing transactions facilitator	100.00
PT Sawit Dumai Perkasa ("PT SDP")	Indonesia	Oil palm plantation	—
PT Andalan Mitrasawit Sejati ("PT AMS")	Indonesia	Oil palm plantation	—
PT Dharma Bhakti Utama ("PT DBU")	Indonesia	Oil palm plantation	—
Subsidiaries of PT PSA			
PT Pancasurya Binasejahtera ("PT PSBS")	Indonesia	Investment holding	99.99
PT Muriniwood Indah Industry ("PT MII")	Indonesia	Oil palm and rubber plantation	99.99
Subsidiaries of PT PSBS			
PT Subur Arummakmur ("PT SAM")	Indonesia	Oil palm plantation	99.99
PT Arindo Trisejahtera ("PT ATS")	Indonesia	Oil palm plantation	99.99
Subsidiaries of PT ATS			
PT Pancasurya Agrosejahtera ("PT PSAS")	Indonesia	Oil palm plantation	90.00
PT Pancasurya Agrindo Perkasa ("PT PSAP")	Indonesia	Oil palm plantation	99.99
Subsidiary of PT Surya Dumai Agrindo			
PT Andalan Mitrasawit Sejati	Indonesia	Dormant	99.90
PT Dharma Bhakti Utama	Indonesia	Dormant	99.90
Subsidiary of Ivory Asset Management-7 Pte. Ltd			
PT Aditya Seraya Korita	Indonesia	Investment holding	95.00
Subsidiaries of PT Surya Dumai Agrindo			
PT Andalan Mitrasawit Sejati	Indonesia	Dormant	99.90
PT Dharma Bhakti Utama	Indonesia	Dormant	99.90

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

4. Basis of presentation of the unaudited proforma consolidated financial information

For the purpose of these unaudited proforma consolidated financial information, it has been assumed that the acquisition has occurred and completed on dates as described below. Consequently, (a) all transactions and balances between the Proforma Group have been eliminated, including unrealised profits from sales of goods that are not recognised until the related assets had been sold to third parties; (b) the deferred tax assets and deferred tax liabilities of the Proforma Group were set off, except when there is no right of set-off; and, (c) the prepaid value-added tax and value-added tax payable of the Proforma Group were also set-off, except when there is no right of set-off.

The unaudited proforma consolidated financial information of the Proforma Group are prepared for illustrative purposes only and are based on certain assumptions and after making adjustments to show what:

(i) the consolidated financial results of the Proforma Group for the financial years ended December 31, 2004, 2005 and 2006 and six month period ended June 30, 2006 and 2007 would have been if the proposed acquisition as described on Note E2, had been in place since January 1, 2004; and

(ii) the consolidated financial position of the Proforma Group as at December 31, 2006 and June 30, 2007 would have been if the proposed acquisition, as described in Note E2, had been in place at that date; and

(iii) the consolidated cashflow of the Proforma Group for the financial year ended December 31, 2006 and for the six month period ended June 30, 2007 would have been if the proposed acquisition, as described in Note E2, had been in place since January 1, 2006.

The objective of the proforma consolidated financial information is to show what the historical financial information might have been had the Proforma Group existed since or on the relevant dates as stated above. However, the unaudited proforma consolidated financial statements of the Proforma Group is not necessarily indicative of results of the operations or related effects on the financial position that would have been attained had the Proforma Group actually existed earlier.

The unaudited proforma consolidated financial statements of the Proforma Group have been compiled based on the following:

(i) audited combined and consolidated financial statements of First Resources Limited for the financial years ended December 31, 2004, 2005 and 2006 and six month period ended June 30, 2007, prepared in accordance with Singapore Financial Reporting Standards (reported by Public Accountants Firm, Ernst & Young (“E&Y”), Singapore).

(ii) unaudited consolidated management accounts of First Resources Limited for the six month period ended June 30, 2006; and

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

(iii) unaudited financial statements of the remaining companies in the Proforma Group.

The auditors' reports on the audited consolidated financial statements of First Resources Limited in (i) above were not subject to any qualification for each of the three years ended December 31, 2004, 2005 and 2006 and six month period ended June 30, 2007.

5. Basis of preparation

These unaudited proforma consolidated financial information of the Proforma Group have been prepared in accordance with Singapore Financial Reporting Standards.

The unaudited proforma consolidated financial information of the Proforma Group have been prepared on the historical cost basis, except for (a) biological assets; and (b) agriculture products which are accounted in accordance with the accounting policies of the Group.

The unaudited proforma consolidated financial information are presented in Indonesian Rupiah ("Rp") and all values are rounded to the nearest million (Rp' million) except when otherwise indicated.

The Proforma Group has applied the same accounting policies and methods of computation in the unaudited proforma consolidated financial information of the Proforma Group as those of the most recently audited consolidated financial statements for the financial period ended June 30, 2007.

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

6. Statement of adjustments

(a) The following proforma adjustments have been made in arriving at the unaudited proforma consolidated profit and loss accounts for the financial years ended December 31, 2004, 2005 and 2006 and six month period ended June 30, 2006 and 2007.

(i) For the financial year ended December 31, 2004

	As per audited combined and consolidated profit and loss accounts of First Resources	Proforma adjustments pertaining to the proposed acquisition of		As per unaudited proforma combined and consolidated profit and loss accounts
		PT PSA	PT MSSP and other subsidiaries	
	Rp' million	Rp' million (Note 7a)	Rp' million (Note 7b)	Rp' million
Revenue	701,025	—	6,062	707,087
Cost of Sales	(459,014)	—	18,382	(440,632)
Gross profit	242,011	—	24,444	266,455
Gains arising from changes in fair values of biological assets	130,044	—	26,364	156,408
Other operating income	18,787	—	1,086	19,873
Selling and distribution costs	(12,051)	—	(6,145)	(18,196)
General and administrative expenses	(25,354)	—	(766)	(26,120)
Impairment of goodwill	—	—	(250,784)	(250,784)
Losses on conversion of rubber plantations	(26,752)	—	—	(26,752)
Losses on foreign exchange	(16,519)	—	(345)	(16,864)
Other operating expenses	—	—	(21,136)	(21,136)
Profit from operations	310,166	—	(227,282)	82,884
Financial expenses	(111,564)	—	(14,236)	(125,800)
Financial income	2,795	—	218	3,013
Share of results of associates	(810)	—	810	—
Profit/(loss) before taxation	200,587	—	(240,490)	(39,903)
Tax expense	(66,745)	—	(2,945)	(69,690)
Profit/(loss) for the year	133,842	—	(243,435)	(109,593)
Attributable to:				
Equity holders of the Company	90,756	35,556	(243,435)	(117,123)
Minority interests	43,086	(35,556)	—	7,530
	133,842	—	(243,435)	(109,593)

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

6. Statement of adjustments (Continued)

(ii) For the financial year ended December 31, 2005

	As per audited combined and consolidated profit and loss accounts of First Resources	Proforma adjustments pertaining to the proposed acquisition of		As per unaudited proforma combined and consolidated profit and loss accounts
		PT PSA	PT MSSP and other subsidiaries	
	Rp' million	Rp' million (Note 7a)	Rp' million (Note 7b)	Rp' million
Revenue	703,030	—	50,122	753,152
Cost of Sales	(460,263)	—	(17,590)	(477,853)
Gross profit	242,767	—	32,532	275,299
Losses arising from changes in fair values of biological assets	(56,737)	—	(30,212)	(86,949)
Other operating income	1,533	—	377	1,910
Selling and distribution costs	(15,780)	—	(2,597)	(18,377)
General and administrative expenses	(30,572)	—	(1,631)	(32,203)
Losses on foreign exchange	(11,631)	—	285	(11,346)
Loss on plasma project conversion	(2,921)	—	—	(2,921)
Other operating expenses	(978)	—	(1,923)	(2,901)
Profit from operations	125,681	—	(3,169)	122,512
Financial expenses	(101,423)	—	(13,428)	(114,851)
Financial income	917	—	34	951
Share of results of associates	(3,439)	—	3,439	—
Profit before taxation	21,736	—	(13,124)	8,612
Tax expense	(14,854)	—	2,806	(12,048)
Profit for the year	6,882	—	(10,318)	(3,436)
Attributable to:				
Equity holders of the Company	(18,610)	24,394	(10,318)	(4,534)
Minority interests	25,492	(24,394)	—	1,098
	6,882	—	(10,318)	(3,436)

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

6. Statement of adjustments (Continued)

(iii) For the financial year ended December 31, 2006

	As per audited combined and consolidated profit and loss accounts of First Resources	Proforma adjustments pertaining to the proposed acquisition of		As per unaudited proforma combined and consolidated profit and loss accounts
		PT PSA	PT MSSP and other subsidiaries	
	Rp' million	Rp' million (Note 7a)	Rp' million (Note 7b)	Rp' million
Revenue	857,133	—	125,676	982,809
Cost of Sales	(487,303)	—	(73,914)	(561,217)
Gross profit	369,830	—	51,762	421,592
Gains arising from changes in fair values of biological assets	270,235	—	1,481	271,716
Other operating income	106	—	113	219
Selling and distribution costs	(13,418)	—	(235)	(13,653)
General and administrative expenses	(32,635)	—	(3,413)	(36,048)
Gains on foreign exchange	17,017	—	429	17,446
Other operating expenses	—	—	(2,531)	(2,531)
Profit from operations	611,135	—	47,606	658,741
Financial expenses	(114,834)	—	(20,250)	(135,084)
Financial income	964	—	70	1,034
Share of results of associates	5,470	—	(5,470)	—
Profit before taxation	502,735	—	21,956	524,691
Tax expense	(151,830)	—	(5,547)	(157,377)
Profit for the year	350,905	—	16,409	367,314
Attributable to:				
Equity holders of the Company	243,851	88,346	16,409	348,606
Minority interests	107,054	(88,346)	—	18,708
	350,905	—	16,409	367,314

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

6. Statement of adjustments (Continued)

(iv) Six month period ended June 30, 2006

	As per audited combined and consolidated profit and loss accounts of First Resources	Proforma adjustments pertaining to the proposed acquisition of		As per unaudited proforma combined and consolidated profit and loss accounts
		PT PSA	PT MSSP and other subsidiaries	
	Rp' million	Rp' million (Note 7a)	Rp' million (Note 7b)	Rp' million
Revenue	376,961	—	47,055	424,016
Cost of Sales	(218,827)	—	(25,066)	(243,893)
Gross profit	158,134	—	21,989	180,123
Gains arising from changes in fair values of biological assets	96,151	—	10,928	107,079
Selling and distribution costs	(6,628)	—	(237)	(6,865)
General and administrative expenses	(14,468)	—	(1,742)	(16,210)
Gains on foreign exchange	9,981	—	(7)	9,974
Profit from operations	243,170	—	30,931	274,101
Financial expenses	(52,086)	—	(9,877)	(61,963)
Financial income	483	—	4	487
Share of results of associates	4,352	—	(4,352)	—
Profit before taxation	195,919	—	16,706	212,625
Tax expense	(58,132)	—	(6,437)	(64,569)
Profit for the year	137,787	—	10,269	148,056
Attributable to:				
Equity holders of the Company	90,486	38,953	10,269	139,708
Minority interests	47,301	(38,953)	—	8,348
	137,787	—	10,269	148,056

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

6. Statement of adjustments (Continued)

(v) Six month period ended June 30, 2007

	As per audited combined and consolidated profit and loss accounts of First Resources	Proforma adjustments pertaining to the proposed acquisition of		As per unaudited proforma combined and consolidated profit and loss accounts
		PT PSA	PT MSSP and other subsidiaries	
	Rp' million	Rp' million (Note 7a)	Rp' million (Note 7b)	Rp' million
Revenue	760,566	—	90,217	850,783
Cost of Sales	(403,487)	—	(50,939)	(454,426)
Gross profit	357,079	—	39,278	396,357
Gains arising from changes in fair values of biological assets	204,624	—	47,668	252,292
Other operating income	828	—	(828)	—
Selling and distribution costs	(11,133)	—	—	(11,133)
General and administrative expenses	(23,982)	—	(1,918)	(25,900)
Losses on foreign exchange	(4,206)	—	30	(4,176)
Gains on plasma project conversion	—	—	828	828
Other operating expenses	(824)	—	35	(789)
Profit from operations	522,386	—	85,093	607,479
Financial expenses	(57,409)	—	(8,997)	(66,406)
Financial income	737	—	160	897
Share of results of associates	13,371	—	(13,371)	—
Profit before taxation	479,085	—	62,885	541,970
Tax expense	(142,302)	—	(22,923)	(165,225)
Profit for the year	336,783	—	39,962	376,745
Attributable to:				
Equity holders of the Company	217,581	99,336	39,962	356,879
Minority interests	119,202	(99,336)	—	19,866
	336,783	—	39,962	376,745

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

6. Statement of adjustments (Continued)

(b) The following adjustments have been made in arriving at the unaudited proforma consolidated balance sheets as at December 31, 2006 and June 30, 2007.

(i) As at December 31, 2006

	As per audited combined and consolidated balance sheets of First Resources	Proforma adjustments pertaining to the proposed acquisition of		As per unaudited proforma combined and consolidated balance sheets
		PT PSA	PT MSSP and other subsidiaries	
	Rp' million	Rp' million (Note 7a)	Rp' million (Note 7b)	Rp' million
Non-current assets				
Biological assets—plantations	2,255,098	—	263,036	2,518,134
Property, plant and equipment	477,907	—	95,672	573,579
Land use rights	56,513	—	6,297	62,810
Plasma plantation receivables	61,235	—	—	61,235
Investment in associate	50,262	—	(50,262)	—
Due from related parties	23,163	—	(8,071)	15,092
Tax recoverable	6,204	—	—	6,204
Deferred tax assets	21,374	—	5,730	27,104
Other non-current assets	186	—	22	208
Total non-current assets	2,951,942	—	312,424	3,264,366
Current assets				
Inventories	75,507	—	7,129	82,636
Trade receivables	18,005	—	(255)	17,750
Other receivables	10,721	—	451	11,172
Prepaid taxes	3,294	—	—	3,294
Cash and bank balances	745,478	—	(1,602)	743,876
Total current assets	853,005	—	5,723	858,728
Total assets	3,804,947	—	318,147	4,123,094
Current liabilities				
Trade payables	(62,126)	—	(4,582)	(66,708)
Other payables and accruals	(94,135)	—	(8,929)	(103,064)
Due to immediate holding company	(100,000)	—	—	(100,000)
Due to related parties	(15,605)	—	(24,529)	(40,134)
Loans and borrowings from financial institutions	(7,600)	—	(42,298)	(49,898)
Provision for taxation	(40,127)	—	(774)	(40,901)
Total current liabilities	(319,593)	—	(81,112)	(400,705)

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

6. Statement of adjustments (Continued)

(i) As at December 31, 2006 (Continued)

	As per audited combined and consolidated balance sheets of First Resources	Proforma adjustments pertaining to the proposed acquisition of		As per unaudited proforma combined and consolidated balance sheets
		PT PSA	PT MSSP and other subsidiaries	
	Rp' million	Rp' million (Note 7a)	Rp' million (Note 7b)	Rp' million
Non-current liabilities				
Loans and borrowings from financial institutions	(4,645)	—	(112,189)	(116,834)
Bonds payable	(88,382)	—	—	(88,382)
Notes payable	(1,383,455)	—	—	(1,383,455)
Provision for post-employment benefits	(19,903)	—	(1,959)	(21,862)
Deferred tax liabilities	(392,888)	—	(28,042)	(420,930)
Total non-current liabilities	(1,889,273)	—	(142,190)	(2,031,463)
Total liabilities	(2,208,866)	—	(223,302)	(2,432,168)
Net assets	1,596,081	—	94,845	1,690,926
Share capital and reserves				
Share capital	330,487	1,037,300	369,369	1,737,156
Differences arising from restructuring transactions involving entities under common control	324,959	—	—	324,959
Translation reserve	(100)	—	—	(100)
Retained earnings	315,997	(588,653)	(263,514)	(536,170)
	971,343	448,647	105,855	1,525,845
Minority interests	624,738	(448,647)	(11,010)	165,081
Total equity	1,596,081	—	94,845	1,690,926

