

**APP****ASIA PULP & PAPER COMPANY LTD**

118 Pioneer Road, Singapore 639598 Main Line Number: (65) 6477-6118 Main Fax Number: (65) 6477-6116

FOR IMMEDIATE RELEASE

Contact: Joice Budisusanto
 Tel: +62 (21) 392-5602
 Fax: +62 (21) 392-5601
 E-mail: joice_budisusanto@app.co.id

**ASIA PULP & PAPER COMPANY LTD ANNOUNCES DETAILS OF
 UNAUDITED RESULTS FOR THE SIX MONTHS ENDED JUNE 30, 2002
 AND ITS PRODUCTION VOLUMES, SALES VOLUMES AND
AVERAGE REALIZED SELLING PRICES FOR ITS INDONESIAN SUBSIDIARIES FOR 2002**

Singapore, March 7, 2003—Asia Pulp & Paper Company Ltd (“APP”) today announced, in relation to its principal operating subsidiaries in Indonesia — PT Indah Kiat Pulp and Paper Tbk (“*Indah Kiat*”), PT Pabrik Kertas Tjiwi Kimia Tbk (“*Tjiwi Kimia*”), PT Pindo Deli Pulp and Paper Mills (“*Pindo Deli*”) and PT Lontar Papyrus Pulp and Paper Industry (“*Lontar Papyrus*” and, together with Indah Kiat, Tjiwi Kimia and Pindo Deli, the “*Indonesian Subsidiaries*”), details of (a) unaudited condensed and consolidated financial results for the six months ended June 30, 2002 and (b) production volumes, sales volumes and average realized selling prices for 2002. The unaudited condensed financial statements for the six months ended June 30, 2002 supplement this press release.

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FINANCIAL HIGHLIGHTS

The following chart shows certain financial highlights for the Indonesian Subsidiaries as discussed in greater detail in the press release.

	Six Months Ended June 30, 2002			
	Indah Kiat	Tjiwi Kimia	Pindo Deli	Lontar Papyrus
	<i>(in millions of U.S. dollars, except percentages)</i>			
Net sales	591.8	396.2	365.3	108.1
Gross profit.....	77.4	100.2	56.2	16.9
Gross profit margin	13.1%	25.3%	15.4%	15.7%
Operating profit/(loss).....	14.5	43.5	21.7	8.7
Operating profit margin.....	2.5%	11.0%	5.9%	8.1%
Net profit/ (loss).....	(190.7)	(41.4)	(80.5)	(36.1)

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UNAUDITED CONDENSED CONSOLIDATED FINANCIAL RESULTS
FOR THE SIX MONTHS ENDED JUNE 30, 2002

The unaudited condensed consolidated financial statements of each of the Indonesian Subsidiaries for the six months ended June 30, 2002 supplement this press release. The financial data for the six months ended June 30, 2002 APP is releasing to the public today is subject to changes, some of which may be significant. Therefore, you should not place undue reliance on the financial and operating information set forth in this press release.

The debt restructuring exercise relating to APP and its Indonesian Subsidiaries is complex and continues to involve analysis of a myriad of complex transactions that span many jurisdictions and laws and will likely take a lengthy period of time to complete. Resolution of the issues relating to these transactions could require the Indonesian Subsidiaries or other companies in the APP group, to recognize additional liabilities or penalties which have not been recognized or reflected on their financial statements.

PT INDAH KIAT PULP & PAPER TBK

Income Statement

Indah Kiat's consolidated net sales for the six months ended June 30, 2002 were approximately US\$591.8 million, a 3.7% increase from consolidated net sales of approximately US\$570.9 million for the six months ended June 30, 2001. This increase in sales was primarily due to an increase in sales volumes of paper and packaging products, which was partially offset by a decrease in the average realized selling prices of pulp and paper products.

Indah Kiat's gross profit decreased approximately 37.3% from approximately US\$123.4 million, or a gross profit margin of approximately 21.6%, for the six months ended June 30, 2001 to approximately US\$77.4 million, or a gross profit margin of approximately 13.1% for the six months ended June 30, 2002. The decrease in gross profit margin is primarily due to a decrease in the selling prices of pulp and paper products and an increase in the cost of raw materials.

Selling expenses increased approximately 46.3% to approximately US\$43.1 million for the six months ended June 30, 2002 from approximately US\$29.5 million for the six months ended June 30, 2001, primarily due to increased sales volumes and the timing of the accrual of management fees paid to APP in relation to the restructuring process. Consolidated income from operations decreased to approximately US\$14.5 million for the six months ended June 30, 2002 from approximately US\$77.3 million for the six months ended June 30, 2001.

