

## INFORMATION TO SHAREHOLDERS



### PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk

Domiciled in Jakarta, Indonesia

The information to shareholders (the "Information") is important for the immediate attention of the Shareholders of PT Sinar Mas Agro Resources and Technology Tbk (the "Company") in making decision related to (a) the plan of execution of certain transactions which directly and/or indirectly related to main business activities of the Company and categorized as conflict of interest transaction as contemplated in Regulation No. IX.E.1 attachment of the Decision of the Chairman of Bapepam-LK No. Kep-84/PM/1996 as lastly amended by Kep-32/PM/2000 dated 22 August 2000 regarding Conflict of Interest of Certain Transaction ("Regulation IX.E.1") and (b) the Company's plan to buy back its issued shares, which will be conducted in accordance with Regulation No. XI. B.2 attachment of the Decision of the Chairman of Bapepam-LK No. Kep-45/PM/1998 dated 14 August 1998 regarding Repurchases Of Shares That Have Been Issued By an Issuer Or Public Company ("Regulation XI.B.2")

The Board of Directors and the Board of Commissioners of the Company are fully responsible on the truthness and the completeness of information contained in the Information, and after conducting certain review, confirm that to the best of their knowledge and believes that there is no important fact that is not disclosed which will cause the Information becomes not true or misleading.

#### **PREFACE**

In relation to the above-mentioned matter, Board of Directors of the Company hereby announce that the Company is intending to obtain approval on the execution of the contemplated transactions, are as follows:

1. plan of transactions that are directly or indirectly related to the core business of the Company and categorized as transaction with conflict of interest as contemplated in Regulation No. IX.E.1 (hereinafter shall be referred to as the "**IPT Transaction**");
2. the Company's proposal to divest 45,000,000 shares of PT Ivo Mas Tunggal ("**IMT**") to PT Purimas Sasmita ("**Purimas**"), the Company's ultimate shareholder, consequently the transaction constitutes conflict of interest transaction as contemplated in Regulation IX.E.1 (hereinafter shall be referred to as the "**IMT Shares Divestment Transaction**"); and
3. the Company's proposal to buy back its issued shares that will be conducted in accordance with Regulation XI.B.2 (hereinafter shall be referred to as the "**Repurchases Shares Transaction**").

IPT Transaction, Divestment of IMT's Shares Transaction and Repurchases of Issued Shares Transaction are collectively hereinafter referred to as the "**Proposed Transaction**".

#### **INFORMATION ON THE APPROVAL ON THE EXECUTION OF THE PROPOSED TRANSACTIONS THAT ARE DIRECTLY OR INDIRECTLY RELATED TO THE CORE BUSINESS OF THE COMPANY AND CATEGORIZED AS CONFLICT OF INTEREST TRANSACTION**

##### **A. Consideration and Background**

As the implementation and development of plantation, trading, plantation product processing, packaged product processing, management service and research related to Fresh Fruit Bunch (FFB), Crude Palm Oil (CPO) and their derivative products ("**Product**"), hereinafter referred to as the "**Core Business**" of the Company and its subsidiaries directly and indirectly owned, conduct transactions related to the Core Business with other parties. This Information is intended for the purpose that the IPT Transaction that shall be obtained its approval in the Extraordinary General Meeting of Shareholders ("**EGMOS**") can be conducted by the Company pursuant to the procedures as mentioned in the Procedure for Examination and Research on the IPT Transaction section.

The approval from the EGMOS required to be granted because in practice there are many transactions in which among other need to be handled immediately and with high level of confidentiality as part of the Company's business strategy, or transactions with Party With Conflict of Interest ("PWCOI") in which such transactions can give more beneficial rights and obligations to the Company compared to those with other parties. There are many PWCOI with wide networks and high economic scale that can give more beneficial rights and obligation to the Company. If the IPT Transaction falls under the provisions of Regulation IX.E.1 and therefore must be announced and pre-approved by the EGMOS, whereby the required time period has passed the time period to effectively implemented the transaction, then such circumstances may bring the Company into a condition whereby the Company might lose an opportunity and/or less fortunate condition compare to the Company's competitors.

According to the management, if the EGMOS grants approval on the IPT Transaction, the Company and/or its subsidiaries owned directly or indirectly, will be able to make quick business and become more competitive against its competitors in the Core Business and simultaneously comply with prevailing capital market regulations.

## **B. Information on IPT Transaction**

### **a. Operation and Marketing**

1. All sales and/or purchases of FFB, CPO, its derivatives and all products produced by the Company. In conducting its day to day activities, the Company may sale and/or purchase FFB, CPO and its derivative products, including but not limited to Asia Food & Properties Ltd. and its subsidiaries ("AFP") and Golden Agri Resources Ltd. and its subsidiaries ("GAR"). Transactions with affiliates are conducted in market prices based on Reuters, an independent body that provides information on price of palm and related products in international market. Therefore, the transactions are conducted commercially (arms length) with fair market price and not less than terms and conditions for similar transaction in the market in order such sale and purchase transaction can be conducted more efficient and effective.
2. Any types of granting and accepting down payment in relation to the implementation of point (1) above as apply in the similar transaction with un-affiliated party;

Give and/or receive advances to PWCOI, including but not limited to AFP and GAR are common transactions for the Company and other similar companies, which amount depends on transaction value and delivery time. The purpose of the giving and/or receiving prepaid payments is to secure the Company's business and increase the productivity.