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

6. Statement of adjustments (Continued)

(ii) As at June 30, 2007

	As per audited combined and consolidated balance sheets of First Resources	Proforma adjustments pertaining to the proposed acquisition of		As per unaudited proforma combined and consolidated balance sheets
		PT PSA	PT MSSP and other subsidiaries	
	Rp' million	Rp' million (Note 7a)	Rp' million (Note 7b)	Rp' million
Non-current assets				
Biological assets—plantations	2,574,240	—	314,459	2,888,699
Property, plant and equipment	665,736	—	91,780	757,516
Land use rights	63,999	—	6,064	70,063
Plasma plantation receivables	84,444	—	—	84,444
Investment in associate	63,383	—	(63,383)	—
Due from related parties	16,320	—	(16,320)	—
Tax recoverable	7,334	—	—	7,334
Deferred tax assets	12,636	—	—	12,636
Intangible assets	1,012	—	—	1,012
Other non-current assets	186	—	22	208
Total non-current assets	3,489,290	—	332,622	3,821,912
Current assets				
Inventories	92,416	—	7,443	99,859
Trade receivables	36,897	—	—	36,897
Other receivables	23,770	—	569	24,339
Prepaid taxes	12,887	—	—	12,887
Cash and bank balances	461,072	—	10,250	471,322
Total current assets	627,042	—	18,262	645,304
Total assets	4,116,332	—	350,884	4,467,216
Current liabilities				
Trade payables	(65,763)	—	(7,730)	(73,493)
Other payables and accruals	(101,970)	—	(6,060)	(108,030)
Due to related parties	(58,452)	—	(13,247)	(71,699)
Loans and borrowings from financial institutions	(10,721)	—	(39,739)	(50,460)
Provision for taxation	(59,716)	—	(641)	(60,357)
Total current liabilities	(296,622)	—	(67,417)	(364,039)

E. STATEMENT FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

6. Statement of adjustments (Continued)

(ii) As at June 30, 2007 (Continued)

	As per audited combined and consolidated balance sheets of First Resources	Proforma adjustments pertaining to the proposed acquisition of		As per unaudited proforma combined and consolidated balance sheets
		PT PSA	PT MSSP and other subsidiaries	
	Rp' million	Rp' million (Note 7a)	Rp' million (Note 7b)	Rp' million
Non-current liabilities				
Loans and borrowings from financial institutions	(6,019)	—	(101,888)	(107,907)
Notes payable	(1,394,949)	—	—	(1,394,949)
Provision for post-employment benefits	(23,247)	—	(2,284)	(25,531)
Deferred tax liabilities	(464,869)	—	(45,237)	(510,106)
Total non-current liabilities	(1,889,084)	—	(149,409)	(2,038,493)
Total liabilities	(2,185,706)	—	(216,826)	(2,402,532)
Net assets	1,930,626	—	134,058	2,064,684
Share capital and reserves				
Share capital	444,814	1,041,210	370,761	1,856,785
Differences arising from restructuring transactions involving entities under common control	324,959	—	—	324,959
Translation reserve	(6,925)	—	—	(6,925)
Retained earnings	533,578	(491,414)	(225,986)	(183,822)
	1,296,426	549,796	144,775	1,990,997
Minority interests	634,200	(549,796)	(10,717)	73,687
Total equity	1,930,626	—	134,058	2,064,684

E. PROFORMA FINANCIAL EFFECT OF THE PROPOSED ACQUISITION (Continued)

7. Proforma Adjustments

(a) Proposed acquisition of PT PSA

This adjustment accounts for the proposed acquisition of 36.1% interest in PT PSA as described in Note E2 (b). All amounts are accounted as transaction between equity holders and are accounted as movement in equity. As this acquisition is conditional upon the success of this Offering, the consideration is deemed to be settled by issuance of shares, including the cash portion of the consideration.

(b) Proposed acquisition of PT MSSP and other subsidiaries

This adjustment accounts for the proposed acquisition of 63.0% interest in PT MSSP as described in Note E2(a). The Proposed Acquisition is accounted for upon completion in accordance with the accounting policies of the Group (using the purchase method in accordance with SFRS103, Business Combinations). This requires a purchase price allocation (a valuation exercise on the identifiable assets, liabilities and contingent liabilities of the acquirees) to be performed upon completion on the Proposed Acquisition.

As the purchase price allocation for PT MSSP has not been determined as at the Latest Practicable Date, the carrying values of the assets and liabilities of PT MSSP, with the exception of biological assets and agriculture products, have been assumed to approximate the fair values. The fair values of the biological assets were based on an independent appraisals determined on an existing use basis. Accordingly, for the purpose of preparing the unaudited proforma financial effects, the goodwill arising on acquisition of PT MSSP has been determined based on the excess of the aggregate consideration, over the net assets of PT MSSP. The actual fair values of the net assets of PT MSSP and resultant goodwill will be determined upon completion of the acquisition and accounted for in accordance with the accounting policies of the Group and such actual fair values and goodwill may materially differ from the assumptions stated herein.

The goodwill arising thereon is accounted in accordance with the accounting policies of the Group. The Group accounting policies is to carry the goodwill at cost less impairment. Goodwill impairment assessment is to be performed in accordance with the guidance of SFRS 36: Impairment of Assets and will be performed on an annual basis or more frequent if there is indication or circumstance which indicated impairment.

The directors of the Company has determined, in accordance with the guidance of SFRS 36, that the goodwill is impaired upon acquisition of PT MSSP and has written off the goodwill in the preparation of the proforma unaudited consolidated financial information upon the deemed date of acquisition, as stated in Note E4.

On July 30, 2007, a subsidiary, PT Ciliandra Perkasa, acquired 99.99% of PT Surya Dumai Agrindo, which in turn owns 99.90% of PT Andalan Mitrasawit Sejati and 99.90% in PT Dharma Bhakti Utama, for a cash consideration of Rp. 6,250 million.

Unaudited Consolidated Financial Statements
With Independent Accountants' Review Report
September 30, 2007
With Comparative Figures For 2006

PT CILIANDRA PERKASA
AND SUBSIDIARIES

The Unaudited Consolidated Financial Statements for PT Ciliandra Perkasa for the period ended September 30, 2007 and 2006 are prepared in accordance with Indonesian Generally Accepted Accounting Principles ("Indo GAAP") and not Singapore Financial Reporting Standards ("SFRS"), the accounting standard used for First Resources. Indo GAAP differs in significant respects from SFRS and U.S. GAAP. No comparison has been prepared to identify the differences between Indo GAAP and SFRS. No representation is made as to whether Indo GAAP is comparable to SFRS or to U.S. GAAP.

You should not rely on the Unaudited Consolidated Financial Statements for PT Ciliandra Perkasa in your assessment of our Group or as an indication of the financial condition or results of operations of the Company or of our Group.

PT CILIANDRA PERKASA
AND SUBSIDIARIES

CONSOLIDATED FINANCIAL STATEMENTS
FOR THE PERIODS ENDED SEPTEMBER 30, 2007 AND 2006

PT CILIANDRA PERKASA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
WITH INDEPENDENT ACCOUNTANTS' REPORT
SEPTEMBER 30, 2007
WITH COMPARATIVE FIGURES FOR 2006

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Independent Accountants' Review Report

Report No. RPC-8001

The Stockholders, Commissioners and Directors
PT Ciliandra Perkasa

This report has been prepared for inclusion in the offering documents of First Resources Limited, Singapore (the "Parent Company") in connection with the initial public offering of the ordinary shares of the Parent Company.

We have reviewed the consolidated balance sheet of PT Ciliandra Perkasa and Subsidiaries as of September 30, 2007, and the related consolidated statements of income, changes in stockholders' equity and cash flows for the nine months then ended. These consolidated financial statements are the responsibility of the Company's management. We did not make a similar review of the interim consolidated financial statements for the nine months ended September 30, 2006.

We conducted our review in accordance with standards established by the Indonesian Institute of Accountants. A review of interim consolidated financial information consists principally of applying analytical procedures to financial data and making inquiries of persons responsible for financial and accounting matters. It is substantially less in scope than an audit made in accordance with generally accepted auditing standards, the objective of which is the expression of an opinion regarding the financial statements taken as a whole. Accordingly, we do not express such an opinion.

Based on our review, we are not aware of any material modification that should be made to the interim consolidated financial statements referred to above for them to be in conformity with generally accepted accounting principles in Indonesia.

As discussed in Notes 3 and 27 to the interim consolidated financial statements, regarding the acquisition of PT Surya Dumai Agrindo, an entity under common control, the Company restated the 2006 financial statements to reflect this transaction as if it had occurred at the beginning of the earliest period presented in accordance with the implementation of Statement of Financial Accounting Standard (PSAK) No. 38, "Accounting for Restructuring of Common Control Entities".

Purwantono, Sarwoko & Sandjaja

/s/ PURWANTONO, SARWOKO & SANDJAJA
Drs. Hari Purwantono
Public Accountant License No. 98.1.0065

November 29, 2007

The accompanying unaudited interim consolidated financial statements are not intended to present the consolidated financial position, consolidated results of operations and consolidated cash flows in accordance with accounting principles and practices generally accepted in countries and jurisdictions other than Indonesia. The standards, procedures and practices to review such unaudited interim consolidated financial statements are those generally accepted and applied in Indonesia.

PT CILIANDRA PERKASA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS
September 30, 2007
With Comparative Figures For 2006
(Expressed in Rupiah, except otherwise stated)

	Notes	2007 (Unaudited)	2006 (Unaudited) (As Restated, Note 27)
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	4	483,569,329,452	10,087,495,832
Restricted funds		—	4,133,904,078
Trade receivables:			
Third parties		31,522,070,897	1,675,306,271
Related party	5	—	1,946,738,224
Other receivables		14,193,287,553	12,953,525,152
Inventories	6	103,155,836,302	69,012,554,841
Prepaid taxes	12	16,899,392,656	7,010,694,910
Advances and prepayments		17,246,547,140	8,100,783,835
Total Current Assets		666,586,464,000	114,921,003,143
NON-CURRENT ASSETS			
Due from related parties	5	5,094,799,172	22,081,576,115
Investment in shares of stock	3,7	54,721,768,491	32,642,344,885
Plasma plantation receivables	8	86,187,993,686	65,616,963,163
Deferred tax assets—net	12	20,949,275	10,286,270,958
Plantations:			
Mature plantations—net of accumulated depreciation of Rp312,278,122,514 and Rp260,605,955,899 as of September 30, 2007 and 2006, respectively	9	743,542,859,383	705,704,429,001
Immature plantations	9	480,164,072,866	296,920,881,459
Property, plant and equipment—net of accumulated depreciation of Rp302,732,921,245 and Rp251,244,746,634 as of September 30, 2007 and 2006, respectively	10	960,334,912,182	631,797,271,406
Seedlings		22,135,153,662	21,853,031,277
Tax refund receivables	12	7,333,574,579	948,339,289
Deferred charges—net		2,011,027,620	211,991,455
Intangible assets		1,814,599,647	—
Deposits guarantee		186,214,875	186,214,875
Total Non-Current Assets		2,363,547,925,438	1,788,249,313,883
TOTAL ASSETS		**3,030,134,389,438**	**1,903,170,317,026**

PT CILIANDRA PERKASA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED BALANCE SHEETS
September 30, 2007
With Comparative Figures For 2006 (Continued)
(Expressed in Rupiah, except otherwise stated)

	Notes	2007 (Unaudited)	2006 (Unaudited) (As Restated, Note 27)
LIABILITIES AND STOCKHOLDERS' EQUITY			
CURRENT LIABILITIES			
Short-term bank loans	13	—	65,072,983,198
Trade payables	11		
Third parties		79,169,324,047	67,828,601,896
Related parties	5	1,729,033,800	3,640,049,308
Other payables		45,292,226,489	24,412,462,808
Advances from customers—third parties		69,659,011,778	27,043,521,912
Taxes payable	12	91,822,663,450	29,474,317,350
Accrued expenses		88,641,827,178	77,444,848,420
Current maturities of long-term debts			
Bank loans	13	—	102,593,749,579
Obligations under capital lease	10	4,835,438,969	4,474,523,430
Consumer financing loans	10	5,808,625,192	2,006,056,453
Total Current Liabilities		386,958,150,903	403,991,114,354
NON-CURRENT LIABILITIES			
Due to related parties	5	33,946,866,150	10,808,333,499
Employee benefit liabilities	24	24,239,556,276	18,975,081,278
Long-term debts—net of current maturities			
Bank loans	13	—	226,322,187,196
Obligations under capital lease	10	4,623,576,147	5,350,358,537
Consumer financing loans	10	3,871,905,380	1,148,699,125
Bonds payable—net	14	—	344,299,504,358
Notes payable—net	15	1,411,256,219,061	—
Deferred tax liabilities—net	12	58,969,073,736	46,177,535,444
Total Non-Current Liabilities		1,536,907,196,750	653,081,699,437
EXCESS OF NET ASSETS OF SUBSIDIARIES OVER ACQUISITION COST		**214,484,525**	**251,103,819**
MINORITY INTEREST IN NET ASSETS OF SUBSIDIARIES	16	**322,556,183,503**	**226,342,890,180**
STOCKHOLDERS' EQUITY			
Capital stock—Rp1,000 par value			
Authorized—500,000,000 shares			
Issued and fully paid—450,000,000 shares	17	450,000,000,000	450,000,000,000
Other paid-in capital	17	—	79,505,873,877
Difference arising from restructuring transactions among entities under common control	3,18	(8,733,418,208)	1,813,468,619
Proforma equity from restructuring transactions among entities under common control	3	—	(4,101,473,638)
Retained earnings		342,231,791,965	92,285,640,378
Total Stockholders' Equity		783,498,373,757	619,503,509,236
TOTAL LIABILITIES AND STOCKHOLDERS' EQUITY		**3,030,134,389,438**	**1,903,170,317,026**

The accompanying notes form an integral part of these consolidated financial statements.
See Independent Accountants' Review Report

PT CILIANDRA PERKASA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF INCOME
Nine Months Ended September 30, 2007
With Comparative Figures For 2006
(Expressed in Rupiah, except otherwise stated)

	Notes	2007 (9 Months) (Unaudited)	2006 (9 Months) (Unaudited) (As Restated, Note 27)
NET SALES	19	1,030,210,413,823	593,459,237,405
COST OF GOODS SOLD	20	(475,293,757,118)	(390,175,779,482)
GROSS PROFIT		**554,916,656,705**	**203,283,457,923**
OPERATING EXPENSES	21		
Selling		(25,055,926,269)	(8,548,403,114)
General and administrative		(33,006,914,019)	(19,256,844,329)
Total Operating Expenses		(58,062,840,288)	(27,805,247,443)
INCOME FROM OPERATIONS		**496,853,816,417**	**175,478,210,480**
OTHER INCOME (CHARGES)			
Financing charges	22	(81,093,608,960)	(77,995,807,168)
Gain (loss) on foreign exchange differences—net		(1,093,138,712)	10,770,049,036
Loss on bonds payable redemption	14	(1,597,611,519)	—
Amortization of landrights		(353,484,705)	—
Equity in net earnings of associated company		12,220,621,694	1,712,256,183
Interest income		1,082,515,842	726,123,767
Miscellaneous—net		(596,266,598)	(533,786,877)
Other Charges—Net		(71,430,972,958)	(65,321,165,059)
INCOME BEFORE PROVISION FOR TAX EXPENSE		**425,422,843,459**	**110,157,045,421**
PROVISION FOR TAX EXPENSE	12		
Current		(111,788,447,512)	(32,427,626,800)
Deferred		(15,513,993,876)	3,278,804,332
Total Provision for Tax Expense		(127,302,441,388)	(29,148,822,468)
INCOME BEFORE PRE-ACQUISITION EXPENSES		**298,120,402,071**	**81,008,222,953**
PRE-ACQUISITION EXPENSES	2	361,094,668	985,103,737
INCOME BEFORE MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES		**298,481,496,739**	**81,993,326,690**
MINORITY INTEREST IN NET INCOME OF SUBSIDIARIES	16	(81,057,162,895)	(30,077,121,448)
NET INCOME		**217,424,333,844**	**51,916,205,242**
EARNINGS PER SHARE		**483**	**115**

The accompanying notes form an integral part of these consolidated financial statements.
See Independent Accountants' Review Report

PT CILIANDRA PERKASA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CHANGES IN STOCKHOLDERS' EQUITY
Nine Months Ended September 30, 2007
With Comparative Figures For 2006
(Expressed in Rupiah, except otherwise stated)