Interest expense decreased approximately 12.2% to approximately US\$128.6 million in the six months ended June 30, 2002 from approximately US\$146.4 million in the six months ended June 30, 2001, primarily because of a decrease in interest rates in the second quarter of 2002. Indah Kiat recorded an unrealized foreign exchange loss of approximately US\$66.9 million for the first six months ended June 30, 2002 compared with an unrealized foreign exchange gain of approximately US\$48.1 million for the six months ended June 30, 2001, primarily as a result of the appreciation of the Indonesian rupiah and Japanese yen against the U.S dollar in the second quarter of 2002. Other expense – net was approximately US\$9.7 million for the six months ended June 30, 2002, a decrease of approximately 62.5% from approximately US\$25.8 million for the six months ended June 30, 2001, primarily due to lower non-operating expenses and amortization expenses in the first half of 2002. The decrease in amortization expenses resulted primarily from the write-off of bond issuance costs in the second half of 2001.

Indah Kiat's consolidated net loss for the six months ended June 30, 2002 was approximately US\$190.7 million, a significant increase from consolidated net loss of approximately US\$46.8 million for the corresponding period in 2001.

Balance Sheet

Cash, cash equivalents and short-term investments decreased to approximately US\$26.7 million, comprising approximately US\$0.2 million in restricted cash and approximately US\$26.5 million in unrestricted cash as at June 30, 2002 from approximately US\$46.7 million comprising restricted cash of approximately US\$14.3 million and unrestricted cash of approximately US\$32.4 million as at June 30, 2001.

Current trade accounts receivable decreased to approximately US\$385.5 million as at June 30, 2002 compared with approximately US\$437.3 million as at June 30, 2001. The decrease in current trade accounts receivable is primarily due to an increase in the collection of accounts receivable from customers. Non-current trade accounts receivable increased to approximately US\$356.7 million as at June 30, 2002 compared with approximately US\$334.5 million as at June 30, 2001 primarily due to fluctuations in the U.S. dollar exchange rate.

Inventories increased to approximately US\$230.1 million, comprising approximately US\$53.7 million in finished goods and work in process and approximately US\$176.4 million in raw materials and spare parts, as at June 30, 2002 from approximately US\$193.3 million, comprising approximately US\$49.5 million in finished goods and work in process and approximately US\$143.8 million in raw materials and spare parts as at June 30, 2001. The increase in raw materials and spare parts is primarily due to an increase in the volume of raw materials purchased following increased production volume of pulp and an increase in the purchase price of raw materials for pulp production.

Short-term borrowings decreased to approximately US\$196.2 million as at June 30, 2002 from approximately US\$256.5 million as at June 30, 2001 as a result of a net reduction in various short-term trade facilities. Other current liabilities increased to approximately US\$668.3 million as at June 30, 2002 from approximately US\$427.1 million as at June 30, 2001. This increase was primarily due to increased interest expenses accrued.

PT PABRIK KERTAS TJIWI KIMIATBK

Income Statement

Tjiwi Kimia's consolidated net sales for the six months ended June 30, 2002 were approximately US\$396.2 million, a 3.1% decrease from consolidated net sales of approximately US\$408.7 million for the six months ended June 30, 2001. The decrease in net sales was primarily due to lower sales volumes of stationery products and lower average realized selling prices for paper and stationery products. Tjiwi Kimia's gross profit increased 37.0% from approximately US\$73.1 million, or a gross profit margin of 17.9%, for the six months ended June 30, 2001 to approximately US\$100.2 million, or a gross profit margin of 25.3%, for the six months ended June 30, 2002. The increase in gross profit margin is primarily due to a decrease in the cost of goods sold resulting from a decrease in market prices for pulp.

Selling expenses increased approximately 33.8% to approximately US\$38.4 million for the six months ended June 30, 2002 from approximately US\$28.7 million for the six months ended June 30, 2001, primarily as a result of the timing of the accrual of management fees paid to APP in relation to the restructuring process and commissions paid. Consolidated income from operations of

Tjiwi Kimia was approximately US\$43.5 million for the six months ended June 30, 2002, a 33.4% increase from approximately US\$32.6 million for the six months ended June 30, 2001.

Interest expense decreased approximately 8.7% to approximately US\$55.3 million for the six months ended June 30, 2002 from approximately US\$60.1 million for the six months ended June 30, 2001, primarily because of a decrease in interest rates. In the first half of 2002, Tjiwi Kimia had an unrealized foreign exchange loss of approximately US\$30.8 million compared with an unrealized foreign exchange gain of approximately US\$25.0 million in the first half of 2001, primarily due to the appreciation of the Indonesian rupiah, the Euro and the Japanese yen against the U.S. dollar in the first half of 2002.

Tjiwi Kimia recorded a consolidated net loss of approximately US\$41.4 million for the six months ended June 30, 2002, an increase from a consolidated net loss of approximately US\$2.6 million for the corresponding period in 2001.

Balance Sheet

Cash, cash equivalents and short-term investments increased to approximately US\$22.2 million in unrestricted cash as at June 30, 2002 from approximately US\$21.1 million as at June 30, 2001.

Current trade accounts receivable decreased to approximately US\$119.7 million as at June 30, 2002, compared with approximately US\$153.0 million as at June 30, 2001. The decrease in current trade accounts receivable is primarily due to increased collections of export trade receivables. Inventories increased to approximately US\$163.9 million as at June 30, 2002, compared with approximately US\$122.3 million as at June 30, 2001, primarily due to lower sales volumes as compared with production volumes.

