IMPORTANT NOTICE

THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO ARE EITHER (1) A QUALIFIED INSTITUTIONAL BUYER (a "QIB") WITHIN THE MEANING OF RULE 144A UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT") OR (2) OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH REGULATION S UNDER THE SECURITIES ACT (AND, IF INVESTORS ARE RESIDENT IN A MEMBER STATE OF THE EUROPEAN ECONOMIC AREA, A QUALIFIED INVESTOR WITHIN THE MEANING OF DIRECTIVE 2010/73/EU).

IMPORTANT: You must read the following disclaimer before continuing. The following disclaimer applies to the attached offering memorandum. You are advised to read this disclaimer carefully before accessing, reading or making any other use of the attached offering memorandum. In accessing the attached offering memorandum, you agree to be bound by the following terms and conditions, including any modifications to them from time to time, each time you receive any information from us as a result of such access.

Confirmation of your Representation: You have accessed the attached offering memorandum on the basis that you have confirmed your representation to the Issuer and to the Initial Purchasers (as such terms are defined in the attached offering memorandum) that (1) you consent to delivery of the attached offering memorandum and any amendments or supplements thereto by electronic transmission and agree to the terms set forth herein, (2) either (A) you are a QIB (within the meaning of Rule 144A under the Securities Act) or (B)(i) you are outside the United States and, to the extent you purchase the securities described in the attached offering memorandum, you will be doing so pursuant to Regulation S under the Securities Act, and (ii) the e-mail address to which the attached offering memorandum has been delivered is not located in the United States of America (including the States and the District of Columbia), its territories, its possessions and other areas subject to its jurisdiction; and its possessions include Puerto Rico, the U.S. Virgin Islands, Guam, American Samoa, Wake Island and the Northern Mariana Islands, (3) you will not transmit the attached offering memorandum (or any copy of it or part thereof) or disclose, whether orally or in writing, any of its contents to any other person except with the consent of the Initial Purchasers and (4) you acknowledge that you will make your own assessment regarding any legal, taxation or other economic conditions with respect to your decision to subscribe for or purchase any securities.

The attached offering memorandum has been made available to you in electronic format. You are reminded that documents transmitted in an electronic format may be altered or changed during the process of transmission and consequently none of the Issuer, the Initial Purchasers and their respective affiliates, directors, officers, employees, representatives and agents or any other person controlling the Issuer, the Initial Purchasers or any of their respective affiliates accepts any liability or responsibility whatsoever with respect to any discrepancies between the document distributed to you in electronic format and the hard-copy version.

Restrictions: The attached offering memorandum is being furnished in connection with an offering exempt from registration under the Securities Act. Nothing in this electronic transmission constitutes an offer of securities for sale in the United States or any other jurisdiction where it is unlawful to do so.

ANY SECURITIES TO BE ISSUED HAVE NOT BEEN, AND WILL NOT BE, REGISTERED UNDER THE SECURITIES ACT, OR THE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES OR OTHER JURISDICTION AND MAY NOT BE OFFERED OR SOLD IN THE UNITED STATES UNLESS REGISTERED UNDER THE SECURITIES ACT OR PURSUANT TO AN EXEMPTION FROM, OR IN A TRANSACTION NOT SUBJECT TO, SUCH REGISTRATION. YOU ARE NOT AUTHORIZED TO AND YOU MAY NOT FORWARD OR DELIVER THE ATTACHED OFFERING MEMORANDUM, ELECTRONICALLY OR OTHERWISE, TO ANY OTHER PERSON OR REPRODUCE SUCH OFFERING MEMORANDUM IN ANY MANNER WHATSOEVER. ANY FORWARDING, DISTRIBUTION OR REPRODUCTION OF THE ATTACHED OFFERING MEMORANDUM IN WHOLE OR IN PART IS UNAUTHORIZED. FAILURE TO COMPLY WITH THIS DIRECTIVE MAY RESULT IN A VIOLATION OF THE SECURITIES ACT OR THE APPLICABLE LAWS OF OTHER JURISDICTIONS.

The materials relating to the offering do not constitute, and may not be used in connection with, an offer or solicitation in any place where offers or solicitations are not permitted by law. No action has been or will be taken in any jurisdiction by the Initial Purchasers or the Issuer that would, or is intended to, permit a public offering of the securities, or possession or distribution of the offering memorandum (in preliminary, proof or final form) or any other offering or publicity material relating to the securities, in any country or jurisdiction where action for that purpose is required. If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Initial Purchasers or any affiliate of the Initial Purchasers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Initial Purchasers or such affiliate on behalf of the Issuer in such jurisdiction.

Under no circumstances shall this offering memorandum constitute an offer to sell or the solicitation of an offer to buy nor shall there by any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful.

The offering memorandum has not been approved by an authorized person in the United Kingdom. The securities may not be offered or sold other than to persons whose ordinary activities involve these persons in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the securities would otherwise constitute a contravention of Section 19 of the Financial Services and Markets Act 2000 (the "FSMA") by us. In addition, no person may communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the securities other than in circumstances in which Section 21(1) of the FSMA does not apply to us.

You are reminded that the attached offering memorandum has been delivered to you on the basis that you are a person into whose possession the attached offering memorandum may be lawfully delivered in accordance with the laws of the jurisdiction in which you are located and you may not, nor are you authorized to, deliver this document, electronically or otherwise, to any other person. If you receive this document by e-mail, you should not reply by e-mail to this announcement. Any reply e-mail communications, including those you generate by using the "Reply" function on your e-mail software, will be ignored or rejected. If you receive this document by e-mail, your use of this e-mail is at your own risk and it is your responsibility to take precautions to ensure that it is free from viruses and other items of a destructive nature.

Golden Legacy Pte. Ltd.

(incorporated in the Republic of Singapore with limited liability)
(Company Registration Number: 201405933C)

US$350,000,000
8.25% SENIOR NOTES DUE 2021
UNCONDITIONALLY AND IRREVOCABLY GUARANTEED BY

PT Sri Rejeki Isman Tbk

(incorporated in the Republic of Indonesia with limited liability)

The US$350,000,000 8.25% Senior Notes due 2021 (the "Notes") to be issued by Golden Legacy Pte. Ltd. (the "Issuer") will bear interest from and including June 7, 2016 (the "Issue Date") at the rate of 8.25% per annum payable semi-annually in arrears on June 7 and December 7 of each year (each, an "Interest Payment Date") commencing on December 7, 2016. The due and punctual payment of all amounts at any time becoming due and payable in respect of the Notes will be unconditionally and irrevocably guaranteed (the "Guarantees") by the Issuer's parent company, PT Sri Rejeki Isman Tbk (the "Parent Guarantor") and PT Sinar Pantja Djaja, the Subsidiary Guarantor (the "Subsidiary Guarantor" and together with the Parent Guarantor, the "Guarantors"). The Issuer is a wholly owned subsidiary of the Parent Guarantor.

Concurrently with the offering of the Notes, the Issuer commenced a cash tender offer (the "Tender Offer") to repurchase any and all of the Issuer's outstanding 9.00% Senior Notes due 2019 (the "Old Notes"), of which US$270 million principal amount was outstanding on the date of this Offering Memorandum. Following this offering of the Notes and the repurchase of any of the Old Notes pursuant to the Tender Offer, the Issuer will transfer the remaining net proceeds of this offering of the Notes to Golden Mountain Textile and Trading Pte. Ltd. ("Golden Mountain"), a company incorporated in the Republic of Singapore with limited liability and a wholly owned subsidiary of the Issuer, by way of subscription of additional shares in the capital stock of Golden Mountain and/or grant of a shareholder loan to Golden Mountain. Golden Mountain will then on-lend the proceeds of such transfer to the Parent Guarantor pursuant to an intercompany loan (the "Intercompany Loan"), the proceeds of which are intended to be used for (i) the repayment of working capital loans; and (ii) the remainder for working capital and other general corporate purposes. See "Use of Proceeds," "The Issuer" and "Golden Mountain Textile and Trading Pte. Ltd.".

Unless previously redeemed or purchased and cancelled, the Notes will mature on June 7, 2021 (the "Maturity Date"). At any time on or after June 7, 2019, the Issuer may redeem the Notes, in whole or in part, at the redemption prices specified under "Description of the Notes — Optional Redemption", plus accrued and unpaid interest, if any, to the redemption date. At any time prior to June 7, 2019, the Issuer may at its option redeem all or any portion of the Notes at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium (as defined herein) and accrued and unpaid interest, if any, to the redemption date. At any time prior to June 7, 2019, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with proceeds from certain equity offerings at a redemption price of 108.25% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to the redemption date. Not later than 30 days following a Change of Control (as defined herein), the Issuer or the Parent Guarantor will make an offer to purchase all Notes then outstanding at a purchase price equal to 101% of the principal amount of the Notes plus accrued and unpaid interest, if any, to the Offer to Purchase Payment Date (as defined herein).

The Notes are subject to redemption in whole but not in part, at 100% of their principal amount, together with accrued and unpaid interest to the redemption date, at the option of the Issuer at any time in the event of certain changes affecting taxes of Singapore or the Republic of Indonesia. See "Description of the Notes — Redemption for Taxation Reasons". Payments on the Notes will be made in U.S. dollars without deduction for or on account of taxes imposed or levied by Indonesia or Singapore (and certain other jurisdictions) to the extent described under "Description of the Notes — Additional Amounts".

The obligations of the Issuer and the Parent Guarantor under the Notes and the Parent Guarantee will be secured by the Collateral (as defined below), which is comprised of pledges by the Parent Guarantor of the shares of the Issuer and by the Issuer of the shares of Golden Mountain (together, the "Shared Collateral"). The liens on the Shared Collateral will be *pari passu* with the liens on the Shared Collateral securing the obligations of the Issuer and the Parent Guarantor under the Old Notes, and subject to an intercreditor agreement. The Notes and the Guarantees will be unsubordinated obligations of the Issuer and the Guarantors, respectively, and will rank *pari passu* in right of payment with all their other respective unsubordinated indebtedness. For a more detailed description of the Notes, see "Description of the Notes".

Investing in the Notes involves certain risks. See "Risk Factors" beginning on page 18 for a discussion of certain factors to be considered in connection with an investment in the Notes.

The Notes and the Guarantees have not been and will not be registered under the U.S. Securities Act of 1933, as amended (the "Securities Act") and may not be offered or sold within the United States (as defined in Regulation S under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. Accordingly, the Notes are being offered and sold by the Initial Purchasers (as defined herein) only (1) to qualified institutional buyers in reliance on the exemption from the registration requirements of the Securities Act provided by Rule 144A under the Securities Act, and (2) outside the United States in reliance on Regulation S under the Securities Act. For a description of certain restrictions on resale or transfer, see "Transfer Restrictions" beginning on page 200. This offering does not constitute a public offering in Indonesia under Law Number 8 of 1995 regarding Capital Market. The Notes may not be offered or sold in Indonesia or to Indonesian citizens, wherever they are domiciled, or to Indonesian residents, in a manner which constitutes a public offer under the laws and regulations of Indonesia.

This Offering Memorandum has not been and will not be registered as a prospectus with the Monetary Authority of Singapore ("MAS") Accordingly, this Offering Memorandum and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Notes may not be circulated or distributed, nor may the Notes be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "SFA"); (ii) to a relevant person pursuant to Section 275(1), or to any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA; or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the SFA.

Approval in-principle has been obtained for the listing of and quotation for the Notes on the Official List of the Singapore Exchange Securities Trading Limited (the "SGX-ST"). The SGX-ST takes no responsibility for the correctness of any of the statements made or opinions or reports contained in this Offering Memorandum. Approval in-principle from, and listing and quotation of any Notes on, the SGX-ST is not to be taken as an indication of the merits of either us, this offering or the Notes. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 as long as any of the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

Issue Price: 100%

The Notes have been assigned a rating of "BB-" by Standard and Poor's Rating Group, a division of McGraw-Hill Companies, Inc. ("S&P"), "B1" by Moody's Investor Service Inc. ("Moody's") and "BB-" by Fitch Ratings Ltd. ("Fitch"). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organization.

It is expected that the delivery of the Notes will be made through the facilities of The Depository Trust Company ("DTC") on or about June 7, 2016 in New York, New York.

Sole Global Coordinator

Citigroup

Joint Bookrunners and Lead Managers

Citigroup **HSBC**

The date of this Offering Memorandum is June 1, 2016

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This offering memorandum (the "Offering Memorandum") is confidential and has been prepared by us solely for use in connection with the issue and offering of the Notes described herein. Citigroup Global Markets Singapore Pte. Ltd. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, as Initial Purchasers, reserve the right to reject any offer to subscribe for the Notes, in whole or in part, for any reason. This Offering Memorandum is personal to each offeree and does not constitute an offer to any other person or to the public generally to subscribe for or otherwise acquire the Notes. Any disclosure of any of the contents of this Offering Memorandum, without our prior written consent, is prohibited. Each prospective purchaser, by accepting delivery of this Offering Memorandum, agrees to the foregoing and to make no photocopies of this Offering Memorandum or any documents attached hereto.

The distribution of this Offering Memorandum and the offering, sale or delivery of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by us and the Initial Purchasers to inform themselves about and to observe any such restrictions. See "Plan of Distribution". No action is being taken to permit a public offering of the Notes or the distribution of this Offering Memorandum in any jurisdiction where action would be required for such purposes. No representation or warranty, express or implied, is made by the Initial Purchasers or the Trustee, the Principal Paying Agent, the Transfer Agent and the Registrar (each as defined herein and the Principal Paying Agent, the Transfer Agent and the Registrar collectively, as "Agents") as to the accuracy or completeness of the information set forth herein, and nothing contained in this Offering Memorandum is, or shall be relied upon as, a promise or representation, whether as to the past or the future. None of the Initial Purchasers, the Trustee or the Agents has independently verified any of such information. None of the Initial Purchasers, the Trustee and the Agents assumes any responsibility for its accuracy or completeness.

No person has been authorized to give any information or to make any representation other than those contained in this Offering Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorized by us or the Initial Purchasers. Neither the delivery of this Offering Memorandum nor any sale made in connection herewith shall,

under any circumstances, create any implication that there has been no change in our affairs since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that there has been no adverse change in our financial position since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Notes is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the Offering Memorandum containing the same.

The Initial Purchasers, the Trustee and the Agents do not make any representation or warranty, express or implied, as to the accuracy or completeness of the information contained in this Offering Memorandum. This Offering Memorandum should not be considered as a recommendation by the Initial Purchasers, the Trustee or the Agents that any recipient of this Offering Memorandum should purchase the Notes. Each person receiving this Offering Memorandum acknowledges that such person has not relied on the Initial Purchasers, the Trustee or the Agents or any person affiliated with any of them in connection with its investigation of the accuracy of such information or its investment decision. Each person contemplating making an investment in the Notes must make its own investigation and analysis of our creditworthiness and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience and any other factors which may be relevant to it in connection with such investment. No person should construe the contents of this Offering Memorandum as legal, business or tax advice and each person should be aware that it may be required to bear the financial risks of any investment in the Notes for an indefinite period of time. Each person should consult its own counsel, accountant and other advisers as to legal, tax, business, financial and related aspects of an investment in the Notes.

To the fullest extent permitted by law, the Initial Purchasers do not accept any responsibility for the contents of this Offering Memorandum or for any statement made or purported to be made by the Initial Purchasers or on their behalf in connection with the Issuer, the Guarantors or the issue and offering of the Notes. Each Initial Purchaser accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to herein) which it might otherwise have in respect of this Offering Memorandum or any such statement.

This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of us, the Initial Purchasers or any affiliate or representative of any of us or the Initial Purchasers to subscribe for or purchase, any Notes in any jurisdiction or in any circumstances in which such offer, invitation or solicitation is not authorized or to any person to whom it is unlawful to make such offer, invitation or solicitation.

Neither we nor the Initial Purchasers nor any affiliate or representative of us or the Initial Purchasers is making any representation to any investor regarding the legality of an investment by such investor under applicable laws.

Each purchaser of the Notes must comply with all applicable laws and regulations in force in each jurisdiction in which it purchases, offers or sells such Notes or possesses or distributes this Offering Memorandum and must obtain any consent, approval or permission required by it for the purchase, offer or sale by it of such Notes under the laws and regulations in force in any jurisdictions to which it is subject or in which it makes such purchases, offers or sales and neither we nor the Initial Purchasers shall have any responsibility therefore. For the avoidance of doubt, any disclosure of the contents of this Offering Memorandum, without our prior written consent, is prohibited.

The Notes provide that the Trustee shall take action on behalf of Noteholders in certain circumstances, but only if the Trustee is indemnified to its satisfaction. It may not be possible for the Trustee to take certain actions whether in relation to the Notes or the Collateral, and accordingly, in such circumstances the Trustee will be unable to take such actions, notwithstanding the provision of an indemnity to it, and it will be for Noteholders to take such actions directly.

IN CONNECTION WITH THE ISSUE OF THE NOTES, CITIGROUP GLOBAL MARKETS SINGAPORE PTE. LTD. (THE "STABILIZING MANAGER") (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER), MAY OVER-ALLOT NOTES OR EFFECT TRANSACTIONS WITH A VIEW TO SUPPORTING THE PRICE OF THE NOTES AT A LEVEL HIGHER THAN THAT WHICH MIGHT OTHERWISE PREVAIL. HOWEVER, THERE IS NO ASSURANCE THAT THE STABILIZING MANAGER (OR PERSONS ACTING ON ITS BEHALF) WILL UNDERTAKE STABILIZATION ACTION. ANY STABILIZATION ACTION MAY BEGIN ON OR AFTER THE DATE ON WHICH ADEQUATE PUBLIC DISCLOSURE OF THE TERMS OF THE OFFER OF THE NOTES IS MADE AND, IF BEGUN, MAY BE ENDED AT ANY TIME, BUT IT MUST END NO LATER

THAN THE EARLIER OF 30 DAYS AFTER THE ISSUE DATE OF THE NOTES AND 60 DAYS AFTER THE DATE OF THE ALLOTMENT OF THE NOTES. ANY STABILIZATION ACTION OR OVER-ALLOTMENT MUST BE CONDUCTED BY THE STABILIZING MANAGER (OR PERSONS ACTING ON BEHALF OF THE STABILIZING MANAGER) IN ACCORDANCE WITH ALL APPLICABLE LAWS AND RULES.

NOTICE TO INVESTORS IN INDONESIA

The Notes have not been offered or sold and will not be offered or sold in Indonesia or to any Indonesian nationals, corporations or residents, including by way of invitation, offering or advertisement, and this Offering Memorandum and any other offering material relating to the Notes has not been distributed, and will not be distributed, in Indonesia or to any Indonesian nationals, corporations or residents in a manner which would constitute a public offering in Indonesia under Law No. 8 of 1995 on Capital Market. The Indonesian Financial Service Authority (*Otoritas Jasa Keuangan* or "OJK") (formerly known as Bapepam-LK) does not review or declare its approval or disapproval of the issue of the Notes, nor does it make any determination as to the accuracy or adequacy of this Offering Memorandum. Any statement to the contrary is a violation of Indonesian law.

CERTAIN DEFINED TERMS AND CONVENTIONS

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, all references to "Indonesia" are references to the Republic of Indonesia. All references to the "Government" herein are references to the Government of the Republic of Indonesia. All references to "United States" or "US" herein are to the United States of America.

The Parent Guarantor acquired PT Sinar Pantja Djaja ("SPD"), a company incorporated in the Republic of Indonesia, on November 16, 2013. Because prior to the acquisition SPD was deemed to be an entity under common control with the Parent Guarantor, the information in this Offering Memorandum is presented as if SPD had been acquired on January 1, 2012. See "Presentation of Financial Information" and the consolidated financial statements and the notes thereto of the Parent Guarantor included elsewhere in this Offering Memorandum. Accordingly, unless otherwise specified, all production data presented in this Offering Memorandum includes, on a consolidated basis, the production data of the Parent Guarantor together with the production data of SPD.

For convenience, certain Rupiah amounts have been translated into U.S. dollar amounts, based on unless otherwise specified the prevailing exchange rate on March 31, 2016 of Rp.13,276 = US$1.00 being the average of buying and selling rates of exchange for Rupiah against U.S. dollar quoted by Bank Indonesia on that date. Such translations should not be construed as representations that the Rupiah or U.S. dollar amounts referred to could have been, or could be, converted into Rupiah or U.S. dollars, as the case may be, at that or any other rate or at all. See "Exchange Rates and Exchange Controls" for further information regarding rates of exchange between the Rupiah and U.S. dollar.

In this Offering Memorandum, the following key terms have the following meanings:

- a "bale" of yarn is equal to 181.4 kilograms;
- "Clearstream" refers to Clearstream Banking, *société anonyme*;
- the "Company" refers to PT Sri Rejeki Isman Tbk and its subsidiaries as a group or as members of such group;
- "DTC" refers to The Depository Trust Company;
- "Euroclear" refers to Euroclear Bank S.A./N.V.;
- "Golden Mountain" refers to Golden Mountain Textile and Trading Pte. Ltd.;
- the "Guarantors" refers to the Parent Guarantor and SPD;
- "IDX" refers to the Indonesia Stock Exchange;
- "Indonesian FAS" refers to the Indonesian Financial Accounting Standards;

- the "Initial Purchasers" refer to Citigroup Global Markets Singapore Pte. Ltd. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch;
- "ISAK" refers to the Interpretation of Financial Accounting Standards in Indonesia (Interpretasi Standar Akuntansi Keuangan);
- the "Issuer" refers to Golden Legacy Pte. Ltd.;
- the "Notes" refer to the Senior Notes due 2021 offered hereby in this Offering Memorandum;
- "OJK" refers to *Otoritas Jasa Keuangan* or the Financial Services Authority of Indonesia (formerly known as Bapepam-LK);
- the "Old Notes" refer to the Issuer's 9.00% Senior Notes due 2019;
- the "Parent Guarantor" refers to PT Sri Rejeki Isman Tbk;
- "PSAK" refers to the Statement of Financial Accounting Standards applicable in Indonesia (*Pernyataan Standar Akuntasi Keuangan*);
- "SPD" or the "Subsidiary Guarantor" refers to our subsidiary PT Sinar Pantja Djaja;
- "Trustee" refers to Citicorp Investment Bank (Singapore) Limited; and
- "we", "us", "our" and "ourselves" refers to the Parent Guarantor and, where the context requires, its subsidiaries, as a group or as members of such group.

PRESENTATION OF FINANCIAL INFORMATION

The financial information as of and for the years ended December 31, 2014 and 2015 and as of March 31, 2016 and for the three months ended March 31, 2015 and 2016, included in this Offering Memorandum, has been derived from: (i) the audited consolidated financial statements as of and for the years ended December 31, 2014 and 2015 and (ii) the unaudited interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016 of the Company, respectively, included elsewhere in this Offering Memorandum. These audited consolidated financial statements and unaudited interim consolidated financial statements are collectively referred to herein as "consolidated financial statements".

The Company changed its functional currency from Indonesian Rupiah to U.S. dollar, effective October 1, 2014, in accordance with PSAK No. 10 (Revised 2010) "The Effects of Changes in Foreign Exchange Rates" and accordingly, the Company has translated its consolidated financial statements as of and for the period ended September 30, 2014 and its unaudited comparative consolidated financial statements presented as of and for the year ended December 31, 2013. See note 5 to the consolidated financial statements included elsewhere in this Offering Memorandum. Effective January 1, 2015, the Company has applied PSAK No. 24 (Revised 2013) "Employee Benefits" ("PSAK 24"). In accordance with the transitional provision of PSAK 24, the standard is applied from the earliest period presented in the consolidated financial statements and accordingly, the Company has restated its consolidated financial statements as of and for the year ended December 31, 2014 to reflect the application of PSAK 24. See note 4 to the consolidated financial statements included elsewhere in this Offering Memorandum. The Company has also restated its unaudited consolidated financial statements as of and for the year ended December 31, 2013, presented as comparative information in the consolidated financial statements, to reflect the adjustments for the change in functional currency from Indonesian Rupiah to U.S. dollar and to reflect the application of PSAK 24; however, such restated financial statements have not been audited or reviewed. The financial information as of and for the year ended December 31, 2013 included in this Offering Memorandum has been derived from such unaudited comparative consolidated financial statements.