	Notes	Capital stock issued and fully paid	Other paid-in capital	Difference arising from restructuring transactions among entities under common control	Proforma equity from restructuring transactions among entities under common control	Retained earnings	Total stockholders' equity
Balance as of January 1, 2007 (As Restated, Note 27)		450,000,000,000	109,005,873,877	1,813,468,619	(3,687,119,954)	124,807,458,121	681,939,680,663
Reclassification of other paid-in capital to related parties	17	—	(109,005,873,877)	—	—	—	(109,005,873,877)
Difference arising from restructuring transactions among entities under common control	3	—	—	(10,546,886,827)	—	—	(10,546,886,827)
Reversal of proforma Equity from restructuring transaction among entities under common control		—	—	—	(3,687,119,954)	—	(3,687,119,954)
Net income		—	—	—	—	217,424,333,844	217,424,333,844
Balance as of September 30, 2007 (Unaudited)		**450,000,000,000**	**—**	**(8,733,418,208)**	**—**	**342,231,791,965**	**783,498,373,757**
Balance as of January 1, 2006 (As Restated, Note 27)		450,000,000,000	63,605,873,877	1,813,468,619	(3,116,369,901)	40,369,435,136	552,672,407,731
Additional other paid-in capital		—	15,900,000,000	—	—	—	15,900,000,000
Proforma adjustment (As Restated, Note 27)		—	—	—	(985,103,737)	—	(985,103,737)
Net income		—	—	—	—	51,916,205,242	51,916,205,242
Balance as of September 30, 2006 (Unaudited) (As Restated, Note 27)		**450,000,000,000**	**79,505,873,877**	**1,813,468,619**	**(4,101,473,638)**	**92,285,640,378**	**619,503,509,236**

The accompanying notes form an integral part of these consolidated financial statements.
See Independent Accountants' Review Report

PT CILIANDRA PERKASA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended September 30, 2007
With Comparative Figures For 2006
(Expressed in Rupiah, except otherwise stated)

	Notes	2007 (9 Months) (Unaudited)	2006 (9 Months) (Unaudited) (As Restated, Note 27)
CASH FLOWS FROM OPERATING ACTIVITIES			
Cash receipts from customers		1,016,438,678,781	611,577,904,393
Cash payments to suppliers and employees		(452,718,392,615)	(287,234,028,715)
Cash generated from operations		563,720,286,166	324,343,875,678
Interest received		12,347,637,775	726,123,767
Corporate income tax refund		(1,129,224,066)	—
Payments for:			
Interest expenses		(88,577,103,090)	(81,579,504,533)
Corporate income taxes		(65,850,919,796)	(21,321,845,051)
Net Cash Provided by Operating Activities		**420,510,676,989**	**222,168,649,861**
CASH FLOWS FROM INVESTING ACTIVITIES			
Acquisitions of property, plant and equipment		(317,787,560,905)	(27,819,298,648)
Increase in immature plantations		(134,958,092,072)	(131,632,918,438)
Increase in plasma plantation receivables		(32,720,903,171)	(6,349,113,871)
Additional acquisition of interest in associate company	3	(8,750,000,000)	—
Acquisition of consolidated subsidiary	3	(6,249,500,000)	—
Pre-acquisition expenses of the acquired consolidated subsidiary		361,094,668	(985,103,737)
Acquisitions of intangible assets		(1,814,599,647)	—
Increase in deferred charges		(258,346,500)	(10,000,000)
Decrease (increase) in seedlings		(742,691,208)	1,467,809,165
Increasing in proforma equity from restructuring transaction under common control	3	(3,687,119,954)	—
Dividend received	7	250,000,000	—
Proceeds from sale of equipment		141,575,000	—
Decrease in advance for investment in shares of stock		—	2,174,500,000
Net Cash Used in Investing Activities		**(506,216,143,789)**	**(163,154,125,529**
CASH FLOWS FROM FINANCING ACTIVITIES			
Decrease (increase) in restricted funds		710,778,140,670	(218,400)
Decrease (increase) in due from related parties		16,379,826,459	(81,795,289)
Other paid-in capital		—	15,900,000,000
Redemption of bonds payable		(90,315,000,000)	—
Increase (decrease) in due to related parties		(93,403,802,031)	4,703,883,324
Payments of bank loans		—	(71,579,958,822)
Payments of obligations under capital leases		(4,425,568,067)	(4,384,766,699)
Payments of consumer financing loans		(3,710,121,654)	(2,831,575,301)
Payments of subsidiary's other paid-in capital to minority shareholder	16	(731,432,846)	—
Net Cash Provided by (Used in) Financing Activities		**534,572,042,531**	**(58,274,431,187)**
NET INCREASE IN CASH AND CASH EQUIVALENTS		**448,866,575,731**	**740,093,145**
CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD		34,702,753,721	9,347,402,687
CASH AND CASH EQUIVALENTS AT END OF PERIOD	4	**483,569,329,452**	**10,087,495,832**

PT CILIANDRA PERKASA AND SUBSIDIARIES

UNAUDITED CONSOLIDATED STATEMENTS OF CASH FLOWS
Nine Months Ended September 30, 2007
With Comparative Figures For 2006 (Continued)
(Expressed in Rupiah, except otherwise stated)

	Notes	2007 (9 Months) (Unaudited)	2006 (9 Months) (Unaudited) (As Restated, Note 27)
ACTIVITIES NOT AFFECTING CASH FLOW:			
Reclassification of other paid-in capital to due to related parties	17	109,005,873,877	—
Reclassification of immature plantations to mature plantations	9	89,510,596,997	22,653,417,641
Capitalization of borrowing cost to:			
Assets under construction		38,527,436,586	—
Immature plantations	9	25,129,245,202	5,351,536,827
Capitalization of estate general expenses to immature plantations	9	19,799,882,154	13,219,751,973
Acquisitions of property, plant and equipment through:			
Consumer financing loans		9,184,204,729	3,170,400,000
Obligations under capital leases		5,846,799,411	5,959,848,799
Unrealized foreign exchange gain from:			
Notes payable		18,720,000,000	—
Bank loans		—	6,601,407,785
Reclassification of assets under construction to:			
Cost of goods sold—maintenance expense		3,783,512,425	—
Immature plantations		2,505,691,812	—
Capitalization of depreciation of property and equipment to immature plantations	9,10	4,474,474,691	3,101,512,382

The accompanying notes form an integral part of these consolidated financial statements.
See Independent Accountants' Review Report

PT CILIANDRA PERKASA AND SUBSIDIARIES

NOTES TO UNAUDITED CONSOLIDATED FINANCIAL STATEMENTS
Nine Months Ended September 30, 2007
With Comparative Figures For 2006
(Expressed in Rupiah, except otherwise stated)

1. GENERAL

a. Company Establishment

PT Ciliandra Perkasa (the Company) was established in the Republic of Indonesia on July 31, 1992 based on Notarial Deed No. 261 of S.P. Henny Shidki, S.H. The Deed of Establishment was approved by the Ministry of Justice of the Republic of Indonesia in its decision letter No. C2-9352.HT.01.01.Th.93 dated September 20, 1993 and published in State Gazette of the Republic of Indonesia No. 102 dated December 21, 1993, Supplement No. 6062. The Company's Articles of Association have been amended several times, the most recent amendments were made through the Notarial Deed No. 40 dated July 20, 2006 of Lies Herminingsih, S.H. regarding the approval of changes in the Company's stockholders.

Based on Approval Letter of the Capital Investment Coordinating Board (BKPM) No. 53/V/PMA/2006 dated March 23, 2006, the Company obtained the approval on the change of its status from a Domestic Capital Investment to a Foreign Capital Investment Company.

According to article 3 of the Company's articles of association, the Company's scope of activities comprises of trading, construction, industry and services, specifically as follows:

a. Interinsular and local trading, export-import, retailer, agency, supplier, wholesaler, distributor and as representative of other companies on consignment or commission basis;

b. Building and general contractor;

c. Hardware and software industry, agriculture, plantation, fisheries, farms, agro-industry, forestry, industrial timber estate, exploration and exploitation in mining except crude oil and gas, furniture, office and house equipment, printing house, book binding, publication, packaging, and advertising; and

d. Consultation services in various sectors except law and taxes.

Currently, the Company is mainly engaged in the development of oil palm plantations and production of palm oil that are located in the sub-district of Kampar, Province of Riau. As of September 30, 2007, the Company's planted areas totaled 6,482 hectares with 5,964 hectares mature oil palm plantations (Unaudited). The Subsidiaries' planted areas as of September 30, 2007 totaled 58,448 hectares of oil palm plantation with 36,624 hectares of mature oil palm plantation (Unaudited).

The Company is domiciled in Jakarta, Indonesia with its head office at the 7th Floor of Wisma 77, Jl. Letnan Jenderal S. Parman Kav. 77, Jakarta, and its plantations are located in Riau. The Company started its commercial operations in December 1997.

Certain subsidiaries have oil palm plantation with Estateholder Plantation (Perkebunan Inti Rakyat/PIR)—Trans Plasma Scheme with 6,135 hectares and 6,482 hectares (unaudited) of mature planted area of oil palm plantation (net of conversion to smallholders) as of September 30, 2007 and 2006, respectively, and with Primary Cooperative Credit for Members (Kredit Koperasi Primer untuk Anggota/KKPA) with 3,116 hectares and 2,515 hectares (unaudited) of total planted areas and 1,142 hectares and 653 hectares (unaudited) of mature plantations area as of September 30, 2007 and 2006, respectively.

1. GENERAL (Continued)

b. Structure of Subsidiaries

As of September 30, 2007 and 2006 (Unaudited), the details of the Company's subsidiaries are as follows:

Subsidiaries	Principal Activity	Year Started Commercial Operations	Percentage of Ownership 2007	Percentage of Ownership 2006	Total Assets Before Elimination (2007) In Thousands of Rupiah
Direct Ownership:					
PT Pancasurya Agrindo (PSA), Pekanbaru	Oil Palm Plantations	2002	62.00	62.00	1,504,699,037
PT Surya Intisari Raya (SIR), Pekanbaru	Oil Palm Plantations	1999	99.99	99.99	309,473,502
PT Perdana Intisawit Perkasa (PISP), Pekanbaru	Oil Palm Plantations	1998	99.99	99.99	380,602,425
PT Bumi Sawit Perkasa (BSP), Pekanbaru	Under Development Oil Palm Plantations	Under Development Stage	99.90	99.90	193,519,793
PT Pria Tama Riau (PTR), Jakarta	Oil Palm Plantations	Under Development Stage	99.75	99.75	131,071,508
Ciliandra Perkasa Finance Company, Pte. Ltd. (CPFC), Singapore	Debt Financing Transactions Facilitator	2006	100.00	—	1,512,242,011
PT Surya Dumai Agrindo (SDA), Pekanbaru	Oil Palm Plantations	Under Development Stage	99.99	—	16,876,864
Indirect Ownership:					
PT Surya Dumai Agrindo (SDA): —PT Andalan Mitrasawit Sejati (AMS), Pekanbaru	Oil Palm Plantations	Under Development Stage	99.90	—	1,001,500
—PT Dharma Bakti Utama (DBU, Pekanbaru	Oil Palm Plantations	Under Development Stage	99.90	—	2,777,582
PT Pancasurya Agrindo (PSA): —PT Pancasurya Binasejahtera (PSBS), Jakarta	Oil Palm Plantations	Under Development Stage	99.99	99.99	873,398,173
—PT Muriniwood Indah Industry (MII), Pekanbaru	Oil Palm Plantations	2002	99.99	99.99	307,764,155
PT Pancasurya Binasejahtera (PSBS): —PT Subur Arummakmur (SAM), Pekanbaru	Oil Palm Plantations	1998	99.99	99.99	480,302,282
—PT Arindo Trisejahtera (ATS), Pekanbaru	Oil Palm Plantations	1999	99.99	99.99	471,686,425
PT Arindo Trisejahtera (ATS): —PT Pancasurya Agrosejahtera (PSAS), Jakarta	Oil Palm Plantations	Under Development Stage	90.00	90.00	11,471,511
—PT Pancasurya Agrindo Perkasa (PSAP), Jakata	Oil Palm Plantations	Under Development Stage	99.99	99.99	38,026,807

1. GENERAL (Continued)

c. Boards of Commissioners and Directors and Employees

Based on the minutes of Stockholders' Extraordinary General Meeting dated March 28, 2007 and December 5, 2005 as notarized under notarial deed No. 39 of Lies Herminingsih, S.H. and under notarial deed No. 31 of Jhonni M. Sianturi, S.H dated December 26, 2005, the composition of the Company's Boards of Commissioners and Directors as of September 30, 2007 and 2006 are as follows:

		2007	2006
President Commissioner	:	Wirastuty Fangiono	Wirastuti Fangiono
Commissioners	:	Wirasneny Fangiono	Wirasneny Fangiono
		Irawaty	Irawaty
		Lau Cong Kiong	Lau Cong Kiong
President Director	:	Ciliandra Fangiono	Ciliandra Fangiono
Directors	:	Harianto Tanamoeljono	Harianto Tanamoeljono
		Budi Gunawan	Budi Gunawan
		Cik Sigih Fangiono	Cik Sigih Fangiono
		Andrian Jayapranata	—

As of September 30, 2007 and 2006, the Company and Subsidiaries had 4,076 and 4,194 permanent employees, respectively (Unaudited).

The Company's and Subsidiaries' remuneration for the Boards of Commissioners and Directors amounted to Rp9,602,914,976 and Rp6,544,084,640 for the nine months ended September 30, 2007 and 2006, respectively.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The consolidated financial statements have been prepared by the management for inclusion in the offering documents of First Resources Limited, Singapore (the "Parent Company") in connection with the initial public offering of the ordinary shares of the Parent Company.

The accounting and reporting policies adopted by the Company and its Subsidiaries conform with generally accepted accounting principles in Indonesia. The significant accounting principles applied consistently in the preparation of the consolidated financial statements for the nine months ended September 30, 2007 and 2006 are as follows:

a. Basis of Consolidated Financial Statements

The consolidated financial statements are presented in Rupiah, unless otherwise stated, which have been prepared on the accrual basis using the historical cost, except for inventories which are valued at the lower of cost or net realizable value and investment in shares of stock which is accounted for under the equity method.

The consolidated statements of cash flows present the receipts and payments of cash and cash equivalents classified into operating, investing and financing activities. The cash flows from operating activities are presented using the direct method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

b. Principles of Consolidation

The consolidated financial statements include the financial statements of the Company and its Subsidiaries with direct and indirect ownership interest of more than 50% (Note 1b).

All significant inter-company balances and transactions have been eliminated to reflect the financial position and results of operations of the Company and its Subsidiaries as one business entity.

Minority interest represents the minority stockholders' proportionate share in the net income and equity of the subsidiaries which are not wholly owned, which is presented based on the percentage of ownership of the minority stockholders in the subsidiaries.

The losses applicable to the minority stockholders in a consolidated subsidiary may exceed the minority stockholders' interest in the net assets of the subsidiaries. The excess, and any further losses applicable to the minority are charged against the majority interest, except to the extent that the minority has a binding obligation to, and is able to, absorb such losses and the minority stockholders can settle their obligations. If the subsidiary subsequently reports profits, such profits shall be allocated to the majority stockholders' share in losses previously absorbed by the majority which have been recovered.

Restructuring transactions among entities under common control are accounted for similar to a pooling-of-interests method. The difference between the acquisition cost and the book value of assets and liabilities acquired on the date of acquisition is presented as "Difference arising from restructuring transactions among entities under common control" under the Stockholders' Equity section in the consolidated balance sheet in accordance with PSAK No. 38, "Accounting for restructuring of entities under common control".

c. Transactions with Related Parties

The Company and its Subsidiaries have transactions with certain parties which are regarded as related party relationships in accordance with the Statement of Financial Accounting Standards (PSAK) No. 7, "Related Party Disclosures".

d. Allowance for Doubtful Accounts

Allowance for doubtful accounts is provided based on a review of the status of the individual receivable accounts at the end of each period.

e. Inventories

Inventories are stated at the lower of cost or net realizable value. Cost of crude palm oil and palm kernel oil is determined using the weighted average method. The cost of other inventories is determined using the moving average method.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

e. Inventories (Continued)

Allowance for decline in value of inventory is provided to reduce the carrying value of inventories to their net realizable value.

f. Investment in Shares of Stock

Investment in shares of stock in which the Company has ownership interest of at least 20% but not exceeding 50% is accounted for using the equity method whereby the cost of investment is increased or decreased by the Company's share in net earnings (losses) of the investee, dividends received since the date of acquisition, and amortization of goodwill or negative goodwill.

g. Plantations

Immature plantations are stated at acquisition costs which include costs incurred for field preparation, planting, fertilizing and maintenance, borrowing costs of loans used to finance the development of immature plantations (Note 2m) and an allocation of other indirect costs based on hectares planted (Note 2n). Immature plantations are stated as part of non-current assets and are not depreciated.

