



## Press Release

### **INDOFOOD FINANCIAL RESULTS FIRST SEMESTER 2003**

- **NET SALES GREW BY 6.5% TO RP.8.4 TRILLION ;**
- **GROSS PROFIT UP 7% TO RP.2.0 TRILLION ;**

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Indofood announced today its consolidated operating results for the first semester of 2003, with net sales of Rp.8.4 trillion a 6.5% growth over same period of last year of Rp.7.9 trillion. Gross profit grew by 7% to Rp.2.0 trillion (1H02 : Rp.1.9 trillion), and operating income reached Rp.867.2 billion or about the same level with first semester 2002 of Rp.864.5 billion. Compared to the first semester of 2002, the Company maintained its gross margin at 23.7% (1H02 : 23.6%). Higher selling expenses, freight cost and employees cost adjustment, however caused EBIT margin to slightly decrease to 10.3% (1H02 : 10.9%).

Further, Eva Riyanti Hutapea, President Director & CEO of Indofood provided the following explanations :

1. Noodles, flour as well as edible oils and fats remain as the principal divisions with a total contribution of Rp.7.3 trillion or 86% of consolidated sales (1H02 : Rp.6.8 trillion), a growth of 8% over same period of last year. Each of these divisions contributed respectively 35%, 26% and 25% (1H02 ; 35%, 29% and 22% respectively ) of the consolidated sales. Despite tougher competition in the noodles industry, the noodles division achieved a sales volume of 4.8 billion packs similar to first semester of 2002 of 4.8 billion packs ;
2. Export revenues for the first semester 2003 totaled approximately US.Dollars 180 million, which represents 19% of Company's total consolidated net sales, a growth of 58% over same period in 2002 of approximately US.Dollars 114 million ;
3. Net income however declined by 46% to Rp.308,9 billion (1H02 : Rp.571.1 billion) mainly due to increased interest expenses, and the lower foreign exchange gain of Rp.73.2 billion (1H02 : Rp.317.4 billion), caused by rupiah appreciation from a rate of Rp.8,940 as of Dec.31, 2002 to Rp.8,285 as of June 30, 2003. The average exchange rate during six months period ended June 30, 2003 and June 30, 2002, were respectively, Rp.8,678 and Rp.9,499 ;
4. Total assets at the end of June 2003 was basically the same as the 2002 balance totaled Rp.15.3 trillion. Cash & cash equivalents totaled Rp.1.8 trillion (Dec.31, '02 : Rp.1.4 trillion), whereas shareholders' equity amounted to Rp.3.8 trillion (Dec.31'02 : Rp.3.7 trillion) ;
5. As at June 30, 2003, the Company's US.Dollar denominated outstanding debts amounted to approximately US.Dollars 412 million (Dec. 31'02: US.Dollars 458 million), of which US.Dollars 301.8 million will not mature until 2005 and beyond, and the rupiah outstanding loans stood at Rp.4.3 trillion (Dec.31'02 : Rp.4.1 trillion).

6. In June 2003, the Company issued its second rupiah bond series of nominal Rp.1.5 trillion. The net proceeds were utilized to convert certain long-term bank loans into debt with higher interest cost ;
7. Debt to Equity Ratio and Net Gearing Ratio improved to 2.0 times and 1.55 times, respectively (Dec.31'02 : 2.2 times and 1.8 times, respectively) primarily due to the strengthening of Rupiah and higher shareholders equity .

Commenting on Indofood's performance, Hutapea said :“With the improvements in the economy, as indicated by the more stable exchange rate, a downward trend of rupiah interest rate and lower inflation, we expect it will have more positive impact to Indofood's business in the future”. She added : "Going forward, besides intensifying efforts to strengthen its position in traditional markets, the Company will continue to segmentize the market and to create & develop higher-end margin products in responding to customers' needs in that segment. In connection with this, in July 2003 to celebrate the National Family Day, Indofood launched package of noodles of "Mutiara Lintas Keluarga Bahagia" ("Happiness among Family's members"), which consist of SuperMi, Indomie and Anak Mas. This was followed by the launching of the second series of regional flavours of noodles and vegetarian noodles in August, and to be followed soon by "four-seasons" noodles. However, Indofood remains committed to the mass market where growth remains a function of affordability”.

