

FIRST PACIFIC COMPANY LIMITED
PRESS RELEASE

Monday, 22 August 2005

PROGRESS ON PROPOSED REDEMPTION OF INDOFOOD EURO BONDS

The attached press release was released today in Jakarta by Indofood, in which the First Pacific Group holds an economic interest of 51.5 per cent.

Indofood is the premier processed-foods company in Indonesia, which offers total food solutions to its customers. It is based in Jakarta, and is listed on the Jakarta and Surabaya Stock Exchanges. Through its four major business units, Indofood offers a wide range of food products: Bogasari (Flour), Consumer Branded Products (Noodles, Food Seasonings, Snack Foods, Nutrition and Special Foods and Packaging), Edible Oils and Fats (Plantations and Cooking Oils and Fats) and Distribution. Indofood is the largest instant noodles manufacturer and flour miller in the world, and has an extensive distribution network in Indonesia. Further information on Indofood can be found at www.indofood.co.id

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Press Release

PROGRESS ON PROPOSED REDEMPTION OF INDOFOOD EUROBONDS

The Board of Directors wishes to issue the following statement to clarify certain misimpressions in recent articles following the UK High Court ruling on 2nd August 2005 which disallowed Indofood's right to redeem at par value its US\$280 million Eurobonds due June 2007.

As bondholders are aware, the UK proceedings arose following the termination of the Indonesia-Mauritius Tax Treaty which resulted in an increase in the withholding tax rate - an event which, under the terms of the Trust Deed, justifies an early redemption of the Indofood Eurobonds due June 2007. As bondholders are also aware, Indofood received two strong legal opinions from eminent Queen's Counsel advising unequivocally that Indofood had a right to redeem, there being no reasonable measures available to avoid the increased withholding tax obligation. In those circumstances, Indofood was perfectly entitled to exercise its right to redeem the bonds. Indeed, the Board of Directors of Indofood, being a listed company, were under a fiduciary duty to do so, in the interests of the company and the investing public.

Notwithstanding its strict legal rights, Indofood, as a gesture of goodwill, offered to pay a premium of 102% to Indofood's bondholders at a first meeting and a reduced premium of 101% if the meeting were adjourned. The only reason Indofood proposed a reduced premium for the adjourned meeting was in order to encourage bondholders to attend and to vote at the first meeting which was held before end December 2004. Unfortunately, the first meeting was inquorate and had to be adjourned. Indofood however notes that more than 75% of bondholders who attended and voted by proxy at the first meeting, were in favour of redemption at 102%.

In view of the termination of the Indonesia-Mauritius Tax Treaty as of 1 January 2005 and other anti-abuse circulars/letters issued by the Indonesian Tax Authority, Indofood acted prudently and responsibly in seeking a ruling and guidance from the Indonesian Tax Authority with respect to the proposed restructuring of the Eurobonds as suggested by the Trustee, JPMorgan Chase Bank NA, London Branch. A formal ruling in writing was necessary to lend certainty to whether Indofood would be entitled to rely on the double taxation treaties to benefit from a favourable withholding tax rate. The Indonesian Tax Authority ruled, on 24th June 2005, that Indofood would not be entitled to treaty benefits on the ground of treaty abuse/shopping and beneficial ownership.

Despite the Indonesian tax ruling, the UK High Court decided to disallow Indofood's right to redeem at par value. Indofood now awaits the reasons for the UK High Court ruling which are expected to be given in September 2005. Indofood will consider all its options including the possibility of an appeal. Indofood continues to be advised that it has a good case for arguing that it is entitled to redeem the Notes.

If, notwithstanding the 24th June 2005 ruling from the Indonesian Tax Authority, Indofood proceeds with the proposed restructuring in the Netherlands (as suggested by the Trustee), Indofood would have to dispute and challenge the Indonesian Tax Authority's ruling in order to avail itself of the treaty benefits. Based on the Indonesia Tax Court Law, a Tax Court decision shall be rendered among others pursuant to the relevant tax laws and regulations. As such there is a high risk that Indofood would not be able to avail itself of treaty benefits, and thereby avoid the increased withholding tax obligation under Condition 6 (b). Indofood would have paid withholding tax in excess of 10% but would not have redeemed the Notes even though Condition 6 (b) contemplates that Indofood has a contractual right to redeem the Notes if it has to pay more than 10% withholding tax due to a change in tax law.

The Board of Directors hopes that the above clarifies Indofood's position. Indofood has to properly balance the Company's and its shareholders' interests with the interests of the bondholders. In fact, Indofood has gone out of its way to give due consideration to the bondholders' interests. Consistent with its good track record, the Board of Directors wishes to assure investors that as in the past, Indofood values its relationship with its investors and their support and has every intention of honouring its contractual obligations.

As of today, Indofood has bought back the Notes in amount of US\$ 124,333,000.

August 22, 2005

**PT INDOFOOD SUKSES MAKMUR TBK
THE BOARD OF DIRECTORS**