Mature plantations are recorded at cost upon their reclassification from immature plantations and are depreciated using the straight-line method over the estimated useful life of 20 years.

Oil palm plantation is classified as mature plantation if 70 % (seventy percent) of the trees per block bear fruit bunches with an average weight per bunch of 3.5 (three point five) kilograms or more and that the trees have a minimum age of 36 (thirty six) months.

h. Property, Plant and Equipment

Property, plant and equipment are stated at cost, less accumulated depreciation. Depreciation is computed using the straight-line method over the estimated useful lives of the assets, as follows:

	Years
Buildings and Infrastructure	5 - 20 years
Roads, Bridges and Water Channels	10 -15 years
Machinery and Installations	5 - 15 years
Farming Equipment	5 years
Transportation Equipment	5 years
Office Equipment	5 years

Landrights is stated at cost and not amortized.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

h. Property, Plant and Equipment (Continued)

Depreciation of property, plant and equipment related to the plantations are allocated proportionately based on the area of mature and immature plantations.

The cost of ordinary maintenance and repairs are charged to consolidated income as incurred. Significant renewals and betterments that meet the criteria defined in PSAK No. 16, "Property, Plant and Equipment and Other Assets" are capitalized. When assets are retired or otherwise disposed of, their carrying values and the related accumulated depreciation are removed from the accounts. Any resulting gain or loss is reflected in the current consolidated statements of income.

Construction in progress is stated at cost. The accumulated cost will be reclassified to the appropriate property, plant and equipment account when the construction is completed.

Prior to 2003, the acquisition cost of land was depreciated using the straight-line method over the period of 20 years. Beginning 2003, the acquisition cost of land is not amortized. Based on PSAK No. 47, "Accounting for Land", expenses incurred for the acquisition or renewal of landrights, such as legal fees, measuring and mapping fees, notary fees, taxes and other expenses, are deferred and amortized using the straight-line method over the period of landrights.

Lease transactions are accounted for under the capital lease method when the required capitalization criteria under PSAK No. 30, "Accounting for Lease Transactions", are met. Otherwise, leases are accounted for under the operating lease method. Assets under capital lease (presented in Property, Plant and Equipment) are recorded based on the present value of the lease payments at the beginning of the lease term plus residual value (option price) to be paid at the end of the lease period. Depreciation is computed using the straight-line method based on the estimated useful lives of the leased assets in line with the estimated useful lives of property, plant and equipment.

The Subsidiaries' plantations with total area of 43,794 hectares are still in the process of HGU certificate registration.

i. Plasma Plantation

Cost incurred during development up to conversion of the plasma plantations are recorded in plasma plantation receivables. Development of the plasma plantations is financed by plasma plantation investment credits from the banks or by self-financing. Accumulated development costs are presented net of investment credit receipts.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

i. Plasma Plantation (Continued)

The difference between the accumulated development costs of plasma plantations and their conversion value is charged to the current consolidated statements of income.

j. Seedlings

Nursery is stated at cost. The accumulated cost will be reclassified to immature plantations at the time of planting.

k. Deferred Charges

Expenses incurred which provide benefits in the future are deferred and amortized over their beneficial periods using straight-line method.

l. Intangible Assets

The software license costs related to the implementation of Oracle application software are capitalized and being amortized over a period of 5 (five) years.

m. Capitalization of Borrowing Costs

In accordance with the revised PSAK No. 26, "Borrowing Costs", interest charges, foreign exchange differences on borrowings representing adjustment to interest cost and other costs incurred to finance the development of immature plantations and the construction of property, plant and equipment are capitalized. Capitalization of these borrowing costs ceases when the immature plantations become mature and the construction or installation is completed and the property, plant and equipment are ready for their intended use.

n. Estate General Expenses

The Company and its Subsidiaries allocate estate general expenses to immature plantations and cost of goods sold proportionally based on the immature and mature plantations area.

o. Bonds and Notes Issuance Costs

Bonds and Notes issuance costs are deducted from the proceeds of bonds and notes issuance and presented in the balance sheets as discount and amortized over the periods of the respective bonds and notes.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

p. Impairment of Asset Value

Based on PSAK No. 48 on "Impairment of Assets", asset values are reviewed for any impairment and possible write-down whenever events or changes in circumstances indicate that their carrying values may not be fully recovered.

q. Revenue and Expense Recognition

Revenue from sales is recognized when goods are delivered to customers. Expenses are recognized when incurred.

r. Foreign Currency Transactions and Balances

The reporting currency used in the consolidated financial statements is Indonesian Rupiah. Transactions in currencies other than Rupiah are recorded at the prevailing rates of exchange in effect on the date of the transactions.

As of the balance sheet dates, all foreign currency monetary assets and liabilities have been adjusted to reflect the prevailing rate on those dates. The net resulting foreign exchange gains or losses are recognized in the current period's income.

The exchange rates used as of September 30, 2007 and 2006 were as follows:

	2007	2006
US Dollar 1/Rupiah	9,137	9,235
SGD 1/Rupiah	6,132	5,819
Euro 1/Rupiah	12,938	11,732
JPY 100/Rupiah	7,935	7,841

s. Income Taxes

Current tax expense is provided based on the estimated taxable income for the period. The Company applies the liability method to determine its deferred income tax. Under the liability method, deferred tax assets and liabilities are recognized for temporary differences between the financial and the tax bases of assets and liabilities at each reporting date. Future tax benefits, such as the carry-forward of unused tax losses, are also recognized to the extent that realization of such benefits is probable.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

s. Income Taxes (Continued)

Deferred tax assets and liabilities are measured at the tax rates that are expected to apply to the period when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the balance sheet date.

Amendments to tax obligations are recorded when an assessment is received or, if appealed against by the Company or Subsidiaries, when the result of the appeal is determined.

t. Employee Benefits

The cost of providing employee benefits under Labor Law No. 13/2003 dated March 25, 2003 is determined using the projected-unit-credit actuarial valuation method. Actuarial gains and losses are recognized as income or expense when the net cumulative unrecognized actuarial gains and losses at the end of the previous reporting year exceed 10% the present value of the defined benefit obligation, if any, at that date. These gains or losses are recognized on a straight-line basis over the expected average remaining working lives of the employees. Further, past-service costs arising from the introduction of a defined benefit plan or changes in the benefit payable of an existing plan are required to be amortized over the period until the benefits concerned become vested.

u. Segment Reporting

In 2007 and 2006, the Company and Subsidiaries are engaged in one business segment which is oil palm plantations in the region of the Republic of Indonesia, Riau Province. Therefore, the Company did not provide any business segment reporting.

v. Earnings Per Share

Net earnings per share is calculated by dividing net income with the weighted average number of shares outstanding during the periods. The weighted average number of shares amounted to 450,000,000 shares in 2007 and 2006.

3. ACQUISITIONS

a. On August 2, 2007, the Company has entered into a sale and purchase agreement with PT Payung Negeri Utama to acquire an additional 7% interest in PT Meridan Sejatisurya Plantation an associate company owned by the Company at 25%, with cash consideration of Rp8.75 billion and to recognize goodwill amounting to Rp631,198,753. As a result of this acquisition, the Company owns 32% interest in PT Meridan Sejatisurya Plantation (Note 7).

3. ACQUISITIONS (Continued)

b. On July 30, 2007, the Company has completed its acquisition of 99.99% interest in PT Surya Dumai Agrindo (PT SDA), an entity under common control, with a net book value of (Rp4,297,386,827) for a cash consideration of Rp6,249,500,000 and recognized the difference arising from restructuring transactions among entities under common control amounting to Rp10,546,886,827 (Note 8). PT SDA owns 99.90% interest in PT Andalan Mitrasawit Sejati and 99.90% interest in PT Dharma Bhakti Utama, collectively, the three companies own approximately 45,000 hectares of land bank in the Riau province of Indonesia.

4. CASH AND CASH EQUIVALENTS

This account consists of:

	2007 (Unaudited)	2006 (Unaudited) (As Restated, Note 27)
Cash on hand	191,811,490	248,477,894
Cash in banks	112,710,868,298	9,839,017,938
Time deposits—US Dollar	370,666,649,664	—
Total	**483,569,329,452**	**10,087,495,832**

The annual interest rates of time deposits in US Dollar range from 4.59% to 4.77%.

5. TRANSACTIONS AND BALANCES WITH RELATED PARTIES

In the normal course of business, the Company and its Subsidiaries have engaged in transactions with related parties mainly consisting of non interest-bearing financial transactions, advances, sales and purchases of crude palm oil, fertilizers and seedlings.

The balances of trade receivable from and payables to related parties mainly resulting from sales and purchase of crude palm oil, fertilizers and seedlings are as follows:

	2007 (Unaudited)	2006 (Unaudited)
Trade Receivables:		
PT Meridan Sejatisurya Plantation	—	1,946,738,224
Trade Payables (Note 17):		
PT Meridan Sejatisurya Plantation	1,729,033,800	3,629,033,800
Fangiono Resources, Pte. Ltd.	—	11,015,508
Total	**1,729,033,800**	**3,640,049,308**

5. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

The balances of non-trade accounts with related parties are shown below:

	2007 (Unaudited)	2006 (Unaudited) (As Restated, Note 27)
Due from related parties:		
PT Meridan Sejatisurya Plantation	5,094,799,172	18,988,555,438
PT Tirta Madu	—	1,037,864,048
PT Fangionoperkasa Sejati	—	515,198,500
Others (each below Rp500,000,000)	—	1,539,958,129
Total	**5,094,799,172**	**22,081,576,115**
Due to related parties:		
PT Fangionoperkasa Sejati	31,384,501,500	—
First Resources, Limited	1,562,364,650	—
PT Fangiono Agro Plantation	1,000,000,000	—
PT Adhitya Serayakorita	—	8,065,148,455
Others (each below Rp500,000,000)	—	2,743,185,044
Total	**33,946,866,150**	**10,808,333,499**

In 2007, the Company has paid back the amount of Rp75,250,000,000 to PT Fangionoperkasa Sejati from the reclassification of other paid-in capital (Note 17).

Based on the review of the status of the individual receivable accounts at the end of each period, the Company's management is of the opinion that no allowance for doubtful accounts is needed since the receivables are collectible.

	2007 (Unaudited)	2006 (Unaudited)
Investment in Shares of Stock (Note 7)		
PT Meridan Sejatisurya Plantation	54,111,609,696	32,642,344,885
Sales (Note 19)		
First Resources, Limited	60,178,897,392	—
PT Meridan Sejatisurya Plantation	—	7,877,445,481
Total	**60,178,897,392**	**7,877,445,481**

5. TRANSACTIONS AND BALANCES WITH RELATED PARTIES (Continued)

Nature of relationship and significant transactions with related parties:

Related Parties	Relationship	Nature of Transactions
PT Fangionoperkasa Sejati	Shareholder	Loan without interest nor fixed repayment schedule.
First Resources, Limited	Shareholder	Sales of crude palm oil.
PT Meridan Sejatisurya Plantation	Associate Company	Sales of crude palm oil and loan without interest nor fixed repayment schedule.
Fangiono Resources, Pte. Ltd.	Affiliated Company	Purchase of seedlings and loan without interest nor fixed repayment schedule.
PT Fangiono Agro Plantation	Affiliated Company	Loan without interest nor fixed repayment schedule.
PT Perawang Lumber Industri	Affiliated Company	Loan without interest nor fixed repayment schedule.
PT Tirta Madu Sawit	Affiliated Company	Loan without interest nor fixed repayment schedule.
PT Adhitya Serayakorita	Affiliated Company	Loan without interest nor fixed repayment schedule.
Martias	Affiliated	Loan without interest nor fixed repayment schedule.
Katerina Widjaja (Palmex estate)	Related Party	Loan without interest nor fixed repayment schedule.

Sale and purchase transactions with related parties are conducted using the same price, terms and conditions as those with third parties.

6. INVENTORIES

This account consists of:

	2007 (Unaudited)	2006 (Unaudited)
Crude palm oil	47,418,855,593	26,399,665,868
Palm kernel	7,017,196,611	3,887,736,099
Fresh fruit bunches	605,805,097	1,351,487,987
Fertilizers and chemicals	20,617,501,360	18,728,889,326
Spareparts and other utilities	22,322,377,836	16,588,255,229
Materials in transit	5,174,099,805	2,056,520,332
Total	**103,155,836,302**	**69,012,554,841**

6. INVENTORIES (Continued)

Certain inventories are covered by insurance against losses from fire and other risks under blanket insurance policies amounting to USD6,200,000 as of September 30, 2007 and 2006, respectively, which in management's opinion is adequate to cover possible losses from such risks.

Inventories are used as collateral for the bonds payable in 2006 (Note 13).

Based on the inventory condition at the end of each period, management believes that a provision for inventory obsolescence is not required in 2007 and 2006.

7. INVESTMENT IN SHARES OF STOCK

This account consists of investment in shares of stock of PT Meridan Sejatisurya Plantation:

	Percentage of Ownership	Acquisition Cost	Accumulated Equity in Net Loss of Associated Company	Book Value
2007 (Unaudited)	32	48,424,960,042	6,296,808,449	54,721,768,491
2006 (Unaudited)	25	39,696,000,000	(7,053,655,115)	32,642,344,885

Equity in net earnings of this associated company amounted to Rp12,220,621,694 (Unaudited) and Rp1,712,256,183 (Unaudited) for the nine months ended September 30, 2007 and 2006, respectively.

In 2007, the Company received dividend from PT Meridan Sejatisurya Plantation amounting to Rp250,000,000.

As of September 30, 2007, the Company has increased its investment in PT Meridan Sejatisurya Plantation with a cash consideration of Rp8,750,000,000 to become 32% ownership interest and the excess of purchase price against net book value amounting to Rp631,198,753 will be amortized. The net book value of the additional investment is Rp8,118,801,247 (Note 3).

The accumulated amortization as of September 30, 2007 amounted to Rp21,039,958 (Unaudited).

8. PLASMA PLANTATION RECEIVABLES

To support the government policy, the Subsidiaries develop plasma plantations under the schemes of "Perkebunan Inti Rakyat Transmigrasi (PIR—Trans) and partnership "Kredit Koperasi Primer untuk Anggotanya (KKPA)". The development of plasma plantations is financed by investment credits and self financing. When the plasma plantations mature in accordance with the criteria set by the Government, the plasma plantations will be handed over to the plasma farmers (conversion of plasma plantations). The development of the plasma plantation are initially financed by the Subsidiaries (recorded as plasma plantation receivable) and paid by an investment credit from a bank which will be transferred to the plasma farmers upon the conversion of plasma plantations and at the amount determined at that time (conversion value).

After the conversion of plasma plantations, the plasma farmers are obliged to sell their crops to the Subsidiaries. The investment credit will be repaid through the amounts withheld by the Subsidiaries on such sales.

