



APP

ASIA PULP & PAPER COMPANY LTD

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FOR IMMEDIATE RELEASE

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APP ANNOUNCES COMPLETION OF KPMG REPORTING ON FINANCIAL DILIGENCE AND CASHFLOW PROJECTIONS. RESTRUCTURING DISCUSSIONS PROGRESS UNDER IBRA LEADERSHIP. APP WELCOMES IBRA STATEMENTS REGARDING OPPOSITION TO JUDICIAL MANAGEMENT

Singapore, August 1, 2002—Asia Pulp & Paper Company Ltd (“APP”) confirmed today its understanding that KPMG had, on July 26, 2002, completed all of the reports that it had been engaged to prepare with respect to the consensual restructuring of APP group companies. The completed reports are: (1) phase one financial diligence reports and (2) phase two analysis, by KPMG, of cashflow projections prepared by APP companies. The 9 phase one reports, relating to the 4 main Indonesian operating companies, Purinusa, APP and others are voluminous. The phase two reports provide KPMG’s analysis with respect to cashflow projections prepared by APP companies and APP looks forward to discussing these reports with KPMG and relevant creditors. The confidential reports are to be distributed to the Umbrella Steering Committee and IBRA under the provisions of strict confidentiality arrangements entered into with APP. Commenting on the release of the reports, Teguh Wijaya, Chief Executive Officer of APP said:

“I am pleased that all the KPMG reports have been issued to IBRA and other relevant creditors. This again demonstrates our commitment to a consensual, out-of-court restructuring process. We are fully committed to accelerating debt restructuring discussions so that our target of finalizing a restructuring of the Indonesian operations by September 30 will be met.”

APP also confirmed that further progress was being made in its debt restructuring discussions. Frequent meetings between the Indonesian operations of APP, IBRA and representatives of export credit agencies have been taking place. At these meetings, it was agreed that weekly working group restructuring meetings should continue, under the leadership of IBRA, with a view to meeting the September 30 restructuring plan target date.

APP also welcomed recent statements from IBRA in which IBRA categorically confirmed that it opposes the appointment of judicial managers with respect to APP. APP also noted recent announcements from IBRA, in which IBRA confirmed that it has no intention of replacing the current management of APP group companies.

Mr. Wijaya noted that:

“As I have said in the past, the leadership provided by IBRA is a significant catalyst in the restructuring discussions. We now have an effective working group on the creditor side and a weekly meeting arrangement which will provide focus and a forum in which to engage in detailed restructuring discussions. IBRA has demonstrated tangible and meaningful support for the consensual debt restructuring process by opposing the appointment of judicial managers and through other measures. These are hugely important steps and will hopefully put these discussions on par with those in China which have been progressing very steadily.”

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APP is one of the world’s leading pulp and paper companies. With current pulp capacity of 2.3 million tonnes and paper and packaging capacity of 5.7 million tonnes, it ranks number one in non-Japan Asia. Headquartered in Singapore, APP currently has 16 manufacturing facilities in Indonesia and China and markets its products in more than 65 countries on six continents.

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