

**ABRIDGED CIRCULAR LETTER TO SHAREHOLDERS IN RESPECT OF
THE PLANNED CONFLICT OF INTEREST TRANSACTION**

Indofood
THE SYMBOL OF QUALITY FOODS

PT INDOFOOD SUKSES MAKAMUR Tbk

Principal Businesses

Instant noodle industry, flour milling, and equity investments in Subsidiaries engaged in integrated food processing, distribution, plantations, and trading and processing of edible oils and fats

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The Company through its Subsidiary, PT Salim Ivomas Pratama ("PT SIMP"), domiciled in Jakarta, plans to acquire the entire 60% share ownerships of Rascal Holdings Limited ("RHL") in each of PT Mega Citra Perdana ("PT MCP"), PT Mentari Subur Abadi ("PT MSA") and PT Swadaya Bhakti Negaramas ("PT SBN"), all domiciled in Jakarta, consisting of 61,800 shares, 2,129 shares and 510 shares, respectively, for a total price of Rp 125 billion (the "Transaction").

The Board of Commissioners and the Board of Directors of the Company accept full responsibility for the accuracy of all the material information or facts contained in this Circular Letter, and confirm that, after making sufficient and reasonable enquiries, and to the best of their knowledge and belief, there are no important and relevant facts the omission of which would cause the material information or facts in this Circular Letter incorrect and/or misleading.

INTRODUCTION

This Abridged Circular Letter is a summary of the Circular Letter prepared in order to provide the Shareholders of the Company with complete information regarding the Transaction with RHL pursuant to the Agreement.

Considering that RHL, as the seller, is an affiliated party to the Majority Shareholder of the Company, the Transaction is considered as a Conflict of Interest Transaction, as stipulated in Regulation No. IX.E.1.

In order to fulfill the requirements of Regulation No. IX.E.1, and also provide the Shareholders of the Company with a more complete information regarding the Transaction, the Board of Directors of the Company has made the information about the Transaction available through the issuance of the Circular Letter.

In connection with the Transaction, the Company has appointed (i) PT Laksa Laksana as the Independent Valuers to do an appraisal of the values of shares of the Plantation Companies, (ii) PT Asian Appraisal Indonesia as the Independent Party to render a fairness opinion on the Transaction value, and (iii) Levi Lana & Partners as the Legal Consultants to render a legal opinion on the Transaction.

DESCRIPTION OF THE COMPANY

General

The Company was established under its original name PT Panganjaya Intikusuma pursuant to notarial deed No. 228, of Benny Kristianto, S.H., Notary in Jakarta, dated 14 August 1990, as amended by notarial deed No. 249, dated 15 November 1990, and by notarial deed No.171, dated 20 June 1991, of the same notary, which was approved by the Ministry of Justice by virtue of its decree No. C2-2915.HT.01.01.Th.91, dated 12 July 1991; registered in the South Jakarta Municipal Court under registry No. 579, 580 and 581, all dated 5 August 1991; and published in BNRI No.12/611, dated 11 February 1992.

The articles of association of the Company has been amended from time to time, the latest amendment of which was covered by notarial deed No. 75 of Benny Kristianto, S.H., Notary in Jakarta dated 25 June 2004. The said amendment has been reported and acknowledged by the Ministry of Justice based on its letter No. C-16055.HT.01.04TH.2004, dated 25 June 2004, and published in BNRI No. 98/1034, dated 7 December 2004.

Business Activities

The Company is engaged in business activities within the instant noodle industry and flour milling, as well as equity investments in Subsidiaries engaged in integrated food processing, distribution, plantations, and trading and processing of edible oils and fats.

Capital Stock and Composition of Shareholders

The capital stock and composition of Shareholders of the Company based on the report issued by the Company's Share Registrar as of 31 August 2006 are as follows:

Shareholders	Nominal Value Rp 100 per share		
	No. of Shares	Rupiah	%
Authorized Capital	30,000,000,000	3,000,000,000,000	
Issued and paid up capital:			
- CAB Holdings Limited	4,394,603,450	439,460,345,000	51.53
- Public	4,133,985,550	413,398,555,000	48.47
Sub Total	8,528,589,000	852,858,900,000	100.00
Treasury Stock	915,600,000	91,560,000,000	
Total Issued and Paid Up Capital	9,444,189,000	944,418,900,000	
Unsubscribed Shares	20,555,811,000	2,055,581,100,000	

Board of Commissioners and Board of Directors

Based on notarial deed No. 6 of Benny Kristianto,S.H., Notary in Jakarta, dated 2 June 2006, the compositions of the Board of Commissioners and Board of Directors of the Company are as follows:

BOARD OF COMMISSIONERS

President Commissioner : Manuel V. Pangilinan
Commissioner : Benny Setiawan Santoso
Commissioner : Edward A. Tortorici
Commissioner : Ibrahim Risjad
Commissioner : Albert del Rosario
Commissioner : Robert Charles Nicholson
Commissioner : Graham L. Pickles
Independent Commissioner : Utomo Josodirjo
Independent Commissioner : Torstein Stephansen
Independent Commissioner : Wahjudi Prakarsa

BOARD OF DIRECTORS

President Director : Anthoni Salim
Vice President Director : Cesar M. dela Cruz
Vice President Director : Franciscus Welirang
Vice President Director : Darmawan Sarsito
Director : Aswan Tukiaty
Director : Tjhie Tje Fie
Director : Taufik Wiraatmadja
Director : Philip Suwardi Purnama
Director : Maringan Purba Sibarani
Director : Mulyawan Tjandra

DESCRIPTION OF THE TRANSACTION

1. Reasons and background to the Transaction

As of June 2006, the Company through its subsidiary, PT SIMP - plantation division owns plantation lands with total area of approximately 138,771 hectares, of which about 63,552 hectares are planted with oil palm trees and about 5,015 hectares with rubber trees.

In 2005, PT SIMP - plantation division have produced approximately 297,000 tonnes of CPO, a substantial portion of which was used by PT SIMP - refinery division. The said CPO supply from PT SIMP - plantation division can only fulfill part of the CPO requirement of PT SIMP - refinery division to produce cooking oil, margarine and shortenings, while the remainder of its CPO requirement is sourced from third parties.

The CPO requirement of PT SIMP - refinery division will continue to increase overtime, and likewise the demands for CPO in both the domestic and international markets, such as, China, India, and Europe.

Considering the above-mentioned expected increase in CPO requirements, the Company's management is undertaking expansion of the oil palm plantations through acquisitions and new plantings on the existing plantation lands already owned. Through such expansion and development of oil palm plantations, the CPO requirement of PT SIMP - refinery division can be fulfilled and any excess can be allotted to supply the demands of the market where the CPO industry is considered to have a very good prospect, in view of the widening range of CPO usage as the primary raw material for the oil and fats industry and also for the production of bio-diesel.

2. Object of the Transaction

The object of the Transaction is the entire share ownerships of RHL in each of the Plantation Companies as follows:

- a. 61,800 shares or equivalent to 60% (sixty percent) of the total issued and fully paid shares of PT MCP, each with a nominal value of Rp 1,000,000 (one million rupiah) per share;
- b. 2,129 shares or equivalent to 60% (sixty percent) of the total issued and fully paid shares of PT MSA, each with a nominal value of Rp 1,000,000 (one million rupiah) per share;
- c. 510 shares or equivalent to 60% (sixty percent) of the total issued and fully paid shares of PT SBN, each with a nominal value of Rp 1,000,000 (one million rupiah) per share.

3. The Value of the Transaction

The mutually agreed Transaction value as stated in the Agreement is Rp 125 billion, subject to the terms and conditions of the Agreement, the results of the due diligence, and the share valuation report.

The said Transaction value shall be paid by PT SIMP to RHL in one-time cash payment on the closing date of the Transaction.

4. Conditions Precedent of the Agreement

The Agreement will be effective upon fulfillment of all the conditions stated below:

- ~ Resolution from the Independent Shareholders of the Company approving the Transaction in accordance with Regulation No. IX.E.1;
- ~ The approval from the Capital Investment Coordinating Board (BPKM);
- ~ The approvals from all creditors of the Plantation Companies (if any);
- ~ The approvals from the Board of Directors and Shareholders of RHL;
- ~ Completion of the due diligence on the Plantation Companies;
- ~ There are no decisions from courts or other governmental bodies that will impact or prohibit the completion of the Transaction; and
- ~ All necessary approvals and consents from the Government and third parties in relation to the Transaction are obtained.

All of the above conditions of the Agreement must be fulfilled at the latest by December 31, 2006, unless otherwise agreed by both parties.

5. Benefits of the Transaction

The benefits of the Transaction to the Company are as follows, among others:

- a. In order to fulfill the CPO requirement of PT SIMP - refinery division, the expansion of oil palm plantations is necessary, through acquisitions and new plantings on the existing plantation lands already owned;
- b. Through the said expansion and development of oil palm plantations, aside from fulfilling the CPO requirement of PT SIMP - refinery division, it will also enable the Company to supply the demands of the market for CPO as the primary raw material for the oil and fats industry, which will keep increasing overtime. Furthermore, in line with the development of the technology to produce bio-diesel from CPO-based raw material, the demand for CPO will increase significantly in the future;
- c. Although it requires a relatively longer period of time (approximately 4 years to reach productive stage), developing oil palm plantations from raw land is considered as the better approach, since the Company will be able to ensure (i) the quality of the seeds to be used; and (ii) the method of development, such that the production of better quality palm fruits can be achieved;

6. Business Plans of the Company in Connection with the Transaction

The Transaction is in line with the long-term business plans of the Company to expand its oil palm plantation business. Investing in oil palm plantation business is one of the strategies of the Company to promote business growth in view of the good business prospects of the oil palm plantation industry.