3. Any types of providing and/or accepting management, operation, financial, insurance and marketing services.

To support its business activities, the Company may enter into agreements regarding management, operation, financial, insurance and marketing services with affiliated companies, including but not limited to AFP and GAR. AFP and GAR could provide and/or receive those services to the Company and the Company and/or its subsidiaries could receive those services from affiliated parties as well. The providing and/or accepting of management, operation, financial, insurance and marketing services included restructuring, fire and business interruption insurance and management of plantation. In relation to such services to any third party (including affiliated parties), fees are based on commercial standard, arms length, with fair market prices and not less than general requirements in market. The services mentioned above are not intended to replace obligations of management to govern the Company based on prevailing regulations, and only applied to support business activities that need special expertise.

The purpose for the services rendered and/or accepted to and from the Company and affiliated companies mentioned above is to give value added, enhance management, finance, operation, and marketing skills of the Company. Moreover, in consideration with sensitivity of information and business plans provided, business relations with affiliated parties are more secured. In conducting the IPT Transaction, the Company may require the other parties (including affiliated parties) to enter into confidentiality agreement.

4. Any types of supply and purchase of raw materials, machine and equipment used to support the Main Business Activities of the Company.

The Company purchases raw materials, machines and equipments from its affiliated parties, including but not limited to AFP and GAR. The purpose and reason for the purchasing of raw materials, machines and equipments to support the Company's activities because AFP and GAR have better bargaining position to provide raw materials, machines and equipments with competitive price.

5. Any types of providing and/or lease out of office space, warehouse, transportation and logistic facilities;

To support day to day activities the Company may rent or lease out oil tanks for palm and kernel oil, factory or office space to affiliated parties, including but not limited to AFP and GAR with fees based on market price. The purpose and reason for the lease of such facilities are to optimize the Company's operation.

b. Financial

1. Any types of fund allocation, whereby such allocation is less than a year to affiliated party, including but not limited to AFP and GAR, in which the Company shall obtain interest from the allocation not lower than the interest rate prevailed in the market and mirror with other customers. The benefit, reason and objective of the fund allocation can be in the form, among other to comply to the applicable commercial regulation in market practice in a certain transaction (for example, down payment for reservation of goods) and/or to obtain return on investment or fund of the Company.
2. Provide of funding and guarantee support, including assets encumbrance and Corporate Guarantee, to subsidiary of the Company or affiliated company, including but not limited to AFP and GAR in order to support Main Business Activities proportionally with the other shareholder of the subsidiary of the Company where the grant of such guarantee shall be carried out in compliance with prevailing regulations.

Source of fund that shall be granted as funding support to subsidiary of the Company can be obtained, among other from proceeds of Company's operations or loan from third party including affiliated party of the Company. The grant of funding shall be performed with due consideration to commerce principal and arms length including the requirements that there is a security (if any) and interest rate (if in the form of loan). Loan to the subsidiary of the Company shall be attached with interest pursuant to the applicable loan interest in market. Terms of granting corporate guarantee can be granted by the Company and/or its subsidiaries with consideration the need of granting such corporate guarantee to smooth the Company's business activities and such grant is in compliance with the applicable Capital Market Law and Limited Liability Company Law.

Benefit, reason and objective of providing of funding and guarantee support, including assets encumbrance and Corporate Guarantee is to enable to find source of fund expedite and in timely manner consequently the daily operational activities of the subsidiary is undisturbed and/or the subsidiary of the Company is able to develop its business activities if there is promising opportunity to increase its performance in order to increase its profit contribution to the Company.

Consideration and reason of incurring indebtedness of fund to the subsidiary of the Company is the indebtedness to third party (in this case bank) will require time and administrative requirements that must be satisfied, so the operational activities of the subsidiary of the Company can be disturbed or losing opportunity to develop its business activities.

3. Receiving loan from shareholder and/or affiliated, including but not limited to AFP or GAR and its subsidiaries with the Company, where such loan is meant to support the business activity of the Company and/or subsidiary of the Company and receiving of such fund shall be carried out in compliance with prevailing regulations

Receiving fund from shareholder or affiliated party in form of loan shall be performed with due consideration to commerce principal and arms length including the requirements that there is a security

(if any). Loan of fund from the shareholder of the Company shall be attached with interest pursuant to the applicable loan interest in market.

If the receive of loan from the Shareholder shall be converted into Company's shares as stipulated in Government Regulation No. 15 of 1999 regarding the Forms of Certain Receivables That Can Be Compensated As Share Deposit (*Bentuk-bentuk Tagihan Tertentu Yang Dapat Dikompensasikan Sebagai Setoran Saham*), then the execution shall be implemented with consideration to the applicable regulation, including but not limited to EGMOS of the Company in the frame of issuing new shares or amendment of articles of association with respect to the change of capital structure.

Benefit, reason and objective of receiving loan from the shareholder and/or affiliated company such as, including but not limited to, AFP or GAR with the Company is to enable to find source of fund expedite and in timely manner consequently the daily operational activities of the Company is undisturbed and/or the Company is able to develop its business activities if there is promising opportunity to increase its performance in order to increase its profit contribution of the Company.

Consideration and reason of incurring indebtedness from the shareholder in comparison to the indebtedness to third party (in this case bank), the Company will require time and administrative requirements that must be satisfied, so the operational activities of the subsidiary of the Company and the Company can be disturbed or losing opportunity to develop its business activities.