Unless otherwise indicated, the abovementioned consolidated financial statements and the related financial information contained in this Offering Memorandum have been prepared in accordance with Indonesian FAS, which differ in certain respects from generally accepted accounting principles in the United States ("U.S. GAAP"), and are not comparable to financial statements prepared under U.S. GAAP. For a summary of certain differences between Indonesian FAS and U.S. GAAP, see "Summary of Certain Differences Between Indonesian FAS and U.S. GAAP" included elsewhere in this Offering Memorandum.

The Company acquired SPD on November 16, 2013. Because prior to the acquisition SPD was deemed to be an entity under common control with the Company, the information in this Offering Memorandum is

presented as if SPD had been acquired on January 1, 2012. See the consolidated financial statements and the notes thereto of the Company included elsewhere in this Offering Memorandum. Accordingly, unless otherwise specified, all financial information presented in this Offering Memorandum includes, on a consolidated basis, the financial information of the Parent Guarantor together with the financial information of its subsidiaries, including SPD. Unless otherwise indicated or otherwise required by the context, all references in this Offering Memorandum to "Rupiah" or "Rp." are to the lawful currency of Indonesia. References to "U.S. dollars" or "US$" are to United States dollars, the lawful currency of the United States. Rounding adjustments have been made in calculating some of the financial information included in this Offering Memorandum. As a result, numerical figures shown as totals in some tables may not be exact arithmetic aggregations of the figures that precede them.

INDUSTRY AND MARKET DATA

We obtained market data and certain industry forecasts used in this Offering Memorandum, including in "Industry Overview" from industry publications and surveys, reports of governmental agencies and publicly available information. While we have taken reasonable care in the extraction, compilation and reproduction of the information and statistics from the sources noted above, none of us, the Initial Purchasers or any other party involved in this offering has independently verified the information and statistics derived directly or indirectly from official government sources or made any representation as to their accuracy or completeness. Such information and statistics may be out of date and may not be consistent with other information and statistics. You should not place undue reliance on such information and statistics contained in this Offering Memorandum, including in "Industry Overview".

NON-INDONESIAN FAS AND NON-U.S. GAAP FINANCIAL MEASURES

EBITDA presented in this Offering Memorandum is a supplemental measure of our performance and liquidity that is not required by, or presented in accordance with, Indonesian FAS or U.S. GAAP. We define EBITDA as income for the period, before pro forma adjustment arising from business combination transactions of entities under common control, finance charges, finance income, income tax expenses and depreciation expense. EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS or U.S. GAAP and should not be considered as an alternative to comprehensive income, net income, operating income or any other performance measure derived in accordance with Indonesian FAS or U.S. GAAP or as an alternative to cash flow from operating activities as a measure of liquidity. In addition, EBITDA is not a standardized term, hence a direct comparison between companies using such a term may not be possible.

We believe that EBITDA facilitates comparisons of operating performance from period to period and company to company by eliminating potential differences caused by variations in capital structures (affecting finance charges), tax positions (such as the impact on periods or companies of changes in effective tax rates or net operating losses), and the age and booked depreciation of assets (affecting relative depreciation and amortization of expense). EBITDA has been presented because we believe that it is frequently used by securities analysts, investors and other interested parties in evaluating similar companies, many of whom present such non-Indonesian FAS and/or non-U.S. GAAP financial measures when reporting their results. Finally, EBITDA is presented as a supplemental measure of our ability to service debt. Nevertheless, EBITDA has limitations as an analytical tool, and you should not consider it in isolation from, or as a substitute for analysis of, our financial condition or results of operations, as reported under Indonesian FAS. Because of these limitations, EBITDA should not be considered as a measure of discretionary cash available to invest in the growth of our business. The term "Consolidated EBITDA", as used in the section titled "Description of the Notes" summarizing certain provisions of the Indenture, the Notes and the Guarantees, is calculated differently from EBITDA and is not a measurement of financial performance or liquidity under Indonesian FAS or U.S. GAAP.

See "Summary Consolidated Financial Information and Operating Data" and "Selected Consolidated Financial Information and Operating Date" for a reconciliation of our income for the period under Indonesian FAS to our definition of EBITDA.

ENFORCEABILITY

Enforceability of Foreign Judgments in Indonesia and Singapore

The Notes, the Guarantees and certain agreements entered into with respect to the issue of the Notes, including the Indenture, are governed by the laws of the State of New York. The Issuer is incorporated as a private company with limited liability under the laws of the Republic of Singapore. The Issuer is a special-purpose company with limited assets and the Issuer's directors reside in Singapore and Indonesia. Judgments of United States courts obtained against the Issuer or its directors and officers predicated upon the civil liability provisions of the United States federal or state securities laws are not enforceable in Singapore and there is doubt as to whether Singapore courts will enter judgments in original actions brought in Singapore against the Issuer or its directors and officers, based only upon the civil liability provisions of the United States federal and state securities laws. As a result, it may be difficult for you to enforce judgments obtained in United States courts against the Issuer's assets located outside the United States, and it may be difficult for you to enforce judgments obtained in United States courts against the Issuer or its directors and officers. Each of the Guarantors are incorporated under the laws of the Republic of Indonesia. All of the Guarantors' respective commissioners and directors reside in Indonesia, and substantially all of the respective assets of the Guarantors are located in Indonesia. As a result, it may not be possible for investors to effect service of process outside of Indonesia upon the Guarantors or such persons or to enforce against the Guarantors, or such persons outside of Indonesia in an Indonesian court, judgments obtained in courts outside of Indonesia, including judgments based upon the civil liability provisions of the securities laws outside the United States or any state or territory within the United States.

We have been advised by our Indonesian counsel, Assegaf Hamzah & Partners, that judgments of non-Indonesian courts are not enforceable in Indonesian courts and, as a result, it may not be possible to enforce judgments obtained in non-Indonesian courts against us, including any judgments on original actions brought in Indonesian courts based solely upon the civil liability provisions of the federal securities laws of the United States. A foreign court judgment could be admissible as evidence in a proceeding on the underlying claim in an Indonesian court and may be given such evidentiary weight as the Indonesian court may deem appropriate in its sole discretion. A claimant may be required to pursue claims in Indonesian courts on the basis of Indonesian law. Re-examination of the underlying claim de novo would be required before the Indonesian court. There can be no assurance that the claims or remedies available under Indonesian law will be the same, or as extensive, as those available in other jurisdictions.

We have been advised by our Singapore counsel, Allen & Gledhill LLP, that foreign court judgments are not automatically enforceable as if they were judgments of the Singapore court unless that foreign country and Singapore are parties to a treaty providing for reciprocal recognition and enforcement of judgments, and an application is made to register the foreign court judgment in the Singapore court. As Indonesia and Singapore do not currently have a treaty providing for reciprocal recognition and enforcement of judgments in civil and commercial matters, and Indonesia is not listed as a country under the Reciprocal Enforcement of Commonwealth Judgments Act, Chapter 264 of Singapore, or Reciprocal Enforcement of Foreign Judgments Act, Chapter 265 of Singapore, a final and conclusive judgment for the payment of money rendered by any courts in Indonesia based on civil liability cannot be registered in Singapore and enforced as if it was a judgment of the Singapore court. However, if the party in whose favor such Indonesian final and conclusive judgment is rendered brings a new suit in a court of competent jurisdiction in Singapore and makes a fresh claim on the final and conclusive money judgment rendered by the Indonesian courts, such party may submit to the Singapore court the final and conclusive judgment that has been rendered in Indonesia as evidence of fact in relation to the claim for the money judgment.

If and to the extent the Singapore court finds that the court in Indonesia is of competent jurisdiction to render the judgment, it is an in personam final and conclusive judgment, which is also judgment for a definite sum of money, the Singapore court will, in principle, grant a Singapore judgment for the sum under the foreign judgment, without substantive re-examination or re-litigation on the merits of the subject matter thereof, unless such judgment was procured by fraud or its enforcement would be contrary to public policy in Singapore or that the proceedings in which it was obtained were contrary to natural justice.

Enforceability of the Guarantees in Indonesia

Under the Indonesian Civil Code, a guarantor may waive its right to require the obligee to exhaust its legal remedies against the obligor's assets on a guaranteed obligation prior to the obligee exercising its rights under the

related guarantee. The Guarantees contain a waiver of this obligation. The Guarantors have been advised by their Indonesian legal advisor that they may successfully argue that, even though a guarantee contains such waivers, the Guarantors may nevertheless require that the obligee must first prove that all available legal remedies against the obligor have in fact, been exhausted. Accordingly, if such request is granted, the Guarantors may not be required to comply with their obligations under the Guarantees provided in respect of the Notes until all remedies against the Issuer have been exhausted. Paragraph 1 of Article 1832 of the Indonesian Civil Code stipulates that once a guarantor has waived its rights to require a lender to exhaust its legal remedy against the obligor, such guarantor may no longer claim otherwise. However, the outcome of specific cases in the Indonesian legal system is subject to considerable discretion and uncertainty. See "Risk Factors — Risks Relating to the Notes and the Guarantees — Through the purchase of the Notes, Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty; it may be difficult or impossible for holders of the Notes to pursue claims under the Notes or the Guarantees because of considerable discretion and uncertainty of the Indonesian legal system".

In several court cases in Indonesia, Indonesian companies that had defaulted on debt incurred through offshore financing entities (using structures involving a guarantee issued by an Indonesian company) have successfully sued their creditors to, among other things, invalidate their debt obligations and have sought damages from creditors exceeding the original proceeds of the debt issued. In one such case, which was subsequently settled, an Indonesian court annulled the transaction documents in a structure involving a guarantee issued by an Indonesian company for debt of an offshore subsidiary. In another case, an Indonesian court declared a loan agreement between an offshore entity and its creditors null and awarding damages to the defaulting borrower. The courts' reports of these decisions do not provide a clear factual basis or legal rationale for the judgments.

In a June 2006 decision that was released in November 2006, the Indonesian Supreme Court affirmed a lower court judgment that invalidated US$500 million of notes issued through an offshore offering structure (the "June 2006 Decision"). The decision involved an Indonesian listed company, PT Indah Kiat Pulp & Paper Tbk. ("Indah Kiat"), as plaintiff and various parties as the defendants using a structure similar to this offering of the Notes and the Guarantees, whereby notes were issued through a Dutch subsidiary of Indah Kiat and guaranteed by Indah Kiat. The Indonesian Supreme Court upheld the decisions of a District Court and High Court in Indonesia in favor of Indah Kiat. The Indonesian courts ruled that the defendants (including the trustee, underwriter and security agent for the issuance of the Indah Kiat notes) committed a tort (*perbuatan melawan hukum*), and therefore the issuance of the notes was declared null and void. The courts nullified the notes by reasoning that the contracts made in relation to the notes were signed without any legal cause, and so did not meet the provision of Article 1320 of the Indonesian Civil Code that requires a legal cause as one of the elements for a valid agreement. The Indonesian courts accepted the plaintiff's argument that Indah Kiat acted both as a debtor and as a guarantor of the same debt even though in the facts of the case Indah Kiat International Finance Company B.V. ("Indah Kiat BV"), lndah Kiat's Dutch subsidiary established for the purpose of the issuance of the notes, was the issuer of the notes and Indah Kiat was the guarantor of such notes. The Indonesian courts also ruled that the establishment of Indah Kiat BV was unlawful as it was intended to avoid Indonesian withholding tax payments.

On August 19, 2008, the Indonesian Supreme Court granted a civil review (*peninjauan kembali*) and annulled the June 2006 Decision ("August 2008 Decision"). The Indonesian Supreme Court in its civil review decision stated that Indah Kiat had failed to prove that the transaction was an act of legal manipulation that caused damages to Indah Kiat. Therefore, the Indonesian Supreme Court concluded that the defendants did not commit any unlawful act. Further, the Indonesian Supreme Court maintained that it was clear that the money borrowed by Indah Kiat from Indah Kiat BV was in fact originated from the issuance of notes, as evidenced in the recital of the relevant loan agreement, and thus the claim that the whole transaction was a manipulation of law had no merit. Moreover, with regard to the validity and enforceability of the security documents, the civil review stated that the security agreements would prevail as long as the underlying agreements were still valid and binding. On the tax issues, the civil review considered that the Indonesian Supreme Court has misapplied the tax law as it did not prohibit tax saving, and thus the claim relating to tax was annulled. The civil review also stated that for certain New York law governed agreements in the transaction (such as the indenture, the loan agreement, the amended and restated loan agreement and the underwriting agreement), the claim should be brought to the appropriate court in the state of New York.

Despite the decision described above, the Indonesian Supreme Court has taken a contrary view with respect to PT Lontar Papyrus Pulp & Paper Industry ("Lontar Papyrus"), a sister corporation of Indah Kiat. According to an Indonesian Supreme Court decision at civil review level (which was subsequently upheld by the Indonesian

Supreme Court at the appellate level), in March 2009, the Indonesian Supreme Court refused a civil review (the "March 2009 Decision") of a judgment by the District Court of Kuala Tungkal, in South Sumatra, which invalidated US$550 million of notes issued by APP International Finance Company B.V. ("APPC") and guaranteed by Lontar Papyrus. Lontar Papyrus' legal arguments in its lower court case were fundamentally the same as those in the earlier cases by Indah Kiat — namely, that, under the notes structure, the plaintiff was acting as both the debtor and guarantor for the same debt and, therefore, the structure was invalid. The Indonesian Supreme Court's refusal to grant a civil review effectively affirmed the lower court's decision to invalidate all of the transaction documents, including Lontar Papyrus's obligations as the guarantor under the notes, and meaning the verdict is now final. The Indonesian Supreme Court's refusal to grant the civil review was based on reasons that the loan agreement between APPC and Lontar Papyrus and the indenture with regard to the issuance of notes required adjustment to observe the prevailing laws and regulations in Indonesia. In addition, the fact that the loan has been paid in full by Lontar Papyrus to APPC under the relevant loan agreement resulted in Lontar Papyrus having no continuing outstanding legal obligation, either as debtor under the relevant loan agreement or as guarantor under the indenture. Lontar Papyrus and Indah Kiat are subsidiaries of Asia Pulp & Paper Company Ltd., and their original court cases against their creditors were filed at approximately the same time. While the lower court decisions in certain of these cases have been ultimately annulled by the Indonesian Supreme Court, as was the case in August 2008 in the Indah Kiat matter, it appears that the Indonesian Supreme Court has taken a contradictory view on the Lontar Papyrus case.

In September 2011, the Indonesian Supreme Court (the "September 2011 Decision") refused a civil review of a decision by the District Court of Bengkalis (whose judgment was the subject of the Indonesian Supreme Court's June 2006 Decision and August 2008 Decision), which invalidated the notes issued by Indah Kiat BV. The facts and legal claims presented by Indah Kiat BV were substantially the same as those made by Indah Kiat in the lower court cases that were the subject of the June 2006 Decision. The September 2011 Decision specifically noted that the Indonesian Supreme Court chose to not consider its August 2008 Decision despite such substantially similar facts and legal claims.

The Indonesian Supreme Court's refusal to grant civil reviews of the lower court decisions in the March 2009 Decision and September 2011 Decision effectively affirmed the lower courts' decisions and such lower court decisions are now final and not subject to further review.

There is also an instance where the Indonesian court, through a suspension of payment proceedings, failed to acknowledge noteholders as creditors of the parent guarantor under a guarantee arrangement similar to that of the Notes. On December 8, 2014, the Supervisory Judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that noteholders were not creditors of PT Bakrie Telecom Tbk ("Bakrie Tel") for purposes of its court-supervised debt restructuring, known as a PKPU (the "Bakrie Tel PKPU"). Bakrie Tel, an Indonesian telecommunications company, is the guarantor of US$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is a subsidiary of Bakrie Tel. The proceeds from the offering of the notes were on-lent to Bakrie Tel pursuant to an intercompany loan agreement, which was guaranteed by Bakrie Tel and assigned to the noteholders as collateral. In its decision affirming the composition plan, the Commercial Court accepted the Supervisory Judge's determination that the relevant creditor of Bakrie Tel in respect of the US$380 million notes was the issuer subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognized by the Commercial Court as indebtedness on which Bakrie Tel was liable for purposes of the Bakrie Tel PKPU. As a result, only the issuer subsidiary had standing as a Bakrie Tel creditor to vote in the Bakrie Tel PKPU proceedings, which substantially altered the terms of the U.S. dollar bonds and the guarantee. See "Risk Factors — Risks Relating to Indonesia — An Indonesian court has limited certain rights of the trustee, acting on behalf of the holders of U.S. dollar bonds, in relation to the parent guarantor, in a decision that affected the holders' rights and the terms of the bonds in connection with a debt restructuring of the parent guarantor".

Similar with the Bakrie Tel PKPU case, an Indonesian company, PT Trikomsel Oke Tbk ("Trikomsel"), in early 2016 was entered into a suspension of payment obligation (PKPU) under the Indonesia bankruptcy law regime. The PKPU administrators were reported to reject claims that arose from their two Singaporean Dollar bonds and have taken the stance that the trustees do not have any standing to make claims on behalf of the bondholders. Further, they asserted that only individual noteholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on the restructuring plan. Various sources indicate that the PKPU administrators have instead acknowledged Trikomsel's affiliates' intercompany loan, by which the proceeds of bond issuance have been streamed. The PKPU process is currently extended until mid-June and discussion on the restructuring plan is still ongoing.

The Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as would be the case in common law jurisdictions such as the United States and the United Kingdom. This means that while lower courts are not bound by the Indonesian Supreme Court decisions, such decisions have persuasive force. Therefore, there can be no assurance that in the future a court will not issue a similar decision to the June 2006 Decision or the March 2009 Decision in relation to the validity and enforceability of the Notes and the Guarantees or grant additional relief to the detriment of the holders of the Notes, if we were to contest the enforcement by the holders of the Notes of our obligations.

For a description of potential limitations on enforcement against the Guarantors and the right of the holders of the Notes under the Guarantees, see "Risk Factors — Risks Relating to the Notes, the Guarantees and the Collateral — Indonesian companies have filed suits in Indonesian courts to invalidate transactions involving offshore offering structures, and have brought legal action against lenders and other transaction participants; moreover, such legal action had resulted in judgments against such defendants invalidating all obligations under the applicable debt instruments and in damages against such defendants in excess of the amounts borrowed" and "Risk Factors — Risks Relating to the Notes, the Guarantees and the Collateral — Through the purchase of the Notes, Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty; it may be difficult or impossible for holders of the Notes to pursue claims under the Notes or the Guarantees because of considerable discretion and uncertainty of the Indonesian legal system".

Indonesian Regulation of Offshore Debt

Pursuant to Presidential Decree No. 59/1972 dated October 12, 1972 as lastly amended by Presidential Decree No. 120/1998 dated August 12, 1998 ("Presidential Decree No. 59/1972"), each of the Guarantors is required to report details regarding its offshore debt to the Minister of Finance of Indonesia and Bank Indonesia, on the acceptance, implementation and repayment of principal and interest. The Ministry of Finance Decree No. KEP-261/MK/IV/5/73 dated May 3, 1973, as amended by the Ministry of Finance Decree No.417/KMK.013/1989 dated May 1, 1989, and the Ministry of Finance Decree No. -279/ KMK.01/1991 dated March 18, 1991, as the implementing regulation of the Presidential Decree No. 59/1972, further set forth the requirements to submit periodic reports regarding offshore debt (including guarantees over offshore debt) to the Ministry of Finance of Indonesia and Bank Indonesia on the effective date of the contract and each subsequent three-month period. Further, pursuant to Presidential Decree No. 39/1991 dated September 4, 1991, all offshore commercial borrowers must submit periodic reports to the Team of Offshore Commercial Borrowings (the "PKLN Team") upon the implementation of their offshore commercial borrowings. Presidential Decree No. 39/1991 does not stipulate the time frame or the format and the content of the periodic reports that must be submitted.

On December 31, 2014, Bank Indonesia issued Bank Indonesia Regulation No. 16/22/PBI/2014 regarding the Reporting on Foreign Exchange Activities and Reporting on the Implementation of Prudential Principles in the Management of Non-Bank Corporation's Offshore Debt ("PBI 16/22"). This regulation supersedes the Bank Indonesia Regulation No. 14/21/PBI/2012 regarding the Reporting on Foreign Exchange Activities ("PBI 14/21") which took effect on January 1, 2015. However, the implementing regulation of PBI 14/21, namely the Bank Indonesia Circular Letter No. 15/16/Dlnt dated April 29, 2013 on the Reporting of Foreign Exchange Activities in the form of Offshore Debt Realization and Position ("SEBI 15/16/DInt") would remain valid to the extent it did not contravene PBI 16/22. Bank Indonesia has issued implementing regulations for PBI 16/22, namely (i) the Bank Indonesia Circular Letter No. 17/4/DSta dated March 6, 2015 on the Reporting of Foreign Exchange Activities in the form of Offshore Debt Plan and the Amendment thereto ("SEBI 17/4/DSta") which supersedes Bank Indonesia Circular Letter No. 15/17/Dint dated April 29, 2013; (ii) Bank Indonesia Circular No. 17/3/DSta dated March 6, 2015 on the Reporting of the Implementation of Prudential Principles in the Management of Non-Bank Corporation's Offshore Debt as amended by Bank Indonesia Circular No. 17/24/DSta dated October 12, 2015 ("SEBI 17/3/DSta"); and (iii) the Bank Indonesia Circular Letter No. 17/26/DSta dated October 15, 2015 on the Reporting on Foreign Exchange Activities other than Offshore Debt ("SEBI 17/26/DSta"), which supersedes Bank Indonesia Circular Letter No. 15/5/DSM dated March 7, 2013.

PBI 16/22 requires all Indonesian residents who engage in foreign exchange activities, whether individual or entities, to report (i) any trading of goods, services and other transaction between an Indonesian resident and a non-resident; (ii) position and changes to offshore financial assets and/or offshore financial liabilities; and/or (iii) offshore debt plan and/or its realization to Bank Indonesia. The report on foreign exchange activities must be submitted using an online system in accordance with each implementing regulations of PBI 16/22 as applicable, namely SEBI 17/26/DSta, SEBI 15/16/Dint, SEBI 17/4/DSta and SEBI 17/13/DSta.

Pursuant to SEBI 17/26/DSta, the following reports must be submitted to Bank Indonesia: (i) a report on trading transactions of goods, services, and other transactions between Indonesian residents and non-residents, (ii) a report on positions held and changes to offshore financial assets, (iii) a report on positions held and changes to equity of non-residents and other related obligations, (iv) a report on positions held and changes to offshore derivative obligations, (v) a report on positions held in offshore contingencies and commitments, and (vi) a report on positions held in securities owned by custodian customers. The report specified in (v) covers corporate guarantees, and any corporate guarantee given to a foreign lender which must be reported to Bank Indonesia. Such reports and/or corrections of such reports (if any) are to be submitted through Bank Indonesia's website in a format that is specified under SEBI 17/26/DSta.