Short-term borrowings decreased to approximately US\$63.7 million as at June 30, 2002 from approximately US\$91.3 million as at June 30, 2001, primarily as a result of a net reduction in various short-term trade facilities. Accounts payable decreased to approximately US\$192.5 million as at June 30, 2002 from approximately US\$284.5 million as at June 30, 2001, primarily due to the payment of trade payables. Other current liabilities increased to approximately US\$255.8 million as at June 30, 2002 from approximately US\$109.0 million as at June 30, 2001. This increase was primarily due to increased interest expenses accrued.

PT PINDO DELI PULP AND PAPER MILLS

Income Statement

Pindo Deli's consolidated net sales for the six months ended June 30, 2002 were approximately US\$365.3 million, a 13.3% increase from consolidated net sales of approximately US\$322.4 million for the six months ended June 30, 2001. The increase in net sales primarily arose from an increase in sales volumes of paper products, which was partially offset by a decrease in the average realized selling prices of paper products. Pindo Deli's gross profit increased by 16.4% to approximately US\$56.2 million, or a gross profit margin of 15.4%, for the six months ended June 30, 2002 from approximately US\$48.3 million, or a gross profit margin of 15.0%, for the six months ended June 30, 2001. Gross profit increased primarily due to a decrease in pulp prices, resulting in lower costs of goods sold.

General and administration expenses increased significantly to approximately US\$16.1 million for the six months ended June 30, 2002 from approximately US\$3.3 million for the six

months ended June 30, 2001, primarily due to the timing of the accrual of management fees paid to APP in relation to the restructuring process.

Consolidated income from operations for the six months ended June 30, 2002 was approximately US\$21.7 million, a 11.2% decrease from the consolidated operating income of US\$24.5 million in the corresponding period in 2001.

Pindo Deli recorded realized and unrealized foreign exchange losses of approximately US\$33.0 million for the six months ended June 30, 2002 compared with realized and unrealized foreign exchange gains of approximately US\$16.5 million for the six months ended June 30, 2001, primarily due to the appreciation of the Japanese yen and the Indonesian rupiah against the U.S. dollar in the first half of 2002.

Pindo Deli's consolidated net loss for the six months ended June 30, 2002 increased by approximately 68.5% to approximately US\$80.5 million from approximately US\$47.5 million for the six months ended June 30, 2001.

Balance Sheet

Cash, cash equivalents and short-term investments increased to approximately US\$27.4 million in unrestricted cash as at June 30, 2002 from approximately US\$20.4 million in unrestricted cash as at June 30, 2001.

Current trade accounts receivable decreased to approximately US\$92.0 million as at June 30, 2002 compared with approximately US\$112.4 million as at June 30, 2001. The decrease in current trade accounts receivable is primarily due to increased collections in relation to both local and export sales in the first half of 2002. Non-current trade accounts receivable decreased to approximately US\$144.4 million as at June 30, 2002 compared with approximately US\$152.2 million as at June 30, 2001 due to increased collections.

Inventories increased to approximately US\$166.6 million, comprising approximately US\$68.2 million in finished goods and work in process and approximately US\$98.4 million in raw materials and spare parts, as at June 30, 2002 from approximately US\$141.8 million, comprising approximately US\$64.4 million in finished goods and work in process and approximately US\$77.4 million in raw materials and spare parts as at June 30, 2001. The increase in finished goods and work in process was primarily due to an increase in production in line with increased sales. The increase in raw materials and spare parts is primarily due to increases in the volume of raw materials purchased following increased production volume of pulp and an increase in the purchase price of raw materials purchased for pulp production and in imported pulp for paper and tissue production.

Other assets – net decreased substantially to approximately US\$1.8 million as at June 30, 2002 from approximately US\$5.2 million as at June 30, 2001, primarily due to the write-off of debt issuance costs in 2001.

Short-term borrowings decreased to approximately US\$45.1 million as at June 30, 2002 from approximately US\$83.9 million as at June 30, 2001, primarily as a result of a net reduction in various short-term trade facilities. Other current liabilities increased to approximately US\$78.9 as at June 30, 2002 from approximately US\$27.5 million as at June 30, 2001. This increase was primarily due to increased interest expenses accrued.

PT LONTAR PAPYRUS PULP & PAPER INDUSTRY

Income Statement

Lontar Papyrus' net sales for the six months ended June 30, 2002 were approximately US\$108.1 million, a 5.7% decrease from net sales of US\$114.6 million for the six months ended June 30, 2001. The decrease was primarily due to lower selling volumes of pulp products. Lontar Papyrus' gross profit decreased approximately 58.1% from approximately US\$40.3 million, or a gross profit margin of 35.2%, for the six months ended June 30, 2001 to approximately US\$16.9 million, or a gross profit margin of approximately 15.7%, for the six months ended June 30, 2002. The decrease in gross profit margin is primarily due to an increase in costs of goods sold resulting from an increase in the purchase price of raw materials.