### **C. Basic Criteria**

IPT Transaction shall be conducted with regards to the following considerations:

- Such transaction is required to carry out daily Core Business Activities
- Terms and conditions is based on commerce principle and arms length, reasonable market value and not worse than requirement and condition for transaction which similar with market on the execution of the IPT Transaction, appropriate with the benefit indirect and indirectly received by the Company;
- Transaction is not contradictory with the prevailing laws and regulations in the Republic of Indonesia; and
- Value of each transaction not exceeding US\$ 35 million or its equivalent from other currency on the execution date or the signing of such transaction. Such value is similar to maximum limit of which has been approved by the Shareholders of the Company on EGMOS of 2006.

### **D. Financial Impact of IPT Transaction**

Considering the IPT Transaction which shall get approval from the Shareholder of the Company is a transaction that directly or indirectly connected to Main Business Activities of the Company which the requirements and conditions of the IPT Transaction shall be conducted based on commerce principle, arms length, reasonable market value and not worse than the requirements and conditions of similar transaction located at the market on the execution of the IPT Transaction, based on opinion of Truscel Capital ("Truscel") there is no material financial impact on the execution of the IPT Transaction. Besides, by conducting the IPT Transaction, the Company is expected to develop opportunity to increase performance and operation in the future.

### **E. Approval Granting Period**

Approval granted by EGMOS only applies for the IPT Transaction which carried out or its documents signed during 1 January until 31 December 2007 and such period can be extended with consideration to the prevailing capital market law.

### **F. Procedure for Examination and Research on the IPT Transaction**

If the EGMOS granted approval on the IPT Transaction, the Company can only conduct the IPT Transaction if approved by the Board of Commissioners.

The following procedure for examination and research on the IPT Transaction shall be conducted in order to obtain approval from the Board of Commissioners:

- The Board of Directors of the Company submits proposal of IPT Transaction in accordance with the Basic Criteria (Point C) with description of:
  - (i) Description on the IPT Transaction:
    - Related products and services;
    - Value of the IPT Transaction;
    - Name of parties in the transaction and relationship with the Company; and Consideration and reason for the IPT Transaction:
  - (ii) Consideration and reason for the IPT Transaction:
    - provide data (if available), which related to similar IPT Transaction to be conducted; and
    - Comparison analysis between the IPT Transaction and market data (if available) in order to make sure that the IPT Transaction is conducted commercially, arms length, reasonable market value and not worse than requirement and condition for transaction which similar with market on the execution of the IPT Transaction, appropriate with the benefit indirect and indirectly received by the Company
- Audit Committee conduct a review on the IPT Transaction proposed by examining and verifying the whole of the IPT Transaction submitted by the Board of Directors. After such review, the Audit Committee shall grant approval on the IPT Transaction.
- The Board of Commissioners conducts evaluation on the IPT Transaction that has been approved by the Audit Committee and granted approval thereafter.

Besides consideration from Audit Committee, the Board of Commissioners, if needed, may get opinion from independent consultant regarding the IPT Transaction.

## G. Parties with Conflict of Interest

Parties with conflict of interest are PWCOI who enter into agreement relating to the IPT Transaction.

### a. Asia Food & Properties Ltd

#### 1. Background

AFP was duly established in accordance with law of the Republic of Singapore and domiciled in Singapore with head quarter on 3 Shenton Way #17-03 Shenton House, Singapura 068805. Phone: 65-62207720; fax: 65-62207020.

#### 2. Business Activity

AFP is a public company listed in Singapore Stock Exchange (SGX-ST). Its main business activity is in investment in foods and properties with area of operation in Indonesia, China, Singapore and Malaysia.

#### 3. Management

The Board of Directors of AFP as of the announcement of the IPT Transaction is as follows:

Executive Director	: Franky Oesman Widjaja
Director and CEO	: Muktar Widjaja
Director and President	: Frankle (Djafar) Widjaja
Director and Vice President	: Simon Lim
Director and CFO	: Rafael B. Concepcion, Jr.
Independent Director and Head of Audit Committee	: Foo Meng Kee
Independent Director, Head of Remuneration and Nomination Committee	: DR. Hong Hai
Independent Director	: Rodolfo Castillo Balmater

b. Golden Agri Resources Ltd

1. Background

GAR was duly established in accordance to the law of Mauritius and domiciled in Mauritius with its head office on 10 Frere Felix de Valois Street, Port Louis, Mauritius. Phone: 65-62207720; fax: 65-61207020..

2. Business Activity

GAR is a public company listed in Singapore Stock Exchange and is one of the largest palm plantations in the world. GAR has subsidiaries and affiliated and associated companies which line of business are in manufacturing and palm plantation, processing and distribution of CPO and its derivative products and refining CPO into cooking oil and margarine.

