

For immediate release

FajarPaper sack kraft expansion boosts sales

- Sales year to date, May up 55% to Rp 992 billion
- EBITDA up 83% to Rp 184 billion

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Leading recycled packaging paper **PT Fajar Surya Wisesa Tbk** announced today 55% higher sales for the first five months in 2007 compared with the same period in 2006.

Production from the company's new sack kraft line, representing a 40% increase in capacity, commissioned last August, has already been fully committed to both local and international customers. President Director, Winarko Sulisty, commented on the rapidly increasing demand for packaging. "We have seen a great deal of interest from both export and domestic markets," he said, "we have secured orders from Asia, the Middle East and Europe as demand for this type of paper have risen significantly."

FajarSackKraft is the company's latest, high-quality packaging paper. It represents a move into higher margin revenue generation and a further avenue to build awareness of the company's expertise in recycled paper, using recycled fibres and paper normally consigned to waste dumps and landfills. FajarPaper is the leading supplier of Sack Kraft in Indonesia, predominantly used for bagged cement and chemicals, while tests continue to gain accreditation for use as carrier packaging for food and grocery items. Supermarkets and hypermarkets are major users of plastic shopping bags and the company is exploring the use of its products as an environmentally friendly alternative. Overseas uses for Sack Kraft paper packaging include bagged animal feeds in South Korea, sugar bags in Poland, tea-leaf bags in Sri Lanka and for shipping chemicals in Malaysia. Various paper roll wrappings and cement bags are popular use in the Middle East.

Revenues from the company's other lines of carton packaging papers, namely FajarLiner and FajarMedium have increased by 31% and 61% respectively, under existing capacity, while sales of the company's display packaging paper – FajarDuplex have risen a respectable 15% year on year to May. Said Mr. Sulisty, "Consumer goods producers across a broad range of categories from instant noodles to electronics, rely on our paper packaging to ensure proper protection in transit to retailers and for effective display packaging in store."

Earnings and profitability have already substantially improved year to date with 35% sales volume growth and 55% higher revenues generating EBITDA (Earnings before interest, tax, depreciation and amortisation) of US\$20 million compared to US\$11 million for the same period last year, representing an improvement in EBITDA margin from 15.7% to 18.5%.

Based on the full order book and optimal capacity utilisation, the company anticipates total sales for 2007 at about Rp 2.5 trillion (2006: Rp 1.7 trillion) with EBITDA of US\$52 million (2006: US\$28 million).