Hutapea further added : “Despite the general declining trend of purchasing power in domestic markets, Indofood launched an emotional marketing initiative, known as “Permata Indonesia”. We consider each of Indonesian's consumer as "Permata" to show our acknowledgement that each and every customer is important to us, since they are contributors to Indofood's top lines. The implementation of this new step of marketing strategy is expected to create more value to Indofood”.

Jakarta, August 15, 2003

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

**PT INDOFOOD SUKSES MAKMUR Tbk**

**AND SUBSIDIARIES**

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**CONSOLIDATED BALANCE SHEETS**

**JUNE 30, 2003 AND 2002**

**( Amounts in Thousands Rupiah, except per Share Data )**

**(UNAUDITED)**

**CONSOLIDATED STATEMENTS OF INCOME**

**FOR THE SIX MONTHS ENDED JUNE 30, 2003 AND 2002**

**( Amounts in Thousands Rupiah, except Earnings per Share )**

**(UNAUDITED)**

<b>ASSETS</b>			<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>					
	2003 Rp	2002 Rp		2003 Rp	2002 Rp		2003 Rp	2002 Rp
<b>CURRENT ASSETS</b>			<b>CURRENT LIABILITIES</b>			<b>NET SALES</b>		
Cash and cash equivalents	1,816,988,079	934,526,380	Short-term bank loans and overdraft	251,034,916	528,563,876		8,419,517,767	7,902,455,261
Short-term investments	446,911,203	112,315,959	Trust receipts payable	681,398,988	194,723,346	<b>COST OF GOODS SOLD</b>	6,421,933,988	6,038,542,152
Time deposits	-	336,726,600	Accounts payable			<b>GROSS PROFIT</b>	1,997,583,779	1,863,913,109
Accounts receivable			Trade			<b>OPERATING EXPENSES</b>		
Trade			Third parties	1,077,348,814	1,257,780,091	Selling	642,430,462	620,103,335
Third parties - net	1,129,840,374	859,763,669	Related parties	32,511,817	30,496,999	General and administrative	487,933,131	379,266,801
Related parties	74,955,374	79,337,044	Non - trade			Total Operating Expenses	1,130,363,593	999,370,136
Non - trade			Related parties	124,559,571	110,568,687	<b>INCOME FROM OPERATIONS</b>	867,220,186	864,542,973
Related parties	114,022,732	83,974,677	Others	327,382,682	458,203,325	<b>OTHER INCOME (CHARGES)</b>		
Others - net	173,314,746	197,474,784	Accrued expenses	418,766,098	413,652,498	Interest income	83,367,682	94,881,456
Inventories - net	2,598,496,771	2,346,234,896	Taxes payable	200,473,870	134,063,590	Interest and other financing charges	(486,236,179)	(330,153,849)
Advances and deposits	597,319,969	389,369,462	Current maturities of long-term debts			Gains on foreign exchange - net of losses on changes in fair values of currency swap assets	73,237,329	317,415,158
Prepaid taxes	255,199,770	252,118,037	Loans	644,788,372	581,113,267	Others - net	(40,449,599)	(18,623,406)
Prepaid expenses and other current assets	116,279,975	185,338,845	Obligations under capital leases	24,432,217	16,693,454	Other Income (Charges) - Net	(370,080,767)	63,519,359
Total Current Assets	7,323,328,993	5,777,180,353	Total Current Liabilities	3,782,697,345	3,725,859,133	<b>INCOME BEFORE TAX EXPENSE</b>	497,139,419	928,062,332
<b>NON-CURRENT ASSETS</b>			<b>NON-CURRENT LIABILITIES</b>			<b>TAX EXPENSE</b>		