General and administrative expenses increased significantly from approximately US\$0.5 million for the six months ended June 30, 2001 to approximately US\$5.7 million for the six months ended June 30, 2002, primarily due to the timing of the accrual of management fees paid to APP in relation to the restructuring process.

Income from operations of Lontar Papyrus was approximately US\$8.7 million for the six months ended June 30, 2002, a 75.8% decrease in income from operations of approximately US\$36.0 million for the six months ended June 30, 2001.

Lontar Papyrus recorded realized and unrealized foreign exchange losses of approximately US\$21.2 million in the six months ended June 30, 2002 compared with realized and unrealized foreign exchange gains of approximately US\$18.8 million in the six months ended June 30, 2001, primarily due to the appreciation of the Indonesian rupiah and the Japanese yen against the U.S. dollar in the first half of 2002. Lontar Papyrus recorded a net loss for the six months ended June 30, 2002 of approximately US\$36.1 million compared with a net income of approximately US\$31.4 million for the six months ended June 30, 2001.

Balance Sheet

Cash, cash equivalents and short-term investments increased to approximately US\$13.9 million in unrestricted cash as at June 30, 2002 from approximately US\$10.1 in unrestricted cash as at June 30, 2001.

Current trade accounts receivable decreased to approximately US\$49.1 million as at June 30, 2002 compared with approximately US\$67.5 million as at June 30, 2001. The decrease in current trade accounts receivable was primarily due to a decrease in the sales volume of pulp. Non-current trade accounts receivable increased to approximately US\$9.8 million as at June 30, 2002 compared with approximately US\$3.4 million as at June 30, 2001.

Inventories increased to approximately US\$50.3 million, comprising approximately US\$10.5 million in finished goods and work in process and approximately US\$39.8 million in raw materials and spare parts, as at June 30, 2002 from approximately US\$31.9 million, comprising approximately US\$7.1 million in finished goods and work in process and approximately US\$24.8 million in raw materials and spare parts as at June 30, 2001.

Short-term borrowings decreased to approximately US\$17.3 million as at June 30, 2002 from approximately US\$26.4 million as at June 30, 2001, primarily as a result of a net reduction in various short-term trade facilities. Other current liabilities increased to approximately US\$71.4

million as at June 30, 2002 from approximately US\$37.5 million as at June 30, 2001. This increase was primarily due to increased interest expenses accrued.

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PRODUCTION, SALES VOLUMES AND AVERAGE REALIZED SALES PRICES
FOR THE THIRD QUARTER OF 2002

The tables below set forth the preliminary production volumes, sales volumes and average realized selling prices for APP's Indonesian Subsidiaries.

PRODUCTION VOLUMES
(in thousands of tonnes)

	2000	2001	2001				2002			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Indah Kiat:										
Pulp	1,777	1,797	469	420	447	462	443	453	478	438
Paper	616	589	139	154	146	149	152	160	164	155
Packaging.....	1,258	979	182	248	267	283	310	307	301	264
Tjiwi Kimia:										
Paper	949	857	175	221	231	231	237	239	232	231
Stationery	155	183	45	58	37	42	51	58	46	40
Packaging.....	69	52	12	14	12	14	12	14	13	15
Pindo Deli:										
Paper	631	551	108	146	149	149	153	164	161	149
Tissue	45	42	7	9	13	13	11	14	15	13
Packaging.....	56	47	10	12	13	12	12	11	10	12
Lontar Papyrus:										
Pulp	572	620	153	166	139	162	160	152	164	181
Tissue	43	42	10	12	10	11	12	12	12	11

SALES VOLUMES
(in thousands of tonnes)

	2000	2001	2001				2002			
			1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Indah Kiat:										
Pulp	1,250	1,239	347	286	307	299	283	295	313	274
Paper	577	575	128	160	144	143	150	164	153	125
Packaging.....	1,091	875	201	215	218	241	284	276	253	222
Tjiwi Kimia:										
Paper	822	709	177	168	188	176	207	193	207	192
Stationery	142	163	43	66	30	24	31	69	34	22
Packaging.....	48	44	11	11	10	12	11	12	12	10
Pindo Deli:										
Paper	615	557	119	153	149	135	159	186	165	127
Tissue	47	40	9	8	11	12	12	14	13	15
Packaging.....	45	38	9	10	10	9	9	8	8	9
Lontar Papyrus:										
Pulp	561	581	145	157	131	148	147	138	164	164
Tissue	41	41	10	11	9	11	11	10	10	11

AVERAGE REALIZED SALES PRICES*
(US\$ per tonne)