According to SEBI 15/16/DInt, any individual or entity that obtains offshore debt in a foreign currency and/or Rupiah pursuant to loan agreements, debt securities, trade credits or other loans, except two-step loans incurred by the Government (which refer to loans made by international financial institutions that are distributed to Indonesian commercial and rural banks through Bank Indonesia to support the Government's programs), clearing accounts, savings and deposits, must submit reports to Bank Indonesia. There is no minimum amount requirement to trigger the reporting obligation with regard to offshore debt obtained by an entity (whether a financial or non-financial institution). In contrast, an individual's offshore debt is only required to be reported if such debt exceeds an amount of US$200,000 or its equivalent in any other currency. The reports consist of the main data report and/or amendments and the monthly recapitulation data report. The main data report must be submitted to Bank Indonesia by no later than 15th day of the following month at 14:00 Western Indonesia time after the signing of the loan agreement or the issuance of the debt securities and/or the debt acknowledgment over the trade credits and/or other loans, and a monthly recapitulation data report must be submitted to Bank Indonesia by no later than 15th day of the following month at 24:00 Western Indonesia time, until the offshore debt has been repaid in full.

According to SEBI 17/4/DSta, a company that intends to obtain a long-term offshore debt, namely a debt with tenor of more than one year, is required to submit reports on offshore debt plans to Bank Indonesia, through an online system by no later than March 15th of the respective year, while any changes thereto must be submitted through an online system at the latest by July 1st of the respective year. The procedure to submit such reports is stipulated in SEBI 17/4/DSta.

In addition to reporting on foreign exchange activities, for the purpose of PBI 16/21/ 2014 (as defined below), PBI 16/22 also requires reporting on the implementation of Prudential Principles. Under the SEBI 17/3/DSta, non-bank corporations must submit:

(1) the prudential principle implementation activity report ("KPPK report"): (i) a non-attested KPPK Report, which is to be submitted on quarterly basis, no later than the end of the third month after the end of the relevant quarter; and (ii) an attested KPPK report (attested by a public accountant), which is to be submitted no later than the end of June of the following year;

(2) information on the fulfillment of credit ratings, which is to be submitted at the latest at the end of the month following the execution or issuance of the offshore debt; and

(3) the financial statements of the company, consisting of: (i) unaudited financial statements, to be submitted on quarterly basis, by no later than the end of the third month after the end of the relevant quarter; and (ii) annual audited financial statements, which must be submitted by no later than end of June of the following year.

Bank Indonesia examines the accuracy of the foreign exchange activities report and the prudential principle implementation activity report. It can also request clarifications, evidence, records or other supporting documents from the relevant party or institutions, including direct inspection to the company or appoint a third party to do so.

As of January 1, 2016, submissions of and corrections to the prudential principle implementation activity report shall be made online. The requirement to submit credit ratings fulfillment only applies to offshore debt executed or issued as of January 1, 2016.

On December 23, 2015, Bank Indonesia issued Bank Indonesia Regulation No. 17/23/PBI 2015 to amend Bank Indonesia Regulation No. 16/10/PBI/2014 on Foreign Exchange Export Revenue and Drawdown of Offshore Debt which was issued on May 14, 2014 ("PBI 16/10/2014"). PBI 16/10/2014 revokes and replaces Bank Indonesia Regulation No. 13/22/PBI/2011 and Bank Indonesia Regulation No. 14/25/PBI/2012. On April 6, 2015, Bank Indonesia issued Bank Indonesia Circular Letter No. 18/5/DSta on the Receipt of Offshore Debt to revoke and replace Bank Indonesia Circular Letter No. 16/10/DSta dated May 26, 2014 on Drawdown of Offshore Debt, as the implementing regulation for PBI 16/10/2014. Based on PBI 16/10/2014, any drawdown

from offshore debt (in foreign currencies) originating from (i) a non-revolving loan agreement (including offshore debt originating from a difference between the refinanced debt and the previous debt) or (ii) offshore debt securities (including acknowledgements of debt which is tradable in domestic or international financial and capital markets, among others, in the form of bonds, medium term notes, floating rate notes, promissory notes and commercial paper) must be withdrawn through foreign exchange banks (which include offshore bank branches in Indonesia) and must be reported to Bank Indonesia with the relevant supporting documents. The aggregate face amount of the offshore debt should be equal to the local commitments provided under such debt and every receipt of offshore debt through a foreign exchange bank should be equal to each offshore debt withdrawal. In the event that the aggregate face amount of the offshore debt is less than the local commitments in excess of Rp.50,000,000 (or its equivalent in foreign currencies), the borrower must submit a written explanation and sufficient supporting documentation to Bank Indonesia before the expiration of the term of such debt. In the event that each receipt amount of offshore debt received through foreign exchange bank is less the amount of each offshore debt withdrawal, such receipt amount of offshore debt received through foreign exchange bank will be deemed equal to the amount of each offshore debt withdrawal if the borrower submits sufficient supporting documents to Bank Indonesia. Withdrawals of the above offshore debt must be reported to Bank Indonesia monthly using the recapitulation data report as regulated under SEBI 15/16/DInt. These reports shall include supporting documents detailing that the receipt of offshore debt was withdrawn from the foreign exchange bank. Administrative sanctions will be imposed on companies that fail to comply with such reporting obligations.

With respect to the foregoing reporting obligations to Bank Indonesia, the sanction that may be imposed by Bank Indonesia is as follows:

(1) any delay and failure to submit foreign exchange report on offshore debt plan is administrative sanction in the form of warning letter and/or notification to the relevant authority or institution which will be issued by Bank Indonesia;

(2) any omission or inaccuracy of information on a foreign exchange report (except for offshore debt plan) which is not corrected is an administrative sanction in the form of penalty at the amount of Rp.50,000 (fifty thousand Rupiah) per omission and/or inaccuracy, provided that the maximum amount of penalty imposed will not exceed Rp.10,000,000 (ten million Rupiah);

(3) any incompleteness and/or inaccuracy of information on the KPPK Report, is an administrative sanction in the form of penalty at the amount of Rp.500,000 (five hundred thousand Rupiah) per incompleteness and/or inaccuracy;

(4) any delay to submit the foreign exchange report (except for offshore debt plan) and the KPPK Report, including its supporting documents and financial statements (except for information on credit rating), is an administrative sanction in the form of penalty at the amount of Rp.500,000 (five hundred thousand Rupiah) per day of delay, provided that the maximum amount of penalty imposed will not exceed Rp.5,000,000 (five million Rupiah);

(5) any failure to submit the foreign exchange report (except for offshore debt plan) and the KPPK Report, including its supporting documents and financial statements (except for information on credit rating), is an administrative sanction in the form of penalty at the amount of Rp.10,000,000 (ten million Rupiah);

(6) in addition to penalty, administrative sanction in form of warning letter and/or notification to the relevant authority or institution will be issued by Bank Indonesia for any delay and failure to submit the KPPK Report, including its supporting documents and financial statement;

(7) any delay and failure to submit information on credit rating is administrative sanction in form of warning letter and/or notification to the relevant authority or institution which will be issued by Bank Indonesia; and

(8) any failure to comply with the obligation to withdraw the offshore debt through a foreign exchange bank in Indonesia is an administrative sanction in the form of penalty of 0.25% (zero point two five percent) of the withdrawal amount which does not pass through foreign exchange bank in Indonesia, provided that the maximum amount of penalty imposed will not exceed Rp.50,000,000 (fifty million Rupiah).

Please note that the sanction that is imposed by Bank Indonesia in connection with the report on prudential principle implementation activity, including its supporting documents (except for information on credit rating) has been effective since the third quarter data report of 2015, while the sanction in connection with the report on prudential principles implementation with respect to credit rating has been effective since January 1, 2016.

Related to report on prudential principle implementation activity as regulated under PBI 16/22 is regulation which was issued by Bank Indonesia on December 29, 2014, namely Bank Indonesia Regulation No. 16/21/PBI/

2014 on the Implementation of Prudential Principles in the Management of Non-Bank Corporation's Offshore Debt as amended by Bank Indonesia Regulation No. 18/4/PBI/2016 dated April 22, 2016 ("PBI 16/21/2014"), which is applicable to non-bank corporations that obtain offshore Debt in a foreign currency (non-Indonesian Rupiah). PBI 16/21/2014 effectively replaces PBI 16/20/PBI/2014 which was issued on October 28, 2014 and for the implementation of PBI 16/21/2014, Bank Indonesia also issued (i) Bank Indonesia Circular Letter No. 16/24/DKEM dated December 30, 2014, as amended by Bank Indonesia Circular Letter No. 17/18/DKEM dated June 30, 2015 ("SEBI 16/24/DKEM") and (ii) SEBI 17/3/DSta.

PBI 16/21/2014 requires non-bank corporations that have offshore debt in a foreign currency (non-Indonesian Rupiah) to maintain the following prudential principles, namely: (i) minimum hedging requirement, (ii) minimum liquidity requirement and (iii) minimum credit ratings. The hedging requirement does not apply to non-bank corporations whose financial statement are presented in United States dollars and who fulfill the following criteria: (i) having an export revenue to business revenue ration of more than 50% in the previous calendar year, and (ii) having obtained approval from the Ministry of Finance to use United States dollars in their financial statement, which approval shall be evidenced by submitting supporting documents to Bank Indonesia.

The minimum hedging requirement is applied with a two-stage approach to avoid unnecessary difficulties for corporations having existing offshore debt. Until December 31, 2015, the minimum hedging ratio was set at 20% of (i) the negative difference between the foreign exchange assets and the foreign exchange liabilities that will become due within three months from the end of the relevant quarter, and (ii) the negative difference between the foreign exchange assets and the foreign exchange liabilities that will become due in the period of more than three months up to six months after the end of the relevant quarter. After December 31, 2015, the minimum hedging ratio is set at 25% of (i) the negative difference between the foreign exchange assets and the foreign exchange liabilities that will become due within three months from the end of the relevant quarter and (ii) the negative difference between the foreign exchange assets and the foreign exchange liabilities that will become due in the period of more than three months up to six months after the end of the relevant quarter. Foreign currency assets comprises of cash, demand deposits, regular deposits, term deposits, account receivables, inventories, marketable securities and receivables from forwards, swaps and/or options transactions in a foreign currency (non-Indonesian Rupiah) calculated based on position at the end of the relevant quarter. The account receivables which may be calculated as foreign currency assets are account receivables to resident and non-resident which will be due (a) within three months from the end of the relevant quarter and/or (b) in the period of more than three months up to six months after the end of the relevant quarter, which are true-sale in nature or non-refundable and after deducted with amortization. Accounts receivable may be calculated as foreign currency assets if such underlying agreement was executed prior to July 1, 2015. Account receivables with underlying agreement executed starting from July 1, 2015 may be counted as foreign exchange assets if: (a) they are related to strategic infrastructure projects and have obtained Bank Indonesia approval; or (b) the transaction which underlies the foreign currency assets is permitted to be in foreign currency pursuant to Bank Indonesia Regulation No. 17/3/PBI/2015 on the Mandatory Use of Rupiah in the territory of the Republic of Indonesia ("PBI 17/3"). Inventory which may be calculated as a foreign currency asset is inventory from exporters with export income to business revenue ratio of more than 50% in the previous calendar year.

SEBI 16/24/DKEM defines foreign currency liabilities as liabilities in foreign currency to residents and non-residents, including liability deriving from forwards, swaps and/or options transactions maturing (a) within three months from the end of the relevant quarter; and (b) between three and six months from the end of the relevant quarter. Foreign currency liability which will be due may not be calculated as foreign currency liability if (a) it is in the process of roll over, revolving, or refinancing, to the extent the transaction which underlies it is in accordance with PBI 17/3; and/or (b) it constitutes foreign currency liability with respect to project financing which will be due within the next 6 months to the extent secured by offshore debt drawdown in foreign currency where the schedule of such drawdown is adjusted to the payable foreign currency liabilities and the transaction activities are in accordance with PBI 17/3. These two points must be proven by sufficient supporting documentation. SEBI 16/24/DKEM determines that only corporations that have negative difference of more than US$100,000 are obliged to fulfill the minimum hedging requirement. In addition, PBI 16/21/2014 also regulates that hedging transactions for the fulfillment of the minimum hedging requirement shall be conducted with banks in Indonesia and shall become effective in 2017.

On the minimum liquidity requirement, non-bank corporations that have offshore debt in foreign currency are also required to comply with the minimum liquidity ratio of at least 70% by providing sufficient foreign exchange assets against foreign exchange liabilities that will become due within three months from the end of the relevant quarter. The minimum liquidity ratio of 70% was effective on January 1, 2016, while the applicable minimum liquidity ratio in 2015 was 50%.

The minimum credit rating requirement is required to be maintained at BB- (BB minus) or its equivalent from a particular rating agency recognized by Bank Indonesia. Such credit rating will be in the form of the applicable rating over the relevant corporation (issuer rating) and/or bonds (issue rating) in accordance with the type and period of such foreign currency offshore debt. Such rating shall be valid for two years as of the rating issuance. PBI 16/21/2014 sets additional provisions where corporation may use their parent company credit rating if (i) such corporation enters into an offshore debt in foreign currency with its parent company, or if the offshore debt is guaranteed by the parent company, or (ii) such corporation is a newly established corporation with a maximum three years since the corporation begins its commercial operation. The requirement to fulfill the minimum credit rating requirement is exempted for (i) the refinancing of offshore debt in foreign currency (such exemption is limited to refinancing which does not increase the outstanding amount of the previous debt or if it increases, such increase shall not exceed (a) US$2,000,000 or its equivalent or (b) 5% of the outstanding of such refinanced debt if such 5% figure is higher than US$2,000,000 or its equivalent); (ii) offshore debt in foreign currency for infrastructure project financing derived (a) all from an international bilateral/multilateral lending agency or (b) from syndications loan where more than 50% of the contribution comes from international bilateral/multilateral institutions; (iii) offshore debt in foreign currency for central or regional government infrastructure project financing; (iv) offshore debt in foreign currency which is secured by international bilateral/multilateral institutions; (v) offshore debt in foreign currency in form of trade credits; (vi) offshore debt in foreign currency in form of other loans; (vii) offshore debt in foreign currency by a finance company (a business entity which conducts financing activities for the procurement of goods and services) to the extent (a) such finance company has minimum financial soundness of "healthy" as lastly issued by OJK; (b) such finance company fulfils the maximum gearing ratio as regulated by OJK); or (viii) offshore debt in foreign currency by Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank). Non-bank corporations that have offshore debt in foreign currency are obliged to submit report to Bank Indonesia on the implementation of prudential principles and the exemptions, together with the relevant supporting documents. Bank Indonesia will monitor for compliance and may impose administrative sanctions in the form of warning letters for any failure to comply with the said three prudential criteria. PBI 16/21/2014 does not specify any other sanction in the event the non-bank corporations ignore such warning letter, however Bank Indonesia may inform related parties, such as relevant offshore creditors, the Ministry of State-Owned Companies (for state-owned non-bank corporation), the Ministry of Finance on behalf of Directorate General of Tax, OJK and the Indonesian Stock Exchange (the "IDX") (for publicly listed non-bank corporation) on the implementation of administrative sanctions. PBI 16/21/2014 became effective as of January 1, 2015, with exceptions for the implementation of (i) the administrative sanction requirement, which became effective starting from the delivery of the fourth quarter report of 2015, and (ii) the minimum credit rating requirement, which applies to offshore debt that is signed or issued on or after January 1, 2016.

Periodic Reports

Publicly listed companies are required by OJK regulations to periodically submit financial reports including annual financial statements and semi-annual financial statements pursuant to Bapepam-LK Regulation No. X.K.2 on Obligation to Submit Periodic Financial Statements ("Bapepam-LK Regulation X.K.2"). OJK replaced and assumed the function, duty and authority of the Indonesian Capital Markets and Financial Supervisory Agency (*Badan Pengawas Pasar Modal dan Lembaga Keuangan*) ("Bapepam-LK") with effect from December 31, 2012. In addition, the IDX requires publicly-listed companies to submit annual and interim (quarterly) financial statements pursuant to IDX Regulation No. I-E on Obligations of Information Submission ("IDX Regulation No. I-E"). Under Law No. 40 of 2007 regarding Limited Liability Company (the "Company Law"), the board of directors must submit an annual report to a General Meeting of Shareholders. Pursuant to OJK Regulation No. 31/POJK.04/2015 on Disclosure on Material Information or Facts by Issuers or Public Companies ("OJK Regulation 31/2015") and IDX Regulation No. I-E, publicly listed companies are required to report to OJK and the IDX and are required to announce any material public information or facts that may affect the price of securities or investors' decision to the public, no later than two business days after the event has occurred. Further, pursuant to OJK Regulation No. 31/2015, the announcement shall include the following: (i) the date of the event, (ii) the types of material information, (iii) a description of the material information, and (iv) the impact caused by such material information. Publicly listed companies are also required to submit an annual report to OJK and IDX consisting of a summary of material financial data, the Board of Directors' and Board of Commissioners' report, company profile, management analysis and discussion, corporate governance, corporate social responsibility, audited annual financial statement, and statement letter on the responsibilities of the Board of Directors and the Board of Commissioners in relation with the content in the financial statement pursuant to Bapepam-LK Regulation No. X.K.6 on Obligation to Submit Annual Report for Issuers or Public Companies ("Bapepam-LK Regulation X.K.6") and IDX Regulation No. I-E. The annual report must be submitted to OJK and IDX no later than 4 months following the end of a financial year.

Language of the Transaction Documents

Pursuant to Article 31 of Law No. 24 of 2009 on Flag, Language, Coat of Arms, and National Anthem that was enacted on July 9, 2009 ("Law No. 24/2009"), agreements to which Indonesian parties are a party are required to be executed in Bahasa Indonesia, although, when a foreign entity is a party, a dual-language document in English or the national language of the relevant party is permitted. There exists substantial uncertainty on how Law No. 24/2009 will be interpreted and applied, and it is not certain that an Indonesian court would permit the English version to prevail or even consider the English version. See "Risk Factors — Risks Relating to Indonesia". The Indenture and other documents entered into in connection with the issuance of the Notes will be prepared in Bahasa Indonesia. However, there can be no assurance, in the event of inconsistencies between the Bahasa Indonesia and English Language version of those documents, an Indonesian court would hold that the English versions of such documents prevail. Furthermore, a translation from English to Bahasa Indonesia may not accurately reflect the original intent of the parties.

On December 28, 2009, the Ministry of Law and Human Rights of the Republic of Indonesia issued Letter No.M.HH.UM.01.01-35 regarding the Clarification for Implication and Implementation of Law No. 24/2009 (the "MOLHR Clarification Letter") in connection with Article 31 of Law No. 24/2009, which clarified the use of Bahasa Indonesia pursuant to Law No. 24/2009. The MOLHR Clarification Letter stipulates that, even if an agreement between Indonesian private entities (*lembaga swasta Indonesia*) is executed in English, such agreement should not violate the provisions of Article 31 of Law No. 24/2009. As the basis for this analysis, the MOLHR Clarification Letter references to Article 40 of Law No. 24/2009, which states that the use of Bahasa Indonesia, including for the purpose of Article 31 of Law No. 24/2009, shall be further regulated by Presidential Regulations. Pursuant to the MOLHR Clarification Letter, until further implementing regulations of Article 31 of Law No. 24/2009 have been issued, an agreement between Indonesian private entities that is executed in English should not be deemed to have violated the provisions of Article 31 of Law No. 24/2009. On July 7, 2014, the Government issued an implementing regulation ("Government Regulation 57/2014") to give effect to certain provisions of Law No. 24/2009. Government Regulation 57/2014 focuses on the promotion and protection of the Indonesian language and literature and, while it is silent on the question of contractual language, it does serve as a timely reminder that contracts involving Indonesian parties must be executed in Bahasa Indonesia (although versions in other languages are also permitted). Hence, pursuant to the MOLHR Clarification Letter, any agreement that is executed in English without a Bahasa version is still legal and valid, and does not violate Article 31 of Law No. 24/2009. However, this letter was issued only as an opinion and does not fall within the types and hierarchy as stipulated in Article 7 of Law No. 12 of 2014 regarding the Formation of Laws and Regulations to be considered as a law or regulation and therefore has no legal force.

On June 20, 2013, the District Court of West Jakarta released Decision No. 451/Pdt.G/2012/PN.Jkt.Bar, which annulled a loan agreement between an Indonesian borrower, namely PT Bangun Karya Pratama Lestari as plaintiff, and a non-Indonesian lender, Nine AM Ltd as defendant. The loan agreement was governed by Indonesian law and was drafted only in the English language. The court ruled that the agreement contravened Article 31(1) of Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together render an agreement void if, *inter alia*, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1), it therefore failed to satisfy the "lawful cause" requirement and was void from the outset, meaning that a valid and binding agreement had never existed. Then, the defendant appealed to the Jakarta High Court. On May 7, 2014, the Jakarta High Court released Decision No. 48/PDT/2014/PT.DKI, which affirmed the District Court's decision. As of the date of this Offering Memorandum, no further action has been made by either party.

On January 15, 2014, Law No. 2 of 2014 on Amendment to the Law No. 30 of 2004 on Notary Profession ("Notary Law") was issued. Pursuant to the Notary Law, a notarial deed made after January 15, 2014 must be drawn up in the Indonesian language. If the parties require, the notarial deed can be made in a foreign language and in such an event, the notary must translate the deed into the Indonesian language but in the event of different interpretation as to the content of the deed, the Indonesian language deed shall prevail.

We have executed and will execute dual English and Bahasa Indonesia versions of all transaction agreements, to which the Guarantors are party. All of these documents provide or will provide that in the event of a discrepancy or inconsistency, the parties intend the English version to prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text may not be fully captured by the Indonesian language version. If this occurs, there can be no assurance that the terms of the Notes and the Guarantees, including the Indenture, will be as described in the Offering Memorandum, or will be interpreted and enforced by the Indonesian courts as intended.

FORWARD-LOOKING STATEMENTS AND ASSOCIATED RISKS

Certain statements in this Offering Memorandum are not historical facts and constitute "forward-looking statements". All statements other than statements of historical facts included in this Offering Memorandum, including those regarding our financial position and results, business strategies, plans and objectives of management for future operations (including development plans and dividends), followed by or that include the words "believe", "expect", "aim", "intend", "will", "may", "project", "estimate", "anticipate", "predict", "seek", "should" or similar words or expressions, are forward-looking statements. These forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. These forward-looking statements are based on numerous assumptions regarding our present and future business strategies and the environment in which we will operate in the future.

Forward-looking statements involve inherent risks and uncertainties. The forward-looking statements included in this Offering Memorandum reflect our current views with respect to future events and are not a guarantee of future performance. A number of important factors could cause actual results or outcomes to differ materially from those expressed in any forward-looking statement. These factors include, but are not limited to, the following:

- the anticipated demand in the textiles industry in Indonesia and globally;
- the cost and availability of raw materials;
- whether we can successfully execute our business strategies and carry out our growth plans;
- macroeconomic factors, in particular interest rates, unemployment rates, disposable income, availability of adequate credit and affordable financing and consumer confidence in Indonesia and globally;
- changes in Government laws and regulations and their interpretation, including environmental laws and tax laws, as well as the level of enforcement of such laws and regulations;
- future free trade agreements to which Indonesia may not be a party, such as the Trans-Pacific Partnership (TPP) Free Trade Agreement;
- additional tariffs and duties may be imposed on our imports and exports;
- changes in our needs for capital and the availability and cost of financing and capital to fund these needs;
- competition in the Indonesian and global textiles industries;
- engagement and continued cooperation with our key customers and suppliers;
- our ability to anticipate, satisfy and respond to consumer preferences;
- war or acts of terrorism;
- occurrences of catastrophic events, outbreaks of communicable diseases, natural disasters and acts of God that affect our business or properties;
- changes in our senior management team or loss of key employees; and
- the availability and cost of labor.