In general, developing oil palm plantations from raw land to a mature plantation requires approximately 4 years, and to develop oil palm plantations including the related extraction mills is estimated to require funding of about USD 4,000 per hectare. The said required funds can be sourced from borrowings and/or equity.

7. Potential Risks that may Arise from the Transaction

The potential risks that may arise from the Transaction and could potentially impact the business prospects of the Company are categorized as follows:

- a. **Income Risk**, to date, the lands owned by the Plantation Companies and their Subsidiaries mostly are still raw lands. In the oil palm plantation industry, it generally requires about four (4) years to achieve economically viable production scale. There is no assurance that the Plantation Companies will be able to contribute to the Company's income generation if they are not able to become productive within 4 years.
- b. **Investment Risk**, generally, in making investments, there is a risk that the rate of return achieved may not be in line with expectations. In this respect, the Company will invest in equity shares of the Plantation Companies and will further invest in the development of plantation lands, and the Company expects a certain rate of return on its investments within a certain period of time. There is no assurance that the Company will achieve the expected rate of return on its investments, since the rate of return will be very much dependent upon various factors such as: climate that is conducive to the growth of the palm trees, quality of human resources, social and political conditions, the country's economic growth, and CPO price level.

8. Description of Parties Involved

a. Description of the Buyer

PT Salim Ivomas Pratama ("PT SIMP")

General

PT SIMP was established under the laws of the Republic of Indonesia based on notarial deed No. 65 of Maria Andriani Kidarsa, S.H., Notary in Jakarta, dated 12 August 1992 which was approved by the Ministry of Justice by virtue of its decree No.C2-9737.HT.01.01. TH.93 dated 27 September 1993, and has been published in BNRI No.101/5933 dated 17 December 1993.

The articles of association of PT SIMP has been amended from time to time, the latest amendment of which was covered by notarial deed No. 45 of Herdimansyah Chaidirsyah, S.H, Notary in Jakarta, dated 16 August 2006 and has been reported and acknowledged by the Ministry of Justice in its letter No. C-24668.HT.01.04. TH.2006 dated 23 August 2006.

Business Activities

Currently, the business activities of PT SIMP comprise the operations of oil palm plantations, processing of CPO into cooking oil, margarine and shortenings, and processing of copra into Crude Coconut Oil and its derivative products.

Capital Stock and Composition of Shareholders

Based on notarial deed No. 45 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 16 August 2006, the composition of the shareholders of PT SIMP is as follow:

Shareholders	Nominal Value Rp 1,000,000 per share		
	No. of Shares	Rupiah	%
Authorized Capital	300,000	300,000,000,000	
Issued and paid up capital:			
- PT Indofood Sukses Makmur Tbk	202,437	202,437,000,000	80.00
- PT Birina Multidaya	32,708	32,708,000,000	12.92
- PT Bina Makna Indopratama	9,739	9,739,000,000	3.85
- PT Metro Lintas Nusa	8,177	8,177,000,000	3.23
Total Issued and Paid Up Capital	253,061	253,061,000,000	100.00
Unsubscribed Shares	46,939	46,939,000,000	

Board of Commissioners and Board of Directors

Based on notarial deed No. 45 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 16 August 2006, the members of the Board of Commissioners and Board of Directors of PT SIMP are as follows:

BOARD OF COMMISSIONERS

President Commissioner : Cesar M. dela Cruz
Commissioner : Darmawan Sarsito
Commissioner : Tjhie Tje Fie

BOARD OF DIRECTORS

President Director : Mulyawan Tjandra
Vice President Director : Gunadi
Vice President Director : Moleonoto
Director : Darjono Koesoemaningrat
Director : Tan Agustinus Dermawan

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b. Description of the Seller

Rascal Holdings Limited ("RHL")

General

RHL was established under the laws of the British Virgin Islands under the Memorandum and Articles of Association dated 5 April 1995, Certificate of Incorporation No.146968.

Business Activities

Currently, the business of RHL is to engage in investment activities.