	2001				2002					
	2000	2001	1Q	2Q	3Q	4Q	1Q	2Q	3Q	4Q
Indah Kiat:										
Pulp	508	320	353	311	309	303	304	320	368	366
Paper	707	676	712	681	668	647	637	659	714	703
Packaging	448	351	389	354	355	312	343	385	415	385
Tjiwi Kimia:										
Paper	682	703	749	699	686	677	668	711	738	757
Stationery	1,298	1,072	1,152	1,038	1,079	1,019	1,010	1,003	1,112	1,160
Packaging	481	402	431	373	489	314	357	441	469	404
Pindo Deli:										
Paper	723	712	767	706	707	677	699	726	796	784
Tissue	980	968	1,044	958	965	916	921	942	969	1,000
Packaging	720	556	627	534	555	512	535	517	530	511
Lontar Papyrus:										
Pulp	510	311	334	303	299	310	309	321	370	375
Tissue	805	777	863	786	736	721	722	750	772	797

* The average realized selling prices described above should be reviewed in the context of the following: Until 1Q2001, the average realized sales prices comprised a substantial amount of products for which the sales prices included insurance and freight costs and a small amount of products sold on an FOB basis for which the sales prices did not include insurance and freight costs. From 2Q2001 to 4Q2001, the Indonesian Subsidiaries began to sell an increasing amount of products on an FOB basis because the Indonesian Subsidiaries had difficulties obtaining shipping services after APP declared a standstill of its debt payments in March 2001. From 1Q2002, the Indonesian Subsidiaries gradually increased the amount of products sold on a CIF basis.

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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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Certain statements made in this press release fall within the meaning of the United States Private Securities Litigation Reform Act of 1995. Such forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause the actual results, performance or achievements of the APP Group to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following factors: changes in political, social and economic conditions and the regulatory environment in Indonesia and China; changes in currency exchange rates; changes in market prices for the APP Group's products; changes in the availability or prices of import tariffs and raw materials; changes in our revenue and profitability; changes to our production capacity; changes in industry trends; changes in future capital needs and the availability of financing; changes in customer preferences; demographic changes; changes in competitive conditions and our ability to compete under these conditions; and various other factors beyond our control.

PT INDAH KIAT PULP & PAPER TBK

Unaudited Condensed Consolidated Statements of Income
for the six months ended June 30, 2001 and 2002

(in thousands of U.S. dollars)

	2002		Six Months Ended June 30,	
	1Q	2Q	2002	2001
Net sales.....	280,986	310,778	591,764	570,855
Cost of goods sold	(248,934)	(265,422)	(514,356)	(447,409)
Gross profit.....	<u>32,052</u>	<u>45,356</u>	<u>77,408</u>	<u>123,446</u>
Operating expenses:				
Selling.....	(21,263)	(21,844)	(43,107)	(29,456)
General and administration	(10,596)	(9,172)	(19,768)	(16,657)
Total operating expenses.....	<u>(31,859)</u>	<u>(31,016)</u>	<u>(62,875)</u>	<u>(46,113)</u>
Income from operations	<u>193</u>	<u>14,340</u>	<u>14,533</u>	<u>77,333</u>
Other income (expense):				
Interest expense—net.....	(66,980)	(61,668)	(128,648)	(146,449)
Foreign exchange gain (loss) – net.....	(11,382)	(55,490)	(66,872)	48,139
Other – net	(4,946)	(4,726)	(9,672)	(25,823)
Other income (expense)—net	<u>(83,308)</u>	<u>(121,884)</u>	<u>(205,192)</u>	<u>(124,133)</u>
Income (loss) before income taxes.....	<u>(83,115)</u>	<u>(107,544)</u>	<u>(190,659)</u>	<u>(46,800)</u>
Income tax (expense) credit.....	—	—	—	—
Income before minority interest	<u>(83,115)</u>	<u>(107,544)</u>	<u>(190,659)</u>	<u>(46,800)</u>
Minority interest	—	—	—	—
Net income (loss).....	<u><u>(83,115)</u></u>	<u><u>(107,544)</u></u>	<u><u>(190,659)</u></u>	<u><u>(46,800)</u></u>

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT INDAH KIAT PULP & PAPER TBK

Unaudited Condensed Consolidated Balance Sheets
at June 30, 2001 and 2002

(in thousands of U.S. dollars)

	At June 30,	
	2002	2001
Current Assets:		
Cash, cash equivalents and short term investments.....	26,666	46,650
Accounts receivable:		
Trade – net	385,546	437,317
Others.....	18,313	17,382
Inventories	230,115	193,274
Advances and prepayments.....	95,265	120,649
Total Current Assets	755,905	815,272
Accounts Receivable – trade – related parties	356,719	334,492
Property, Plant and Equipment – net	4,069,771	4,243,279
Other Assets – net	366,074	315,325
Total Assets	5,548,469	5,708,368
Current Liabilities:		
Short-term borrowings	196,173	256,543
Accounts payable	161,665	139,316
Other liabilities	668,281	427,095
Current maturities of long-term debt.....	2,508,439	2,485,254
Total Current Liabilities	3,534,558	3,308,208
Deferred Income Tax	—	60,424
Long-term Debt—net of Current Maturities	343	—
Other liabilities	10,485	10,404
Minority Interest	—	—
Stockholders' Equity	2,003,083	2,329,332
Total Liabilities and Stockholders' Equity	5,548,469	5,708,368