Additional factors that could cause our actual results, performance or achievements to differ materially include, but are not limited to, those discussed under "Risk Factors", "Management's Discussion and Analysis of Financial Condition and Results of Operations" and "Business". When relying on forward-looking statements, you should carefully consider the foregoing factors and other uncertainties and events, especially in light of the political, economic, social and legal environment in which we operate. These forward-looking statements speak only as of the date of this Offering Memorandum. Although we believe that the expectations reflected in the forward-looking statements are reasonable, we cannot guarantee future results, levels of activity, performance or achievements. We do not intend to update any of the forward-looking statements after the date of this Offering Memorandum to conform those statements to actual results, subject to compliance with all applicable laws including the rules of the SGX-ST.

SUMMARY

This summary highlights information contained elsewhere in this Offering Memorandum. This summary is qualified by, and must be read in conjunction with, the more detailed information and consolidated financial statements and the notes thereto appearing elsewhere in this Offering Memorandum. We urge you to read this entire Offering Memorandum carefully, including our consolidated financial statements and the notes thereto and "Risk Factors".

Overview

We are one of the largest vertically integrated textile manufacturers in Southeast Asia. We produce a variety of midstream and downstream products, including yarn, greige (or raw fabric), finished fabric and apparel, including uniforms and retail clothing. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, our net sales were US$450.7 million, US$554.6 million, US$622.0 million and US$168.7 million, respectively, our gross profit was US$97.4 million, US$122.4 million, US$133.4 million and US$35.5 million, respectively, and our EBITDA was US$81.2 million, US$108.3 million, US$117.8 million and US$34.0 million, respectively. Our operations are divided into four divisions: spinning, weaving, finishing (which includes printing and dyeing) and garment.

- **Spinning**. Our spinning division uses raw fibers of rayon, cotton and polyester to produce yarn which we use in our downstream production and which we sell to other downstream textile manufacturers. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 560,738 and 174,920 bales of yarn and generated net sales of US$244.3 million and US$78.8 million and gross profit of US$30.8 million and US$10.7 million, respectively.
- **Weaving**. Our weaving division uses yarn to produce greige, which is then used in our finishing division or sold to other downstream manufacturers. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 142,688,040 and 52,289,445 meters of greige and generated net sales of US$72.1 million and US$26.3 million and gross profit of US$12.9 million and US$6.1 million, respectively.
- **Finishing**. In our finishing division, greige is cleaned and bleached to prepare it for the dyeing and printing stages. We produce finished fabrics on a made-to-order basis for our customers based on designs either supplied by our customers or designed by our design department in cooperation with our customers. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 116,739,449 and 30,849,192 yards of finished fabrics and generated net sales of US$170.0 million and US$45.2 million and gross profit of US$45.1 million and US$12.3 million, respectively.
- **Garment**. Our garment division produces apparel such as retail clothing and uniforms for military and corporate use on a made-to-order basis. We also produce a small amount of textile field equipment including multi-purpose tents, bedding and backpacks. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 17,894,364 and 3,766,146 pieces of apparel, of which 12,607,311 and 2,951,827 pieces were fashion garments and 5,287,053 and 814,319 pieces were uniforms, and generated net sales of US$135.6 million and US$18.3 million and gross profit of US$44.7 million and US$6.4 million, respectively.

We sell our products domestically in Indonesia and internationally in over 50 countries. Our customers have included some of the world's largest downstream textile manufacturers including in India and China, as well as major global retailers and corporations. In addition, we are one of only a few suppliers outside Europe certified to provide military uniforms to Germany. Since our inception, our military uniforms have been sold to 30 countries, including Germany, Austria, the U.K., Australia, the United Arab Emirates, Malaysia and Indonesia.

Our production facilities are located in Central Java, Indonesia. Our main facilities are on approximately 61 hectares in Sukoharjo, while SPD's production facilities, which produce yarn, are located on approximately 18 hectares in Semarang, approximately 120 kilometers from our main facilities.

In recent years, we have been increasing the production output and sale of our products. This increase has been accomplished through the acquisition of SPD in November 2013 and the organic expansion of our production facilities. We are currently in the process of further expanding our production capacity and expect, by

year-end 2016 (although once installed it will take time for production to ramp up to full capacity), to increase our capacity as follows:

Division	Capacity at March 31, 2016	Expected Capacity at December 31, 2016	Percentage Increase
Spinning	566,000 bales	654,000 bales	15.5%
Weaving	120 million meters[1]	180 million meters	50.0%
Finishing	120 million yards	240 million yards	100.0%
Garment	18 million pieces	30 million pieces	66.7%

(1) Varies depending on the thickness of the greige produced.

We estimate that the total capital expenditures for this expansion will be US$245.0 million, of which US$233.5 million has been made in 2014, 2015 and through March 31, 2016. We believe our expansion plans will alleviate any production bottlenecks and allow us to increase production capacities across all of our divisions, especially our garment division, which typically generates the highest profit margins for us.

Competitive Strengths

We are one of the largest vertically integrated textile manufacturers in Southeast Asia with significant competitive advantages.

We are one of the largest vertically integrated textile manufacturers in Southeast Asia with an established reputation and track record of success. Our production facilities combine spinning, weaving, finishing fabrics and garment assembly in one location, with the additional spinning facilities of SPD located nearby. Through vertical integration, we have gained unique advantages over our competitors that are not integrated to the same extent. These advantages include consistent quality control, shorter lead times and enhanced operational and cost efficiency, which allow our pricing policy to remain competitive.

Having the production of yarn, greige, finished fabrics and garments all in one location allows us to consistently monitor each step of the production process from receipt of raw materials through to packaging of retail fashion apparel and uniforms. As a result, we are able to consistently produce high quality products, especially for larger orders, for which smaller, less integrated producers may need to rely on multiple suppliers with varying quality.

Our business model also allows us to integrate our production divisions and significantly reduce reliance on third party suppliers. For instance, whereas other less vertically integrated producers need to rely on third party suppliers for yarn, our weaving division is highly integrated with our spinning division and can coordinate directly to enhance efficiency. This integration of our divisions in turn allows us to reduce our production lead times and also logistics costs involved in moving from one production process to another. Moreover, vertical integration saves us from having to source quotes from multiple upstream producers before we are able to formulate quotes for our downstream customers. This enables us to respond faster when we participate in competitive tenders. In addition, it also helps to increase the speed of delivery, thereby giving us greater production flexibility. Also, as we are able to quickly coordinate our production divisions on a cost-effective basis, we are capable of producing smaller order batches with fast delivery times. We believe the ability to meet customers' demands for faster delivery time and smaller order batches have become an increasingly important requirement for success in the textile manufacturing business.

Vertical integration and operational efficiency result in economies of scale across our production divisions and allow us to better plan our production and implement an efficient cost structure to keep our pricing policy competitive. In addition, our integrated business model gives us the ability to allocate profits and costs across the value chain which gives us more flexibility to pass through raw material price fluctuations to our customers. We believe that our vertical integration abilities have enabled us to compete successfully in domestic and international markets and will continue to drive our future expansion.

Superior product quality and high customer satisfaction supported by modern production facilities and a stringent quality control system.

In order to maintain customer satisfaction, we actively work to improve our quality of production and meet international quality standards. Our quality control begins upon receipt of raw materials from suppliers to ensure

they are of sufficient quality prior to going to production which is followed by additional quality control checks by each of our production divisions. These quality control checks are performed by dedicated employees at the completion of each stage of the production process and ensure that the end product of each production division's individual production stage is of sufficient quality to go on to the next stage, allowing us to better control the level of wastage throughout the entire process. In addition, our production, planning and inventory control department ("PPIC") oversees the entire production process for each of our divisions. The PPIC becomes involved in the process once an order is received from a customer and is responsible for the final quality check to ensure that the quantity and quality of the final product meet the customers' orders and to ensure prompt delivery. For large apparel orders, quality control representatives from our customers often monitor the production process. These quality control representatives also typically participate in our initial production planning meetings.

In addition to our stringent quality control system, our modern production facilities also allow us to provide a stable supply of high quality products to our customers. The machinery in all of our production facilities are manufactured by leading equipment manufacturers around the world including those from Europe, the United States, Japan, China and other regions, and we continually invest in upgrading our equipment to keep our production lines up-to-date. As of March 31, 2016, approximately 54.2% of our machinery was less than 5 years old, which we believe is better than the industry average in Indonesia.

As a result of our quality control efforts, we have a history of high customer satisfaction, as evidenced by maintaining low numbers of defect/return orders and late deliveries. For the three months ended March 31, 2016, less than 1.0% of our sales were subject to claims of defects and less than 1.0% of our deliveries were delivered late. In addition, repeat orders from high profile military clients such as the armed forces of Germany, the United Kingdom, the Netherlands and other NATO countries are also testimonies to our product quality.

As a further step to maintain quality standards, we have conducted quality awareness training with employees that are directly involved in the production process. In an effort to improve the production quality, we maintain ISO 9001:2008 and ISO 14001:2004 certifications and Oeko-Tex Standard 100 TESTEX Zurich certification. In addition, in recognition of the strength of our brand, we received the "Excellent Brand Award" from the Regional Consumer's Choice Solo Raya in 2012.

A broad product portfolio backed by a strong ability to tailor solutions to customers' needs.

Our products are made from raw materials including rayon, cotton and polyester and comprise both standardized made-to-stock textile products (yarn and greige) as well as garments manufactured on a made-to-order basis (finished fabrics, uniforms and retail fashion). As a result, we offer products covering the full range of midstream textile products.

In addition to our range of products, we believe we have a strong ability to offer customers specialized know-how to tailor products to their specific needs. Our design and research and development capabilities are integral parts of our production process, especially with regard to our made-to-order products such as finished fabrics and apparel. In both of these divisions, our orders come from customers who either provide a sample or a design or customers who do not. If a customer does not have a sample, our design department will work closely with such customer on-site to select a color and/or pattern from our in-house "Marketing Gallery", and develop a sample for production. Similar to the finishing division, the garment division's production is preceded by the design process. We either receive a sample from the customer or our garment division design department works directly with the customer on a sample before going to production. In addition, if a design requires a specific kind of yarn or greige that we do not make to stock, our design departments may become involved to develop the process to produce it.

For more complicated designs, the customer may work with our research and development teams from each of our production divisions, for instance where a specific type of yarn or color needs to be achieved for military and other uniforms, to find an ideal design. This process often involves the development of new designs, techniques and testing of sample products, during which our garment division's research and development team may be involved. In such cases, the research and development teams of each of our divisions develop the process best suited to produce the desired product. Our research and development teams have been involved in the development of fabric formulas used for military uniforms and worked closely with government clients to develop new technologies for the finishing of army uniforms.

We believe our ability to respond to our customers' individual design needs has given us a strong competitive advantage.

Large and diversified customer base with high customer loyalty.

We have a large and diversified customer base, which enables us to minimize our reliance on any single customer or geographic market. For the year ended December 31, 2015 and the three months ended March 31, 2016, our top 10 customers, excluding related parties the sales to which are offset against related purchases, accounted for, in the aggregate, 19.5% and 16.6% of our net sales, respectively, and we sold products to over 200 customers across each period. We are also diversified geographically. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, 65.7%, 41.5%, 48.5% and 48.5% of our net sales were international, respectively, while 34.3%, 58.5%, 51.5% and 51.5% were domestic, respectively.

We sell our products domestically in Indonesia and internationally in over 50 countries. We sell our yarn and greige directly to other international and domestic textile and apparel manufacturers and wholesalers as well as through traders. Our finished fabrics are sold internationally and domestically to downstream manufacturers, retailers and governments through direct channels as well as through agents. Our apparel, which includes retail garments and uniforms, are sold internationally and domestically to retailers, governments and corporate entities. Our customers have included some of the world's largest downstream textile manufacturers, including in India and China, as well as major global retailers and corporations. In addition, we are one of only a few suppliers outside Europe certified to provide military uniforms to Germany. Since our inception, our military uniforms have been sold to 30 countries, including Germany, Austria, the U.K., Australia, the United Arab Emirates, Malaysia and Indonesia. We believe that our product sales are made over a well-balanced and geographically diverse range, enabling us to reduce our dependence on any particular market, minimize the adverse impact of economic downturns in any particular market and benefit from the organic growth of various countries and regions.

We believe that due to the high quality and timely delivery of our products we have been able to maintain high customer loyalty with a high rate of repeat customers. We have a long history with many of our key customers. For example, we have been supplying uniforms to the Indonesian military and the Indonesian National Police since 1990. In addition, we have been supplying military uniforms to the armed forces of Germany since 1993. We also have long-standing relationships with certain of our retail apparel and corporate uniform customers. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, 94.6%, 96.2%, 95.7% and 96.0% of our net sales were made to year-on-year repeat customers, respectively.

In addition, for the year ended December 31, 2015 and the three months ended March 31, 2016, our uniform sales accounted for 11.2% and 6.3% of our net sales, respectively, and 51.4% and 57.9% of our garment division sales, respectively. We believe our ability to supply uniforms, especially military uniforms, is a competitive advantage due to the stringent selection process to become an accredited military uniform supplier. Moreover, the demand for military uniforms is not normally influenced by global economic conditions, thus lowering the cyclicality of our sales revenue.

Strategically located production facilities with low cost labor.

Our geographical proximity to skilled and low cost labor supply has helped not only meet the demands of our customers in terms of quality and quantity, but also to maintain a low cost structure with healthy profit margins.

Our production bases are located in the Central Java region of Indonesia, which specializes in textile manufacturing and possesses a large pool of skilled labor supported by a total population of approximately 30,000,000 people. Indonesia's textile and garment industry's competitiveness ranks favorably against other exporting countries in Southeast Asia and China in terms of labor costs. Indonesia enjoys a large, young, and low-cost labor force. According to the Philippines Department of Labor and Employment, the average minimum monthly wages as of February 29, 2016 ranged from US$189.35 to US$213.02 in Malaysia, US$129.96 to US$278.40 in China, US$107.50 to US$156.77 in Vietnam, US$82.24 to US$231.78 in Indonesia, US$95.47 to US$114.56 in Pakistan, US$66.22 in Bangladesh, US$140.00 in Cambodia and US$251.22 in Thailand. According to a decision letter of the Governor of Central Java, the monthly minimum wage in Sukoharjo,

Central Java, where the majority of the company's production facilities are located, was Rp.1,223,000 effective January 1, 2015, which was increased to Rp 1,396,000 effective January 1, 2016. We believe that we are a highly regarded employer in the region given our strong brand name and employee benefits. This enables us to attract and retain a high quality workforce.

Additionally, our production facilities are located in close geographic proximity to the sea port of Semarang, reducing our delivery times. The close proximity allows us to reduce transportation costs, which are passed down to our customers through our cost-plus pricing policy.

Strong financial profile with proven track record of consistent and profitable growth.

We believe we have a strong financial position in terms of revenue growth, profitability and liquidity. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, our net sales were US$450.7 million, US$554.6 million, US$622.0 million and US$168.7 million, respectively, our gross profit was US$97.4 million, US$122.4 million, US$133.4 million and US$35.5 million, respectively, and our EBITDA was US$81.2 million, US$108.3 million, US$117.8 million and US$34.0 million, respectively. We believe our revenue growth, attractive margins and strong balance sheet, combined with our established market position and vertically integrated business model, enable us to invest, expand and further strengthen our business.

Experienced management team with proven track record.

Our success is supported by our management team, led by our Board of Commissioners and Board of Directors. Many of the members of our Board of Commissioners and Board of Directors have over 20 years of experience in the textile industry, including our President Director, Iwan Setiawan Lukminto, who was named Forbes Indonesia's business man of the year for 2013, Ernst & Young Indonesian Entrepreneur of the Year for 2014 and a finalist for Ernst & Young World Entrepreneur of the Year for 2015. This extensive track record has enabled our Company to identify new opportunities and to grow our business. Since 1966, we have evolved from a small trading company into a vertically integrated garment and textile manufacturer services for both domestic and international markets. Our executives adopt a hands-on approach and are actively involved in the daily operations of our Company, ensuring a close working relationship between the management and staff.

Our management team is also supported by a group of committed staff including designers, sales and marketing personnel and production managers. Our highly experienced designers, sales managers and production managers are from diverse regions, including Indonesia, South Korea, India and the Philippines. We believe that we are able to adapt to changing trends in the textile industry because of the extensive experience and diverse expertise of our senior management team.

Business Strategies

Our principal objectives are to continue to strengthen our position, scale and profit margins as a leading textile manufacturer in Southeast Asia. We intend to achieve these objectives by implementing the following strategies:

Expand production capacity, improve production efficiency and reduce costs.

Our production facilities are currently operating at close to full capacity. In order to meet increasing demand from our international and domestic customers, we intend to continue to expand our production capacity by investing in additional machinery across our production divisions.

- **Spinning**. We plan to expand total capacity from approximately 566,000 bales as at March 31, 2016 to approximately 654,000 bales per annum by the end of 2016.
- **Weaving**. We plan to expand our total capacity from approximately 120 million meters (which varies depending on the thickness of the greige produced) as at March 31, 2016 to approximately 180 million meters per annum by the end of 2016.
- **Finishing**. We plan to expand total capacity from approximately 120 million yards as at March 31, 2016 to approximately 240 million yards per annum by the end of 2016.
- **Garment**. We plan to expand total capacity from approximately 18 million pieces as at March 31, 2016 to approximately 30 million pieces per annum by the end of 2016.

However, once the capacity expansion is completed, it will take time for production to ramp up to full capacity.

We also intend to invest in technological enhancements to our production process in order to improve product quality, enhance manufacturing efficiency and thereby reduce costs. Under this plan, we will gradually upgrade the machinery in our existing production lines for all machinery that has been in use for 10 years or more and purchase the latest machinery from Europe, the United States and Japan which operate with higher cost efficiency and production quality. We are upgrading our Enterprise Resource Planning ("ERP") system to the Microsoft Dynamics AX platform, which integrates data relating to raw material input, production output and sales onto one system, which will allow for accurate and more comprehensive tracking of all production and sales information.

Secure additional reliable and high quality rayon fiber supply.

Rayon fiber is the main raw material input to our production processes. For each of the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, purchases of rayon fiber, together with rayon yarn and greige net of offsetting purchases from related parties, in aggregate, accounted for 62.1%, 63.0%, 65.3%, and 57.9%, respectively, of our raw materials used. We believe securing reliable and high quality sources of raw material inputs allows us to save on costs and remain competitive with our pricing and profit margins. There are currently only two rayon fiber producers in Indonesia, PT Indo-Bharat Rayon and PT South Pacific Viscose, and we believe rayon fiber in Indonesia remains undersupplied. Furthermore, rayon fibers supplied by different producers commonly vary in quality and specifications. Although we have not historically experienced any rayon shortage, our strategy to expand our production capacity would entail the need to secure additional raw material supplies. We have been actively evaluating potential opportunities to secure a steadier and more consistent source of rayon fiber. For instance, PT Rayon Utama Makmur ("RUM"), a company in which our controlling shareholder has a controlling interest, is currently developing a rayon fiber production facility in Nguter, Sukoharjo, Central Java. This facility is expected to have the capacity to produce 80,000 tonnes of rayon fiber per year. In order to secure a steadier and more consistent source of rayon fiber, we intend to source up to 50.0% to 60.0% of our ongoing rayon fiber needs from this production plant. We expect that in addition to establishing a stable supply of rayon fiber, this will also help reduce the variance in quality of rayon fiber that results from purchasing from different suppliers. See "Related Party Transactions" for a description of our agreement with RUM.

Further develop and expand our customer base.

We intend to further develop and expand our domestic and overseas markets by (i) maintaining and enhancing our business relationships with existing customers to increase our sales generated from them; (ii) continuing to explore strategically advantageous markets to enter into; and (iii) seeking new customers.

We actively develop our existing client base. We believe that there is still room to grow our sales per customer by fostering long-term business relationships with our existing customers. We will continue to strive to understand our customers' needs and demands to increase our sales to our existing customers, while maintaining a diversified customer base to ensure stability in our overall sales strategy.

We also aim to expand our customer base through ongoing marketing efforts. This includes supplying uniforms to Indonesian fire departments and other private entities. We have separate central marketing offices ("CMO") based on different product groups, including central marketing offices for our (i) yarn products; (ii) finished fabrics and greige; (iii) retail apparel; (iv) international military and corporate uniforms; and (v) domestic military and corporate uniforms. We participate in a number of textile and clothing conferences and exhibitions in Indonesia and abroad and place advertisements in various textile industry publications and websites to promote our products and to improve our corporate status in the textile industry. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, 5.3%, 3.8%, 4.3% and 4.0% of our net sales were made to first-time customers, respectively.

Expand our product offering to higher value-added products and innovative services.

We intend to expand and strengthen our skilled team of design and research and development personnel who oversee the continued innovation of our products. We also plan to focus on creating products with unique

and distinctive designs and functionality. For the yarn market, we are developing a new twisted "2-for-1 yarn", which is intended to be of higher tensile strength. In our weaving division, we plan to develop the capacity for more complicated weaves, which we expect will demand a higher sales price. For the apparel market, we plan to develop sportswear such as biking suits and swimming suits. We also plan to expand our product lines that require special product development and production techniques such as air bags, parachutes, chemical, biological, radiological and nuclear ("CBRN") fabric and fire resistant clothing. In addition, we plan to continue to develop innovative services for our military uniforms to help reduce such customers' inventory and distribution costs, including direct delivery to soldiers, rather than to warehouses and distribution centers.

General Information

The Parent Guarantor's registered address is Jl. K.H. Samanhudi 88 Jetis, Sukoharjo 57511, Central Java, Indonesia and our telephone number is +62 271 593 188.

The Issuer is a private company with limited liability incorporated under the laws of the Republic of Singapore. Its registered address is 9 Battery Road, #15-01, Straits Trading Building, Singapore 049910.

Golden Mountain is a private company with limited liability incorporated under the laws of the Republic of Singapore. Its registered address is 9 Battery Road, #15-01, Straits Trading Building, Singapore 049910.

The Parent Guarantor's shares were listed on the IDX on June 17, 2013.

Tender Offer

Concurrently with this offering, the Issuer commenced a cash tender offer (the "Tender Offer") to repurchase any and all of its outstanding Old Notes. As of the date of this Offering Memorandum, US$270.0 million principal amount of Old Notes were outstanding. The Tender Offer expired at 9:00 A.M., New York City time, on May 31, 2016 (the "Expiration Time"). Holders who validly tendered their Old Notes before the Expiration Time will receive an amount per US$1,000 principal amount of the Old Notes accepted for purchase equal to US$1,052.50 (the "Tender Offer Consideration").

The Issuer will pay (subject to the satisfaction or waiver of the conditions to the Tender Offer) the Tender Offer Consideration for the Old Notes tendered on or prior to the Expiration Time and accepted for purchase, on a date promptly following the Expiration Time, which date is expected to be the fifth business day following the Expiration Time (the "Settlement Date"). Holders whose Old Notes are accepted for purchase pursuant to the Tender Offer will also receive accrued and unpaid interest from and including the last interest payment date on such purchased Old Notes up to, but not including, the applicable Settlement Date. The Issuer intends to use a portion of the net proceeds from this offering to fund the purchase of the Old Notes tendered in the Tender Offer. See "Use of Proceeds".

The Tender Offer is subject to a number of conditions, including a financing condition that requires the completion of this offering on terms and conditions satisfactory to the Issuer or the Parent Guarantor, generating net proceeds in an amount at least equal to the greater of (i) US$150 million and (ii) an amount that is sufficient to effect the repurchase of Notes validly tendered and accepted for purchase pursuant to the Offer, including the payment of any premiums, accrued interest and costs and expenses incurred in connection therewith. Provided that the conditions to the Tender Offer have been satisfied or waived, the Issuer will pay for the Old Notes purchased in the Tender Offer, together with any accrued and unpaid interest, on the Settlement Date. The Tender Offer is being made only pursuant to the terms and subject to the conditions of the tender offer documents. This Offering Memorandum does not constitute an offer to buy or the solicitation of an offer to sell with respect to the Old Notes.