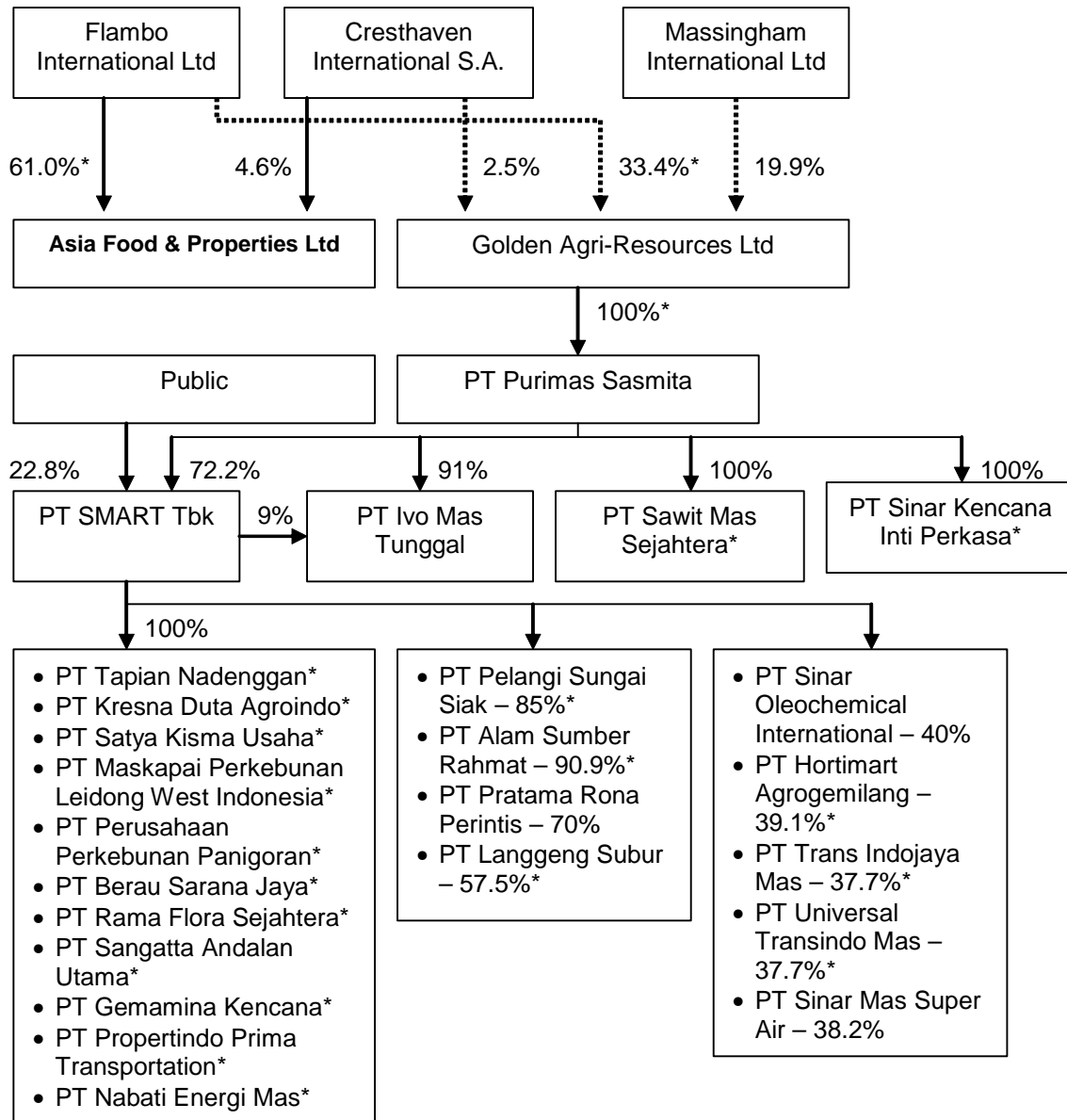
3. Management

The Board of Directors of GAR as of the announcement of the IPT Transaction is as follows:

Director and CEO	: Franky Oesman Widjaja
Director and President	: Muktar Widjaja
Director	: Frankle (Djafar) Widjaja
Director and CFO	: Simon Lim
Director	: Rafael B. Concepcion, Jr.
Independent Director	: Lew Syn Pau
Independent Director, Head of Audit, Remuneration and Nomination Committee	: Hong Pian Tee
Independent Director	: Kunihiko Naito
Independent Director	: Kaneyalall Hawabhay
Independent Director	: Bertrand Denis Richart De Chazal

Ownership Relation

PWCOI who is potential to enter into the IPT Transaction with the Company are, but not limited to GAR and AFP, in which GAR is indirect shareholder of the Company and AFP and affiliated companies of AFP and GAR are categorized as affiliated companies of the Company.



\* Including direct and indirect ownership

Management and Supervisory Relationship

<b>Name</b>	<b>Company</b>	<b>AFP</b>	<b>GAR</b>
Franky Oesman Widjaja	President Commissioners	Executive Director	Director & CEO
Muktar Widjaja	President Director	Director & CEO	Director & President
Simon Lim	Vice President Director	Director & Vice President	Director & CFO
Rafael B. Concepcion Jr.	Director	Director & CFO	Director

## H. Summary of Independent Party Opinion

In preparing and executing the IPT Transaction, The Company has appointed Truscel, an independent financial consultant registered in BAPEPAM-LK, as the independent financial consultant who gives opinion on the method and procedure in evaluation of the IPT Transaction, and consequently the IPT Transaction can be conducted within the commercial boundary that is generally applied.

Based on the analysis conducted by Truscel on the IPT Transaction as contemplated in Letter No. TC/CF/1004/07 dated 3 April 2007, Truscel states that the IPT Transaction can be conducted based on commercial terms widely used. Moreover, if the IPT Transaction is conducted in accordance with the Basic Criteria and the Procedure for Examination and Research, the IPT Transaction will not cause negative impact to the Company's financial aspect.