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT INDAH KIAT PULP & PAPER TBK

Unaudited Condensed Consolidated Selected Cash Flow Information
for the six months ended June 30, 2001 and 2002

(in thousands of U.S. dollars)

	2002		Six Months Ended June 30,	
	1Q	2Q	2002	2001
Income before income tax and minority interest.....	(83,115)	(107,290)	(190,405)	(46,800)
Interest expense.....	67,153	61,992	129,145	147,108
Depreciation.....	49,986	48,875	98,861	98,660
Amortization.....	7,640	6,399	14,039	16,370
Foreign exchange loss (gain).....	11,382	55,490	66,872	(48,139)
EBITDA.....	<u>53,046</u>	<u>65,466</u>	<u>118,512</u>	<u>167,199</u>
CAPEX:				
Capital expenditures.....	7,679	11,121	18,800	6,483
Capitalized interest.....	—	—	—	—
Total.....	<u>7,679</u>	<u>11,121</u>	<u>18,800</u>	<u>6,483</u>
Debt:				
Proceeds from borrowings.....	—	—	—	—
Repayment of borrowings.....	(12,359)	(96,958)	(109,317)	(105,434)
Net proceeds (repayments).....	<u>(12,359)</u>	<u>(96,958)</u>	<u>(109,317)</u>	<u>(105,434)</u>
Interest income.....	<u>173</u>	<u>325</u>	<u>498</u>	<u>659</u>

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT PABRIK KERTAS TJIWI KIMIA TBK

Unaudited Condensed Consolidated Statements of Income
for the six months ended June 30, 2001 and 2002

(in thousands of U.S. dollars)

	2002		Six Months Ended June 30,	
	1Q	2Q	2002	2001
Net sales.....	178,914	217,251	396,165	408,705
Cost of goods sold	(131,363)	(164,620)	(295,983)	335,556
Gross profit.....	47,551	52,631	100,182	73,149
Operating expenses:				
Selling.....	(19,033)	(19,355)	(38,389)	(28,687)
General and administration	(9,591)	(8,698)	(18,289)	(11,847)
Total operating expenses.....	(28,624)	(28,053)	(56,677)	(40,534)
Income from operations	18,927	24,578	43,505	32,615
Other income (expense):				
Interest expense—net.....	(27,793)	(27,494)	(55,287)	(60,070)
Foreign exchange gain (loss) – net.....	(7,448)	(23,381)	(30,829)	24,979
Other – net	888	333	1,221	(167)
Other income (expense)—net	(34,353)	(50,542)	(84,895)	(35,258)
Income (loss) before income taxes.....	(15,426)	(25,963)	(41,390)	(2,643)
Income tax (expense) credit.....	—	—	—	—
Income before minority interest	(15,426)	(25,963)	(41,390)	(2,643)
Minority interest	3	—	3	(5)
Net income (loss).....	(15,423)	(25,963)	(41,387)	(2,648)

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT PABRIK KERTAS TJIWI KIMIA TBK

Unaudited Condensed Consolidated Balance Sheets
at June 30, 2001 and 2002

(in thousands of U.S. dollars)

	<u>At June 30,</u>	
	<u>2002</u>	<u>2001</u>
Current Assets:		
Cash, cash equivalents and short term investments.....	22,189	21,141
Accounts receivable:		
Trade – net	119,695	153,029
Others.....	10,222	8,043
Inventories	163,860	122,287
Advances and prepayments.....	89,161	68,156
Total Current Assets	<u>405,126</u>	<u>372,656</u>
Accounts Receivable – related parties	388,824	397,910
Property, Plant and Equipment – net	1,319,483	1,388,724
Deferred Tax Assets	17,871	—
Other Assets – net	7,646	8,709
Total Assets	<u><u>2,138,950</u></u>	<u><u>2,167,997</u></u>
Current Liabilities:		
Short-term borrowings	63,651	91,285
Accounts payable	192,458	284,467
Other liabilities	255,838	108,965
Current maturities of long-term debt.....	1,125,610	1,097,399
Total Current Liabilities	<u>1,637,556</u>	<u>1,582,116</u>
Deferred Income Tax	—	6,240
Long-term Debt—net of Current Maturities	—	—
Other liabilities	46,263	35,086
Minority Interest	2	8
Stockholders' Equity	<u>455,128</u>	<u>544,547</u>
Total Liabilities and Stockholders' Equity	<u><u>2,138,950</u></u>	<u><u>2,167,997</u></u>

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT PABRIK KERTAS TJIWI KIMIA TBK

Unaudited Condensed Consolidated Selected Cash Flow Information
for the six months ended June 30, 2001 and 2002

(in thousands of U.S. dollars)