US$180.2 million principal amount of Old Notes had been tendered into the Tender Offer.

SUMMARY OF THE OFFERING

The following is a brief summary of the terms of this offering and is qualified in its entirety by the remainder of this Offering Memorandum. For a detailed description of the Notes, see the section entitled "Description of the Notes". The terms and conditions of the Notes prevail to the extent of any inconsistency with the summary set forth in this section. This summary is not intended to be complete and does not contain all of the information that is important to an investor. Phrases used in this summary and not otherwise defined shall have the meanings given to them in "Description of the Notes".

Issuer	Golden Legacy Pte. Ltd.
Parent Guarantor	PT Sri Rejeki Isman Tbk.
Subsidiary Guarantor	PT Sinar Pantja Djaja will initially guarantee the Notes. See "Description of the Notes — Subsidiary Guarantees".
Notes Offered	US$350,000,000 aggregate principal amount of 8.25% Senior Notes due 2021 (the "Notes"). The due and punctual payment of all amounts at any time becoming due and payable in respect of the Notes will be unconditionally guaranteed (the "Guarantees") by the Parent Guarantor and the Subsidiary Guarantor (the "Subsidiary Guarantor" and together with the Parent Guarantor, the "Guarantors"). The Issuer is a wholly owned subsidiary of the Parent Guarantor.
Tender Offer	Concurrently with this offering, the Issuer commenced a cash tender offer (the "Tender Offer") to repurchase any and all of the Issuer's outstanding 9.00% Senior Notes due 2019 (the "Old Notes"). As of the date of this Offering Memorandum, US$270 million principal amount of Old Notes were outstanding. The Tender Offer expired at 9:00 A.M., New York City time, on May 31, 2016 (the "Expiration Time"). Holders who validly tendered their Old Notes before the Expiration Time will receive an amount per US$1,000 principal amount of the Old Notes accepted for purchase equal to US$1,052.50 (the "Tender Offer Consideration").
Issue Price	100% of the principal amount of the Notes.
Maturity Date	June 7, 2021.
Interest	The Notes will bear interest from and including June 7, 2016, at the rate of 8.25% per annum, payable semi-annually in arrears.
Interest Payment Dates	June 7 and December 7 of each year, commencing December 7, 2016.
Ranking of the Notes	The Notes will: • be general obligations of the Issuer; • be senior in right of payment to any obligations of the Issuer expressly subordinated in right of payment to the Notes; • rank at least *pari passu* in right of payment with all unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law), including any remaining Old Notes; • be guaranteed by the Guarantors on an unsubordinated basis, subject to the limitations described under the caption "Description of the Notes — Subsidiary Guarantees" and in "Risk Factors — Risks Relating to the Notes, the Guarantees and the Collateral;"

	• be effectively subordinated to the secured obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (including the Existing Credit Facilities), to the extent of the value of the assets serving as security therefor (other than the Collateral); and • be secured by the Collateral (subject to Permitted Liens) as described under the caption "Description of the Notes — Security".
Parent Guarantee	The Parent Guarantor will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The Parent Guarantee may be released in certain circumstances. See "Description of the Notes — The Parent Guarantee — Release of the Parent Guarantee".
Ranking of the Parent Guarantee	The Parent Guarantee will: • be a general obligation of the Parent Guarantor; • be senior in right of payment to all future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee; • rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Parent Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law), including the Parent Guarantor's guarantee of any remaining Old Notes; • be effectively subordinated to secured obligations of the Parent Guarantor (including the Existing Credit Facilities), to the extent of the value of the assets serving as security therefor (other than the Collateral); • be effectively subordinated to all future obligations of any Subsidiary of the Parent Guarantor that is not a Subsidiary Guarantor (including any Unrestricted Subsidiary and any Finance Subsidiary); and • be secured by the Collateral (subject to Permitted Liens) as described under the caption "Description of the Notes — Security".
Subsidiary Guarantees	The Subsidiary Guarantor will guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes. The Parent Guarantor will cause each of its future Restricted Subsidiaries (other than (x) any such Restricted Subsidiary if the guarantee by such Restricted Subsidiary of the payment of the Notes could reasonably be expected to give rise to or result in any conflict with or violation of applicable law (or risk of criminal liability for the officers, directors, commissioners, managers or shareholders of such Restricted Subsidiary) and such conflict, violation or criminal liability cannot be avoided or otherwise prevented through measures reasonably available to the Parent Guarantor and (y) any Finance Subsidiary for so long as it is and remains a Finance Subsidiary and any FS Subsidiary so long as it is and remains a FS Subsidiary), within 30 days of it becoming a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture pursuant to which such Restricted Subsidiary will guarantee the payment of the Notes.

	The Subsidiary Guarantees may be released in certain circumstances. See "Description of the Notes — Subsidiary Guarantees — Release of the Subsidiary Guarantees".
Ranking of the Subsidiary Guarantees	The Subsidiary Guarantee of each Subsidiary Guarantor will: • be a general obligation of such Subsidiary Guarantor; • be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee; • rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law), including the Subsidiary Guarantor's guarantee of any remaining Old Notes; and • be effectively subordinated to any secured obligations of such Subsidiary Guarantor (including the Existing Credit Facilities), to the extent of the value of the assets serving as security therefor.
Security	The obligations of the Issuer and the Parent Guarantor under the Notes and the Parent Guarantee will be secured by a Lien on the collateral (the "Collateral"), which shall initially consist of pledges by the Parent Guarantor of the shares of the Issuer and by the Issuer of the shares of Golden Mountain. The liens on the shares of the Issuer and the shares of Golden Mountain will be *pari passu* with the liens securing the obligations of Issuer and the Parent Guarantor under the Old Notes (and any Permitted Pari Passu Secured Indebtedness) and subject to an intercreditor agreement. See "Description of the Notes — Security".
Use of Proceeds	Following the repurchase of any Old Notes pursuant to the Tender Offer, the Issuer will transfer the remaining net proceeds of this offering of the Notes to Golden Mountain, by way of subscription of additional shares in the capital stock of Golden Mountain and/or grant of a shareholder loan to Golden Mountain, with the proceeds from the issuance of the Notes that have been applied to repurchase the Old Notes treated as a deemed contribution and/or loan to Golden Mountain. Golden Mountain will then on-lend the proceeds of such transfer (including amounts from the deemed contribution and/or loan from the Issuer to Golden Mountain) to the Parent Guarantor pursuant to an intercompany loan (the "Intercompany Loan"). The remaining net proceeds from the Intercompany Loan are intended to be used by the Parent Guarantor for (i) the repayment of working capital loans; and (ii) any remaining proceeds for general corporate purposes to support the business of the Parent Guarantor. See "Use of Proceeds", "The Issuer" and "Golden Mountain Textile and Trading Pte. Ltd.".
Optional Redemption	At any time and from time to time on or after June 7, 2019, the Issuer at its option may redeem the Notes, in whole or in part, at the redemption prices set forth under "Description of the Notes — Optional Redemption", plus accrued and unpaid interest, if any, to (but not including) the redemption date. At any time and from time to time prior to June 7, 2019, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of

	their principal amount plus the Applicable Premium as of, and accrued and unpaid interest, if any, to (but not including), the redemption date. In addition, at any time and from time to time prior to June 7, 2019, the Issuer may redeem up to 35% of the aggregate principal amount of the Notes with the proceeds from certain equity offerings at a redemption price of 108.25% of the principal amount of the Notes, plus accrued and unpaid interest, if any, to (but not including) the redemption date; provided that at least 65% of the aggregate principal amount of the Notes originally issued on the Original Issue Date (excluding Notes held by the Parent Guarantor and its Restricted Subsidiaries) remains outstanding after each such redemption and any such redemption takes place within 60 days of the closing of such equity offering.
Repurchase of Notes upon a Change of Control	Not later than 30 days following a Change of Control, the Issuer or the Parent Guarantor will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.
Withholding Tax; Additional Amounts	Payments with respect to the Notes, the Parent Guarantee and any Subsidiary Guarantee will be made without withholding or deduction for taxes imposed by the jurisdictions in which the Issuer, the Parent Guarantor or any Subsidiary Guarantor is incorporated or resident for tax purposes, or through which payment is made, except as required by law. Where such withholding or deduction is required by law, the Issuer or the applicable Guarantor will make such deduction or withholding and will, subject to certain exceptions, pay such additional amounts as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required. See “Description of the Notes — Additional Amounts”.
Redemption for Taxation Reasons	Subject to certain exceptions and as more fully described herein, the Issuer may redeem the Notes, in whole but not in part, at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest, if any, to the date fixed by the Issuer for redemption, if, as a result of certain changes in tax law, the Issuer or the Parent Guarantor (as the case may be) would be required to pay certain additional amounts; provided that where the additional amounts are payable as a result of changes affecting Indonesian taxes, the Notes may be redeemed only in the event that the withholding tax rate exceeds 20.0%. See “Description of the Notes — Redemption for Taxation Reasons”.
Covenants	The Indenture limits the ability of the Issuer, the Parent Guarantor and the Restricted Subsidiaries to, among other things: • incur additional Indebtedness and issue preferred stock; • make investments or other specified Restricted Payments; • enter into agreements that restrict the Restricted Subsidiaries’ ability to pay dividends and transfer assets or make Intercompany Loan; • issue or sell Capital Stock of Restricted Subsidiaries; • issue guarantees by Restricted Subsidiaries;

	• enter into transactions with equity holders or Affiliates; • create any Lien; • enter into Sale and Leaseback Transactions; • sell assets; • engage in different business activities; or • effect a consolidation or merger. These covenants are subject to a number of important qualifications and exceptions described in "Description of the Notes — Certain Covenants". In addition, in the event that the Notes are assigned a rating of Investment Grade from both Rating Agencies and no Default or Event of Default has occurred and is continuing, certain covenants in the Indenture will be suspended. See "Description of the Notes — Suspension of Certain Covenants".
Selling and Transfer Restrictions	The Notes and Guarantees will not be registered under the Securities Act or under any state securities law of the United States and will be subject to customary restrictions on transfer and resale. See "Transfer Restrictions".
Form, Denomination and Registration	The Notes will be issued only in fully registered form, without coupons, in denominations of US$200,000 and integral multiples of US$1,000 in excess thereof and will be initially represented by one or more Global Note(s) registered in the name of a nominee of DTC.
Book-Entry Only	The Notes will be issued in book-entry form through the facilities of DTC for the accounts of its participants, including Euroclear and Clearstream. For a description of certain factors relating to clearance and settlement, see "Description of the Notes — Book-Entry; Delivery and Form".
Delivery of the Notes	The Issuer expects to make delivery of the Notes, against payment in same-day funds, on or about June 7, 2016, which the Issuer expects will be the fourth business day following the date of this Offering Memorandum, referred to as "T+4". You should note that initial trading of the Notes may be affected by the T+4 settlement. See "Plan of Distribution".
Trustee	Citicorp Investment Bank (Singapore) Limited.
Principal Paying Agent, Transfer Agent and Registrar	Citibank, N.A., London Branch.
Collateral Agent	Citicorp Investment Bank (Singapore) Limited.
Rule 144A Global Note	CUSIP Number: 38109K AB1 ISIN Number: US38109KAB17 Common Code: 142526867
Regulation S Global Note	CUSIP Number: Y2749K AB6 ISIN Number: USY2749KAB62 Common Code: 142526905
Listing	Approval in-principle has been obtained for the listing and quotation of the Notes on the SGX-ST. The Notes will be traded on the SGX-ST in a minimum board lot size of US$200,000 for so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require.

Governing Law	The Notes, the Indenture and the Guarantees are governed by, and will be construed in accordance with, the laws of the State of New York. The Security Documents are governed by, and will be construed in accordance with, the laws of the Republic of Singapore.

SUMMARY CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

You should read the summary financial information presented below in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. You should also read the section of this Offering Memorandum entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We have derived our summary consolidated financial information presented in the tables below as of and for the years December 31, 2014 and 2015 and as of March 31, 2016 and for the three months ended March 31, 2015 and 2016 from: (i) the audited consolidated financial statements as of and for the years ended December 31, 2014 and 2015 and (ii) the unaudited interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016 of the Company, respectively, included elsewhere in this Offering Memorandum. The Company changed its functional currency from Indonesian Rupiah to U.S. dollar, effective October 1, 2014, in accordance with PSAK No. 10 (Revised 2010) "The Effects of Changes in Foreign Exchange Rates" and accordingly, the Company has translated its consolidated financial statements as of and for the year ended December 31, 2013. See note 5 to the consolidated financial statements included elsewhere in this Offering Memorandum. Effective January 1, 2015, the Company has applied PSAK No. 24 (Revised 2013) "Employee Benefits" ("PSAK 24"). In accordance with the transitional provision of PSAK 24, the standard is applied from the earliest period presented in the consolidated financial statements and accordingly, the Company has restated its consolidated financial statements as of and for the year ended December 31, 2014 to reflect the application of PSAK 24. See note 4 to the consolidated financial statements included elsewhere in this Offering Memorandum. The Company has also restated its unaudited consolidated financial statements as of and for the year ended December 31, 2013, presented as comparative information in the consolidated financial statements, to reflect the adjustments for the change in functional currency from Indonesian Rupiah to U.S. dollar and to reflect the application of PSAK 24; however, such restated financial statements have not been audited or reviewed. We have derived our summary consolidated financial information as of and for the year ended December 31, 2013 included in this Offering Memorandum from such unaudited comparative consolidated financial statements.

Our consolidated financial statements as of and for the years ended December 31, 2014 and 2015 have been audited by KAP Tanubrata Sutanto Fahmi & Rekan ("TSFR"), independent public accountants and a member of BDO International Limited, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants ("IAPI"), as stated in their audit report appearing elsewhere in this Offering Memorandum. Our unaudited interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016 have been reviewed by TSFR in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("SRE 2410") established by the IAPI, as stated in their review report appearing elsewhere in this Offering Memorandum. A review conducted in accordance with SRE 2410 established by the IAPI is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IAPI and, consequently, does not enable TSFR to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, they do not express an audit opinion on our interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016. The Company acquired SPD on November 16, 2013. Because prior to the acquisition, SPD was deemed to be an entity under common control with the Company, the information in this Offering Memorandum is presented as if SPD had been acquired on January 1, 2012. See the consolidated financial statements and the notes thereto of the Company included elsewhere in this Offering Memorandum. Accordingly, unless otherwise specified, all financial information presented in this Offering Memorandum includes, on a consolidated basis, the financial information of the Company together with the financial information of its subsidiaries, including SPD.

We have prepared and presented our consolidated financial statements in accordance with Indonesian FAS, which differs in certain respects from U.S. GAAP. You should read the section of this Offering Memorandum entitled "Summary of Certain Differences between Indonesian FAS and U.S. GAAP" for a description of certain differences between Indonesian FAS and U.S. GAAP.

	For the years ended December 31,			For the three months ended March 31,	
	2013 (Unaudited)	2014	2015	2015 (Unaudited)	2016 (Unaudited)
	(US$ millions)			(US$ millions)	
Consolidated Statements of Profit or Loss and Other Comprehensive Income Data					
Sales	547.0	589.1	631.3	166.7	168.7
Sales for offset with related purchases[1]	(96.3)	(34.5)	(9.3)	(9.3)	—
Net sales	**450.7**	**554.6**	**622.0**	**157.4**	**168.7**
Cost of goods sold	449.6	466.7	497.9	133.8	133.1
Purchases for offset with related sales[1]	(96.3)	(34.5)	(9.3)	(9.3)	—
Net cost of goods sold	**353.3**	**432.2**	**488.6**	**124.5**	**133.1**
Gross profit	**97.4**	**122.4**	**133.4**	**32.9**	**35.5**
Selling expenses	(9.7)	(10.9)	(13.5)	(3.3)	(2.9)
General and administrative expenses	(14.6)	(16.6)	(22.1)	(4.0)	(5.0)
Gain/(loss) on foreign exchange — net[2]	(11.6)	(2.0)	(1.0)	0.7	0.3
Other operating income	2.7	1.4	1.3	—	0.5
Other operating expenses	(0.1)	—	(0.1)	—	—
Income from operations	**64.0**	**94.3**	**98.1**	**26.4**	**28.5**
Finance income	1.5	1.6	1.9	0.1	0.3
Finance charges[2]	(21.1)	(30.0)	(35.4)	(8.0)	(10.0)
Income before income tax	**44.4**	**65.9**	**64.6**	**18.5**	**18.9**
Income tax expense	**(12.8)**	**(15.5)**	**(8.9)**	**(4.0)**	**(2.4)**
Pro forma adjustment arising from business combination transactions of entities under common control[3]	(1.9)	—	—	—	—
Income for the period	**29.7**	**50.5**	**55.7**	**14.5**	**16.4**
Other comprehensive income/(expenses)	**(29.6)**	**(0.4)**	**(0.4)**	**(0.2)**	**(1.1)**
Total comprehensive income for the period	**0.1**	**50.1**	**55.3**	**14.3**	**15.3**
Income for the period attributable to:					
Owners of the parent entity	29.7	50.5	55.7	14.5	16.4
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

(1) We enter into transactions with related parties for the purchase and sale of raw materials, works in process and finished goods. We account for such sales and purchases as offsetting transactions such that the sales to related parties are deducted from our sales and the related purchases from related parties are deducted from our cost of goods sold to the extent of the amount of the associated sale to the related party. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

(2) For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, borrowing costs in the amount of US$0.0, US$0.0, US$8.7 million, US$0.0 and US$0.5 million, respectively, were capitalized as part of the cost of acquisition of fixed assets. See note 13 to our consolidated financial statements included elsewhere in this Offering Memorandum.

(3) The Parent Guarantor's fixed assets are depreciated on a cost basis whereas the fixed assets of SPD are depreciated using a revaluation method which is based on a revaluation of the fixed assets on an annual basis. In connection with the preparation of our audited consolidated financial statements combining the accounts of the Parent Guarantor and SPD as if SPD had been acquired on January 1, 2012, adjustments were made to reflect the additional depreciation expenses recorded with respect to the fixed assets of SPD. The consolidation of SPD was completed during 2013 and the pro forma adjustment is not presented following the acquisition.

	As of December 31,			As of March 31,
	2013 (Unaudited)	2014	2015	2016 (Unaudited)
	(US$ millions)			(US$ millions)
Consolidated Statements of Financial Position Data				
Current assets				
Cash and cash equivalents	6.1	81.6	77.1	78.2
Trade receivables — net[1]				
Third parties	35.3	97.6	80.5	79.9
Related parties	25.5	31.6	21.7	17.3
Inventories	119.7	109.6	135.8	133.1
Advances for purchases of inventories	4.4	0.4	0.4	0.3
Prepaid taxes	—	—	2.3	2.9
Other current assets	1.1	5.4	5.3	5.7
Total current assets	**192.2**	**326.2**	**323.1**	**317.4**
Non-current assets				
Non-trade receivables from related parties	7.5	7.0	—	—
Investment in shares	0.0	0.0	0.0	0.0
Long-term advances for purchases of fixed assets				
Third parties	7.0	43.0	19.3	26.2
Fixed assets — net	250.0	322.6	440.9	450.3
Deferred tax assets — net	0.7	—	—	—
Other non-current assets	1.3	—	—	—
Total non-current assets	**266.5**	**372.6**	**460.2**	**476.5**
Total assets	**458.7**	**698.9**	**783.3**	**793.9**
Liabilities and equity				
Liabilities				
Current liabilities				
Short-term bank loans	100.9	31.7	38.3	33.8
Trade payables[1]				
Third parties	36.6	15.4	7.7	10.1
Related parties	5.2	3.2	3.4	1.0
Taxes payable	8.1	4.8	8.1	8.6
Accrued expenses	4.3	7.8	6.9	7.7
Other current liabilities	1.2	0.9	2.6	4.1
Short-term employee benefit liability	0.5	0.5	0.1	0.1
Current maturities of long-term debts:				
Long term bank loans	26.3	—	—	—
Obligation under finance lease	0.1	0.1	0.1	0.1
Total current liabilities	**183.1**	**64.5**	**67.2**	**65.5**
Non-current liabilities				
Long-term debts net of current maturities:				
Long-term bank loans	72.8	83.0	114.8	109.3
Obligation under finance lease	0.2	0.2	0.0	—
Medium-term notes	—	30.0	30.0	30.0
Notes payable — net[2]	—	267.1	268.5	268.8
Long-term employee benefit liability	7.2	8.5	10.1	12.5
Deferred tax liabilities — net	5.8	14.2	16.1	15.3
Total non-current liabilities	**85.9**	**402.9**	**439.5**	**435.9**
Total liabilities	**269.1**	**467.4**	**506.6**	**501.4**
Equity				
Equity attributable to the owners of the parent entity				
Share capital	152.5	152.3	152.3	152.3
Additional paid in capital[3]	10.4	10.5	10.5	10.5
Accumulated actuarial gain (loss) on employee benefits liabilities	(0.2)	(0.4)	(0.7)	(1.9)
Retained earnings	37.3	74.6	122.3	139.1
Cumulative translation adjustment	(43.2)	(5.6)	(7.5)	(7.5)
Exchange difference from capital stock	32.7	—	—	—
Total equity attributable to the owners of the parent entity	189.6	231.4	276.7	292.4
Non-controlling interest	0.0	0.0	0.0	0.0
Total equity	**189.6**	**231.4**	**276.7**	**292.4**
Total liabilities and equity	**458.7**	**698.9**	**783.3**	**793.9**

(1) Accounts receivable and payable with related parties are offset and the net amount is reported in the statements of financial position because the settlement is on a net basis.

(2) Notes payable — net represents the obligations of the Issuer under the Old Notes plus unamortized premium from the issuance of additional notes less unamortized deferred bond expenses.

(3) On November 16, 2013, the Parent Guarantor acquired SPD for a purchase price of Rp.723,059 million. Prior to the acquisition, SPD was deemed to be an entity under common control with the Parent Guarantor in accordance with the Indonesian FAS and the acquisition transaction is considered a business combination under common control. Since the business combination for entities under common control do not lead to changes in economic substance of the exchanged ownership of the business, the transaction is recognized in the carrying amount based on the pooling of interests.