## **INFORMATION ON THE COMPANY'S PLAN TO DIVEST 45,000,000 SHARES OF IMT TO PURIMAS**

### A. Consideration and Background

Currently, the Company owns 9% share ownership in IMT, or in the amount of 45,000,000 shares. The share ownership is obtained as of mid 2002 with acquisition price in the amount of US\$ 25 million, or equivalent to Rp 214.88 billion and recorded with equity method. 91% of IMT shares owned by Purimas, of which also the ultimate shareholder of the Company. The book value of the investment in 9% of IMT share ownership per 31 December 2006 is Rp 194.54 billion.

The management of the Company is planning to divest 9% of its share ownership in IMT and sell to Purimas as the ultimate and controlling shareholder of IMT amounting to US\$ 35 million or equivalent to Rp 315.70 billion (with assumption that the exchange rate of Rp against US\$ is Rp 9,020). The value of this transaction is higher than the acquisition value in 2002 and the book value as of 31 December 2006. Furthermore, IMT's plantations have reached its production peak in year 2007. The sale proceeds received from the sell of 9% share ownership in IMT can be used by the Company as an additional fund to finance the expansion plan of the Company and expected can give better result to the shareholder in the long run.

### B. Information on IMT Shares Divestment Transaction

In relation to IMT Shares Divestment Transaction, on 3 April 2007, the Company and Purimas have executed and entered into a Conditional Share Sale and Purchase Agreement ("**CSPA**"), brief summary as follow:

- The Parties: the Company, Purimas and PT Sawit Mas Sejahtera ("**SMS**").
- Transaction: the Company shall sell and Purimas shall purchase 45,000,000 IMT shares owned by the Company with the price of US\$ 35 million.
- Conditions Precedent: among other, that the sale and purchase will become effective when all conditions precedent as required by the applicable laws and regulations, including the approval from the Company's independent shareholders in accordance with applicable capital market regulations has been obtained, and approval from other third party as required (if any).
- Termination: CSPA shall be terminated, among other, if agreed by the Parties in the event the approval from the Company's independent shareholders is not obtained.

### C. Financial Impact on IMT Shares Divestment Transaction

The followings are the Consolidated Financial Statement of the Company and its subsidiaries for the years ended 31 December 2006, prior and after IMT Shares Divestment Transaction.

Descriptions	(in billion Rupiah)	
	Before	After
Current Assets	1.658	1.973
Non Current Assets	3.654	3.460
Total Assets	5.312	5.433
Current Liabilities	1.089	1.089
Non Current Liabilities	1.642	1.642



Total Liabilities	2.731	2.731
Capital Stock	574	574
Additional Paid in Capital	1.662	1.662
Retained Earnings	164	164
Others	177	298
Total Equity	2.577	2.698
Net Sales	4.708	4.708
Gross Profit	855	855
Income from Operations	617	617
Net Income	628	614

The followings are the used assumptions:

1. IMT Shares Divestment Transaction plan has been conducted on 31 December 2006; and
2. The exchange rate used is Rp 9.020 per USD.

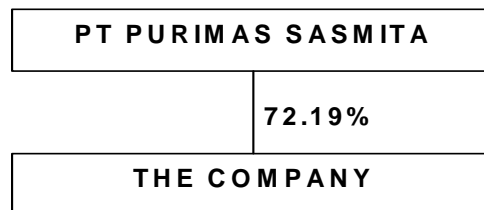
With the execution of IMT Shares Divestment Transaction plan, the Company will receive additional fund to finance the expansion plan of the Company. The plan will not depleting the Company's capability to fulfill its obligations.

#### D. Parties With Conflict of Interest

The conflict of interest in the IMT Shares Divestment Transaction are as follows:

##### Ownership Relation

PWCOI that will carry out the IMT Shares Divestment Transaction with the Company is Purimas, of which the ultimate shareholder of the Company



##### Management and Supervisory Relationship

<b>Nama</b>	<b>the Company</b>	<b>Purimas</b>
Franky Oesman Widjaja	President Commissioner	President Commissioner
Arthur Tahya	Commissioner	Commissioner
Muktar Widjaja	President Director	President Director
Jo Daud Dharsono	Vice President Director	Director
Simon Lim	Vice President Director	Director
Budi Wijana	Director	Director

## E. Related Parties With IMT Shares Divestment Transaction

### a. PT Purimas Sasmita

#### 1. Back ground

Purimas domicile at Plaza BII Menara II 30<sup>th</sup> Floor, Jl. M.H Thamrin No. 51, Jakarta, and was established on 16 October 1989 pursuant to Deed No. 267 dated 16 October 1989 made before Benny Kristianto, S.H., notary in Jakarta. Deed of establishment was ratified by Minister of Justice of the Republic of Indonesia by virtue its Decision Letter No. C2-1192.HT.01.01.Th.92 dated 7 February 1992 and published in the State Gazette of the Republic of Indonesia No. 35 dated 5 May 1992 Supplement No. 2030. Pursuant to Approval Letter of Investment Coordination Board No. 07/V/PMA/1999 dated 14 January 1999, the status of Purimas was changed from Domestic Investment to Foreign Investment Company.

The Articles of Association of Purimas has been amended several times, among other amended by Deed Akta No. 21 dated 23 September 2005 made before Emmy Halim, S.H., Mkn., notary in Jakarta, regarding the amendment of the Articles of Association in its entirety. Such amendment has been ratified by Minister of Justice of the Republic of Indonesia by virtue its Decision Letter No. C-27581 HT.01.04 Th. 2005 dated 6 October 2005. Lastly amended by Deed No. 73 dated 28 November 2006 made before Emmy Halim, SH, Mkn., notary in Jakarta, regarding the objective and purpose and business activity of Purimas. The approval from Minister of Justice for the last amendment is still in process

#### 2. Business Activity

Purimas is the holding company of its subsidiaries with core business in oil palm plantations and refineries. Commence commercial activity on 1995.