	2002		Six Months Ended June 30,	
	1Q	2Q	2002	2001
Income before income tax and minority interest.....	(15,426)	(25,963)	(41,390)	(2,643)
Interest expense.....	27,865	27,654	55,518	60,381
Depreciation.....	18,009	17,960	35,968	35,962
Amortization.....	1,618	(286)	1,332	3,251
Foreign exchange loss (gain).....	7,448	23,381	30,829	(24,979)
EBITDA.....	<u>39,513</u>	<u>42,746</u>	<u>82,257</u>	<u>71,972</u>
CAPEX:				
Capital expenditures.....	577	646	1,224	4,351
Capitalized interest.....	—	—	—	—
Total.....	<u>577</u>	<u>646</u>	<u>1,224</u>	<u>4,351</u>
Debt:				
Proceeds from borrowings.....	—	—	—	—
Repayment of borrowings.....	(4,871)	(8,075)	(12,946)	(49,106)
Net proceeds (repayments).....	<u>(4,871)</u>	<u>(8,075)</u>	<u>(12,946)</u>	<u>(49,106)</u>
Interest income.....	<u>72</u>	<u>160</u>	<u>232</u>	<u>312</u>

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT PINDO DELI PULP & PAPER MILLS

Unaudited Condensed Consolidated Statements of Income
for the six months ended June 30, 2001 and 2002

(in thousands of U.S. dollars)

	2002		Six Months Ended June 30,	
	1Q	2Q	2002	2001
Net sales.....	165,627	199,648	365,275	322,362
Cost of goods sold	(139,612)	(169,491)	(309,103)	(274,092)
Gross profit.....	26,015	30,157	56,172	48,270
Operating expenses:				
Selling.....	(7,320)	(10,998)	(18,318)	(20,492)
General and administration	(7,691)	(8,455)	(16,146)	(3,327)
Total operating expenses.....	(15,011)	(19,453)	(34,464)	(23,819)
Income from operations	11,004	10,704	21,708	24,451
Other income (expense):				
Interest expense—net.....	(38,498)	(39,047)	(77,545)	(80,899)
Foreign exchange gain (loss) – net.....	(8,609)	(24,400)	(33,009)	16,470
Provision for doubtful debts.....	2,538	7	2,545	—
Other – net	105	(636)	(531)	(983)
Other income (expense)—net	(44,464)	(64,076)	(108,540)	(65,412)
Income (loss) before income taxes.....	(33,460)	(53,372)	(86,832)	(40,961)
Income tax (expense) credit.....	—	—	—	—
Income before minority interest	(33,460)	(53,372)	(86,832)	(40,961)
Minority interest	2,374	4,007	6,381	(6,552)
Net income (loss).....	(31,086)	(49,365)	(80,451)	(47,513)

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT PINDO DELI PULP & PAPER MILLS

Unaudited Condensed Consolidated Balance Sheets
at June 30, 2001 and 2002

(in thousands of U.S. dollars)

	<u>At June 30,</u>	
	<u>2002</u>	<u>2001</u>
Current Assets:		
Cash, cash equivalents and short term investments.....	27,353	20,388
Accounts receivable:		
Trade – net	91,951	112,410
Others.....	1,038	900
Inventories	166,631	141,813
Advances and prepayments.....	51,301	20,103
Total Current Assets	<u>338,274</u>	<u>295,614</u>
Accounts Receivable – trade – related parties	144,427	152,202
Due From Related Parties	76,834	65,201
Property, Plant and Equipment – net	1,858,809	1,944,108
Other Assets – net	1,775	5,232
Total Assets	<u>2,420,119</u>	<u>2,462,357</u>
 Current Liabilities:		
Short-term borrowings	45,070	83,907
Accounts payable	90,571	94,738
Accrued interest	249,544	108,075
Other liabilities	78,879	27,548
Current maturities of long-term debt.....	1,581,304	1,512,366
Total Current Liabilities	<u>2,045,368</u>	<u>1,826,634</u>
Deferred Income Tax	48,449	45,570
Long-term Debt—net of Current Maturities	—	—
Other liabilities	19,309	19,201
Minority Interest	61,227	83,882
Stockholders' Equity	<u>245,766</u>	<u>487,070</u>
Total Liabilities and Stockholders' Equity	<u>2,420,119</u>	<u>2,462,357</u>

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT PINDO DELI PULP & PAPER MILLS

Unaudited Condensed Consolidated Selected Cash Flow Information
for the six months ended June 30, 2001 and 2002

(in thousands of U.S. dollars)

	2002		Six Months Ended June 30,	
	1Q	2Q	2002	2001
Income before income tax and minority interest.....	(33,460)	(53,372)	(86,832)	(40,961)
Interest expense.....	38,595	39,225	77,820	81,258
Depreciation.....	21,632	22,192	43,824	42,211
Amortization.....	(22)	(21)	(43)	2,257
Foreign exchange loss (gain).....	8,609	24,400	33,009	(16,470)
EBITDA.....	<u>35,354</u>	<u>32,424</u>	<u>67,778</u>	<u>68,295</u>
CAPEX:				
Capital expenditures.....	1,396	2,529	3,925	4,171
Capitalized interest.....	451	57	508	3,147
Total.....	<u>1,847</u>	<u>2,586</u>	<u>4,433</u>	<u>7,318</u>
Debt:				
Proceeds from borrowings.....	—	—	—	—
Repayment of borrowings.....	(6,769)	(10,822)	(17,591)	(29,725)
Net proceeds (repayments).....	<u>(6,769)</u>	<u>(10,822)</u>	<u>(17,591)</u>	<u>(29,725)</u>
Interest income.....	<u>97</u>	<u>178</u>	<u>275</u>	<u>359</u>