	For the years ended December 31,			For the three months ended March 31,	
	2013 (Unaudited)	2014	2015	2015 (Unaudited)	2016 (Unaudited)
	(US$ millions)			(US$ millions)	
Consolidated Statements of Cash Flows Data					
Net cash provided by/(used in) operating activities	(15.1)	8.6	58.8	20.8	24.5
Net cash used in investing activities	(154.5)	(135.0)	(105.7)	(4.4)	(21.7)
Net cash provided by/(used in) financing activities	168.0	201.8	42.3	(19.5)	(1.7)
Increase/(decrease) in cash and cash equivalents	(1.6)	75.3	(4.5)	(3.2)	1.0
Net effect of changes in exchange rate on cash and cash equivalents	(0.3)	0.1	0.0	0.0	0.0
Cash and cash equivalents at beginning of period	8.0	6.1	81.6	81.6	77.1
Cash and cash equivalents at end of period	6.1	81.6	77.1	78.5	78.2
Dividends paid	—	3.0	7.4	—	—
Other Financial Data					
EBITDA (unaudited)[1]	81.2	108.3	117.8	30.9	34.0

(1) See "Non-Indonesian FAS and Non-U.S. GAAP Financial Measures" for our definition of EBITDA. EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, Indonesian FAS or U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS or U.S. GAAP and should not be considered as an alternative to comprehensive income, net income or any other performance measures derived in accordance with Indonesian FAS or U.S. GAAP or an alternative to cash flows from operating activities as a measure of liquidity. Our presentation of EBITDA may not be comparable to similarly titled measures presented by other companies. You should not compare our EBITDA with EBITDA presented by other companies because not all companies use the same definition. We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. The term "Consolidated EBITDA" as used in the section titled "Description of the Notes" summarizing certain provisions of the Indenture, the Notes and the Guarantees, is calculated differently from EBITDA and is not a measurement of financial performance or liquidity under Indonesian FAS or U.S. GAAP. The following table reconciles our income under Indonesian FAS to our definition of EBITDA for the periods indicated:

	For the years ended December 31,			For the three months ended March 31,	
	2013 (Unaudited)	2014	2015	2015 (Unaudited)	2016 (Unaudited)
	(US$ millions)			(US$ millions)	
Income for the period	29.7	50.5	55.7	14.5	16.4
Add:					
Pro forma adjustments arising from business combination transactions of entities under common control	1.9	—	—	—	—
Finance charges	21.1	30.0	35.4	8.0	10.0
Income tax expense	12.8	15.5	8.9	4.0	2.4
Depreciation expense	17.2	14.0	19.7	4.5	5.5
Subtract:					
Finance income	(1.5)	(1.6)	(1.9)	(0.1)	(0.3)
EBITDA (unaudited)	**81.2**	**108.3**	**117.8**	**30.9**	**34.0**

RISK FACTORS

An investment in the Notes is subject to significant risks. You should carefully consider all of the information in this Offering Memorandum and, in particular, the risks described below before deciding to invest in the Notes. The following describes some of the significant risks that could affect us and the value of the Notes as well as the Issuer's ability to pay interest on, and repay the principal of, the Notes. Additionally, some risks may be unknown to us and other risks, currently believed to be immaterial, could turn out to be material. All of these could materially and adversely affect our business, financial condition, results of operations and prospects. The market price of the Notes could decline due to any of these risks and you may lose all or part of your investment. This Offering Memorandum also contains forward-looking statements that involve risks and uncertainties including those described under "Forward-Looking Statements and Associated Risks" elsewhere in this Offering Memorandum. Our actual results could differ materially from those anticipated in these forward-looking statements as a result of certain factors, including the risks faced by us described below and elsewhere in this Offering Memorandum.

Risks Relating to Our Business

Our business is dependent on the performance of our customers' industries and any significant performance deterioration in their respective markets may have a material adverse effect on our business, financial condition, results of operations and prospects.

A significant portion of our products are sold both internationally and domestically to downstream manufacturers including fabric weavers, printing and dyeing factories as well as to apparel retailers, whose fabric, garments and apparel are ultimately sold to retail consumers. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, 65.7%, 41.5%, 48.5% and 48.5% of our net sales were international, respectively, and 34.3%, 58.5%, 51.5% and 51.5% were domestic, respectively. Like other industries, demand in the textile and apparel industries may be affected by macroeconomic conditions, and may experience declines or slowdown in growth during global or local economic downturns. For example, in the wake of the global economic slowdown in 2008 and 2009, consumer spending globally, and in the United States specifically, declined significantly, which caused pressure for us to discount our sales prices and, in turn had a negative impact on our profit margins. If there occurs any significant performance deterioration in the textile and apparel industries due to macroeconomic conditions, reduced consumer spending or otherwise, the demand for our customers' products may be reduced and as a result, the demand for and prices of our products would also be negatively affected. In such event, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Our business is dependent on the supply and cost of raw materials, in particular rayon fiber, and to a lesser extent cotton and polyester, and any disruption in the supply or fluctuation in the price of such raw materials could materially and adversely affect our business, results of operations, financial condition and prospects.

Our business is dependent upon the supply of rayon, cotton and polyester. For each of the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, rayon fiber, together with rayon yarn and greige, net of offsetting purchases from related parties, in aggregate, accounted for 62.1%, 63.0%, 65.3% and 57.9%, respectively, of our raw materials used. For the same periods, cotton fiber, together with cotton yarn and greige, net of offsetting purchases from related parties, in aggregate, accounted for 24.5%, 19.2%, 17.6% and 15.2%, respectively, and polyester fiber, together with polyester yarn and greige, net of offsetting purchases from related parties, in aggregate, accounted for 13.4%, 17.8%, 17.1% and 26.9%, respectively, of our raw materials used.

The price of rayon fiber and other raw materials could fluctuate significantly as a result of changing market conditions, government policies and regulations and climate as well as general economic conditions. For instance, the purchase price we paid for rayon fiber from our largest supplier have fluctuated from between US$1,830 to US$1,850 per tonne for the year ended December 31, 2013, to between US$1,610 to US$1,650 per ton for the year ended December 31, 2014 to between US$1,720 to US$1,780 per tonne for the year ended December 31, 2015 and between US$1,780 to US$2,200 per tonne for the three months ended March 31, 2016. The purchase price range we paid for cotton fiber from our largest supplier have fluctuated from between US$2,115 to US$2,229 per tonne for the year ended December 31, 2013, to between US$1,592 to US$2,315 per tonne for the year ended December 31, 2014, to between US$1,741 to US$1,956 per tonne for the year ended December 31, 2015 and between US$1,554 to US$1,670 per tonne for the three months ended March 31, 2016.

There are currently only two rayon fiber producers in Indonesia, PT Indo-Bharat Rayon and PT South Pacific Viscose, and we believe rayon fiber in Indonesia remains undersupplied. While we typically maintain 30 to 60 days of inventory for rayon fiber and cotton fiber, inventory levels depend on orders on hand. We do not have any long-term supply agreements with our suppliers of these materials, but instead we enter into purchase contracts for individual purchase orders of such raw materials from time to time. There is no certainty as to our supply of rayon fiber, cotton and polyester and we cannot guarantee that supply interruptions or shortages will not occur in the future or that we will be able to continue to enter into advance purchase contracts with suppliers. We may be unable to continue to secure supply sources, on reasonable terms, or at all, which could result in our inability to operate our production facilities at full capacity, or at all, thereby resulting in reduced or no production output and sales revenue. Should there be any significant shortage or disruption in the supply of or a material change in the price of rayon fiber, cotton or polyester, our business, financial condition, results of operations and prospects may be materially and adversely affected.

In addition, while we have historically been successful in passing on our raw material price increases to our customers through cost-plus pricing, our ability to keep doing so will depend upon market conditions and our relative pricing position compared to our competitors. Any increase in raw material costs without a corresponding increase in selling price would reduce our profit margin. There may be periods of time in which we may not be able to fully recover increases in the cost of raw materials due to contractual arrangements or to weaknesses in demand for, or oversupply of, our yarn products. Any significant drop in the prices of rayon, cotton or polyester fibers could reduce the value of our inventory or reduce our profit margin as our selling prices drop in line with the drop in the prices of such raw materials.

Any of the foregoing could have a material adverse effect on our business, financial condition, results of operations and prospects.

Any major disruption at any of our production facilities, such as a breakdown of production lines or a power shortage at any of our production plants, could adversely affect our business, results of operations, financial condition and prospects.

The textile manufacturing industry is a labor and capital intensive industry and it is essential for production facilities to maintain a high utilization rate to reduce the per-unit cost of products and remain competitive. Our production facilities, excluding our garment division, operate 24 hours a day with an average of three shifts per day, shutting down only during the Eid Mubarak holiday and for overhaul maintenance. Routine repair and maintenance are scheduled to not interrupt daily operational activities of the facilities. However, any disruptions in our production facilities due to natural calamities, fire or equipment breakdowns will affect our business. There is no assurance that any of our production lines will not break down due to mechanical malfunction or human error. In addition, as we have a vertically integrated manufacturing process, whereby each subsequent step is partially dependent upon prior steps, any suspension in intermediate processes may cause suspensions in subsequent processes as well as delay product delivery and order fulfillment by us. If such events occur, our production may be significantly interrupted and our business, financial condition, results of operations and prospects may be materially and adversely affected.

Moreover, we consume a substantial amount of electricity in our manufacturing process, which is sourced primarily from the Government-run power grid. Our finished fabrics division is powered by our on-site coal power plant with a backup connection to the Government-run power grid. The occurrence of a power failure or power surges at any of our production plants would cause a production halt or delay in our production schedule and hence delay the delivery of our products to customers. In addition, a power disruption to our finished fabrics division could potentially cause longer term disruption to our finished fabrics division as constant power is required to avoid hardening of dyes within machinery which would require significant expense to repair. Any major disruptions to any of our production facilities, if they arise, will have a material adverse impact on our business, financial condition, results of operations and prospects. There is no assurance that all of our production facilities will always have an adequate supply of electricity, and any power shortage for a significant period of time may have a material adverse effect on our business, results of operations, financial condition and prospects.

Our manufacturing plants are located in a single geographic area. Any disruption in our operations in this geographic area, including those due to accidents, natural disaster and failures in public infrastructure, could have a material adverse effect on our operations.

Our manufacturing plants are located in a single geographic area of Central Java, Indonesia. Our main facilities are on approximately 61 hectares in Sukoharjo, while SPD's facilities are located on approximately

18 hectares in Semarang, approximately 120 kilometers from our main facilities. The Indonesian archipelago is one of the most volcanically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive earthquakes and tsunami, or tidal waves, any of which may disrupt our production operations. Our operations could also be disrupted for other reasons beyond our control or not foreseeable. These disruptions may include raw material supply disruptions, industrial accidents, extreme weather conditions, fire, various types of natural disasters and catastrophes, equipment failures or other operational problems, strikes or other labor difficulties and disruptions of public infrastructure such as utilities, roads and ports. Any significant manufacturing disruption in our current location could adversely affect our ability to produce and sell products across all our divisions, which could have a material adverse effect on our business, financial conditions and results of operations. See "— Indonesia is located in an earthquake zone and is subject to significant geological risk that could lead to social unrest and economic loss".

We operate in a highly competitive industry and intensifying competition among our domestic and foreign competitors which may result in lower prices and margins and a reduction in our profitability and market share.

The textile industry is characterized by high levels of competition. The main competitive factors are product quality and reliability, product performance or specifications, speed of production, price, reputation and customer relationships. We face competition from many international and Indonesian companies. While we are a vertically integrated company producing yarn, greige, finished fabrics and apparel, many of our competitors produce only one, two or three of these products and therefore compete only in limited segments of the textile market. Accordingly, the competitive landscape we face is fragmented.

While capital intensive, the production of basic yarn and greige products, our made-to-stock products, has relatively low entry barriers, as they do not require a high level of know-how to produce in smaller quantities. Price competition for these products is therefore more intense and we face intense domestic and foreign competition for these products. In the overseas market, textile enterprises located in India and Pakistan have been very competitive in terms of production costs for yarn and greige, which allows them to reduce selling prices. In addition, textile enterprises in China have been competitive due to their ability to expand the size and scale of their operations.

On the other hand, the manufacture of finished fabrics and apparel, our made-to-order products, is highly specialized and requires technological and process know-how in order to successfully produce large orders of high quality on schedule in a consistent manner. Customers for these products place a higher emphasis on product quality, reliability and reputation as well as price. Some of our competitors for these products have competitive advantages, including larger scale or greater production efficiency.

Moreover, with the implementation of the ASEAN-China Free Trade Agreement, Indonesia has gradually reduced barriers to entry for textile products from China. While the majority of our products are intended for export, there is no assurance that overseas competitors in the textile industry will not enter our product markets and compete directly with us. Also, future trade agreements which Indonesia may not be a party to, like the Trans-Pacific Partnership (TPP) Free Trade Agreement, which benefits include the elimination of tariffs on textile and apparel exports to other TPP countries, are reserved only for TPP countries and may give competitors a strong advantage over us. Any intensification of the competition or failure by us to compete successfully with our competitors could have an adverse impact on the demand for, and pricing of, our products, and, as a result, could result in a reduction of our market share and have a material adverse effect on our business, results of operations, financial condition and prospects.

Certain customers are sensitive to social responsibility standards and if we were perceived to have failed to comply with these standards, these customers may choose not to continue their business with us.

A certain portion of our revenue is derived from sale of military uniforms to countries with stringent requirements to ensure that the labor practices and factory conditions of their suppliers meet certain social responsibility standards. In addition, many retailers to which we sell apparel are facing increasing pressure to ensure that the labor practices and factory conditions of their suppliers also meet certain social responsibility standards. In order to receive and maintain the approval as a supplier to these customers, our operations are subject to inspections and audits to ensure we meet such standards. Such inspections and audits involve customer representatives performing in-person inspections at our facilities from time to time. If we fail to meet the social responsibility standards required by our customers or otherwise become publicly associated with insufficient

social responsibility standards, these customers may discontinue their business with us, which may materially and adversely affect our business, financial condition, results of operations and prospects.

We have not entered into long-term agreements with our customers and there is no guarantee that our current relationship with any customer can be continued in the future.

As is common in the textile manufacturing industry, our customers typically place a single purchase order with us for each purchase, as opposed to entering into long-term purchase agreements. As such, there is no guarantee that the customers will continue to purchase from us on the same or similar terms, and the customers are free to terminate their respective relationship with us at any time in the future. Any significant decrease in the number or size of purchase orders of our customers could significantly reduce our revenue, which in turn would have a material and adverse effect on our business, financial condition, results of operations and prospects.

In addition, we are exposed to credit risks of our customers. While our international customers are required to tender payment or a letter of credit upon delivery, we typically grant our domestic customers a credit period of 30 to 60 days. We base this assessment on our past relationship with our customers, whose complete financial and operational condition may not always be available to us. As a result, if any of our domestic customers experience any financial difficulty, our business with such customers and the settlement process of their outstanding amounts may be adversely affected, which may in turn have a material and adverse effect on our business, financial condition, results of operation and prospects.

Foreign currency exchange rate fluctuations may have a material adverse effect on our results of operations.

For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, respectively 74.2%, 61.3%, 68.1% and 75.0% of our net sales were denominated in U.S. dollars. Since July 2015, all of our domestic sales and purchases are denominated in Rupiah although the prices are linked to U.S. dollars. All non-U.S. dollar sales are translated into U.S. dollars at the applicable exchange rate for inclusion in our consolidated financial statements. Any significant depreciation of the U.S. dollars against the Rupiah could have an adverse impact on our results of operations to the extent our U.S. dollar outflows for purchases of raw materials are lower than our U.S. dollar inflows from sales of our products.

Furthermore, a portion of our existing indebtedness is denominated in Rupiah. As a result, we are and will be exposed to the risk of appreciation of the Rupiah against the U.S. dollar. We have not entered into any foreign exchange hedging contracts with banks or financial institutions. Therefore, any significant appreciation of the Rupiah against the U.S. dollar could have an adverse effect on our business, financial condition, results of operations and prospects.

Any failure to maintain an effective quality control system at any of our production facilities could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

The quality of our products depends on the effectiveness of our quality control system, which in turn depends on a number of factors, including the design of the system, our quality training program as well as our ability to ensure that our employees adhere to our quality control policies and guidelines. Any significant failure or deterioration of our quality control system could damage our reputation and result in liability, which in turn could have a material adverse effect on our reputation, business, financial condition, results of operations and prospects.

We may incur substantial increases in labor costs due to national or regional increases in wages in Indonesia.

Our manufacturing process, especially for our garment division, is labor intensive. Our direct labor costs for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016 were 7.7%, 5.6%, 4.8% and 4.9% of our net cost of goods sold. Labor cost in Indonesia is affected by the demand for and supply of labor, as well as economic factors in Indonesia including the inflation rate and the standard of living. From time to time, the Government enforces general wage increases at both the national and regional level. For instance, effective January 1, 2014 and January 1, 2015, the Governor of Central Java declared a 27.5% and 6.3% wage increase, respectively, in Sukoharjo, where substantially all of our operations are located, which increased an additional 14.1% effective January 1, 2016. Any national regional inflation of wages will directly and indirectly increase operating costs. While we have historically been successful in passing on

increases in our labor costs to our customers, our ability to keep doing so will depend upon market conditions and our relative pricing position compared to our competitors. Any increase in such costs without a corresponding increase in selling price would reduce our profit margin, which may have a material and adverse effect on our business, financial condition, results of operations and prospects.

We are subject to various risks in relation to expanding our existing production facilities as well as constructing new facilities.

We intend to increase our production capacity in all four of our production divisions. By year-end 2016, we plan to expand production capacity in our spinning division from approximately 566,000 bales as at March 31, 2016 to approximately 654,000 bales per year, in our weaving division from approximately 120 million meters (which can vary depending on the thickness of the greige produced), as at March 31, 2016 to approximately 180 million meters per year, in our finished fabrics division from approximately 120 million yards as at March 31, 2016 to approximately 240 million yards per year and in our garment division from approximately 18 million pieces as at March 31, 2016 to approximately 30 million pieces per year. Our growth and future success will be dependent upon, among other factors, the successful completion of our proposed expansion plans and the sufficiency of demand for our products. The expansion, upgrade or construction of any of our production facilities may be adversely affected by delays and cost overruns. Factors which may contribute to delays and cost overruns with respect to our expansion or upgrade include increases in the cost of, or inability to secure financing of our production expansion, increased shortages and price changes of key equipment or materials, risks relating to construction, changes in safety and/or environmental requirements, delay or failure in obtaining necessary government approvals, changes in general economic conditions in Indonesia, adverse weather conditions, natural disasters, accidents, unanticipated changes in government policies and other unforeseen circumstances and problems. A significant delay in the completion of these projects or a material increase in the costs of these projects could adversely affect the competitive advantage that we hope to achieve by undertaking such projects and may also divert our resources away from our other business operations.

Moreover, if demand for our products decreases, our expanded capacity may be under-utilized and costs incurred in the expansion may not be recovered at an economical rate or at all. Should we fail to implement our expansion plans or if there is insufficient demand for our expanded production capacity, our business, financial condition, results of operations and prospects may be materially and adversely affected.

Any fluctuations in the costs of utilities, including electricity, and transportation costs and transportation delays could materially and adversely affect our business, financial condition, results of operations and prospects.

A significant amount of our production costs are incurred for the electricity and water that we use at our production facilities. For each of the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, our utilities cost (comprising of electricity and water) was 7.1%, 6.9%, 6.1% and 5.8%, respectively, of our net cost of goods sold. Although we generate our own electricity for our finished fabrics division, a significant portion of our electricity needs are met by purchasing directly from the Government-run power grid, which is subject, from time to time, to cost increases. For instance, effective May 2014, the Government increased the cost of electricity at differing rates across the country. For the year ended December 31, 2015, our electricity costs in Rupiah increased 10.0% compared to the year ended December 31, 2014. However, in our financial statements such increase was offset in part by the depreciation of the Rupiah against the U.S. dollar. While we have historically been successful in passing on such cost increases to our customers, such practice will depend upon market conditions and our relative pricing position compared to our competitors. Any increase in such costs without a corresponding increase in selling price would reduce our operating results. There may be periods of time in which we may not be able to fully recover increases in the cost of such costs due to contractual arrangements or to weaknesses in demand for, or oversupply of, our products, which may have a material and adverse effect our business, financial condition, results of operations and prospects.

A continuous and steady supply of electricity is important for our production, especially for our finished fabrics division, at which a power disruption could potentially cause longer term disruption to our finished fabrics division as constant power is required to avoid hardening of dyes within machinery which would require significant maintenance to repair.

We are dependent on the experience and expertise of our key management personnel and failure to retain such personnel may materially and adversely affect our business, results of operations, financial condition and prospects.

We depend on the vision, expertise, experience and managerial skills of our Board of Directors and other members of our management team, who have all been critical to the success of our business. However, there is no assurance that we will be able to retain the services of our Board of Directors and other members of our management team. As a result, if for any reason one or more of the management personnel cease to be involved in our management, our business, results of operations, financial condition and prospects may be materially and adversely affected.

In addition, we must attract highly qualified personnel with an understanding of the textile industry and retain experienced managers, especially as our business continues to grow and relies on their expertise. If we were to lose the service of our managers, we may be unable to find and integrate replacement personnel and this could significantly impair our ability to develop and implement our business strategies. Failing to hire and retain sufficient numbers of management and qualified personnel for functions such as finance, marketing, sales and operations could have a material and adverse effect on our business, financial condition, results of operations and prospects.

Our insurance coverage may not adequately protect us against operating hazards, major disruptions or damages at any of our production facilities and natural disasters as well as any resulting losses.

We maintain insurance policies which we believe are in line with common industry practices and in amounts we believe to be commercially reasonable. However, we may become subject to liabilities or losses including those resulting from major disruptions or damages at any of our production facilities, pollution or other hazards, against which we have not insured adequately, or at all, or cannot insure. Our insurance policies contain certain exclusions and limitations on coverage, including no coverage for business and production interruption, which may result in our claims not being honored to the extent of losses or damages suffered by us. In addition, it may take a significant amount of time to receive a recovery from a substantial insurance claim, which may affect our liquidity. Our insurance policies may not continue to be available at economically acceptable premiums, or at all. The occurrence of a significant adverse event, the risks of which are not fully covered or honored by such insurers, could have a material adverse effect on our business, financial condition, results of operations and prospects.

We may not be able to adequately protect our technological or design know-how and we may not be able to continue to develop our production technology or acquire new production technology.

A significant part of our competitive advantage is our technological and design know-how with regards to spinning, weaving, dyeing, printing and apparel production, which are essential for our made-to-order products that often require specialized yarn, greige, dyes and designs. We believe that this technological and design know-how cannot be easily copied or developed by our competitors. However, such technological and design know-how is not registered intellectual property and there is no assurance that our know-how will not be misappropriated by or disclosed to third parties, or that our competitors will not be able to independently develop alternative technologies or designs that are equivalent or superior to ours. If any of the above occurs, our business, financial condition, results of operations and prospects could be materially and adversely affected.

In addition, new technology is often introduced in the textile manufacturing industry, which may increase production efficiency and result in the reduction of production costs. If we are unable to acquire and implement such technology, we may be at a competitive disadvantage compared to our competitors, which may have material adverse effect on our business, financial condition, results of operations and prospects.

We may face delays or difficulties in the receipt, renewal or extension of relevant land rights which may adversely affect our business, financial condition, results of operations and prospects.

We hold the land on which our manufacturing facilities are constructed pursuant to Right to Build (Hak Guna Bangunan) ("HGB") land rights that will expire between March 11, 2023 and August 18, 2045. The land rights expiring on March 11, 2023 relate to approximately 95,560 sq.m. of land underlying our manufacturing plant. There can be no assurance that we will be able to extend our expiring HGB rights in a timely manner, and failure to do so could materially affect our business. Additionally, we are currently in the process of acquiring 53,579 sq.m. of land under the form of Right of Ownership title or the former form title (*Girik*) for expansion purposes. Subsequently, we will be required to convert those titles into HGB rights. Any

delays in obtaining HGB rights to this land and any future land that we may purchase could delay our planned expansion activities and could, consequently, have a material adverse impact on our business, financial condition, results of operations and prospects.

In addition, our subsidiary, SPD, is also affected by Local Regulation No. 14 of 2011 on the Spatial Planning of Semarang City for the Year of 2011-2031 ("Local Regulation No. 14/2011"). SPD has obtained an Industrial Business License (*Izin Usaha Industri* or "IUI") for its factory located in Simongan industrial area; however, pursuant to Local Regulation No. 14/2011, the Government of Semarang has stipulated a new Division of City Area Plan (*Rencana Pembagian Wilayah Kota* or "BWK"), in which Simongan area now falls into a BWK III location which shall be developed for the purpose of offices, trading and services as well as air and sea transportation. As such, SPD, which engages in the relevant field of industry, needs to relocate to BWK IV or BWK X location. On December 17, 2012, SPD together with several industrial companies located in the same area submitted a petition for judicial review against the Government of Semarang (in this case, the Mayor of Semarang and the Parliament of Semarang) to the Indonesian Supreme Court in relation to Local Regulation No. 14/2011. However, on May 31, 2013, the Indonesian Supreme Court rejected the judicial review petition. Therefore, pursuant to Local Regulation No. 14/2011, in the event that the relevant permits issued for SPD are contradictory to this regulation, such permits may be annulled and SPD may be required to relocate its factory from Simongan to the permitted industrial area in Semarang. At this time, we do not know the timing of any such relocation, where the factory will be relocated or the costs associated with any such relocation or amount of disruption to SPD's business.