Information regarding the development of plasma plantations as of September 30, 2007 and 2006 is as follows:

	2007 (Unaudited)		2006 (Unaudited)	
	PIR Trans	KKPA	PIR Trans	KKPA
Accumulated converted value of plasma plantations	55,299,188,000	7,967,216,350	47,433,982,000	—
Accumulated converted area of plasma plantation (hectares)	4,642	315	4,056	—

8. PLASMA PLANTATION RECEIVABLES (Continued)

Details of plasma plantation receivables presented in the consolidated balance sheets as of September 30, 2007 and 2006, are as follows:

	2007 (Unaudited)		
	Plasma Plantation Development Cost	Investment Credits	Plasma Plantation Receivables (Net)
PIR Trans			
Beginning balance	33,761,344,937	—	33,761,344,937
Additional development cost	938,737,063	—	938,737,063
Ending balance	34,700,082,000	—	34,700,082,000
KKPA			
Beginning balance	27,473,246,561	—	27,473,246,561
Additional development cost	31,782,166,108	—	31,782,166,108
Conversion value	(7,967,216,350)	—	(7,967,216,350)
Difference between accumulated development cost of plasma plantations and conversion value	199,715,367	—	199,715,367
Ending balance	51,487,911,686	—	51,487,911,686
Total Ending Balance	**86,187,993,686**	**—**	**86,187,993,686**

	2006 (Unaudited)		
	Plasma Plantation Development Cost	Investment Credits	Plasma Plantation Receivables (Net)
PIR Trans			
Beginning balance	40,307,828,007	—	40,307,828,007
Additional development cost	114,377,088	—	114,377,088
Ending balance	40,422,205,095	—	40,422,205,095
KKPA			
Beginning balance	18,960,021,285	—	18,960,021,285
Additional development cost	6,234,736,783	—	6,234,736,783
Ending balance	25,194,758,068	—	25,194,758,068
Total Ending Balance	**65,616,963,163**	**—**	**65,616,963,163**

8. PLASMA PLANTATION RECEIVABLES (Continued)

A summary of the changes in the total planted areas of plasma plantations (Unaudited) is as follows:

	Immature Plantations		Mature Plantations		Total Plantations
	PIR Trans	KKPA	PIR Trans	KKPA	
	Ha	Ha	Ha	Ha	Ha
Balance as of January 1, 2007	146	2,032	6,135	653	8,966
Additions	—	431	—	—	431
Deduction	(146)	—	—	—	(146)
Conversion	—	—	—	(315)	(315)
Reclassification	—	(489)	—	489	—
Balance as of September 30, 2007	**—**	**1,974**	**6,135**	**827**	**8,936**
Balance as of January 1, 2006	242	1,807	6,240	99	8,388
Additions	146	779	—	—	925
Deduction	—	—	(347)	—	(347)
Reclassification	(242)	(554)	242	554	—
Balance as of September 30, 2006	**146**	**2,032**	**6,135**	**653**	**8,966**

PT Surya Intisari Raya has entered into an agreement with Koperasi Kelantan Jaya as stated in agreement No. 02.04/X/649/XI/2005 dated November 22, 2005 for the development of plasma plantations under Kredit Koperasi Primer untuk Anggotanya. The project started in 2007. Until the date of completion of the consolidated financial statements, the land clearing is still in process.

9. PLANTATIONS

The plantations consist of:

	2007 (Unaudited)				
	Beginning Balance	Additions	Deduction	Reclassification	Ending Balance
Mature Plantations					
Acquisition cost Oil Palm	966,310,384,900	—	—	89,510,596,997	1,055,820,981,897
Accumulated depreciation Oil Palm	272,684,835,703	39,593,286,811	—	—	312,278,122,514
Net	693,625,549,197	—	—	—	743,542,859,383
Immature Plantations					
Acquisition cost	382,807,283,931	186,867,385,932	—	(89,510,596,997)	480,164,072,866
Total	**1,076,432,833,128**				**1,223,706,932,249**

9. PLANTATIONS (Continued)

	2006 (Unaudited)				
	Beginning Balance	Additions	Deduction	Reclassification	Ending Balance
Mature Plantations					
Acquisition cost Oil Palm	943,656,967,259	—	—	22,653,417,641	966,310,384,900
Accumulated depreciation Oil Palm	224,432,445,044	36,173,510,855	—	—	260,605,955,899
Net	719,224,522,215				705,704,429,001
Immature Plantations					
Acquisition cost	178,654,590,759	140,919,708,341	—	(22,653,417,641)	296,920,881,459
Total	**897,879,112,974**				**1,002,625,310,460**

All of the depreciation of mature plantations for the nine months ended September 30, 2007 and 2006 amounting to Rp39,593,286,811 (Unaudited) and Rp36,173,510,855 (Unaudited), respectively, are charged to cost of goods sold.

The details of capitalization to immature plantations are as follows:

	2007 (Unaudited)	2006 (Unaudited)
Borrowing cost	25,129,245,202	5,351,536,827
Estates general expenses	19,799,882,154	13,219,751,973
Depreciation of property, plant and equipment	4,474,474,691	3,101,512,382
Total	**49,403,602,047**	**21,672,801,182**

A summary of changes in plantation areas (Unaudited) are as follows:

	Immature Plantation	Mature Plantations	Total
	Ha	Ha	Ha
Balance as of January 1, 2007	19,366	41,105	60,471
Additions	5,564	—	5,564
Reclassification	(2,588)	2,588	—
Deduction	—	(1,105)	(1,105)
Balance as of September 30, 2007	**22,342**	**42,588**	**64,930**
Balance as of January 1, 2006	11,155	39,834	50,989
Additions	7,590	—	7,590
Reclassification	(1,271)	1,271	—
Balance as of September 30, 2006	**17,474**	**41,105**	**58,579**

9. PLANTATIONS (Continued)

The details of plantation areas based on locations (Unaudited) as of September 30, 2007 and 2006 are as follows:

	2007		
	Immature Plantation	Mature Plantation	Total
	Ha	Ha	Ha
Bengkalis	1,911	4,888	6,799
Rokan Hulu	8,391	11,447	19,838
Kampar	9,240	22,023	31,263
Pekanbaru	919	1,642	2,561
Siak	1,881	2,588	4,469
Total	**22,342**	**42,588**	**64,930**

	2006		
	Immature Plantation	Mature Plantation	Total
	Ha	Ha	Ha
Bengkalis	2,403	4,334	6,737
Rokan Hulu	3,016	11,597	14,613
Kampar	8,891	21,478	30,369
Pekanbaru	1,219	1,534	2,753
Siak	1,945	2,162	4,107
Total	**17,474**	**41,105**	**58,579**

The plantations have not been insured against the risks of fire, diseases and other possible risks.

Based on the management's evaluation, there were no events or changes of circumstances that indicate a decline in plantation value as of September 30, 2007 and 2006.

10. PROPERTY, PLANT AND EQUIPMENT

The details as of September 30, 2007 and 2006 are as follows:

	2007 (Unaudited)				
	Beginning Balance	**Additions**	**Deductions**	**Reclassifications**	**Ending Balance**
Acquisition Cost					
Direct Acquisition					
Landrights	73,904,800,772	11,810,916,420	—	—	85,715,717,192
Buildings and infrastructure	182,628,817,100	1,200,265,077	499,683,596	3,061,713,439	186,391,112,020
Roads, bridges and water channels	70,425,871,364	674,816,031	—	21,891,608,975	92,992,296,370
Machinery and installations	316,718,201,870	2,804,550,740	119,350,000	606,674,311	320,010,076,921
Farming equipment	19,995,627,767	7,220,130,449	859,929,257	13,602,564,225	39,958,393,184
Transportation equipment	68,181,363,631	9,125,735,110	—	(12,065,836,286)	65,241,262,455
Office equipment	8,543,100,067	3,626,547,336	205,617,948	997,852,346	12,961,881,801
Total Direct Acquisition	740,397,782,571	36,462,961,163	1,684,580,801	28,094,577,010	803,270,739,943
Under Capital Lease					
Farming equipment	8,284,140,010	5,758,772,700	—	—	14,042,912,710
Transportation equipment	10,347,716,999	644,087,560	—	(2,113,893,907)	8,877,910,652
Total Under Capital Lease	18,631,857,009	6,402,860,260	—	(2,113,893,907)	22,920,823,362
Construction in progress					
Field preparation	88,957,963,794	16,549,388,829	—	405,265,000	105,912,617,623
Buildings and infrastructure	13,593,386,906	126,011,454,678	—	(4,163,684,170)	135,441,157,414
Roads, bridges and water channels	27,318,775,876	14,137,533,515	3,783,512,425	(20,833,606,037)	16,839,190,929
Machinery and installations	10,795,850,677	169,276,111,375	—	(1,388,657,896)	178,683,304,156
Total Construction in Progress	140,665,977,253	325,974,488,397	3,783,512,425	(25,980,683,103)	436,876,270,122
Total	899,695,616,833	368,840,309,820	5,468,093,226	—	1,263,067,833,427
Accumulated Depreciation					
Direct Acquisition					
Landrights	4,766,382,121	—	—	—	4,766,382,121
Buildings and infrastructure	59,110,163,275	8,162,821,474	181,846,530	(58,836,924)	67,032,301,295
Roads, bridges and water channels	33,362,028,993	5,471,406,762	—	—	38,833,435,755
Machinery and installations	88,965,265,502	15,486,194,235	65,220,827	(60,160,213)	104,326,078,697
Farming equipment	18,604,887,544	3,535,142,855	710,290,166	9,957,125,396	31,386,865,629
Transportation equipment	47,330,791,446	3,605,090,739	—	(9,246,458,404)	41,689,423,781
Office equipment	6,463,611,144	826,648,866	168,504,718	657,884,575	7,779,639,867
Total Direct Acquisition	258,603,130,025	37,087,304,931	1,125,862,241	1,249,554,430	295,814,127,145
Under Capital Lease					
Farming equipment	2,112,256,073	2,181,225,262	—	—	4,293,481,335
Transportation equipment	2,971,094,930	903,772,265	—	(1,249,554,430)	2,625,312,765
Total Under Capital Lease	5,083,351,003	3,084,997,527	—	(1,249,554,430)	6,918,794,100
Total	263,686,481,028	40,172,302,458	1,125,862,241	—	302,732,921,245
Net	**636,009,135,805**				**960,334,912,182**

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

	2006 (Unaudited) (As Restated, Note 27)				
	Beginning Balance	Additions	Deductions	Reclassifications	Ending Balance
Acquisition Cost					
Direct Acquisition					
Landrights	74,283,729,772	1,658,165,000	—	43,000,000	75,984,894,772
Buildings and infrastructure	175,015,876,826	1,790,666,243	—	3,594,630,559	180,401,173,628
Roads, bridges and water channels	65,190,969,370	428,562,452	—	267,500,000	65,887,031,822
Machinery and installations	307,208,730,005	1,981,460,239	—	5,136,908,224	314,327,098,468
Farming equipment	19,323,341,125	65,482,642	—	—	19,388,823,767
Transportation equipment	49,198,307,270	7,394,992,729	—	5,638,760,000	62,232,059,999
Office equipment	7,573,726,513	1,667,147,602	—	—	9,240,874,115
Total Direct Acquisition	697,794,680,881	14,986,476,907	—	14,680,798,783	727,461,956,571
Under Capital Lease					
Farming equipment	8,219,514,332	4,806,339,000	—	(616,860,000)	12,408,993,332
Transportation equipment	13,648,379,473	2,643,471,999	—	(5,021,900,000)	11,269,951,472
Total Under Capital Lease	21,867,893,805	7,449,810,999	—	(5,638,760,000)	23,678,944,804
Construction in progress					
Field preparation	94,465,468,768	3,805,856,623	—	(43,000,000)	98,228,325,391
Buildings and infrastructure	11,282,661,323	5,880,590,930	—	(3,594,630,559)	13,568,621,694
Roads, bridges and water channels	8,700,326,232	1,662,993,892	—	(267,500,000)	10,095,820,124
Machinery and installations	11,981,439,584	3,163,818,096	—	(5,136,908,224)	10,008,349,456
Total Construction in Progress	126,429,895,907	14,513,259,541	—	(9,042,038,783)	131,901,116,665
Total	846,092,470,593	36,949,547,447	—	—	883,042,018,040
Accumulated Depreciation					
Direct Acquisition					
Landrights	4,766,382,121	—	—	—	4,766,382,121
Buildings and infrastructure	47,210,810,828	8,934,447,712	—	—	56,145,258,540
Roads, bridges and water channels	27,062,775,006	4,708,579,939	—	—	31,771,354,945
Machinery and installations	67,783,492,023	15,107,676,019	—	—	82,891,168,042
Farming equipment	16,897,716,495	937,116,140	—	—	17,834,832,635
Transportation equipment	37,108,697,002	5,252,121,732	—	4,489,267,341	46,850,086,075
Office equipment	5,104,740,111	528,026,650	—	—	5,632,766,761
Total Direct Acquisition	205,934,613,586	35,467,968,192	—	4,489,267,341	245,891,849,119
Under Capital Lease					
Farming equipment	1,774,085,786	1,297,125,993	—	(452,364,000)	2,618,847,779
Transportation equipment	5,270,322,116	1,500,630,961	—	(4,036,903,341)	2,734,049,736
Total Under Capital Lease	7,044,407,902	2,797,756,954	—	(4,489,267,341)	5,352,897,515
Total	212,979,021,488	38,265,725,146	—	—	251,244,746,634
Net	**633,113,449,105**				**631,797,271,406**

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

As of September 30, 2007 and 2006, a significant portion of the construction in progress represents the construction of the biodiesel fuel plant and its supporting facilities at the Company with total amount of Rp177,895,607,827 (Unaudited) and nil (Unaudited) in 2006, respectively, crude palm oil mill construction at a Subsidiary amounting to Rp73,971,371,650 (Unaudited) and Rp7,514,518,647 (Unaudited), respectively, and the field preparation for preparing the land to be planted with oil palm plantation at the Company and its subsidiaries amounting to Rp105,918,117,623 (Unaudited) and Rp94,335,561,992 (Unaudited), respectively.

As of September 30, 2007, the estimated average percentage of completion from the total estimated costs is 35% for the biodiesel plant and its supporting facilities and 75% for the crude palm oil mill and its supporting facilities.

Depreciation is allocated as follows:

	2007 (9 Months) (Unaudited)	2006 (9 Months) (Unaudited)
Charged to:		
Cost of goods sold	34,415,892,529	34,204,755,607
General and administrative expenses	1,252,225,702	929,747,626
Training and education expenses	29,709,536	29,709,531
Capitalized to:		
Immature plantations	4,474,474,691	3,101,512,382
Total	**40,172,302,458**	**38,265,725,146**

Borrowing cost capitalized to property, plant and equipment amounted to Rp38,527 million for the nine months ended September 30, 2007 (Unaudited).

The Company and its Subsidiaries have lease commitments and consumer financing loans covering agricultural tools and transportation equipment with terms ranging from 2 (two) to 5 (five) years and expiring on different dates. The future minimum rental payments required under the lease agreements are as follows:

Year	2007 (Unaudited)
2007	4,655,208,830
2008	12,292,985,006
2009	5,532,183,452
2010	573,679,000
Total	23,054,056,288
Less amount applicable to interest	3,914,510,600
Obligations under capital lease and consumer financing loans	19,139,545,688
Less current portion	10,644,064,161
Long-term portion	**8,495,481,527**

10. PROPERTY, PLANT AND EQUIPMENT (Continued)

The Company and subsidiaries have obtained land utilization rights (HGU) as follows:

	Total Area (ha)	Location (Regency)	Expiry Date of HGU
PT Ciliandra Perkasa			
HGU No. 55/HGU/BPN/1995	3,787	Kampar	December 31, 2030
PT Perdana Intisawit Perkasa			
HGU No. 60/HGU/BPN/1995	2,467	Kampar	December 31, 2030
PT Surya Intisari Raya			
HGU No. 40/HGU/BPN/1994	3,609	Pekanbaru	December 31, 2024
HGU No. 41/HGU/BPN/1994	1,430	Bengkalis	December 31, 2024
PT Pancasurya Agrindo			
HGU No. 42/VIII/ 1995	10,600	Kampar	December 31, 2020
PT Arindo Trisejahtera			
HGU No. 13/HGU/BPN/1993	7,741	Kampar	December 31, 2028
PT Subur Arummakmur			
HGU No. 65/HGU/BPN/1998	7,767	Kampar	September 21, 2033
PT Muriniwood Indah Industry			
HGU No. 10/HGU/BPN/2000	7,886	Bengkalis	July 4, 2035
PT Pria Tama Riau			
HGU No. 1/HGU/BPN/1996	1,346	Bengkalis	December 2, 2026
HGU No. 2/HGU/BPN/1996	3,175	Bengkalis	December 2, 2026
Total	**49,808**		

Management believes that the HGU can be extended upon its expiration date.

HGU's with total area of 81,077 hectares that are either used or to be used by the Company and its Subsidiaries in the operating activities, are still in the process of HGU certificate registration.

Certain property, plant and equipment have been insured against fire, earthquake and other possible risks under insurance policies totaling Rp62,604,400,000 and USD29,523,226 in 2007 and Rp40,032,710,000 (Unaudited) and USD32,600,804 (Unaudited) in 2006.

Certain moveable property, plant and equipment are used as collateral for notes payable (in 2007) and bonds payable (in 2006).

Based on the evaluation of the management, there are no events or changes in circumstances that indicate a decline in asset value as of September 30, 2007 and 2006.