Capital Stock and Composition of Shareholders

As of the date of the Circular Letter, the composition of the shareholders and capital stock of RHL are as follows:

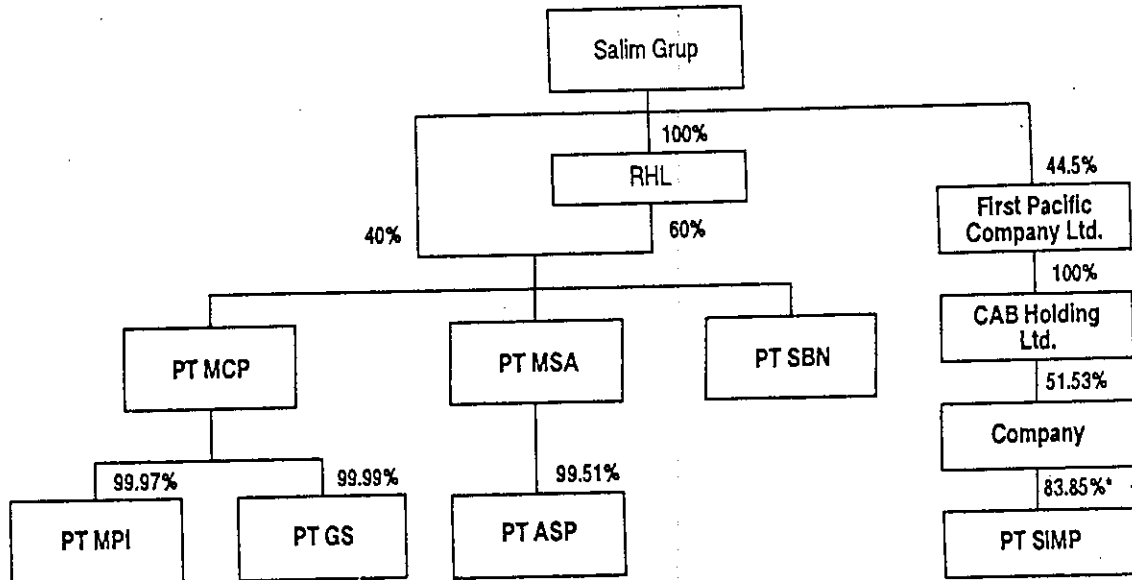
Shareholder	Nominal Value US\$ 1 per share		
	No. of Shares	US\$	%
Authorized Capital	50,000	50,000	
Issued and paid up capital:			
- Teng Tien Eng Moses	2	2	100.00
Total Issued and Paid Up Capital	2	2	100.00
Unsubscribed Shares	49,998	49,998	

Director

As at the date of this Circular Letter, the sole Director of RHL is Mr. Teng Tien Eng Moses.

9. Description of the Conflict of Interest

The diagram below depicts the nature of the conflict of interest between RHL and PT SIMP. RHL is beneficially owned by the same Shareholder who is also the majority Shareholder of the Company, and as such, the Transaction constitutes a conflict of interest transaction under Regulation No. IX.E.1



* owned directly or indirectly

DESCRIPTION OF THE OBJECT OF TRANSACTION

1. PT Mega Citra Perdana ("PT MCP")

1.1 General

PT MCP was established under the laws of the Republic of Indonesia based on notarial deed No. 33 of Yonsah Minanda, S.H., Notary in Jakarta, dated 26 July 2005, which has been approved by the Ministry of Justice by virtue of its decree No. C-04803HT.01.01.TH.2006 dated 21 February 2006.

The articles of association of PT MCP has been amended from time to time, the latest amendment of which was covered by notarial deed No. 89 of Herdimansyah Chaidirsyah, S.H., Notary in Jakarta, dated 30 June 2006, and has been approved by the Ministry of Justice by virtue of its decree No. C-22169HT.01.04.TH.2006 dated 28 July 2006.

1.2 Business Activity

Currently, the business of PT MCP is to engage in investment activities.

1.3 Capital Stock, Composition of Shareholders, and Board of Commissioners and Board of Directors

Capital Stock and Composition of Shareholders

Based on notarial deed No. 89 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 30 June 2006, the composition of the shareholders and capital stock of PT MCP are as follows:

Shareholders	Nominal Value Rp 1,000,000 per share		
	No. of Shares	Rupiah	%
Authorized Capital	150,000	150,000,000,000	
Issued and paid up capital:			
- Rascal Holdings Limited	61,800	61,800,000,000	60.00
- PT Purwa Wana Lestari	41,199	41,199,000,000	39.99
- Tjahjono Setiadi	1	1,000,000	0.01
Total Issued and Paid Up Capital	103,000	103,000,000,000	100.00
Unsubscribed Shares	47,000	47,000,000,000	

Board of Commissioners and Board of Directors

Based on notarial deed No. 88 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 30 June 2006, the members of the Board of Commissioners and Board of Directors of PT MCP are as follows:

BOARD OF COMMISSIONERS

President Commissioner : Nyoman Suryadhi
 Commissioner : Ir. Daud

BOARD OF DIRECTORS

President Director : Soenardi Winarto
 Director : Tjahjono Setiadi

1.4 Consolidated Financial Highlights of PT MCP and Subsidiaries

The table below presents the financial highlights of PT MCP and Subsidiaries for the six months ended 30 June 2006 and the year ended 31 December 2005, as derived respectively from the consolidated financial statements of PT MCP and Subsidiaries for the same periods which have been audited by Hendrawinata, Gani & Rekan (Grant Thornton), with unqualified opinion. The consolidated financial statements for the year ended 31 December 2005 have been restated in connection with certain restructuring transactions among entities under common control.