We are exposed to legal claims relating to our business.

We may from time to time be subject to various legal proceedings arising in the ordinary course of business. We may face claims by our customers for failure to deliver products according to the specifications and schedules stipulated in our business arrangements. We may also face claims from third parties such as the Indonesian Tax Authority. Recently, the Jakarta Tax Court issued 24 Tax Court Decisions and several Appeal Decision Implementation Letters (*Surat Pelaksanaan Putusan Banding*) in relation to the disputed Tax Underpayment Assessment Letter (*Surat Ketetapan Pajak Kurang Bayar* or "SKPKB") for the 2007 tax period of SPD, a subsidiary of the Parent Guarantor, six of which are in favor of SPD. As neither SPD nor the Directorate General of Taxation filed an application of reconsideration to the Supreme Court with regard to these decisions, all of the tax proceedings involving SPD have been completed and these Tax Court Decisions are now final and executable. The total amount of the outstanding tax of SPD payable to the Directorate General of Taxation based on the 18 Tax Court Decisions which are against SPD is Rp.6,315,259,966 (US$0.5 million) (including administrative sanctions). See "Business – Legal and Regulatory Proceedings". There is no assurance that the Directorate General of Taxation will not issue other SKPKB to SPD, nor can there be any assurance that other proceedings will not be brought against us in the future. Any outcome of current or future proceedings may adversely affect our business, financial condition, results of operations and prospects.

We require certain approvals, licenses, registrations, certificates and permits in the ordinary course of our business and any delay in obtaining these approvals or future approvals, licenses, registrations, certificates and permits could have a material adverse effect on our business, financial condition, results of operations and prospects.

Under the laws and regulations in Indonesia, we are required to obtain appropriate approvals, licenses, registrations, certificates and permits from relevant governmental authorities for our business operations. If we fail to obtain the required approvals, we may be subject to sanctions, such as fines, or be required to shut down the relevant facility, and our business, operations and financial condition will be materially and adversely affected.

Moreover, we cannot assure you that we have obtained all necessary licenses, certificates and permits for the production, sale, import and export of our current products or will be able to renew such licenses, certificates and permits upon their expiration. In addition, eligibility criteria for these licenses, certificates and permits may change from time to time and additional licenses, certificates and permits may be required and higher compliance standards may have to be met. In the event of the introduction of any new laws and regulations or changes in the interpretation of any existing laws and regulations, our compliance costs may increase or such laws or regulations may prohibit or make it more expensive for us to continue with our operations or any part of our business. As a result, our operations may be restricted and our business, results of operations, financial condition and prospects would be materially and adversely affected.

Compliance with environmental and occupational health and safety laws and regulations may require us to incur costs or restrict our operations in a manner that could have a material adverse effect on our business, financial condition, results of operations and prospects.

We are subject to a variety of environmental and occupational health and safety laws, including those that regulate the use, handling, treatment, storage, discharge and disposal of substances and hazardous wastes used or generated in our manufacturing facilities. These laws and regulations may expose us to liability for the conduct of, or conditions caused by, our acts. We are required to invest financial and managerial resources to comply with environmental and safety laws and regulations and anticipate that we will be required to do so in the future in order to comply with laws in Indonesia and the primary markets to which we sell. It is likely that we will be subject to increasingly stringent environmental standards in the future and may be required to make additional capital expenditures relating to environmental and safety matters on an ongoing basis. Failure to comply with present and future environmental and safety laws could subject us to penalties, liabilities or suspension of production and/or distribution. Environmental and safety laws could also restrict our ability to expand our facilities and could require us to acquire costly equipment or incur other additional expenses in connection with our manufacturing process.

We are exposed to risks related to the handling and disposal of hazardous materials.

Our operations are subject to the operational risks associated with textile manufacturing, including risks related to the storage, transport and usage of chemicals and the capturing, storage, transport and disposal of waste materials, which are in some cases hazardous. Some of the risks related to the handling of these materials are storage tank leaks and ruptures, malfunction and operational failure and releases, discharges or disposals of hazardous substances. These operational risks could lead to personal injury, property damage, environmental contamination, shutdown of affected facilities, business interruption, the imposition of civil or criminal penalties and a negative impact on our reputation. The occurrence of any of these events could significantly reduce our productivity and profitability and have a material adverse effect on our business, financial condition, results of operations and prospects.

We could be adversely and materially affected by the application of antitrust laws and anti-dumping and anti-subsidy duties.

Although tariffs and import quotas on textile products among World Trade Organization ("WTO") members (including Indonesia) have been gradually removed, WTO members may introduce other forms of trade barriers, initiate negotiations in respect of export value of textiles and clothing by Indonesia, and may impose a limit each year on the growth of textile and clothing imports from Indonesia. As a result, our export business and development will remain restricted until there is free trade, if at all, established for all textile producers in the global marketplace.

Under the relevant WTO agreements, if a product is considered to have been dumped into the importing country, having a material adverse impact on an established industry in that country, such country may initiate an investigation and impose anti-dumping duties. A WTO member may introduce technical barriers to trade, including technical regulations and standards on imports and environmental protection requirements. Any trade barrier could have a material adverse impact on our business, results of operations, financial condition and prospects.

In recent years, antitrust investigations and actions have been launched in a number of jurisdictions against companies in the textile industry, indicating that the sector in which we operate may face continuing regulatory scrutiny. In addition, anti-dumping and anti-subsidy duties imposed by certain countries create difficulties for our products in competing with textile products produced locally and as a result, give producers in such countries a competitive advantage over our imports from Indonesia. As a result, our business could be materially and adversely affected by the application of national or international competition laws to any agreements or practices in which we have been engaged or are a party thereto.

The interests of our controlling shareholder may conflict with the interests of our business.

As of March 31, 2016, our controlling shareholder owned 56.1% of our outstanding shares in aggregate. See "Principal Shareholders" and "Related Party Transactions". Consequently, our controlling shareholder has the power to control and exercise significant influence on us. Our controlling shareholder has other business interests outside of our operations, including other businesses in the textiles industry that may conflict with the interests of

our business, and as a result our controlling shareholder may take actions that may or may not involve us that prefer or benefit them or other companies over us, which could materially and adversely affect our business, financial condition, results of operations and prospects.

From time to time, we enter into, and we expect to continue to enter into, transactions with entities controlled by our controlling shareholder and other related parties. See "Related Party Transactions". For instance, PT Rayon Utama Makmur, a company in which our controlling shareholder has a controlling interest, is currently developing a rayon fiber production facility in Nguter, Sukoharjo, Central Java. This facility is expected to have the capacity to produce 80,000 tonnes of rayon fiber per year. In order to secure a steadier and more consistent source of rayon fiber, we intend to source up to 50.0% to 60.0% of our ongoing rayon fiber needs from this production plant. Although it is our policy to conduct these transactions on normal commercial terms and on an arm's-length basis and we believe that each of our transactions have been entered into on normal commercial terms and on an arm's-length basis, we cannot assure you that any amounts we may pay in these transactions would necessarily reflect the prices that would be paid by an independent third party.

Our indebtedness could adversely affect our business, prospects, results of operations and financial condition.

As of March 31, 2016, we had US$442.1 million of total indebtedness outstanding (including US$0.1 million under finance leases) and had US$152.0 million available under our working capital and trade line facilities. Our current and future financing arrangements, including the Notes, may subject our business to various restrictions and risks, including the following:

- we may be required to dedicate a substantial portion of our cash flow from operations to required payments of indebtedness, thereby reducing the availability of cash flow for working capital, capital expenditures and other general corporate activities;
- covenants relating to our indebtedness may limit our ability to obtain additional financing for working capital, capital expenditures and other general corporate activities;
- covenants relating to our indebtedness may limit our flexibility in planning for, or reacting to, changes in our business and the industry;
- we may be unable to obtain any additional funding for acquisitions;
- we may be more vulnerable than our competitors to the impact of economic downturns and may have a material adverse developments in our business;
- we may be placed at a competitive disadvantage against any less leveraged competitors;
- we may be subject to restrictions on paying dividends to our shareholders; and
- our business may not generate sufficient cash to meet our debt or other financial obligations, resulting in defaults and cross defaults under our financing agreements.

These restrictions and risks could have a material adverse effect on our business, financial condition, results of operations and prospects. In addition, certain of our existing indebtedness requires us to maintain specified financial ratios. In the past we failed to maintain certain of such financial ratios for which we have received waivers from the lenders of such loans. We cannot assure you that in the future we will be able to maintain such financial ratios and/or receive similar waivers. Any failure to maintain any financial ratios or obtain such waivers could result in our working capital facilities being unavailable and could have an adverse impact on our access to financing on terms acceptable to us or at all. See "Description of Material Indebtedness".

In addition, substantially all of our existing indebtedness contains cross-default provisions and the Indenture contains cross-acceleration provisions. Any failure to maintain the financial ratios in our existing indebtedness or any other breach of the covenants in our existing indebtedness could be an event of default under other indebtedness with cross-default provisions and, if any of our indebtedness is accelerated, it could result in an event of default under the Indenture and all outstanding obligations under such indebtedness or the Notes may immediately become due and payable. No assurance can be given that the Parent Guarantor, the Issuer or the Subsidiary Guarantor will be able to pay any amounts due to the lenders under such indebtedness or to holders of the Notes in the event of such acceleration, and any such acceleration may significantly impair the Issuer's ability to pay, when due, the interest of and principal on the Notes, significantly impair the Parent Guarantor's and the Subsidiary Guarantor's ability to satisfy their respective obligations under the Guarantees and we could be forced into bankruptcy or liquidation.

We may incur additional indebtedness, which could further exacerbate the risks described above.

Subject to restrictions in the Indenture governing the Notes and other indebtedness we may incur additional indebtedness, specifically in relation to our production capacity expansion, which could increase the risks associated with our existing indebtedness. If we incur any additional indebtedness that ranks equally with the Notes, the relevant creditors will be entitled to share pro rata with the holders of the Notes in any proceeds distributed in connection with any insolvency, liquidation, reorganization, dissolution or other winding-up of the Issuer or the Guarantors. This may have the effect of reducing the amount of proceeds paid to the holders of the Notes. Covenants in agreements governing debt that we may incur in the future may also materially restrict our operations, including our ability to incur debt, pay dividends, make certain investments and payments, and encumber or dispose of assets. In addition, we could be in default of financial covenants contained in agreements relating to our future debt in the event that our results of operations do not meet any of the terms in the covenants, including the financial thresholds or ratios. A default under one debt instrument may also trigger cross-defaults under other debt instruments. An event of default under any debt instrument, if not cured or waived, could have a material adverse effect on us.

We prepare our consolidated financial statements in accordance with Indonesian FAS, which differs in certain respects from U.S. GAAP.

Our consolidated financial statements are prepared in accordance with Indonesian FAS, which differ in certain respects from accounting principles with which prospective investors may be familiar in other countries, such as U.S. GAAP. Certain differences exist between Indonesian FAS and U.S. GAAP which may be material to the financial information prepared and presented in accordance with Indonesian FAS contained in this Offering Memorandum. The Parent Guarantor has made no attempt to quantify the effect of any of those differences. In making an investment decision, investors must rely upon their own examination of us, the terms of the offering and the financial information contained in this Offering Memorandum. See "Summary of Certain Differences Between Indonesian FAS and U.S. GAAP".

Risks Relating to Indonesia

We are incorporated under the laws of the Republic of Indonesia and all of our commissioners, directors and officers are based in Indonesia. All of our operations and substantially all of our assets are also located in Indonesia. As a result, future political, economic and social conditions in Indonesia, as well as certain actions and policies which the Government may take or adopt, or omit from taking or adopting, could have a material adverse effect on our business, financial condition, results of operations and prospects.

Political and social instability in Indonesia could have a material adverse effect on our business, financial condition, results of operations and prospects.

Since the collapse of President Soeharto's regime in 1998, Indonesia has experienced a process of democratic change, resulting in political and social events that have highlighted the unpredictable nature of Indonesia's changing political landscape. These events have resulted in political instability, as well as general social and civil unrest on certain occasions in recent years.

Indonesia is a Republic with a President, a Vice President and a presidential system of government. From its independence in 1945 until 1998, there were only two Presidents in Indonesia. At the end of the term of each of these Presidents, Indonesia experienced political instability and many cities in Indonesia, including Jakarta, experienced rioting, unrest and destruction of property.

Political instability led to the resignation of the then-President Soeharto in May 1998. Promptly thereafter, Vice President Bacharuddin Jusuf Habibie was sworn in as President and called for reforms and parliamentary elections to be held in October 1999. Prior to and during the presidential and parliamentary elections, there was significant social unrest that resulted in additional rioting, unrest and destruction of property. Following the elections, the People's Consultative Assembly (*Majelis Permusyawaratan Rakyat*, or "MPR"), elected Abdurrahman Wahid as President and Megawati Sukarnoputri as Vice President. In February 2001, a committee of the Indonesian parliament, the People's Representative Council (*Dewan Perwakilan Rakyat*) alleged that the then-President Wahid was involved in instances of corruption. In July 2001, the MPR impeached the then-President Wahid and elected Megawati Sukarnoputri in his place.

In 2004, Indonesians directly elected the President, the Vice-President and representatives in the Indonesian Parliament through a proportional voting system for the first time. Indonesians have also begun directly electing

heads and representatives of local and regional governments. In April 2009, elections were held to elect the representatives in the Indonesian Parliament (including national, regional and local representatives). The Indonesian presidential elections, held in July 2009, resulted in the re-election of President Susilo Bambang Yudhoyono. Although the April 2009 and July 2009 elections were conducted in a peaceful manner, political campaigns in Indonesia may bring increased political activity in Indonesia as well as a degree of political and social uncertainty to Indonesia. In July 2014, the Indonesian Election Commission declared Joko Widodo winner of the presidential election. The new administration may introduce policies or regulations that could affect our business. In addition, Government prosecutors have pursued criminal charges against employees of private firms for allegedly causing state losses under Government-related commercial contracts.

Separatist movements and clashes between religious and ethnic groups have resulted in social and civil unrest in parts of Indonesia. In the provinces of Aceh and Papua (formerly Irian Jaya), there have been numerous clashes between supporters of those separatist movements and the Indonesian military. In Papua, continued activity by separatist rebels has led to violent incidents. In the provinces of Maluku and West Kalimantan, clashes between religious groups and ethnic groups have produced thousands of casualties and refugees over the past several years. The Government has attempted to resolve problems in these troubled regions with limited success except in the province of Aceh in which an agreement between the Government and the Aceh separatists was reached in 2005 and peaceful local elections were held with some former separatists as candidates, but there can be no assurance that the terms of any agreement reached between the Government and the separatists will be upheld.

Changes in the Government and Government policies may have a direct impact on our business and the market price of the Notes. In addition, Indonesia has experienced frequent social unrest arising from economic issues which has, on occasion, escalated into riots and violence. In June 2001, demonstrations and strikes affected at least 19 cities after the Government mandated a 30% increase in fuel prices. Similar demonstrations occurred in January 2003 when the Government tried to increase fuel prices, as well as electricity and telephone charges. In both instances, the Government was forced to repeal, defer or substantially reduce such proposed increases. In March 2005, the Government implemented an approximately 29% increase in fuel prices. In October 2005, the Government decreased fuel subsidies to the public resulting in large public demonstrations. In May 2008, the Government further decreased fuel subsidies to the public, which has also led to large public demonstrations. Similar fuel subsidy cuts contributed to the political instability that led to the resignation of then President Soeharto in 1998, which had adverse effects on businesses in Indonesia. The Government has recently proposed changes in regulations regarding natural resources generally. Our business may be affected by similar Government actions including, but not limited to, changes in crude oil or natural gas policy, responses to war and terrorist acts, renegotiation or nullification of existing concessions and contracts, changes in tax laws, treaties or policies, the imposition of foreign exchange restrictions and responses to international developments.

Political and related social developments in Indonesia have been unpredictable in the past. There can be no assurance that social and civil disturbances will not occur in the future or that such social and civil disturbances will not directly or indirectly, materially and adversely affect our business, financial condition, results of operations and prospects, and the Issuer's ability to meet its payment obligations under the Notes.

Indonesia is located in an earthquake zone and is subject to significant geological risk that could lead to social unrest and economic loss.

The Indonesian Archipelago is one of the most volcanically active regions in the world. Because it is located in the convergence zone of three major lithospheric plates, it is subject to significant seismic activity that can lead to destructive volcanoes, earthquakes and tsunamis, or tidal waves. On December 26, 2004, an underwater earthquake off the coast of Sumatra released a tsunami that devastated coastal communities in Indonesia, Thailand, India and Sri Lanka. In Indonesia, more than 220,000 people died or were recorded as missing in the disaster. Aftershocks from the December 2004 tsunami and additional high-magnitude earthquakes have occurred in Indonesia, causing significant fatalities and damage. There have been further earthquakes, including those that struck Kebumen in the southern part of Central Java, the epicenter of which was approximately 280 kilometers away from our production facilities, and Yogyakarta in May 2006, off the Southern coast of Java in July 2006, West Sumatra in March 2007 and southern Sumatra in September 2007. There have also been several earthquakes in the Sulawesi area of magnitudes ranging between 4.6 to 7.7 in 2008 and 2009, most recently in February 2009 when a 7.0 magnitude earthquake struck Sulawesi. The earthquake was followed by two aftershocks but it did not cause any tsunami and there was no report of casualties or damage. In January 2009, a 7.6 magnitude earthquake struck approximately 95 miles north of Manokwari, followed by another big earthquake and a string of aftershocks. These killed at least four people and injured at least 37 people. Electricity was also cut off in the city with a population of approximately 160,000 people. In September 2009, a

7.3 magnitude earthquake struck Tasikmalaya, West Java killing at least 72 people and a 7.6 magnitude earthquake hit Padang, Sumatra killing at least 400 people and trapping thousands of people under rubble. In October 2010, an earthquake off the coast of western Sumatra released a tsunami on the Mentawai Islands. From October 26, 2010 to November 5, 2010, Mount Merapi, a volcano located in the border between Central Java and Yogyakarta, approximately 65 kilometers away from our production facilities, erupted a number of times, killing more than 380 people. In early February 2014, Mount Sinabung located on Sumatra Island, approximately 2,500 kilometers away from our production facilities, erupted, killing 15 people. Also, in February 2014, Mount Kelud located on East Java, approximately 200 kilometers from our production facilities, erupted, killing at least 4 people.

In addition to these geological events, heavy rains in December 2006 resulted in floods that killed more than 100 people and displaced over 400,000 people on the northwestern Sumatra island. More flooding in January and February 2007 around the capital, Jakarta, killed at least 30 people and displaced at least 340,000 people from their homes. In July 2007, at least seven people were killed and at least 16,000 people were forced to flee their homes because of floods and landslides caused by torrential rains on the island of Sulawesi. More recently, in January 2009, torrential rain caused a colonial-era dam to burst outside Jakarta, sending a wall of muddy water crashing into a densely packed neighborhood and killing at least 58 people. The flood also left scores missing and submerged hundreds of homes. In October 2010, at least 158 people died and 148 people were declared missing in a flash flood in Wasior district, West Papua. More recently, in January 2013, heavy rains caused extensive flooding in Jakarta, resulting in at least 12 reported deaths, and in 2014, landslides in Banjarnegara, Central Java, killed approximately 100 people.

While recent seismic events and meteorological occurrences have not had a significant economic impact on Indonesian capital markets, the Government has had to spend significant amounts on emergency aid and resettlement efforts. Most of these costs have been underwritten by foreign governments and international aid agencies. However, there can be no assurance that such aid will continue to be forthcoming, or that it will be delivered to recipients on a timely basis. If the Government is unable to timely deliver foreign aid to affected communities, political and social unrest could result. Additionally, recovery and relief efforts are likely to continue to impose a strain on the Government's finances, and may affect its ability to meet its obligations on its sovereign debt. Any such failure on the part of the Government, or declaration by it of a moratorium on its sovereign debt, could trigger an event of default under numerous private-sector borrowings, including ours, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

In addition, we cannot assure you that future geological or meteorological occurrences, will not significantly harm the Indonesian economy. A significant earthquake or other geological disturbance or weather-related natural disasters in any of Indonesia's more populated cities and financial centers could severely disrupt the Indonesian economy and undermine investor confidence, thereby materially and adversely affecting our business, financial condition, results of operations and prospects.

Terrorist attacks and terrorist activities, and certain destabilizing events have led to substantial and continuing economic and social volatility in Indonesia, which may materially and adversely affect our business and/or property.

In Indonesia during the last 10 years, there have been numerous bombing incidents directed towards the Government and foreign governments and public and commercial buildings frequented by foreigners, including the Jakarta Stock Exchange Building and Jakarta's Soekarno-Hatta International Airport. On October 12, 2002, over 200 people were killed in a bombing at a tourist area in Bali. In April 2003, bombs exploded outside the main United Nations building in Jakarta and in front of the domestic terminal at Jakarta's Soekarno-Hatta International Airport. On August 5, 2003, a bomb exploded at the JW Marriott Hotel in Jakarta, killing at least 13 people and injuring 149 others. On September 9, 2004, a car bomb exploded in front of the Australian Embassy in Jakarta, killing more than six people. On May 28, 2005, bomb blasts in Central Sulawesi killed at least 21 people and injured at least 60 people. On October 1, 2005, bomb blasts in Bali killed at least 23 people and injured at least 101 others. On July 17, 2009, two separate bomb explosions occurred at the JW Marriott Hotel and the Ritz Carlton Hotel in Jakarta, killing at least nine people and injuring 40 others. On January 14, 2016, two suicide bombers and two gunmen exchanged gunfire with police before bombing a police post and cafe in central Jakarta, killing at least four people and injuring more than 20. Indonesian, Australian and U.S. government officials have indicated that these bombings may be linked to an international terrorist organization. While in response to the terrorist attacks, the Government has institutionalized certain security improvements and undertaken certain legal reforms which seek to better implement anti-terrorism measures and some suspected key terrorist figures have been arrested and tried, there can be no assurance that further terrorist acts will not occur in the future.

Following military involvement of the United States and its allies in Iraq, a number of governments have issued warnings to their citizens in relation to a perceived increase in the possibility of terrorist activities in Indonesia, targeting foreign, particularly U.S. interests. Such terrorist activities could destabilize Indonesia and increase internal divisions within the Government as it considers responses to such instability and unrest, thereby adversely affecting investors' confidence in Indonesia and the Indonesian economy. Violent acts arising from and leading to instability and unrest have in the past had, and could continue to have, a material adverse effect on investment and confidence in, and the performance of, the Indonesian economy, and in turn our business. Political unrest in Indonesia may disrupt the operation of our facilities or make us less attractive to investors and customers. We cannot assure you that our facilities will not be subject to acts of terrorism, violent acts and adverse political developments which may materially and adversely affect our business, financial condition and results of operations.

Domestic, regional or global economic changes may adversely affect our business.