11. TRADE PAYABLES

This account represents the liabilities arising from the purchases of fertilizers, chemicals and other supporting materials with details as follows:

	2007 (Unaudited)	2006 (Unaudited)
Third parties		
Plasma Farmers	23,583,434,895	6,608,917,726
PT Sentana Adidaya Pratama	12,798,013,172	19,710,248,855
PT Sasco Indonesia Pupuk	9,523,219,683	9,161,190,305
PT Meroke Tetap Jaya	3,774,110,683	2,319,258,307
PT Jayatech Palmatic	1,497,479,762	—
PT Teknindo Riau Sejati	1,270,856,317	—
PT Multi Mas Chemindo	1,159,870,170	—
PT Multi Harapan Jaya	1,091,421,730	—
PT Pupuk Hikay	—	9,880,392,941
Others (each below Rp1,000,000,000)	24,470,917,635	20,148,593,762
	79,169,324,047	67,828,601,896
Related parties (Note 5)	1,729,033,800	3,640,049,308
Total	**80,898,357,847**	**71,468,651,204**

Details of payables based on the aging schedule at the date of invoice are as follows:

	2007 (Unaudited)	2006 (Unaudited)
Up to 1 month	39,501,115,730	23,429,839,900
> 1 to 3 months	23,231,994,720	22,747,030,694
> 3 months	18,165,247,397	25,291,780,610
Total	**80,898,357,847**	**71,468,651,204**

Details of payables based on currencies are as follows:

	2007 (Unaudited)	2006 (Unaudited)
Indonesian Rupiah	56,781,797,990	31,896,329,374
United States Dollar (USD2,585,473 in 2007 and USD4,278,425 in 2006)	23,623,466,801	39,511,258,384
Euro (EUR38,112 in 2007 and EUR5,205 in 2006)	493,093,056	61,063,446
Total	**80,898,357,847**	**71,468,651,204**

12. TAXATION

The details as of September 30 are as follows:

	2007 (Unaudited)	2006 (Unaudited)
Prepaid Taxes		
Income tax		
Article 22	27,362,083	57,362,318
Article 25	—	734,931,972
Value added tax	16,872,030,573	6,218,400,620
Total	**16,899,392,656**	**7,010,694,910**

	2007 (Unaudited)	2006 (Unaudited) (As Restated, Note 27)
Taxes payable		
Income tax		
Article 15	1,511,523	—
Article 21	380,790,481	360,936,297
Article 23	1,549,071,194	460,267,490
Article 25	3,919,607,099	—
Article 26	5,539,938,011	—
Article 29	78,073,345,668	22,663,868,638
Final income tax Article 4 (2)	137,763,149	242,164,911
Value added tax	1,241,540,054	2,942,718,489
Tax on land and building	979,096,271	2,804,361,525
Total	**91,822,663,450**	**29,474,317,350**

	2007 (Unaudited)	2006 (Unaudited)
Tax Refund Receivables		
Value added tax	609,555,760	948,339,289
Income tax		
Article 26	212,528,000	—
Article 23	43,246,774	—
Corporate income tax	6,468,244,045	—
Total	**7,333,574,579**	**948,339,289**

12. TAXATION (Continued)

Tax refund receivables represent payments on Tax Assessment Letters (SKP) and Tax Collection Letters (STP) of subsidiaries (SAM, PISP and ATS) which are being appealed by the said subsidiaries. Until November 29, 2007, such appeals are still in process.

Corporate Income Tax

Details of tax income (expense) are as follows:

	2007 (Unaudited)		
	Current Tax	Deferred Tax	Total
The Company	(3,562,346,000)	(9,440,138,251)	(13,002,484,251)
Subsidiaries	(108,226,101,512)	(6,073,855,625)	(114,299,957,137)
Total	**(111,788,447,512)**	**(15,513,993,876)**	**(127,302,441,388)**

	2006 (Unaudited)		
	Current Tax	Deferred Tax	Total
The Company	—	2,440,726,332	2,440,726,332
Subsidiaries	(32,427,626,800)	838,078,000	(31,589,548,800)
Total	**(32,427,626,800)**	**3,278,804,332**	**(29,148,822,468)**

The reconciliation between income before provision for tax expense as shown in the consolidated statements of income with the Company's estimated tax loss for the nine months ended September 30, 2007 and 2006, is as follows:

	2007 (Unaudited)	2006 (Unaudited)
Income before provision for tax expense as shown in the consolidated statements of income	425,422,843,459	110,157,045,421
Income before provision for tax expense of subsidiaries	(370,594,073,202)	(116,162,896,251)
Income (loss) before provision for tax expense of the Company	54,828,770,257	(6,005,850,830)
Temporary differences:		
Post employment benefits	852,101,925	411,067,293
Depreciation of property, plant and equipment and plantations	(609,487,763)	4,299,258,868
Lease transactions	42,900,045	52,423,648
Total Temporary Differences	285,514,207	4,762,749,809

12. TAXATION (Continued)

Corporate Income Tax (Continued)

	2007 (Unaudited)	2006 (Unaudited)
Permanent Differences:		
Non-deductible expenses	893,161,719	142,695,958
Interest income subjected to final tax	(101,362,636)	(560,343,385)
Equity in net earnings of associated company	(12,220,621,694)	(1,712,256,183)
Total Permanent Differences	(11,428,822,611)	(2,129,903,610)
Estimated taxable income of the Company	43,685,461,853	(3,373,004,631)
Tax loss year 2005—According to tax assessment letter	(23,344,735,264)	—
Tax loss year 2006	(8,407,906,446)	—
Accumulated tax income (loss) at end of period of the Company	11,932,820,143	(3,373,004,631)
Current Tax Expense:		
Company	3,562,346,000	—
Subsidiaries	108,226,101,512	32,427,626,800
Total Current Tax Expenses	111,788,447,512	32,427,626,800
Prepaid Taxes:		
Company:		
Income Tax		
Article 22	2,850,000	—
Article 23	26,650,007	—
Subsidiaries:		
Income Tax		
Article 22	214,419,377	—
Article 23	747,886,896	29,544,862
Article 25	32,723,295,564	11,734,213,300
Total Prepaid Taxes	33,715,101,844	11,763,758,162
Income Tax Payable Article 29		
Company	3,532,845,993	—
Subsidiaries	74,540,499,675	22,663,868,638
Income Tax Payable Article 29	**78,073,345,668**	**22,663,868,638**

12. TAXATION (Continued)

Corporate Income Tax (Continued)

The reconciliation between the tax expense calculated by applying the maximum tax rate of 30% to income before provision for tax expense and the tax expense as shown in the consolidated statements of income for the nine months ended September 30, 2007 and 2006 is as follows:

	2007 (Unaudited)	2006 (Unaudited)
Income before provision for tax expense as shown in the consolidated statements of income	425,422,843,459	110,157,045,421
Income before provision for tax expense—Subsidiaries	(370,594,073,202)	(116,162,896,251)
Income (loss) before provision for tax expense—the Company	54,828,770,257	(6,005,850,830)

	2007 (Unaudited)	2006 (Unaudited)
Tax expense at the maximum tax rate of 30%	16,448,631,077	(1,801,755,249)
Tax effects of:		
Permanent differences	(3,428,646,783)	(638,971,083)
Difference in using the maximum marginal tax rate	(17,500,043)	—
Tax Expense—the Company	13,002,484,251	(2,440,726,332)
Tax Expense—Subsidiaries	114,299,957,137	31,589,548,800
Total Tax Expense	**127,302,441,388**	**29,148,822,468**

12. TAXATION (Continued)

Corporate Income Tax (Continued)

The details of deferred tax assets (liabilities)—net are as follows:

	January 1, 2007 (Unaudited)	Income Statement 2007 (Unaudited)	September 30, 2007 (Unaudited)
Company:			
Accumulated tax loss	9,525,792,513	(9,525,792,513)	—
Post employment benefits	687,591,548	255,630,578	943,222,126
Property, plant and equipment and plantations	(4,642,627,722)	(182,846,329)	(4,825,474,051)
Lease transactions	(269,780,736)	12,870,014	(256,910,722)
Total deferred tax assets (liabilities)—the Company	5,300,975,603	(9,440,138,250)	(4,139,162,647)
Subsidiaries:			
PT Pancasurya Agrindo	(8,354,537,245)	45,950,705	(8,308,586,540)
PT Surya Intisari Raya	4,004,873,303	(4,982,351,356)	(977,478,053)
PT Perdana Intisawit Perkasa	(253,337,687)	158,717,573	(94,620,114)
PT Bumi Sawit Perkasa	(808,583,555)	(689,787,900)	(1,498,371,455)
PT Pria Tama Riau	(2,336,084)	23,285,359	20,949,275
PT Muriniwood Indah Industry	(4,435,522,978)	(671,892,977)	(5,107,415,955)
PT Subur Arummakmur	(4,636,564,712)	(1,802,288,253)	(6,438,852,965)
PT Arindo Trisejahtera	(34,249,097,230)	1,844,511,223	(32,404,586,007)
Total deferred tax assets—Subsidiaries	4,004,873,303	(6,073,855,626)	20,949,275
Total deferred tax liabilities—Subsidiaries	(52,739,979,491)		(54,829,911,089)
Total Deferred Tax Assets	9,305,848,906	(15,513,993,876)	20,949,275
Total Deferred Tax Liabilities	(52,739,979,491)		(58,969,073,736)

12. TAXATION (Continued)

Corporate Income Tax (Continued)

	January 1, 2006 (Unaudited)	Income Statement 2006 (Unaudited)	September 30, 2006 (Unaudited)
Company:			
Accumulated tax loss	7,008,636,874	1,011,901,390	8,020,538,264
Post employment benefits	516,778,146	123,320,188	640,098,334
Property, plant and equipment and plantations	(4,477,429,367)	1,289,777,660	(3,187,651,707)
Lease transactions	(212,637,999)	15,727,094	(196,910,905)
Total deferred tax assets (liabilities)—the Company	2,835,347,654	2,440,726,332	5,276,073,986
Subsidiaries:			
PT Pancasurya Agrindo	(8,089,342,642)	1,503,514,494	(6,585,828,148)
PT Surya Intisari Raya	6,634,724,831	(1,638,713,654)	4,996,011,177
PT Perdana Intisawit Perkasa	(438,500,474)	239,649,007	(198,851,467)
PT Bumi Sawit Perkasa	(35,500,483)	22,557,607	(12,942,876)
PT Pria Tama Riau	1,731,244	12,454,552	14,185,796
PT Muriniwood Indah Industry	(389,128,047)	(103,440,342)	(492,568,389)
PT Subur Arummakmur	(3,221,497,804)	(514,952,050)	(3,736,449,854)
PT Arindo Trisejahtera	(36,467,903,096)	1,317,008,386	(35,150,894,710)
Total deferred tax assets—Subsidiaries	6,636,456,075	838,078,000	5,010,196,973
Total deferred tax liabilities—Subsidiaries	(48,641,872,546)		(46,177,535,444)
Total Deferred Tax Assets	9,471,803,729	3,278,804,332	10,286,270,958
Total Deferred Tax Liabilities	(48,641,872,546)		(46,177,535,444)

Management believes that the deferred tax assets can be fully realizable.

In 2006, the Company received tax assessment results for the year 2005 with details as follows:

Tax Loss	23,344,735,264
Overpayment of Corporate Income Tax	629,063,690
Underpayment of Income Tax Article 21	Nil
Underpayment of Income Tax Article 23	Nil
Underpayment of Income Tax Article 4 (2) Final	Nil

The Company did not submit any objection on the tax assessment results and it has received the Corporate Income Tax refund.

13. BANK LOANS

The details as of September 30, 2006 (Unaudited) are as follows:

Short-term Loan - Working Capital	
PT Bank Central Asia Tbk	57,664,064,917
PT Bank Mandiri (Persero) Tbk	7,408,918,281
Total	**65,072,983,198**
Long-term Loans	
PT Bank Central Asia Tbk:	
Investment Credit I	198,505,310,389
Investment Credit II	27,950,000,000
PT Bank Mandiri (Persero) Tbk:	
Investment Credit I (USD11,094,803)	102,460,504,689
PT Bank Negara Indonesia (Persero) Tbk:	
Investment Credit	121,697
Total	328,915,936,775
Current Maturity	(102,593,749,579)
Long-term Portion	**226,322,187,196**

PT Bank Central Asia Tbk

PISP, PSA, SAM and MII (subsidiaries) obtained several credit facilities from PT Bank Central Asia Tbk as follows:

Short-term

- Working Capital Credit facility to finance the working capital of PISP, PSA and SAM with maximum credit limits amounting to Rp30,000,000,000, Rp15,000,000,000 and Rp20,000,000,000, respectively. This facility is available until May 11, 2006.

- Foreign exchange line facility to hedge the transactions in foreign currency with maximum credit limit amounting to Rp20,000,000,000 and settlement line facility to settle the foreign exchange line facility with the maximum credit limit amounting to USD1,000,000 which is available until May 11, 2006. These facilities were provided to PISP, PSA, MII and MSSP.

The short-term loans bear interest at rates ranging from 11.75% to 14.25% per annum in 2006.

13. BANK LOANS (Continued)

PT Bank Central Asia Tbk (Continued)

Long-term

- Investment Credit Facility I to refinance the loans from other creditors are payable in 24 quarterly installments, with details as follows:

Subsidiaries	Maximum Credit	Payment to	Quarterly Installments	
			Beginning	Ending
PISP	70,708,637,722	BNI	August 11, 2005	May 11, 2010
PSA	77,727,650,562	BNI	August 11, 2004	May 11, 2010
SAM	72,493,324,510	Mandiri	August 11, 2004	May 11, 2010
MII	40,000,000,000	Panin	August 11, 2004	May 11, 2010

- Investment Credit Facility II to finance the planting of SAM's and MII's oil palm plantations and will be paid in quarterly installments, as follows:

Subsidiaries	Maximum Credit (in USD)	Quarterly Installments	
		Beginning	Ending
SAM	17,000,000,000	August 11, 2004	May 11, 2010
MII	15,000,000,000	March 11, 2004	Dec.11, 2010

- The Investment Credit Facility III obtained by MII, a subsidiary, to finance the palm oil mill in Sebangar and Harapan Baru with maximum credit amounting to Rp45,000,000,000. The time limit for withdrawing the facility was December 20, 2005. This facility will be paid through quarterly installments starting from March 11, 2006 until December 20, 2009.

The long-term facilities bear interest at rates ranging from 13.75% to 14.75% per annum in 2006.

The collaterals for the above short-term and long-term credit facilities are as follows:

a. Land including the building and other equipment thereon with certificates as follows:

- HGUs of 4,416 ha., 553 ha., 1,600 ha. and 4,257 ha. under the name of PT Meridan Sejatisurya Plantation (MSSP);

- HGU of 10,600 ha. under the name of PT Pancasurya Agrindo (PSA);

13. BANK LOANS (Continued)

PT Bank Central Asia Tbk (Continued)

Long-term (Continued)

- HGU of 7,767 ha. under the name of PT Subur Arum Makmur (SAM);
- HGU of 2,467 ha. under the name of PT Perdana Intisawit Perkasa (PISP);
- HGU of 7,886 ha. under the name of PT Muriniwood Indah Industry (MII);

b. Machinery, equipment, vehicles, inventories and receivables belonging to PISP, PSA, SAM, MII and MSSP under the fiducia guarantee agreement;

c. Mortgage of stocks of PISP, PSA, SAM, MII and MSSP as covered in Deeds of Shares Mortgage;

d. Sales contract on goods produced by PISP, PSA, SAM, MII and MSSP as covered in Deed of Sales Contract Transfer Agreement;

e. Personal guarantee; and

f. Temporary collateral from 326 ha. of land under the name of PT Panca Surya Garden.

In regards to the above credit facilities, PISP, PSA, SAM, MII and MSSP are prohibited to obtain credit from other parties, pledge the assets to other parties, paying loans and dividends to stockholders, amend the Articles of Association, merger or acquisition and new participation in other company without written consent from the Bank and are required to maintain certain financial ratios. In addition, PISP is required to convert the plasma plantation of 3,530 hectares in year 2006.

On December 14, 2006, PISP, PSA, SAM and MII settled all the loans obtained from PT Bank Central Asia Tbk using the proceeds from the issuance of notes payable (Note 15).

PT Bank Mandiri (Persero) Tbk, Jakarta

A subsidiary, ATS, obtained a credit facility from PT Bank Mandiri (Persero) Tbk as follows:

Short-term

- A Revolving Working Capital Credit Facility to finance the working capital of the factory and oil palm plantations with maximum credit limit amounting to Rp10,000,000,000 which become due on July 28, 2007. In January 2006, the maximum credit limit was reduced to Rp7,600,000,000. The loan bears interest at 16% per annum in 2006.