#### 3. Management

President Commissioner	:	Franky Oesman Widjaja
Commissioner	:	Arthur Tahya
Commissioner	:	John Ferdinand Pandelaki
President Director	:	Muktar Widjaja
Director	:	Jo Daud Dharsono
Director	:	Simon Lim
Director	:	Budi Wijana
Director	:	Jimmy Pramono

### b. PT Ivo Mas Tunggal

#### 1. Background

IMT domicile at Plaza BII Menara II, 30<sup>th</sup> Floor, Jl. M.H. Thamrin, Kav. 22, Jakarta, established on 19 July 1978 pursuant to Notarial Deed Didi Sudjadi, S.H. No. 65, which subsequently amended by the same notary with deed No. No. 66 dated 18 September 1980 and No. 90 dated 18 April 1983. The deed of establishment and its amendment were ratified by Minister of Justice of the Republic of Indonesia by virtue its Decision Letter No. C2-4182.HT.01.01.TH.83 dated 31 May 1983 and published in the State Gazette of the Republic of Indonesia No. 10 Supplement No. 130 dated 4 February 1986. IMT articles of association has been amended several times, i.e. deed No. 58 dated 31 January 2001 made before notary Jap Sun Jaw, S.H, substitute of notary Linda Herawati, S.H., notary in Jakarta, regarding certain amendments on the articles of association, and such amendment has been approved by Minister of Justice of the Republic of Indonesia by virtue its decision letter No. C-1533.HT.01.04.TH.2001 dated 1 March 2001 and published in the State Gazette of the Republic of Indonesia No. 53 Supplement No. 453 dated 2 July 2002. The last amendment of the Article of Association is based on deed No. 10 dated 19 November 2002 made before notary Hardinawanti Surodjo, S.H., notary in Jakarta, regarding the change of status of IMT from Foreign Capital Investment to Domestic Capital Investment. This last change has been approved by the Ministry of Justice and Human Rights of the Republic of Indonesia by virtue its Decision Letter No. C-23813.HT.01.04.TH.2002 dated 3 December 2002.

2. Brief Description

The objectives and purposes of IMT conclude plantation of palm fruit developing and palm oil refining industry for domestic and export market. The main product of IMT concludes CPO and minyak inti sawit (CPKO). IMT commercially operated since 1989.

The factory and the palm plantations are located in Riau and South Kamlimantan, and the kernel crushing plant is located in Belawan, North Sumatra.

3. Management

President Commissioner : Franky Oesman Widjaja  
 Commissioner : Arthur Tahya  
 John Ferdinand Pandelaki

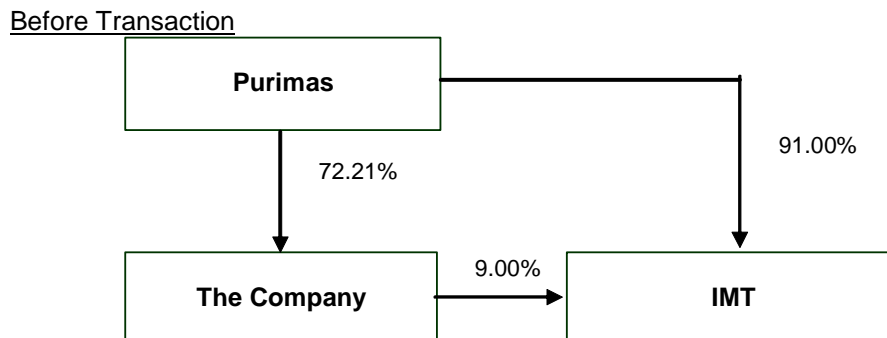
President Director : Muktar Widjaja  
 Director : Jo Daud Dharsono  
 Simon Lim  
 Budi Wijana  
 Franciscus Costan  
 Jimmy Pramono

4. Summary of Financial Statement

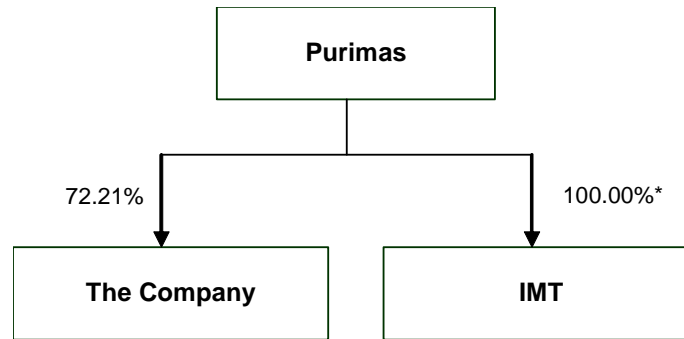
The summary of financial statement of IMT for the years ended 31 December 2006 and 2005 adalah sebagai berikut:

	(in Billion Rupiah)	
Remarks	2006 (audited)	2005 (audited)
Current Assets	863	958
Non Current Assets	1.837	2.124
Total Assets	2.700	3.082
Current Liabilities	756	448
Noncurrent Liabilities	952	761
Minority in Subsidiaries' Equity	-	1
Equity	992	1.872
Total Liabilities and Equity	2.700	3.082
Net Sales	1.923	1.821
Gross Profit	634	617
Operating Profit	350	395
Net Income	300	280

F. The Company Structure Before and After IMT Share Divestment Transaction



After Transaction



\* one of the share will be owned by SMS, Purimas 100% fully owned company.