In million rupiah

DESCRIPTION	30 June 2006	31 December	
		2005	2004
Total Assets	107,031	71,389	n.a
Total Liabilities	5,898	18,886	n.a
Equity	101,131	52,502	n.a
Sales	-	-	n.a
Loss from Operations	(1,168)	(1,207)	n.a
Net Loss	(541)	-	n.a

1.5 Description of the Subsidiaries of PT MCP

1.5.1. PT Gunta Samba ("PT GS")

General

PT GS was established under the laws of the Republic of Indonesia based on notarial deed No. 89 of Elliza, S.H., Notary in Jakarta, dated 19 June 1996, which has been approved by the Ministry of Justice by virtue of its decree No.C-04074HT.01.01.TH.2005 dated 17 February 2005, and published in BNRI No.6/745 dated 20 January 2006.

The articles of association of PT GS has been amended from time to time, the latest amendment of which was covered by notarial deed No. 2 of Popie Savitri Martosuhardjo Pharmanto, S.H., Notary in Jakarta, dated 4 January 2006 and has been approved by the Ministry of Justice by virtue of its decree No. C-06169.HT.01.04.TH.2006 dated 3 March 2006, and published in BNRI No. 29/3783 dated 11 April 2006.

Business Activities

The business activities of PT GS comprise the operations of oil palm plantations and mills. Currently, PT GS has not yet commenced commercial operations and still under development stage.

Capital Stock and Composition of Shareholders

Based on notarial deed No. 69 of Netty Maria M. S.H., Notary in Jakarta, dated 24 March 2006, the composition of shareholders and capital stock of PT GS are as follows:

Shareholders	Nominal Value Rp 1,000,000 per share		
	No. of Shares	Rupiah	%
Authorized Capital	200,000	200,000,000,000	
Issued and paid up capital:			
- PT Mega Citra Perdana	99,999	99,999,000,000	99.99
- Tjahjono Setiadi	1	1,000,000	0.01
Total Issued and Paid Up Capital	100,000	100,000,000,000	100.00
Unsubscribed Shares	100,000	100,000,000,000	

Board of Commissioners and Board of Directors

Based on notarial deed No. 120 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 31 May 2006, the members of the Board of Commissioners and Board of Directors of PT GS are as follows:

BOARD OF COMMISSIONERS

President Commissioner : Nyoman Suryadhi
Commissioner : Ir. Daud

BOARD OF DIRECTORS

President Director : Soenardi Winarto
Director : Tjahjono Setiadi

Description of transactions with affiliated parties

Currently, PT GS engages into several transactions with parties affiliated to the majority shareholder of the Company, such as the following, among others:

- 1) Rentals of heavy equipment (tractors, excavator, bulldozer, etc) used for land clearing, road constructions, and other activities relating to plantation development, pursuant to an existing Rental Agreement with validity term of 1 (one) year, which can be extended upon mutual consents by both parties;
- 2) Purchases of spare parts for heavy equipment and fuel relating to the above-mentioned activities at cost, subject to payment term of 14 business days from the date of receipt of the invoice, in pursuant to an existing contract with validity term of 1 (one) year, which can be extended upon mutual consents of both parties.

1.5.2. PT Multi Pacific International ("PT MPI")

General

PT MPI was established under the laws of the Republic of Indonesia based on notarial deed No. 368 of Benny Kristianto, S.H., Notary in Jakarta, dated 28 June 1989 which was approved by the Ministry of Justice by virtue of its decree No.C2-1015.HT.01.01.TH.90 dated 28 February 1990.

The articles of association of PT MPI has been amended from time to time, the latest amendment of which was covered by notarial deed No. 2 of Soeleman Odang, S.H., Notary in Jakarta dated 15 August 2003 and has been approved by the Ministry of Justice by virtue of its decree No. C-11969. HT.01.04.TH.2004 dated 13 May 2004.

Business Activities

The business activities of PT MPI comprise the operations of oil palm plantations and mills. Currently, PT MPI has not yet commenced commercial operations and still under development stage.