13. BANK LOANS (Continued)

PT Bank Mandiri (Persero) Tbk, Jakarta (Continued)

Long-term

- Investment Credit Facility Trance I with maximum credit amounting to USD20,657,302 will be paid in 24 quarterly installments starting from the 1st quarter of 2003 until the 4th quarter of 2008.

- Investment Credit Facility Trance II with maximum credit amounting to USD5,019,725 will be paid in 12 quarterly installments starting from the 1st quarter of 2003 until the 4th quarterly of 2008.

The loans bear interest at rates ranging from 7% to 8% per annum in 2006.

The above credit facilities are collateralized with the following:

- The Subsidiary's inventories and receivables from third parties covered by Fiducia Collateral Deed amounting to Rp15,000,000,000 and Rp7,600,000,000, respectively;

- Two plots of landrights including the plantations, building and infrastructure thereon. The landrights, with areas of 3,471 ha. and 4,270 ha. in Sinama Nenek, Siak Hulu, Kampar, Riau Province, are under the name of ATS and are covered by the Guarantee Right I amounting to Rp87,000,000,000 and Rp98,000,000,000;

- The Subsidiary's Factory machinery including the equipment as covered by Fiducia Collateral Deed amounting to Rp59,203,551,549;

- Personal guarantees;

- Corporate guarantee from PSBS; and

- Mortgage of stocks in affiliated company owned by Bustaman Wijaya and Sima International Enterprise Limited, related parties.

In connection with such credit facilities, ATS, without any written consent from the bank, is not allowed among others, to obtain credit from other financial companies, collateralize its assets to other parties, distribute dividends, pay interests and loans to stockholders, amend Articles of Association, conduct merger or acquisition and invest in other companies. ATS is also required to maintain certain financial ratios.

On December 21, 2006, ATS settled all the loans obtained from PT Bank Mandiri (Persero) Tbk using the proceeds from the issuance of notes payable (Note 15).

14. BONDS PAYABLE—NET

The details as of September 30, 2006 (unaudited) are as follows:

Nominal Value:	
Ciliandra Perkasa Bond Year 2003	290,000,000,000
Syari'ah Mudharabah Ciliandra Perkasa Bond Year 2003	60,000,000,000
Total	350,000,000,000
Less:	
Deferred bonds issuance costs	14,251,239,104
Accumulated amortization of deferred bonds issuance costs	(8,550,743,462)
Net	5,700,495,642
Bonds Payable—Net	**344,299,504,358**

Ciliandra Perkasa Bond year 2003 represents conventional bonds denominated in Rupiah with nominal value of Rp290,000,000,000. The Bonds have a term of 5 years with interest at 14.75% per annum and will be due on September 26, 2008. The bonds interest is payable quarterly with the first interest payment on December 26, 2003 and the last interest payment on September 26, 2008.

Syari'ah Mudharabah Ciliandra Perkasa Bond year 2003 represents bonds denominated in Rupiah with nominal value of Rp60,000,000,000 and maturity period of 5 years. The Company will distribute the revenues to the Syari'ah bondholders every 3 months since the bonds issuance date. The amount of distributed revenue is calculated based on the bonds portion held by the bondholders and the related revenue to be distributed which refers to the Fresh Fruit Bunches Sales Contract between PT Pancasurya Agrindo (subsidiary) and PT Perdana Intisawit Perkasa (subsidiary) for a period from 2003 to 2008 with contract value of Rp12,500,000,000 per quarter or Palm Oil Sales Contract between PT Pancasurya Agrindo and the Company for the 3rd to 5th year with contract value of Rp12,500,000,000 per quarter if the palm oil factory constructed in PT Pancasurya Agrindo is completed and has started its production activities. The percentage ownership of the Syariah Bondholders is 17.70% per annum.

Both of the bonds were registered in the Surabaya Stock Exchange on October 1, 2003. The Trustee and Guarantee Agent for the bonds is PT Bank Niaga Tbk.

Both of the Bonds are jointly collateralized with the land, Land Utilization Right Certificate, Palm Oil Factory, building and other supporting facilities including the Company's and PT Surya Intisari Raya's (subsidiary's) plants, the Company's moving and non-moving assets covering a total collateral value amounting to Rp525,000,000,000 or 150% of the total liabilities.

Based on the Trustee Agreement, the Company is prohibited, unless with the written consent from the Trustee, to collateralize and/or mortgage part or all of the Company's assets and/or allow and/or give approval to

14. BONDS PAYABLE—NET (Continued)

the subsidiaries to collateralize and/or mortgage part or all the subsidiaries' assets, issue corporate guarantee or allow the subsidiaries to issue a corporate guarantee for other parties, to conduct merger and/or acquisition, issue bonds or other kinds of loan instrument with the level higher than these bonds, change the scope of business activities, distribute dividends to the Company's stockholders or provide loans or credits to affiliated companies and other related parties with value of more than Rp10,000,000,000.

In addition, the Company is required to deposit a Bond Sinking Fund of 7.5% of the Bond Nominal Value payable should the Bond rating fall below idBBB as assessed by PT Pemeringkat Efek Indonesia (Pefindo) and to open an Interest Sinking Fund by gradually depositing the bond interest payable in one period of interest payment.

Based on report from Pefindo, both of the bonds issued by the Company are classified as idBBB + stable outlook in 2006.

The Company is also required to maintain the following financial ratios in the consolidated financial statements:

- Debt to Equity ratio of not more than 2.5.
- EBITDA to loan interest payment from 2003 to 2008 ratio of 2:1 (EBITDA represents the consolidated net earnings plus interest charges, income tax, depreciation and amortization).
- Maintain the minimum consolidated equity before the settlement of payables at not less than Rp493,000,000,000.

The proceeds obtained from Ciliandra Perkasa Bond Public Offering in 2003 after being deducted by the issuance costs, have been used, among others, to:

1. Settle the Company's liabilities to PT Bank Mandiri (Persero) Tbk amounting to Rp90,433,350,155;
2. Settle the Company's liabilities to Regency View Holding Inc. amounting to Rp61,527,867,000;
3. Settle PT Surya Intisari Raya's liabilities to PT Bank Mandiri (Persero) Tbk. amounting to Rp57,096,609,433;
4. Increase the Company's ownership in PT Surya Intisari Raya, a Subsidiary, amounting to Rp28,000,000,000;
5. Finance the development of palm oil factory of PT Pancasurya Agrindo, a Subsidiary, amounting to Rp40,000,000,000; and
6. Finance the Company's working capital amounting to Rp58,690,934,308.

14. BONDS PAYABLE—NET (Continued)

The costs incurred by the Company for the bonds issuance, covering the underwriting fee for the bonds issuance, fees for the Stock Exchange, Securities Rating Institution and others are presented as discounts and are amortized over 5 years.

As of September 30, 2007, the Company has redeemed all of Ciliandra Perkasa Bond year 2003 and Syari'ah Mudharabah Ciliandra Perkasa Bond year 2003 at the price of 100.35% of the nominal value. Loss on bonds payable redemption including deferred bonds issuance costs amounting to Rp1,597,611,519 is presented as Other Charges in the current consolidated statements of income.

15. NOTES PAYABLE—NET

The details as of September 30, 2007 (Unaudited) are as follows:

	30 September 2007 (Unaudited)
Nominal Value (USD160,000,000)	1,461,920,000,000
Less:	
Deferred notes issuance costs	60,541,103,428
Accumulated amortization of deferred notes issuance costs	(9,877,322,489)
	50,663,780,939
Notes Payable—Net	**1,411,256,219,061**

On December 8, 2006, Ciliandra Perkasa Finance Company, Pte. Ltd., Singapore issued a USD160,000,000 Guaranteed Secured Notes due 2011 ("the Notes") with interest rate at 10.75% per annum. The Notes are listed at the SGX-ST (Singapore Exchange Securities Trading Limited). The interest is payable semi-annually on September 8 and December 8 of each year, starting from September 8, 2007. The Notes will mature on December 8, 2011. Acting as the trustee, registrar, principal paying agent and transfer agent of the Notes is Deutsche Bank Trust Company Americas, and as the escrow agent and collateral agent of the Notes is DB Trustees (Hongkong) Limited. The Notes have been rated "B2" by Moody's Investors Service, Inc. and "B+" by Fitch Ratings.

The net proceeds from the Notes less the Pre-Funded Interest Reserve Account of USD8,600,000 will be released upon certain conditions. The Pre-Funded Interest Reserve Account will be released if the Fixed Charge Coverage Ratio exceeds 2.5 to 1.0 for any determination date following the issuance date. In 2007, the Pre-Funded Interest Reserve Account has been released.

At any time prior to December 8, 2009, the issuer may redeem up to 35 % of the principal amount of the Notes using the net cash proceeds from one or more equity offerings of the Company's capital stock at the redemption price of 110.75 % of the principal amount of the Notes plus accrued and unpaid interest, if any, to the redemption date.

15. NOTES PAYABLE—NET (Continued)

The Notes are guaranteed by the Company and its Restricted Subsidiaries ("the Subsidiary Guarantors", and together with the Company, "the Guarantors"). The Subsidiary Guarantors are PT Pria Tama Riau, PT Bumi Sawit Perkasa, PT Surya Intisari Raya, PT Pancasurya Agrindo, PT Muriniwood Indah Industry, PT Perdana Intisawit Perkasa, PT Subur Arummakmur, PT Pancasurya Binasejahtera and PT Arindo Trisejahtera. The Notes are collateralized by a security interest in a pre-funded interest reserve account, a security interest in the escrow account, a security interest in the biodiesel plant to be constructed by the Company, a security interest in all moveable assets of the Guarantors, including cash accounts, but excluding accounts receivable and inventories, a pledge by the Issuer of its rights in the intercompany loans made with the net proceeds of the Notes to the Guarantors and pledges by the shareholders of the Company of 100% of the share capital of the Company (at least 51% following any initial public offering) and a pledge by Guarantors holding the shares of another restricted subsidiaries of all such shares held.

The net proceeds from the issuance of the Notes, after deducting fees, commissions and other estimated related expenses, are approximately USD154 million and will be used for:

	In US Dollar
Pre-Funded Interest Reserve Account	8,600,000
Repayment of outstanding Indonesian Rupiah Bonds	37,282,025
Repayment of Indonesian Bank Facilities	41,920,038
Finance construction of planned biodiesel plant	30,000,000
Construction of new crude palm oil plant	5,000,000
Capital expenditure for planting and plant maintenance	31,197,937
Total	**154,000,000**

Certain covenants which limit the Guarantors are cash transfer generated from the sale of biodiesel to any other person other than in accordance with the Biodiesel Cash Management Agreement; incur or guarantee additional indebtedness and issue disqualified or preferred stock; declare dividends on its Capital Stock or purchase or redeem Capital Stock; make capital expenditure, in certain circumstances; make investments or other specified restricted payments; issue or sell Capital Stock of Restricted Subsidiaries; guarantee indebtedness; sell assets; create any Lien; enter into Sale and Leaseback Transactions; enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends, transfer assets or make intercompany loans; enter into transactions with affiliates; or effect a consolidation or merger.

The Group monitors capital using a gearing ratio, which is net debt divided by Earnings before Interest, Tax, Depreciation and Amortisation ("EBITDA"). The Group's policy is to keep the gearing ratio low. In accordance with the terms and conditions of the covenants stated in the Notes payable agreement, the Group has to maintain a gearing ratio of no more than 3.75 times of EBITDA.

15. NOTES PAYABLE—NET (Continued)

The funds released from the escrow account have been used, among others, to:

1. Redeem part of the Company's conventional and syari'ah mudharabah bonds amounting to USD37,282,025; and

2. Pay certain restricted subsidiaries' bank loans amounting to USD41,849,700.

The costs incurred related to the Notes issuance are deferred and presented as discounts and amortized over 5 years (Note 2o).

16. MINORITY INTEREST IN NET ASSETS OF CONSOLIDATED SUBSIDIARIES

The details as of September 30, 2007 and 2006 are as follows:

	2007 (Unaudited)	2006 (Unaudited)
PT Pancasurya Agrindo and Subsidiaries	322,374,691,744	226,156,912,210
PT Pria Tama Riau	123,983,982	126,118,393
PT Bumi Sawit Perkasa	45,555,749	49,600,317
PT Perdana Intisawit Perkasa	5,291,766	5,093,202
PT Surya Intisari Raya	6,660,262	5,166,058
Total	**322,556,183,503**	**226,342,890,180**

This account represents the minority interest in net earnings (losses) of consolidated subsidiaries with details as follows:

	2007 (Unaudited)	2006 (Unaudited)
PT Pancasurya Agrindo and Subsidiaries	81,062,171,136	30,077,643,480
PT Pria Tama Riau	(2,516,018)	(381,607)
PT Bumi Sawit Perkasa	(4,444,251)	(399,683)
PT Surya Intisari Raya	291,766	93,200
PT Perdana Intisawit Perkasa	1,660,262	166,058
Total	**81,057,162,895**	**30,077,121,448**

In 2007, PT Pancasurya Agrindo has paid back the other paid-in capital of minority shareholder amounting to Rp731,432,846.

17. CAPITAL STOCK AND OTHER PAID-IN CAPITAL

The details of stock ownership as of September 30, 2007 and 2006 are as follows:

	2007 and 2006 (Unaudited) Issued and Fully Paid		
	Number of Shares	Percentage of Ownership	Total
First Resources, Limited	429,800,000	95,51	429,800,000,000
PT Fangionoperkasa Sejati	20,200,000	4,49	20,200,000,000
Total	**450,000,000**	**100,00**	**450,000,000,000**

Based on Notarial Deed No. 40 dated July 20, 2006 of Public Notary Lies Herminingsih, S.H., the Company's stockholders agreed to sell all the Company shares owned by Irawaty totaling 19,800,000 shares or amounting to Rp19,800,000,000 to First Resources, Limited. Such sale of the Company shares is covered in Notarial Deed No. 41 dated July 20, 2006 of the same Notary.

As of September 30, 2006, the stockholders had paid Rp79,505,873,877 to subscribe to the Company's shares in the future. Such amount is recorded as "Other paid-in capital" in the consolidated balance sheet.

The Company shares are used as collateral for notes payable issued on December 8, 2006 (Note 15).

Based on the resolution of the general shareholders' meeting on April 3, 2007, the shareholders approved to cancel the planned increase in authorized capital from Rp450,000,000,000 to Rp500,000,000,000 and to return the other paid-in capital. Based on the resolution, the Company has reclassified the outstanding other paid-in capital amounting to Rp109,005,873,877 to due to related parties.

18. DIFFERENCE ARISING FROM RESTRUCTURING TRANSACTIONS AMONG ENTITIES UNDER COMMON CONTROL

This account represents the differences between the acquisition cost of investment in Subsidiaries and book value of net assets of the Subsidiaries as at the date of acquisition of entities under common control (Note 3).

19. NET SALES

The details are as follows:

	2007 (9 Months) (Unaudited)	2006 (9 Months) (Unaudited)
Crude Palm Oil	898,475,988,908	474,761,385,004
Palm Kernel	110,363,640,845	56,813,195,155
Fresh Fruit Bunches	21,370,784,070	61,884,657,246
Total	**1,030,210,413,823**	**593,459,237,405**

The details of customers which represented more than 10 % of net sales are as follows:

	Total		Percentage of Net Sales	
	2006 (9 Months) (Unaudited)	2007 (9 Months) (Unaudited)	2006 (9 Months) (Unaudited)	2007 (9 Months) (Unaudited)
PT Bukit Kapur Reksa	397,671,624,079	126,927,594,650	38.60	21.39
Khai Huat International, Pte Ltd.	180,120,908,442	57,871,952,000	18.57	9.75
PT Inti Benua Perkasatama	111,380,376,181	136,551,336,144	10.81	23.01
PT Permata Hijau Sawit	53,969,956,261	166,710,641,498	5.24	28.09
Total	**743,142,864,963**	**488,061,524,292**	**73,22**	**82.24**

Sales to related parties represent 5.84% of the total net sales and 1.33% of the total net sales for the nine months ended September 30, 2007 and 2006, respectively (Note 5).