Name	Company	Purimas
Franky Oesman Widjaja	President	President
	Commissioner	Commissioner
Arthur Tahya	Commissioner	Commissioner
Muktar Widjaja	President Director	President Director
Jo Daud Dharsono	Vice President Director	Director
Simon Lim	Vice President Director	DirectorDirektur
Budi Wijana	Director	Director

**G. Consideration and Reason for the Transaction Compared to Other Similar Transaction That Is Not Involving Conflict of Interest**

Consideration and reason for the IMT Share Divestment Transaction compared to other similar transaction with party who is not involving conflict of interest, the sale transaction of share only represent 9% ownership in IMT thus the buyer shall not have significant vote control as IMT shareholder. In light of that, The Company, as the seller, shall have difficulties for selling 9% its ownership IMT and the selling price probably shall much lower compared to the shares sold to Purimas as the controlling and majority shareholder of IMT.

**H. Summary of Independent Party Opinion**

The Company has appointed Truscel as independent valuer to determine the fair shares value of IMT. In relation to that, Truscel has used Discounted Cash Flows method to determine fair shares price of IMT, in two alternatives in which first alternative is the conservative condition and second alternative is the optimistic condition. The difference of these two alternatives is based on the assumption used in the product price.

Pursuant to the share valuation report from Truscel No. TC/CF/1104/07 dated 3 April 2007, the Fair Market Value of 45,000,000 shares of IMT is Rp 295,098,000,000 or equivalent to US\$ 32,716,000 for first alternative and Rp 329,625,000,000 or equivalent to US\$ 36,544,000 for second alternative. The assumption of foreign exchange used is Rp 9,200 per US\$.

Truscel also has been appointed to provide fairness opinion of the propose IMT Shares Divestment Transaction.

Pursuant to the analysis conducted by Truscel on the proposed IMT Shares Divestment Transaction as contemplated in its letter No. TC/CF/1204/07 dated 3 April 2007, Truscel states that IMT Shares Divestment Transaction is fair.

## **INFORMATION ON THE COMPANY'S PROPOSAL TO CONDUCT REPURCHASE OF THE COMPANY ISSUED SHARES**

### **A. Preface**

The Company plans to repurchase its issued share which is registered in the Jakarta Stock Exchange and Surabaya Stock Exchange. The Repurchases Shares Transaction shall be conducted in continues transactions in the period of 18 months after the EGMOS approves such plan.

The Repurchase Shares Transaction shall be conducted with guidelines of the prevailing law and regulations, including the Regulation XI.B.2 and Article 30 of Limited Liability Company Law ("UUPT"). Based on such regulations, the EGMOS shall be appointed to approve the Repurchases Shares Transaction.

This Repurchase Shares Transaction Plan is proposed by the Company's Board of Directors to increase shareholders' value in order:

- to give flexibility to the Board of Directors in regards with the Company's capital structure, and
- to increase the value of the Company by increasing Equity Per Shares ("EPS").

The Repurchase Shares Transaction can only be conducted when such Transaction considered benefit to the Company and its shareholders. The Company shall not conduct the Repurchase Shares Transaction that could give material negative impact to the Company's liquidity and capital structure and/or to the status of the Company as public company.

### **B. Information on The Repurchase Shares Transaction**

The Company plans to repurchase the shares from its shareholders in the amount of not more than 6.96% of the total issued and paid up shares or 200,000,000 shares.

The Company shall repurchase the shares with the price of Rp 4,000 per share at the maximum. Furthermore, the determination of repurchase shares price at Jakarta Stock Exchange and Surabaya Stock Exchange by the Company, will refer to the Regulation XI.B.2, in which the purchase price shall be lower or equal with yesterday's trade price in the Stock Exchange.

The financing of the Repurchase Shares Transaction shall be allocated from the Retained Earnings and also will consider the net income which will be obtained in 2007 and 2008, with the maximum ammount of Rp 800 billion.

The Repurchase Shares Transaction shall be conducted after the EGMOS approves such transaction. According to the Regulation XI.B.2, the repurchase of shares shall be conducted within the time of not longer than 18 (eighteen) months since the EGMOS approved such transaction.

If the Repurchase Shares Transaction is approved, the Company shall appoint PT Sinarmas Sekuritas, which is a member of Jakarta Stock Exchange as a Stock Broker in regards with the Repurchase Shares Transaction.

### **C. Company's Plan on The Shares Repurchased**

By considering the internal and external conditions, the alternatives of the Company's plan to the shares repurchased are as follows:

- to keep the shares that has been repurchased; and/or
- to sell the shares that has been repurchased with better price.

### **D. Procedure of The Repurchase Shares Transaction**

The Repurchase Shares Transaction will be executed in the Jakarta Stock Exchange and Surabaya Stock Exchange by considering the stipulations in the Regulation XI.B.2.

## E. The Impact of The Repurchase Shares Transaction

The followings are the analyses of the management regarding the impact of the Repurchase Shares Transaction to the development and business activity of the Company. The analysis is prepared based on the proforma consolidated financial statement of the Company and its subsidiaries as of 31 December 2006, with assumption that the Repurchase Shares Transaction is conducted on 31 December 2006.