Capital Stock and Composition of Shareholders

Based on notarial deed No. 71 of Netty Maria M. S.H, Notary in Jakarta, dated 24 March 2006, the composition of shareholders and capital stock of PT MPI are as follows:

Shareholders	Nominal Value Rp 1,000,000 per share		
	No. of Shares	Rupiah	%
Authorized Capital	5,000	5,000,000,000	
Issued and paid up capital:			
- PT Mega Citra Perdana	2,999	2,999,000,000	99.97
- Tjahjono Setiadi	1	1,000,000	0.03
Total Issued and Paid Up Capital	3,000	3,000,000,000	100.00
Unsubscribed Shares	2,000	2,000,000,000	

Board of Commissioners and Board of Directors

Based on notarial deed No. 119 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 31 May 2006, the members of the Board of Commissioners and Board of Directors of PT MPI are as follows:

BOARD OF COMMISSIONERS

President Commissioner : Nyoman Suryadhi
Commissioner : Ir. Daud

BOARD OF DIRECTORS

President Director : Soenardi Winarto
Director : Tjahjono Setiadi

2. PT Mentari Subur Abadi ("PT MSA")

2.1 General

PT MSA was established under the laws of the Republic of Indonesia based on notarial deed No. 15 of Popie Savitri Martosuhardjo Pharmanto, S.H., Notary in Jakarta, dated 22 September 1995, which has been approved by the Ministry of Justice by virtue of its decree No.C2-749 HT.01.01.Th.96. dated 18 January 1996, and published in BNRI No. 44/4956 dated 31 May 1996.

The articles of association of PT MSA has been amended from time to time, the latest amendment of which was covered by notarial deed No. 92 of Herdimansyah Chaidirsyah, S.H., Notary in Jakarta, dated 30 June 2006, and has been approved by the Ministry of Justice by virtue of its decree No. C-22561 HT.01.04.TH.2006 dated 1 August 2006.

2.2 Business Activities

The business activities of PT MSA comprise the operations of oil palm plantations and mills, and investing activities. Currently, PT MSA has not yet commenced commercial operations and still under development stage.

2.3 Capital Stock, Composition of Shareholders, and Commissioner and Director

Capital Stock and Composition of Shareholders

Based on notarial deed No. 75 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 31 July 2006, the composition of the shareholders and capital stock of PT MSA are as follows:

Shareholders	Nominal Value Rp 1,000,000 per share		
	No. of Shares	Rupiah	%
Authorized Capital	5,000	5,000,000,000	
Issued and paid up capital:			
- Rascal Holdings Limited	2,129	2,129,000,000	59.99
- PT Giat Sembada Sentosa	1,420	1,420,000,000	40.01
Total Issued and Paid Up Capital	3,549	3,549,000,000	100.00
Unsubscribed Shares	1,451	1,451,000,000	

Commissioner and Director

Based on notarial deed No. 90 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 30 June 2006, the sole Commissioner and Director of PT MSA are as follows:

Commissioner : Hindarto Budiono

Director : Husein Susilo Tjioe

2.4 Consolidated Financial Highlights of PT MSA and Subsidiary

The table below presents the financial highlights of PT MSA and Subsidiary for the six months ended 30 June 2006 and the years ended 31 December 2005 and 2004, as derived respectively from the consolidated financial statements of PT MSA and Subsidiary for the same periods which have been audited by Eddy, Prakarsa, Permana & Siddharta with unqualified opinion. The consolidated financial statements for the years ended 31 December 2005 and 2004 have been restated in connection with certain restructuring transaction among entities under common control.

In million rupiah

DESCRIPTION	30 June 2006	31. December	
		2005	2004
Total Assets	7,188	1,282	260
Total Liabilities	3,874	1,117	5
Equity	3,313	165	255
Sales	-	-	-
Loss from Operations	(218)	(133)	-
Net Loss	(146)	(90)	-

2.5 Description of the Subsidiary of PT MSA

PT Agrosibur Permai ("PT ASP")

General

PT ASP was established under the laws of the Republic of Indonesia based on notarial deed No. 6 of Gisella Ratnawati, S.H., Notary in Jakarta, dated 22 September 2004, which has been approved by the Ministry of Justice by virtue of its decree No.C-29707 HT.01.01.TH 2004 dated 8 December 2004, and published in the BNRI No.47/6033 dated 14 June 2005.

The articles of association of PT ASP has been amended by notarial deed No. 65 of Netty Maria M. S.H., Notary in Jakarta, dated 24 March 2006, and has been approved by the Ministry of Justice by virtue of its decree No.C-21352.HT.01.04.TH.2006 dated 20 July 2006.

Business Activities

The business activities of PT ASP comprise the operations of oil palm plantations and mills. Currently, PT ASP has not yet commenced commercial operations.