20. COST OF GOODS SOLD

The details are as follows:

	2006 (9 Months) (Unaudited)	2007 (9 Months) (Unaudited) (As Restated, Note 27)
Fresh Fruit Bunches		
Depreciation	53,532,461,821	50,636,967,181
Maintenance cost	160,740,987,663	140,861,795,698
Plantation general expenses	44,985,616,709	37,308,518,538
Harvesting costs	50,502,387,113	41,278,470,336
Employee benefit expense	2,869,888,246	2,269,839,626
Cost of fresh fruit bunches production	312,631,341,552	272,355,591,379
Cost of fresh fruit bunches production transferred to crude palm oil and palm kernel production	(299,912,763,808)	(241,063,687,324)
Cost of Goods Sold—Fresh Fruit Bunches	12,718,577,744	31,291,904,055
Crude Palm Oil and Palm Kernel		
Transfer in of cost of fresh fruit bunches	299,912,763,808	241,063,687,324
Purchase of fresh fruit bunches	117,554,408,705	60,150,487,627
Depreciation	20,476,717,519	19,741,299,281
Processing	28,022,106,652	21,644,780,638
Freight	21,661,838,591	10,969,842,187
Factory general expenses	8,757,614,199	7,642,955,763
Employee benefit expense	602,288,756	394,838,980
Fresh fruit bunches —Inventory beginning	343,686,090	155,370,173
Fresh fruit bunches —Inventory ending	(605,805,097)	(1,351,487,987)
Cost of Goods Manufactured—Crude Palm Oil and Palm Kernel	496,725,619,223	360,411,773,986
Finished Goods Inventory:		
Beginning	20,285,612,355	23,642,199,954
Purchase of Crude Palm Oil	—	5,117,303,454
Ending	(54,436,052,204)	(30,287,401,967)
Cost of Goods Sold—Crude Palm Oil and Palm Kernel	462,575,179,374	358,883,875,427
Cost of Goods Sold	**475,293,757,118**	**390,175,779,482**

The Company and subsidiaries do not have purchases from third parties which represented more than 10% of the net consolidated purchases.

21. OPERATING EXPENSES

The details are as follows:

	2007 (9 Months) (Unaudited)	2006 (9 Months) (Unaudited) (As Restated, Note 27)
Selling Expenses:		
Export tax	10,317,492,353	1,217,866,660
Freight	8,719,337,682	6,166,708,068
Warehouse	4,357,829,858	946,904,828
Others	1,661,266,376	216,923,558
Total Selling Expenses	25,055,926,269	8,548,403,114
General and Administrative Expenses:		
Salaries, wages and allowances	13,807,407,238	9,514,961,914
Professional fees	5,700,789,966	547,473,641
Travelling	3,461,670,932	2,346,951,009
Land and building tax	1,228,241,042	722,177,334
Provision for employee benefits	1,984,061,961	1,001,227,839
Depreciation	1,252,225,702	929,747,626
Donations	962,474,983	423,161,330
Others	4,610,042,195	3,771,143,636
Total General and Administrative Expenses	33,006,914,019	19,256,844,329
Total Operating Expenses	**58,062,840,288**	**27,805,247,443**

The Indonesian government has increased the export tax through its letter No. 61/PMK.011/2007 dated June 15, 2007, from 1.5% to become 6.5% and through the amendment letter No. 94/PMK.011/2007 dated August 31, 2007, which imposed export tax of 0%, 2.5%, 5%,7.5% or 10%, whenever, the selling price of CPO is less than USD550 per ton, between USD550—USD650 per ton, between USD650—USD750 per ton, between USD750—USD850 per ton or exceeds USD850 per ton, respectively, starting on September 3, 2007.

22. FINANCING CHARGES

The details are as follows:

	2007 (9 Months) (Unaudited)	2006 (9 Months) (Unaudited)
Interest expenses	68,275,071,650	75,858,121,300
Loss on foreign exchange difference—net	8,017,362,713	—
Amortization of deferred notes issuance costs	4,801,174,597	—
Amortization of deferred bonds issuance costs	—	2,137,685,868
Total	**81,093,608,960**	**77,995,807,168**

23. ASSETS AND LIABILITIES IN FOREIGN CURRENCIES

The details of the Company's and Subsidiaries' monetary assets and liabilities denominated in foreign currencies as of September 30, 2007 and 2006, are as follows:

	2007 (Unaudited)		2006 (Unaudited)	
Assets				
Cash and cash equivalents	USD	45,295,947	USD	32,191
Trade receivables	USD	3,449,937	USD	—
Advances and prepayments	USD	963,392	USD	—
	JPY	3,000,000	JPY	—
	EUR	78,161	EUR	—
Due from related parties	USD	40,657,684	USD	—
Total Assets	USD	90,366,960	USD	32,191
	EUR	78,161	EUR	—
	JPY	3,000,000	JPY	—
Liabilities				
Bank loans	USD	—	USD	(12,282,303)
Trade payables	USD	(2,585,473)	USD	(4,278,425)
	EUR	(38,112)	EUR	(5,205)
	SGD	—	SGD	(20,250)
Other payables	USD	(11,323)	USD	—
Due to related parties	USD	(641)	USD	(3,082)
	SGD	—	SGD	(25,512)
Accrued expenses	USD	(5,446,665)	USD	—
Notes payable	USD	(160,000,000)	USD	—
Total Liabilities	USD	(168,044,102)	USD	(16,563,810)
	SGD	—	SGD	(45,762)
	EUR	(38,112)	EUR	(5,205)
Net (liabilities)/assets in Foreign Currencies	USD	(77,677,142)	USD	(16,531,619)
	SGD	—	SGD	(45,762)
	EUR	40,049	EUR	(5,205)
	JPY	3,000,000	JPY	—
Rupiah equivalent calculated using the exchange rates at consolidated balance sheet date	**Rp**	**(708,979,842,492)**	**Rp**	**(152,996,855,603)**

24. EMPLOYEE BENEFIT LIABILITIES

The following tables summarize the movements of net employee benefits expense recognized in the statements of income and liability for employee benefits recognized in the consolidated balance sheet. The estimated provision for employment benefits for the nine months ended September 30, 2007 was based on the proportionate amount based on the independent actuary's (PT Sienco Aktuarindo Utama) calculation for six months ended June 30, 2007 as referred in their report dated June 19, 2007 using the projected unit credit method. The provision for employment benefits for the nine months ended September 30, 2006 was based on the estimated proportionate amount based on the independent actuary's calculation for year 2005.

Movements in the liability for employee benefits during the nine-month periods ended September 30, 2007 and 2006 are as follows:

	2007 (Unaudited)	2006 (Unaudited)
Beginning balance	19,903,394,597	15,309,174,834
Net employee benefits expense	5,456,238,963	3,665,906,444
Payments to employees	(1,120,077,284)	—
Ending balance	**24,239,556,276**	**18,975,081,278**

The Company and Subsidiaries recognized employment benefits for all its permanent employees based on Labor Law No. 13/2003. The provision for employment benefits is based on the calculation of independent actuary, PT Sienco Aktuarindo Utama. No fund was provided for such liability for employment benefits. The total employees entitled for such benefits are 4,001 (Unaudited) and 3,956 (Unaudited) in 2007 and 2006, respectively.

The significant assumptions used in the actuarial calculation for 2007 and 2005 are as follows:

Normal Pension Age	:	55 Years
Salary Increment Rate per annum	:	8%
Discount Rate per annum	:	10% for period of 2007 and 11% for period of 2005
Mortality Rate	:	The Commissioners 1958 Standard Ordinary Mortality Table
Disability Rate	:	1% of mortality rate
Resignation Rate	:	0% to 1%
Calculation Method	:	Projected Unit Credit

The management has reviewed the assumptions used and believes that such assumptions are adequate. The management believes that the liability for employment benefits is adequate to cover the Company's and Subsidiaries' employment benefit liabilities.

25. COMMITMENTS AND CONTINGENT LIABILITIES

a. Plasma Farmers' Loan

PT Perdana Intisawit Perkasa (PISP) develops plasma plantations under PIR-Trans scheme (Note 8).

The accumulated conversion value of converted plasma plantations under PIR-Trans scheme as of September 30, 2007 amounted to Rp55,226,188,000 (Unaudited). This amount represents plasma farmers' loans repayable to the bank at the time when the plasma plantations are converted. These loans are being repaid by the plasma farmers on an installment basis through a withholding mechanism on sales of the plasma crops to PISP.

As the grower, PISP is committed to educate the plasma farmers for the maintenance of the plasma plantations after conversion.

b. Sales Contracts

In 2006, the Company and Subsidiaries (PSA, SAM and ATS) have outstanding sales contracts with Khai Huat International Resources, Pte. Ltd. totaling 45,000 tones of crude palm oil with the selling price ranging from USD435 per ton to USD520 per ton and with Wilmar Trading, Pte. Ltd. totalling 60,000 tons of crude palm oil with the selling price ranging from USD450 per ton to USD455 per ton. The sales contracts will be realized between January 2007 until December 2009. As of September 30, 2007, the total accumulated realized sales of the Company and its Subsidiaries under these sales contracts are 37,449 tons with total amount of Rp159,797,491,242 (Unaudited).

In 2007, the Company and Subsidiaries (PSA, SAM and ATS) have outstanding sales contracts with Khai Huat International Resources Pte. Ltd. totaling 4,000 tons of crude palm oil with the selling price at USD557.5 per ton, with First Resources Limited totaling 9,000 tons of crude palm oil with the selling price ranging from USD665 per ton to USD803 per ton, and with Wilmar Trading, Pte. Ltd. totaling 30,000 tons of crude palm oil with the selling price at USD700 per tons. As of September 30, 2007, the accumulated realized sales of the Company and its Subsidiaries under these sales contracts are 26,384 tons with total amount of Rp167,286,222,963 (Unaudited).

c. Collateral for Credit Facilities

PT Perdana Intisawit Perkasa (PISP) obtained credit facilities from PT Bank Negara Indonesia (Persero) Tbk (the Bank). The credit facilities were secured by PISP's property, plant and equipment, including leased equipment, inventories, accounts receivable, corporate guarantee from PT Perawang Lumber Industri (related party), personal guarantees from related parties and mortgage of all PISP's stocks. The credit facilities were settled in 2005, but the collaterals are not yet released by the Bank. In its Letter No. KP113/0947/R dated May 6, 2005, the Bank confirmed that the collaterals will be released when all plasma plantations were converted. As of November 29, 2007, the plasma plantations are not yet completely converted.

25. COMMITMENTS AND CONTINGENT LIABILITIES (Continued)

d. Contracts for Construction of Palm Oil Mill

PT MII has entered into several agreements for the construction of a palm oil mill. The counterparties to these agreements are PT Eracipta Binakarya for related mechanical fabrication and construction, PT Wijaya Karya for civil construction, PT Super Andalas Steel for the construction of 1 unit Takuma Boiler, PMT Industries (HK) Limited for the purchase of a steam turbine, PT Manorian Elektrisindo Perkasa for electrical construction, PT Trakindo Utama for the purchase of 2 units of Generator and PT Memiontec Indonesia for construction of water treatment plant. The combined values of these commitments are Rp67,383 million, JPY15 million and USD856,460 in their source currencies. The construction has been in progress and estimated to be completed in year 2007.

e. Contracts for Construction of Biodiesel Plant

PT CLP has entered into several agreements for the construction of a biodiesel plant. The counterparties to these agreements are PT Kawasan Industri Dumai for the purchase and reclaiming of industrial land, De Smet Engineering (SEA), Pte Ltd for the fabrication of the biodiesel battery unit, SMEC (Malaysia), Sdn. Bhd. for the consultancy services, Rekanan Jurutera Perunding, Sdn. Bhd. for the consultancy services and PT Wijaya Karya for piling and civil construction works. The combined values of these commitments are Rp18,192 million and USD22 million in their source currencies. The construction has been in progress and estimated to be completed in year 2008.

f. Contracts for Implementation of Oracle

PT CLP has also entered into an agreement with PT Mitra Integrasi Informatika for the license and implementation for the Oracle Financial and Purchasing modules. The contract value amounts to USD132,000. The project has been started and estimated to be completed in year 2007.

g. Issuance of Bonds

On August 2, 2007, the Company has appointed PT Indo Premier Securities as sole underwriter for a planned Rp500 billion bond issue. It is intended that assets of PT Meridan Sejatisurya Plantation, namely the Hak Guna Usaha (Right to Cultivate) of its plantations and palm oil mill, will be pledged as collateral to the Rupiah bondholders.

26. SUBSEQUENT EVENTS

The Company has received the effective letter from Bapepam as stipulated in its letter No. S-5790/BL/2007 dated November 15, 2007 related to the Company's bonds issuance amounting to Rp500,000,000,000 (five hundred billion Rupiah) with interest rate of 11.5% per annum. The Company has received the funds (net of underwriting fee) on November 27, 2007 and the bonds have been listed at the Surabaya Stock Exchange on November 28, 2007.

27. RESTATEMENT OF CONSOLIDATED FINANCIAL STATEMENTS FOR NINE MONTHS ENDED SEPTEMBER 30, 2006

On July 30, 2007, the Company bought the shares of PT Surya Dumai Agrindo, an entity under common control, at the ownership interest of 99.99%. Based on PSAK No. 38, "Accounting for Restructuring Among Entities Under Common Control", the Company's consolidated financial statements for the nine months ended September 30, 2006 have been restated to reflect the transaction as if it had occurred at the beginning of the earliest period presented. The effect of the proforma adjustment in the consolidated statement of income is to reduce its net income by Rp985,103,737.

The effects of this restatement on the Company's previous period consolidated financial statements are as follows:

	As Previously Reported	As Restated
Consolidated balance sheet accounts		
Cash and cash equivalents	10,604,469,983	10,087,495,832
Due from related parties	29,990,454,189	22,081,576,115
Property, plant and equipment—net	627,899,008,007	631,797,271,406
Deferred charges—net	142,923,000	211,991,455
Other payables	24,339,071,273	24,412,462,806
Taxes payables	29,469,453,502	29,474,317,350
Accrued expenses	77,423,567,383	77,444,848,420
Due to related parties	10,724,916,652	10,808,333,499
Proforma equity from restructuring transactions among entitities under common control	—	(4,101,473,638)
Consolidated statement of income accounts		
General and administrative expenses	(18,271,588,366)	(19,256,844,329)
Other income (charges)	(65,321,317,285)	(65,321,165,059)

28. COMPLETION OF THE CONSOLIDATED FINANCIAL STATEMENTS

The Company's management is responsible for the preparation of the consolidated financial statements which were completed on November 29, 2007.

ISSUER

First Resources Limited
8 Temasek Boulevard #36-02
Suntec Tower Three
Singapore 038988

THE VENDOR

Eight Capital Inc.
Vanterpool Plaza, 2nd Floor
Wickhams Cay I
Road Town, Tortola
British Virgin Islands

SOLE GLOBAL COORDINATOR, BOOKRUNNER, ISSUE MANAGER AND UNDERWRITER

Citigroup Global Markets Singapore Pte. Ltd.
Centennial Tower
3 Temasek Avenue #17-00
Singapore 039190

PUBLIC OFFER COORDINATOR AND SUB-UNDERWRITER

UOB Kay Hian Private Limited
80 Raffles Place #30-01
UOB Plaza 1
Singapore 048624

LEGAL ADVISERS

Legal Advisers to the Issuer as to Singapore Law

WongPartnership
One George Street #20-01
Singapore 049145

Legal Advisers to the Issuer as to Indonesian Law

Ali Budiardjo, Nugroho, Reksodiputro
Graha Niaga, 24th Floor
Jl. Jend. Sudirman Kav. 58
Jakarta 12190, Indonesia

Legal Advisers to the Sole Global Coordinator, Bookrunner, Issue Manager and Underwriter

As to New York and United States federal securities law

Clifford Chance Wong Pte Ltd
One George Street #19-01
Singapore 049145

As to Singapore law

Allen & Gledhill LLP
One Marina Boulevard #28-00
Singapore 018989

RECEIVING BANK

Citibank N.A. Singapore Branch
3 Temasek Avenue
#12-00 Centennial Tower
Singapore 039190

AUDITORS

To the Issuer

Ernst & Young
Certified Public Accountants
One Raffles Quay
North Tower, Level 18
Singapore 048583

To PT Ciliandra Perkasa

Purwantono, Sarwoko & Sandjaja
(a member of Ernst & Young Global)
Jakarta Stock Exchange Building Tower 2
7th Floor Jl. Jend. Sudirman Kav. 52-53
Jakarta 12190
Indonesia

SHARE REGISTRAR AND TRANSFER AGENT

Boardroom Corporate & Advisory Services Pte. Ltd.
3 Church Street
#08-01
Samsung Hub
Singapore 049483

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FIRST RESOURCES

First Resources Limited

8 Temasek Boulevard
#36-02 Suntec Tower Three
Singapore 038988
Tel: +65 6333 6788