Descriptions	(in billion Rupiah, unless stated otherwise)	
	Before	After
Total Assets	5.312	4.512
Total Equity	2.577	1.777
Net Income	628	628
Total issued shares (in million)	2.872	2.672
EPS (Rp/share)	219	235

The Repurchase Shares Transaction will decrease the assets and equity of the Company at maximum of Rp 800 billion, as already described in section "Information on The Repurchase Shares Transaction". On the execution, the Repurchase Shares Transaction will consider the net income which will obtain by the Company in 2007 and 2008. In accordance with UUPT, the Company will not conduct the Repurchase Shares Transaction if it make the balance of retained earnings into a negative position. The Company believes that the implementation of this Repurchase Shares Transaction will not cause material negative impact to the business activities of the Company. In fact, the Repurchase of Shares Transaction will increase EPS.

### **REQUIREMENT OF THE PROPOSED TRANSACTION**

The proposed IPT Transaction and IMT Shares Divestment Transaction can be conducted after fulfilling the following requirements:

- In compliance with Regulation IX.E.1 and the Articles of Association of the Company, the Company's EGMOS shall be attended by more than ½ (one half) of all the shares owned by the Company's Independent Shareholders or their representatives and in compliance with regulation IX.E.1 and the Articles of Association of the Company, EGMOS shall be attended also by more than ½ (one half) of all the shares owned the Company's Shareholders or their representatives;
- The decision of EGMOS on the IPT Transaction and IMT Share Divestment Transaction in relation with Regulation IX.E.1 shall be approved by more than ½ (one half) of all the shares owned by the Company's Independent Shareholders. The decision of IPT Transaction and IMT Share Divestment Transaction that resolved by the said Company's Independent Shareholders will bind all of the Shareholders of the Company;
- If the quorum as set forth in Regulation IX.E.1 of EGMOS is not fulfilled, then the second EGMOS can be held with conditions that the meeting is attended by more than ½ (half) of all shares owned by Independent Shareholders;
- If the quorum in second EGMOS is not fulfilled, then the third EGMOS will be held after obtaining an approval from Bapepam-LK, and the resolution regarding Transaction Plan approved by Independent Shareholders which represent more than ½ (half) of all shares owned by present Independent Shareholders and in that meeting quorum is not needed; and
- If Independent Shareholders do not approve the proposed IPT Transaction and IMT Share Divestment Transaction, then IPT Transaction and IMT Shares Divestment Transaction cannot be proposed again in 12 months period since the date of EGMOS which reject IPT Transaction and IMT Share Divestment Transaction.

Voting of the Independent Shareholders could be conducted directly by the Independent Shareholders or their proxy.

The proposed Share Repurchase Transaction could be conducted under several requirements:

- In accordance with UUPT, EGMOS of the Company must be attended by more than 2/3 (two third) of all of the shares owned by the Shareholders of the Company or their proxy; and

- The decision of EGMOS of the proposed Share Repurchase Transaction in relation with UUPT must be approved by more than 2/3 (two third) of all of the shares owned by the Shareholders of the Company.

### **The Implementation of Extraordinary of General Meeting of Shareholders**

To comply with the provision of the Articles of Association of the Company, Regulation IX.E.1, and UUPT, notifications of EGMOS will be advertised on Thursday, dated 5 April 2007 in 2 (two) Indonesian two daily newspaper which are Investor Daily and Ekonomi Neraca and also the summons of EGMOS will be advertised on Friday, dated 20 April 2007 in 2 (two) Indonesian two daily newspaper which are Investor Daily and Ekonomi Neraca. Therefore, all of the shareholders are expected to grant their approvals to the Proposed Transaction.

The shareholder which name is contained in the Register of Shareholders of the company dated 19 April 2007 at 16:00 WIBB is expected to attend EGMOS dated 7 May 2007 at 10:00 WIBB, at Ruang Kirana Lt. 2, Hotel Le Grandeur, Jalan Mangga Dua Raya, Jakarta 10730. If the shareholder is unable to attend such meeting they could give proxy to others or any other parties besides the member of Board of Directors, Board of Commissioners and the employees of the Company.

### **Suggestion**

Considering the abovementioned issues, hereby the Board of Directors and Board of Commissioners of the Company propose to the shareholders of the Company to reconsider and to approve the Proposed Transaction, that will be proposed in the EGMOS dated 7 May 2007. To propose such recommendation to the shareholders, the Board of Directors and Board of Commissioners of the Company has reviewed the opinion report of the independent consultant of the Company and the benefit of the Proposed Transaction, therefore they belief that the Proposed Transaction of the Company is the best option for the Company and also for all of the Shareholders.

### **Further Information**

In the preparation of this Information, the Company is supported by Makes & Partners Law Firm and Public Accountant Mulyamin Sensi Suryanto, and in conducting the EGMOS, the Company is supported by Notary Office Linda Herawati, S.H. and Securities Administration Bureau PT Kustodian Sentral Efek Indonesia and PT Sinartama Gunita.

### **Miscellaneous**

Complete information in relation with such Proposed Transaction is available to the shareholders in the head office of the Company. For further information, the shareholders could contact:

**CORPORATE SECRETARY**  
**PT SINAR MAS AGRO RESOURCES AND TECHNOLOGY Tbk**  
Plaza BII, Menara II, Lantai 30  
Jalan M.H. Thamrin No. 51, Jakarta 10350  
Telephone: (021) 3181388 Faximile: (021) 3181389

Jakarta, 5 April 2007

The Board of Directors of PT SMART Tbk