Capital Stock and Composition of Shareholders

Based on notarial deed No. 56 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 21 July 2006, the composition of the shareholders and capital stock of PT ASP are as follows:

Shareholders	Nominal Value Rp 1,000,000 per share		
	No. of Shares	Rupiah	%
Authorized Capital	800	800,000,000	
Issued and paid up capital:			
- PT Mentari Subur Abadi	204	204,000,000	99.51
- Hindarto Budiono	1	1,000,000	0.49
Total Issued and Paid Up Capital	205	205,000,000	100.00
Unsubscribed Shares	595	595,000,000	

Commissioner and Director

Based on notarial deed No. 56 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 21 July 2006, the sole Commissioner and Director of PT ASP are as follows:

Commissioner : Hindarto Budiono

Director : Husein Susilo Tjioe

3. PT Swadaya Bhakti Negaramas ("PT SBN")

3.1 General

PT SBN was established under the laws of the Republic of Indonesia based on notarial deeds of Ridwan Suselo, S.H., Notary in Jakarta, Nos. 543, 417, 121 dated 25 June 1984, 23 August 1984, 9 January 1985, respectively, which have been approved by the Ministry of Justice by virtue of its decree No. C2-3134.HT.01.01.TH.85 dated 24 May 1985 and registered in the company registry of the Sub-department of Trade and Industry (Suku Dinas Perindustrian dan Perdagangan) on 10 June 1985 under registry No. 551/1985.

The articles of association of PT SBN has been amended from time to time, the latest amendment of which was covered by notarial deed No. 51 of Herdimansyah Chaidirsyah, S.H., Notary in Jakarta, dated 21 July 2006, and has been approved by the Ministry of Justice by virtue of its decree No. C-22696HT.01.04.TH.2006 dated 3 August 2006.

3.2 Business Activities

The business activities of PT SBN comprise the operations of oil palm plantations and mills. Currently, PT SBN has not yet commenced commercial operations.

3.3 Capital Stock, Composition of Shareholders, and Commissioner and Director

Capital Stock and Composition of Shareholders

Based on notarial deed No. 77 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 31 July 2006, the composition of the shareholders and capital stock of PT SBN are as follows:

Shareholders	Nominal Value Rp 1,000,000 per share		
	No. of Shares	Rupiah	%
Authorized Capital	1,000	1,000,000,000	
Issued and paid up capital:			
- Rascal Holdings Limited	510	510,000,000	60.00
- PT Giat Sembada Sentosa	340	340,000,000	40.00
Total Issued and Paid Up Capital	850	850,000,000	100.00
Unsubscribed Shares	150	150,000,000	

Commissioner and Director

Based on notarial deed No. 46 of Herdimansyah Chaidirsyah S.H., Notary in Jakarta, dated 20 July 2006, the sole Commissioner and Director of PT SBN are as follows:

Commissioner : Husein Susilo Tjioe

Director : Hindarto Budiono

3.4 Financial Highlights of PT SBN

The table below presents the financial highlights of PT SBN for the six months ended 30 June 2006 and the years ended 31 December 2005 and 2004, as derived respectively from the financial statements of PT SBN for the same periods which have been audited by Eddy, Prakarsa, Permana & Siddharta with unqualified opinion.

In million rupiah

DESCRIPTION	30 June	31 December	
	2006	2005	2004
Total Assets	734	447	250
Total Liabilities	17	262	-
Equity	717	185	250
Sales	-	-	-
Loss from Operations	(101)	(96)	-
Net Income (Loss)	(68)	(65)	0.1

PRO FORMA CONDENSED CONSOLIDATED FINANCIAL INFORMATION OF THE COMPANY AND SUBSIDIARIES

The pro forma condensed consolidated balance sheet and related pro forma condensed statement of income of the Company and Subsidiaries, as shown below, have been prepared in accordance with Statements of Financial Accounting Standards (SFAS) issued by the Indonesian Institute of Accountants, assuming that the Company executed the Transaction on 1 January 2006. The pro forma condensed consolidated financial information has been prepared by management based on the consolidated financial statements of the Company and Subsidiaries for the six months ended 30 June 2006 which have been reviewed by Purwanto, Sarwoko & Sandjaja (a member firm of Ernst & Young Global).

Pro forma (in million rupiah)

Consolidated Balance Sheet as of 30 June 2006

ASSETS

	Before Transaction	After Transaction
Current Assets	7,105,478	6,993,998
Non-current Assets	8,786,407	8,882,215
TOTAL ASSETS	15,891,885	15,876,213

LIABILITIES AND EQUITY

Current Liabilities	5,230,713	5,239,828
Non-current Liabilities	5,546,719	5,547,392
Minority Interests	612,425	654,493
Equity - Net	4,502,028	4,434,500
TOTAL LIABILITIES AND EQUITY	15,891,885	15,876,213

Consolidated Statement of Income
for the Six Months Ended 30 June 2006

Net sales	10,141,747	10,141,747
Gross profit	2,303,159	2,302,993
Income from operations	931,761	930,274
NET INCOME	267,770	261,494

SUMMARY OPINIONS OF INDEPENDENT PARTIES

Levi Lana & Partners

Levi Lana & Partners, as independent legal consultants, have rendered their legal opinion stating that the Transaction constitutes a conflict of interest transaction such that it can only be realized after the Company has obtained approval from the majority of its Independent Shareholders in accordance with Regulation No. IX.E.1 upon fulfillment of all the conditions precedent as stipulated in the Agreement.