Currency swap assets - net	1,114,054,630	1,264,584,529	Long-term debts - net of current maturities			Current	(125,459,805)	(96,371,612)
Long-term receivables			Loans	1,123,377,389	1,258,831,171	Deferred	(24,266,845)	(212,206,654)
Third parties	361,504,244	353,401,180	Bonds and guaranteed notes payable - net	4,960,263,653	3,345,700,000	Total	(149,726,650)	(308,578,266)
Related parties	44,782,000	40,450,400	Obligations under capital leases	44,522,611	37,354,471	<b>INCOME BEFORE MINORITY INTERESTS IN NET EARNINGS OF SUBSIDIARIES</b>	347,412,769	619,484,066
Deferred tax assets - net	36,026,287	20,792,482	Sub-total	6,128,163,653	4,641,885,642	<b>MINORITY INTERESTS IN NET EARNINGS OF SUBSIDIARIES - Net</b>	(38,507,026)	(48,397,033)
Investments in shares of stock	21,823,831	25,435,140	Deferred tax liabilities - net	579,923,115	484,720,148	<b>NET INCOME</b>	308,905,743	571,087,033
Plantations			Other non-current liability - net	128,039,838	91,974,582	<b>EARNINGS PER SHARE</b>		
Matured plantations - net	135,090,711	144,338,624	Total Non-Current Liabilities	6,836,126,606	5,218,580,372	Income from Operations	102	97
Immature plantations	34,695,734	23,037,545	<b>MINORITY INTERESTS IN NET ASSETS OF SUBSIDIARIES</b>	914,462,775	807,921,425	Net Income	36	64
Property, plant and equipment - net	5,742,336,306	5,559,579,146	<b>SHAREHOLDERS' EQUITY</b>					
Other non-current assets	528,715,357	372,366,727	Capital stock - Rp 100 par value					
Total Non-Current Assets	8,019,029,100	7,803,985,773	Authorized - 30,000,000,000 shares					
<b>TOTAL ASSETS</b>	<b>15,342,358,093</b>	<b>13,581,166,126</b>	Issued and fully paid - 9,443,269,500 shares in 2003	944,326,950	938,490,000			
			and 9,384,900,000 shares in 2002	1,181,379,256	1,193,457,822			
			Additional paid-in capital					
			Treasury stock - 915,600,000 shares in 2003	(741,069,341)	(413,477,366)			
			and 461,489,500 shares in 2002					
			Differences arising from restructuring transactions among					
			entities under common control	(917,740,765)	(917,740,765)			
			Unrealized gains on investments in marketable securities - net	21,070,823	5,324,963			
			Differences arising from foreign currency translation	(1,145,571)	2,177,319			
			Retained earnings					
			Appropriated	35,000,000	30,000,000			
			Unappropriated	3,287,250,015	2,990,573,223			
			Net Shareholders' Equity	3,809,071,367	3,828,805,196			
			<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>	<b>15,342,358,093</b>	<b>13,581,166,126</b>			

Notes : 1. Earnings per share is computed based on the weighted average number of outstanding shares during the period.  
2. The foreign exchange rates used as at June 30, 2003 and 2002 were Rp 8,285 and Rp 8,730 to US\$ 1, respectively.  
3. For comparative purposes, certain accounts in the Consolidated Financial Statements of 2002 had been reclassified to conform with 2003 presentation.  
4. The above Consolidated Balance Sheet as at June 30, 2003 and the related Consolidated Statement of Income for the six months ended June 30, 2003 have been reviewed by Prasetto, Sarwoko & Sandjaja, registered public accountants.

Jakarta, August 15, 2003

The Board of Directors  
**PT INDOFOOD SUKSES MAKMUR Tbk**