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT LONTAR PAPYRUS PULP & PAPER INDUSTRY

Unaudited Condensed Statements of Income
for the six months ended June 30, 2001 and 2002

(in thousands of U.S. dollars)

	2002		Six Months Ended June 30,	
	1Q	2Q	2002	2001
Net sales.....	53,835	54,224	108,059	114,636
Cost of goods sold	(44,803)	(46,339)	(91,142)	(74,305)
Gross profit.....	9,032	7,885	16,917	40,331
Operating expenses:				
Selling.....	(1,101)	(1,403)	(2,504)	(3,785)
General and administration	(3,016)	(2,684)	(5,700)	(540)
Total operating expenses.....	(4,117)	(4,087)	(8,204)	(4,325)
Income from operations	4,915	3,798	8,713	36,006
Other income (expense):				
Interest expense—net.....	(9,822)	(12,739)	(22,561)	(22,313)
Foreign exchange gain (loss) – net.....	(7,677)	(13,533)	(21,210)	18,832
Other – net	(512)	(512)	(1,024)	(1,082)
Other income (expense)—net	(18,011)	(26,784)	(44,795)	(4,563)
Income (loss) before income taxes.....	(13,096)	(22,986)	(36,082)	31,443
Income tax (expense) credit.....	—	—	—	—
Income before minority interest	(13,096)	(22,986)	(36,082)	31,443
Minority interest	—	—	—	—
Net income (loss).....	(13,096)	(22,986)	(36,082)	31,443

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT LONTAR PAPYRUS PULP & PAPER INDUSTRY

Unaudited Condensed Balance Sheets
at June 30, 2001 and 2002

(in thousands of U.S. dollars)

	<u>At June 30,</u>	
	<u>2002</u>	<u>2001</u>
Current Assets:		
Cash, cash equivalents and short term investments.....	13,905	10,055
Accounts receivable:		
Trade – net	49,061	67,493
Others.....	893	713
Inventories	50,282	31,868
Advances and prepayments.....	13,288	7,815
Total Current Assets	<u>127,429</u>	<u>117,944</u>
Accounts Receivable – trade – related parties	9,800	3,370
Property, Plant and Equipment – net	661,308	695,253
Other Assets – net	86,260	74,626
Total Assets	<u><u>884,797</u></u>	<u><u>891,193</u></u>
 Current Liabilities:		
Short-term borrowings	17,322	26,444
Accounts payable	24,977	11,215
Other liabilities	71,426	37,454
Current maturities of long-term debt.....	390,158	349,326
Total Current Liabilities	<u>503,883</u>	<u>424,439</u>
Deferred Income Tax	48,449	45,570
Long-term Debt—net of Current Maturities	—	—
Other liabilities	2,199	1,589
Minority Interest	—	—
Stockholders' Equity	<u>330,266</u>	<u>419,595</u>
Total Liabilities and Stockholders' Equity	<u><u>884,797</u></u>	<u><u>891,193</u></u>

*Financial data as of and for the six months ended June 30, 2002
is preliminary, unaudited and subject to change.*

PT LONTAR PAPYRUS PULP & PAPER INDUSTRY

Unaudited Condensed Selected Cash Flow Information
for the six months ended June 30, 2001 and 2002

(in thousands of U.S. dollars)

	2002		Six Months Ended June 30,	
	1Q	2Q	2002	2001
Income before income tax and minority interest.....	(13,096)	(22,986)	(36,082)	31,443
Interest expense.....	9,860	12,792	22,652	22,482
Depreciation.....	9,370	9,377	18,747	18,810
Amortization.....	—	—	—	962
Foreign exchange loss (gain).....	7,677	13,533	21,210	(18,832)
EBITDA.....	<u>13,811</u>	<u>12,716</u>	<u>26,527</u>	<u>54,865</u>
CAPEX:				
Capital expenditures.....	47	1,374	1,421	2,229
Capitalized interest.....	—	—	—	—
Total.....	<u>47</u>	<u>1,374</u>	<u>1,421</u>	<u>2,229</u>
Debt:				
Proceeds from borrowings.....	—	—	—	—
Repayment of borrowings.....	(1,140)	(2,668)	(3,808)	(4,644)
Net proceeds (repayments).....	<u>(1,140)</u>	<u>(2,668)</u>	<u>(3,808)</u>	<u>(4,644)</u>
Interest income.....	<u>38</u>	<u>53</u>	<u>91</u>	<u>169</u>

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