PT Asian Appraisal Indonesia

PT Asian Appraisal Indonesia as independent party has rendered its opinion that the Transaction value is fair for PT SIMP, the Company and the Independent Shareholders of the Company.

EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS

In connections with the Transaction, the Company intends to obtain the approval during the EGM which will be held on Monday, 16 October 2006, in compliance with the relevant provisions stipulated in Regulations No. IX.E.1, and in the Company's articles of association, which are as follows:

- a. The EGM must be attended by the Independent Shareholders or their proxies representing more than 50% of the shares owned by independent shareholders, and the Transaction must be approved by the Independent Shareholders or their proxies representing more than 50% of the shares owned by independent shareholders.
- b. If a quorum is not achieved at the first EGM, a second EGM may be called which should be attended by the Independent Shareholders or their proxies representing more than 50% of the shares owned by Independent Shareholders, and the Transaction must be approved by the Independent Shareholders or their proxies representing more than 50% of the shares owned by the attending Independent Shareholders.
- c. If a quorum is not achieved at the second EGM, a third EGM may be called after obtaining approval from Bapepam-LK, and the Transaction must be approved by the Independent Shareholders or their proxies representing more than 50% of the shares owned by the attending Independent Shareholders.
- d. If the Independent Shareholders do not approve the Transaction, then the Transaction cannot be proposed again for approval within a period of 12 months from the date of the EGM when the Transaction is disapproved.

In accordance with Regulation No. IX.E.1, the Company shall provide adequate duly stamped Statement of Declaration forms to be signed by the Independent Shareholders which shall state that:

1. The parties concerned are really Independent Shareholders; and
2. If on a later date, the said statement is found to be untrue, then the concerned party shall be penalized in accordance with the relevant existing laws and regulations.

in form and content as attached in the Circular Letter.

The important dates relating to the conduct of the EGM are as follows:

EVENT	DATE
Announcement of the EGM and the Abridged Circular Letter of the Transaction in the newspapers	15 September 2006
Recording Date	28 September 2006
Distribution of the Circular Letter to the Shareholders	29 September 2006
Announcement of Invitation for the EGM in the newspapers	29 September 2006
EGM	16 October 2006
Announcement of the results of the EGM in the newspapers	17 October 2006
Reporting to BAPEPAM regarding the results of the EGM	17 October 2006

The invitation for the EGM will be announced to the Shareholders on 29 September 2006. Those Shareholders who will not be able to attend the EGM are requested to fill-up the attached Proxy Form and Statement of Declaration, and return them to the Company. The accomplished Proxy Form and Statement of Declaration should be received by the Company's legal department at the address 8th Floor, Ariobimo Sentral Building, Jalan H.R. Rasuna Said X-2 Kav 5, Jakarta 12950, Jakarta, Indonesia, at the latest 3 (three) working days prior to the date of the EGM, which is on Wednesday, 11 October 2006.

RECOMMENDATION OF THE COMPANY'S DIRECTORS AND COMMISSIONERS

The Board of Directors and Board of Commissioners of the Company have received the reports and opinions from the appointed independent parties, and have considered the benefits of the Transaction, and believe that the Transaction is for the best interests of PT SIMP, the Company and the Independent Shareholders of the Company. In view of this, the Board of Directors and Board of Commissioners of the Company hereby recommend to the Independent Shareholders of the Company to approve the Transaction in the EGM to be held on 16 October 2006.

ADDITIONAL INFORMATION

Shareholders who needs additional information may contact the Company during office hours at the following address:

PT Indofood Sukses Makmur Tbk
12th Floor, Ariobimo Sentral Building, Jalan H.R Rasuna Said X-2 Kav. 5
Telephone : +62 (21) 522 8822 Facsimile : +62 (21) 522 6014

**NOTICE OF
EXTRAORDINARY GENERAL MEETING OF SHAREHOLDERS**

**PT IND©FOOD SUKSES MAKMUR Tbk
("Company")**

Notice is hereby given to all shareholders of the Company that the Extraordinary General Meeting of Shareholders ("Meeting") will be held on Monday, 16 October 2006, at 21st Floor Wisma Indosemen, Jalan Jenderal Sudirman Kav. 70 - 71, Jakarta 12910.

Invitation to the Meeting will be published in 2 (two) Indonesian newspapers and 1 (one) English newspaper on Friday, 29 September 2006.

Shareholders recorded in the share register as of the close of business (16:00 p.m.) on Thursday, 28 September 2006 are entitled to attend the Meeting.

Motions from Shareholders will be included in the agenda of the Meeting provided they comply with Article 21, paragraph 4 of the articles of association of the Company and are received by the Board of Directors at least seven (7) days before the date of the publication of the invitation to the Meeting.

Jakarta, 15 September 2006
PT INDOFOOD SUKSES MAKMUR Tbk
THE BOARD OF DIRECTORS