The economic crisis which affected Southeast Asia, including Indonesia, from mid-1997 was characterized in Indonesia by, among others, currency depreciation, a significant decline in real gross domestic product, high interest rates, social unrest and extraordinary political developments. More recently, the global economic crisis that began in 2008, resulted in a decrease in Indonesia's rate of growth to 4.4% in 2009 from 6.1% in 2008 and 6.3% in 2007. These conditions had a material adverse effect on Indonesian businesses. Indonesia's economy remains significantly affected by the Asian economic crisis and, more recently, by the global economic crisis that began in 2008. The global financial markets have experienced, and may continue to experience, significant turbulence originating from the liquidity shortfalls in the U.S. credit and sub-prime residential mortgage markets since 2008, which have caused liquidity problems resulting in bankruptcy for many institutions, and resulted in major government bailout packages for banks and other institutions. The global economic crisis has also resulted in a shortage in the availability of credit, a reduction in foreign direct investment, the failure of global financial institutions, a drop in the value of global stock markets, a slowdown in global economic growth and a drop in demand for certain commodities. The global financial markets have also recently experienced volatility as a result of concerns over the debt crisis in the Eurozone. Uncertainty over the outcome of the Eurozone governments' financial support programs and worries about sovereign finances generally are ongoing.

As a result of the economic crisis in 1997, the Government has had to rely on the support of international agencies and governments to prevent sovereign debt defaults. The Government continues to have a large fiscal deficit and a high level of sovereign debt, its foreign currency reserves are modest, the Rupiah continues to be volatile and has poor liquidity, and the banking sector is weak and suffers from high levels of non-performing loans. Government funding requirements to areas affected by the Asian tsunami in December 2004 and other natural disasters, as well as increasing oil prices, may increase the Government's fiscal deficits. The inflation rate (measured by the year on year change in the consumer price index) remains volatile with an annual inflation rate of 4.3% in 2012 and 8.4% in each of 2013 and 2014. Interest rates in Indonesia have also been volatile in recent years, which has had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness. The economic difficulties Indonesia faced during the Asian economic crisis that began in 1997 resulted in, among other things, significant volatility in interest rates, which had a material adverse impact on the ability of many Indonesian companies to service their existing indebtedness. Although the policy rate set by Bank Indonesia has decreased significantly from a peak of 70.8% in late July 1998 for one-month Bank Indonesia certificates, there can be no assurance that the recent improvement in economic conditions will continue or the previous adverse economic condition in Indonesia and the rest of the Asia Pacific region will not occur in the future. In particular, a loss of investor confidence in the financial systems of emerging and other markets, or other factors, may cause increased volatility in the international and Indonesian financial markets and inhibit or reverse the growth of the global economy and the Indonesian economy.

The current global economic situation could further deteriorate or have a greater impact on Indonesia and our businesses. Any of the foregoing could materially and adversely affect our business, financial condition, results of operations and prospects, and the Issuer's ability to pay interest on, and repay the principal of, the Notes.

Regional autonomy may adversely affect our business through imposition of local restrictions, taxes and levies.

Indonesia is a large and diverse nation covering a multitude of ethnicities, languages, traditions and customs. During the administration of the former President Soeharto, the central Government controlled and exercised decision-making authorities on almost all aspects of national and regional administration, including the

allocation of revenues generated from extraction of national resources in the various regions. This control led to a demand for greater regional autonomy, in particular with respect to the management of local economic and financial resources. In response to such demand, the Indonesian Parliament in 1999 passed Law No. 22 of 1999 regarding Regional Autonomy ("Law No. 22/1999") and Law No. 25 of 1999 regarding Fiscal Balance between the Central and the Regional Governments ("Law No. 25/1999"). Law No. 22/1999 has been revoked and replaced by Law No. 23 of 2014 regarding Regional Government Law as amended by Government Regulation in lieu of Law No. 2 of 2014 regarding Amendment of Law No. 23/2014. Law No. 25/1999 has been revoked and replaced by Law No. 33 of 2004 regarding the Fiscal Balance between the Central and the Regional Governments, respectively. Under these regional autonomy laws, regional autonomy was expected to give the regional governments greater powers and responsibilities over the use of "national assets" and to create a balanced and equitable financial relationship between central and regional governments. However, under the pretext of regional autonomy, certain regional governments have put in place various restrictions, taxes and levies which may differ from restrictions, taxes and levies put in by other regional governments and/or are in addition to restrictions, taxes and levies stipulated by the central government. We conduct the sales of our products throughout Indonesia and may be adversely affected by conflicting or additional restrictions, taxes and levies that may be imposed by the applicable regional authorities.

Labor activism could adversely affect Indonesian companies, including us, which in turn could affect our business, financial condition, results of operations and prospects.

Laws and regulations which facilitate the forming of labor unions, combined with weak economic conditions, have resulted and may continue to result in labor unrest and activism in Indonesia. In 2000, the Government issued Law No. 21 of 2000 on Labor Union (the "Labor Union Law"). The Labor Union Law permits employees to form unions without employer intervention. In March 2003, the Government enacted Law No. 13 of 2003 on Labor (the "Labor Law") which, among other things, increased the amount of severance, service and compensation payments payable to employees upon termination of employment. The Labor Law requires further implementation of regulations that may substantively affect labor relations in Indonesia. The Labor Law requires bipartite forums with participation from employers and employees and the participation of more than 50.0% of the employees of a company in order for a collective labor agreement to be negotiated and creates procedures that are more permissive to the staging of strikes. Under the Labor Law, employees who voluntarily resign are also entitled to payments for, among other things, unclaimed annual leave and relocation expenses. Following the enactment, several labor unions urged the Indonesian Constitutional Court to declare certain provisions of the Labor Law unconstitutional and order the Government to revoke those provisions. The Indonesian Constitutional Court declared the Labor Law valid except for certain provisions, including relating to the right of an employer to terminate its employee who committed a serious mistake and criminal sanctions against an employee who instigates or participates in an illegal labor strike.

Labor unrest and activism in Indonesia could disrupt our operations and could affect the financial condition of Indonesian companies in general, depressing the prices of Indonesian securities on the Jakarta or other stock exchanges and the value of the Indonesian Rupiah relative to other currencies. Such events could materially and adversely affect our businesses, financial condition, results of operations and prospects.

Depreciation or volatility in the value of the Rupiah may adversely affect our business, financial condition, results of operations and prospects.

One of the most important immediate causes of the economic crisis which began in Indonesia in mid-1997 was the depreciation and volatility of the value of the Rupiah, as measured against other currencies, such as the U.S. dollar. Although the Rupiah has appreciated considerably from its low point of approximately Rp.17,000 per U.S. dollar in January 1998, the Rupiah continues to experience significant volatility. For example, the Rupiah depreciated from Rp.12,189 per U.S. dollar as of December 31, 2013 to Rp.13,276 per U.S. dollar as of March 31, 2016. See "Exchange Rates and Exchange Controls" for further information on changes in the value of the Rupiah as measured against the U.S. dollar in recent periods.

The Rupiah has generally been freely convertible and transferable (except that Indonesian banks may not transfer Rupiah to persons outside of Indonesia and may not conduct certain transactions with non-residents). However, from time to time, Bank Indonesia has intervened in the currency exchange markets in furtherance of its policies, either by selling Rupiah or by using its foreign currency reserves to purchase Rupiah. We cannot assure you that the Rupiah will not be subject to depreciation and continued volatility, that the current floating exchange rate policy of Bank Indonesia will not be modified, that additional depreciation of

the Rupiah against other currencies, including the U.S. dollar, will not occur, or that the Government will take additional action to stabilize, maintain or increase the value of the Rupiah, or that any of these actions, if taken, will be successful.

Modification of the current floating exchange rate policy could result in significantly higher domestic interest rates, liquidity shortages, capital or exchange controls or the withholding of additional financial assistance by multinational lenders. This could result in a reduction of economic activity, an economic recession, loan defaults or declining interest by our customers, and as a result, we may also face difficulties in funding our capital expenditure and in implementing our business strategy. Any of the foregoing consequences could have a material adverse effect on our business, financial condition, results of operations and prospects.

Downgrades of credit ratings of Indonesia and Indonesian companies could adversely affect us and the market price of the Notes.

In 1997, certain recognized statistical rating organizations, including Moody's and S&P, downgraded Indonesia's sovereign rating and the credit ratings of various credit instruments of the Government and a large number of Indonesian banks and other companies. Currently, Indonesia's sovereign foreign currency long-term debt is rated "Baa3" by Moody's, "BB+" by S&P and "BBB-" by Fitch, and its short-term foreign currency debt is rated "NP" by Moody's, "B" by S&P and "F3" by Fitch with a stable outlook from Moody's, a positive outlook from S&P and a stable outlook from Fitch. In August 2013, Fitch indicated that the country's stable outlook could be impacted if financial market turmoil continued. These ratings reflect an assessment of the Government's overall financial capacity to pay its obligations and its ability or willingness to meet its financial commitments as they become due. Even though the recent trend in Indonesian sovereign ratings has been positive, no assurance can be given that Moody's, S&P, Fitch or any other statistical rating organization will not downgrade the credit ratings of Indonesia or Indonesian companies in general. Any such downgrade could have an adverse impact on liquidity in the Indonesian financial markets, the ability of the Government and Indonesian companies, including us, to raise additional financing and the interest rates and other commercial terms at which such additional financing is available to us, which could materially and adversely affect our business, financial condition, results of operations and prospects.

An outbreak of the avian flu, the Influenza A ("H1N1") virus, severe acute respiratory syndrome ("SARS"), Ebola or another contagious disease may have an adverse effect on the economies of Asian countries and may adversely affect our business, financial condition, results of operations and prospects.

An outbreak of avian flu, the H1N1 virus, SARS, Ebola or another contagious disease or the measures taken by the governments of affected countries, including Indonesia, against such potential outbreaks, could seriously interrupt our operations or the services or operations of our suppliers and customers, which could have a material adverse effect on our business, financial condition, results of operations and prospects. The perception that an outbreak of avian flu, SARS, Ebola or other contagious diseases may occur again may also have an adverse effect on the economic conditions of countries in Asia, including Indonesia.

Indonesian Law requiring agreements involving Indonesian parties to be written in the Indonesian language may raise issues as to the enforceability of agreements entered into in connection with the offer and sale of the Notes and the Guarantees.

On July 9, 2009, the Government enacted Law No. 24 of 2009 on Flag, Language, Coat of Arms and National Anthem ("Law No. 24/2009") requiring that agreements involving Indonesian parties be written in the Indonesian language. Where an agreement also involves foreign parties, it may also be executed in both the Indonesian language and a foreign language, provided that the agreement in the foreign language and the agreement in the Indonesian language are equally authoritative. Law No. 24/2009 is silent on the governing language if there is more than one language used in a single agreement. Article 40 of Law No. 24/2009 states that further stipulation on the use of Bahasa Indonesia shall be regulated by the implementing regulations to be issued. The Government issued an implementing regulation, Government Regulation 57/2014 (the "Regulation"), on July 7, 2014 to give effect to certain provisions of the Law No. 24/2009. The Regulation focuses on the promotion and protection of the Indonesian language and literature and is silent on the question of contractual language, it does serve as a timely reminder that contracts involving Indonesian parties must be executed in Bahasa Indonesia (although versions in other languages are also permitted).

Although the Indenture governing the Notes and any other agreements will be prepared in dual English and Indonesian versions as required under Law No. 24/2009, we cannot assure you that, in the event of

inconsistencies between the Indonesian language and English language versions of these agreements, an Indonesian court would hold that the English version would prevail. Some concepts in the English language may not have a corresponding term in the Indonesian language and the exact meaning of the English text or may not be fully captured by such Indonesian version. If this occurs, we cannot assure you that the terms of the Notes, including the Indenture, will be as described in this Offering Memorandum, or will be interpreted and enforced by the Indonesian courts as intended.

Detailed implementing regulations for Law No. 24/2009 have not been published and Law No. 24/2009 does not specify any sanction for non-compliance. We cannot predict as to how the implementation of this new law will impact the validity and enforceability of the Notes and the Guarantees under Indonesian laws. This creates uncertainty as to the ability of holders of Notes to enforce the Notes and the Guarantees in Indonesia.

On June 20, 2013, the District Court of West Jakarta released Decision No. 451/Pdt.G/2012/PN.Jkt.Bar, which annulled a loan agreement between an Indonesian borrower, namely PT Bangun Karya Pratama Lestari as plaintiff, and a non-Indonesian lender, Nine AM Ltd as defendant. The loan agreement was governed by Indonesian law and was drafted only in the English language. The court ruled that the agreement had contravened Article 31(1) of Law No. 24/2009 and declared it to be invalid. In arriving at this conclusion, the court relied on Articles 1320, 1335 and 1337 of the Indonesian Civil Code, which taken together render an agreement void if, inter alia, it is tainted by illegality. The court held that as the agreement had not been drafted in the Indonesian language, as required by Article 31(1), it therefore failed to satisfy the "lawful cause" requirement and was void from the outset, meaning that a valid and binding agreement had never existed. Then, the defendant appealed to the Jakarta High Court. On May 7, 2014, the Jakarta High Court released Decision No. 48/PDT/2014/PT.DKI, which affirmed the District Court's decision. As of the date of this Offering Memorandum, no further action has been made by either party.

Risks Relating to the Notes, the Guarantees and the Collateral

The Indenture and the other documentation relating to the Notes and the Guarantees contain covenants limiting our financial and operating flexibility.

Covenants contained in the Indenture and the other documentation relating to the Notes and the Guarantees restrict the ability of the Parent Guarantor and any restricted subsidiary, including the Issuer to, among other things:

- incur or guarantee additional indebtedness and issue certain redeemable or preferred stock;
- create or incur certain liens;
- make certain payments, including dividends or other distributions, with respect to the shares of the Parent Guarantor or its restricted subsidiaries;
- prepay or redeem subordinated debt, shareholder loans or equity;
- make certain investments;
- create encumbrances or restrictions on the payment of dividends, or other distributions, loans or advances to and on the transfer of assets to the Parent Guarantor or any of its restricted subsidiaries;
- sell, lease or transfer certain assets, including stock of restricted subsidiaries;
- enter into sale and leaseback transactions;
- engage in certain transactions with affiliates;
- enter into unrelated businesses; and
- consolidate or merge with other entities.

All of these covenants are subject to the limitations, exceptions and qualifications described in "Description of the Notes — Certain Covenants". These covenants could limit our ability to pursue our growth plan, restrict our flexibility in planning for, or reacting to, changes in our business and industry, and increase our vulnerability to general adverse economic and industry conditions.

Any defaults of covenants contained in the Notes may lead to an event of default under the Notes and the Indenture and may lead to cross-defaults under our other indebtedness. If any of our indebtedness is then accelerated, it could result in an event of default under the Indenture and all outstanding obligations under such

indebtedness or the Notes may immediately become due and payable. No assurance can be given that the Parent Guarantor, the Issuer or the Subsidiary Guarantor will be able to pay any amounts due to the lenders under such indebtedness or to holders of the Notes in the event of such acceleration, and any such acceleration may significantly impair the Issuer's ability to pay, when due, the interest of and principal on the Notes, significantly impair the Parent Guarantor's, and the Subsidiary Guarantor's ability to satisfy their respective obligations under the Guarantees and we could be forced into bankruptcy or liquidation.

We may not be able to generate sufficient cash flows to meet our debt service obligations.

Our ability to make scheduled payments on, or to refinance our obligations with respect to, our current and future indebtedness, including the Intercompany Loan and the Notes, will depend on our financial and operating performance, which in turn will be affected by general economic conditions and by financial, competitive, regulatory and other factors beyond our control. We may not generate sufficient cash flow from operations, and future sources of capital may not be available to us in an amount sufficient to enable us to service our indebtedness, including the Notes, or to fund our other liquidity needs. If we are unable to generate sufficient cash flow and capital resources to satisfy our debt obligations or other liquidity needs, we may have to undertake alternative financing plans, such as refinancing or restructuring our debt, selling assets, reducing or delaying capital investments or seeking to raise additional capital. In particular, we are not required to maintain a sinking fund or otherwise accumulate cash for the purpose of repaying the Notes and we anticipate that we will be required to incur additional indebtedness to repay the Notes due at maturity. There is no assurance that any refinancing of the Notes or any other indebtedness would be possible, that any assets could be sold or, if sold, of the timing of the sales and the amount of proceeds that may be realized from those sales, or that additional financing could be obtained on acceptable terms, if at all. In the absence of such operating results and resources, we could face substantial liquidity problems and might be required to dispose of material assets or operations to meet our debt service and other obligations. Other credit facilities and the Indenture that will govern the Notes will restrict our ability to dispose of assets and use the proceeds from the disposition. We may not be able to consummate those dispositions or to obtain the proceeds which we could realize from them and these proceeds may not be adequate to meet any debt service obligations then due. Our inability to generate sufficient cash flows to satisfy our debt obligations, or to refinance our indebtedness on commercially reasonable terms and in a timely manner, would materially and adversely affect our financial condition and results of operations and the Issuer's ability to satisfy its obligations under the Notes, See "Management's Discussion and Analysis of Financial Condition and Results of Operations — Liquidity and Capital Resources" and "Description of the Notes".

Enforcing the rights of Noteholders under the Notes or the Guarantees across multiple jurisdictions may prove difficult.

The Notes will be issued by the Issuer and guaranteed by the Parent Guarantor and the Subsidiary Guarantors. The Issuer and Golden Mountain are incorporated under the laws of the Republic of Singapore. The Parent Guarantor and SPD, the initial Subsidiary Guarantor, are incorporated under the laws of Indonesia. The Notes, the Guarantees and the Indenture are governed by the laws of the State of New York. In the event of a bankruptcy, insolvency or similar event, proceedings could be initiated in Indonesia, Singapore and the United States. Such multi-jurisdictional proceedings are likely to be complex and costly for creditors and otherwise may result in greater uncertainty and delay regarding the enforcement of your rights. The rights of Noteholders under the Notes and the Guarantees will be subject to the insolvency and administrative laws of several jurisdictions and there can be no assurance that you will be able to effectively enforce your rights in such complex multiple bankruptcy, insolvency or similar proceedings. In addition, the bankruptcy, insolvency, administrative and other laws of Indonesia, Singapore and the United States may be materially different from, or be in conflict with, each other and those with which may be familiar, including in the areas of rights of creditors, priority of governmental and other creditors, ability to obtain post-petition interest and duration of the proceeding. The application of these laws, or any conflict among them, could call into question whether any particular jurisdiction's laws should apply, adversely affect your ability to enforce your rights under the Notes and the Guarantees in the relevant jurisdictions or limit any amounts that you may receive.

It may not be possible for you to effect service of process or to enforce judgment of a foreign court on the Guarantors in Indonesia.

Each of the Issuer and Golden Mountain is a private company with limited liability incorporated under the laws of the Republic of Singapore. The Parent Guarantor and the initial Subsidiary Guarantor are limited liability companies incorporated in Indonesia operating within the framework of Indonesian laws relating to investment and all of their significant assets are located in Indonesia. In addition, one of the Issuer's directors and all of the

Guarantors' commissioners and directors reside in Indonesia. As a result, it may be difficult for investors to effect service of process on the Issuer, the Parent Guarantor or a Subsidiary Guarantor or their respective commissioners and directors outside Indonesia, or to enforce judgments obtained in non-Indonesian courts against the Issuer, the Parent Guarantor or a Subsidiary Guarantor or their respective commissioners and directors in Indonesia.

The Guarantors have been advised by their Indonesian legal advisor, Assegaf Hamzah & Partners, that judgments of non-Indonesian courts are not enforceable in Indonesian courts, although such judgments could be admissible as non-conclusive evidence in a proceeding on the underlying claim in an Indonesian court. Our Indonesian legal advisers have also advised us that there is doubt as to whether Indonesian courts will recognize judgments in original actions brought in Indonesian courts based only upon the civil liability provisions of the securities laws of other countries. In addition, an Indonesian court may refuse to hear an original action based on securities laws of other countries. As a result, holders of the Notes would be required to pursue claims against the Parent Guarantor or a Subsidiary Guarantor or their respective commissioners, directors and executive officers in Indonesian courts.

The claims and remedies available under Indonesian law may not be as extensive as those available in other jurisdictions. No assurance can be given that the Indonesian courts will protect the interests of holders of the Notes in the same manner or to the same extent as would courts in more developed countries outside of Indonesia.

Through the purchase of the Notes, Noteholders may be exposed to a legal system subject to considerable discretion and uncertainty; it may be difficult or impossible for holders of the Notes to pursue claims under the Notes or the Guarantees because of considerable discretion and uncertainty of the Indonesian legal system.

Indonesian legal principles relating to the rights of debtors and creditors, or their practical implementation by Indonesian courts, may differ materially from those that would apply within the jurisdictions of the United States, the European Union or other jurisdictions. Neither the rights of debtors nor the rights of creditors under Indonesian law are as clearly established or recognized as under legislation or judicial precedent in the United States and most European Union member states. In addition, under Indonesian law, debtors may have rights and defenses to actions filed by creditors that these debtors would not have in jurisdictions with more established legal regimes such as those in the United States and the European Union member states.

Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published. Indonesia's commercial and civil laws, as well as rules on judicial process, were historically based on Dutch law as in effect prior to Indonesia's independence in 1945, and some have not been revised to reflect the complexities of modern financial transactions and instruments. Indonesian courts may be unfamiliar with sophisticated commercial or financial transactions, leading in practice to uncertainty in the interpretation and application of Indonesian legal principles. The application of Indonesian law depends upon subjective criteria such as the good faith of the parties to the transaction and principles of public policy, the practical effect of which is difficult or impossible to predict. Indonesian judges operate in an inquisitorial legal system, have very broad fact-finding powers and a high level of discretion in relation to the manner in which those powers are exercised. In practice, Indonesian court decisions may omit, or may not be decided upon, a legal and factual analysis of the issues presented in a case, and as a result, the administration and enforcement of laws and regulations by Indonesian courts and Indonesian governmental agencies may be subject to considerable discretion and uncertainty. Furthermore, corruption in the court system in Indonesian has been widely reported in publicly available sources.

In addition, under the Indonesian Civil Code, although a guarantor may waive its right to require the obligee to exhaust its legal remedies against the obligor's assets prior to the obligee exercising its rights under the related guarantee, a guarantor may be able to argue successfully that the guarantor can nonetheless require the obligee to exhaust such remedies before acting against the guarantor. No assurance can be given that an Indonesian court would not side with the Parent Guarantor or a Subsidiary Guarantor on this matter, despite the express waiver by the Parent Guarantor or a Subsidiary Guarantor of this obligation in the Guarantees.

Furthermore, on September 2, 2013, the holders of notes issued by BLD Investments Pte. Ltd and guaranteed by PT Bakrieland Development Tbk ("Bakrieland"), under a trust deed governed under English law, filed a suspension of debt payment petition with the Commercial Court on grounds including that Bakrieland had failed to comply with its obligation to repay the principal amount of the notes when noteholders exercised their

put option under the terms of the notes. In its decision dated September 23, 2013, the Commercial Court ruled, among other things, that the trust deed relating to the notes is governed by English law, all disputes arising out of or in connection with the trust deed must be settled by English courts and, accordingly, that the Jakarta commercial court does not have authority to examine and adjudicate this case.

As a result, it may be difficult for holders of the Notes to pursue a claim against the Issuer, the Parent Guarantor or any Subsidiary Guarantor in Indonesia, which may adversely affect or eliminate entirely the ability of the Noteholders to obtain and enforce a judgment against the Issuer, the Parent Guarantor or any Subsidiary Guarantor in Indonesia or increase the costs incurred by holders of the Notes in pursuing, and the time required to pursue, claims against the Issuer, the Parent Guarantor or any Subsidiary Guarantor.

Indonesian companies have filed suits in Indonesian courts to invalidate transactions involving offshore offering structures, and have brought legal action against lenders and other transaction participants. Such legal action had resulted in judgments against such defendants invalidating all obligations under the applicable debt instruments and in damages against such defendants in excess of the amounts borrowed.

In several cases in Indonesian courts, Indonesian companies which had defaulted on notes and other debt incurred through offshore financing entities using a structure involving a guarantee granted by an Indonesian company, have successfully sued creditors and other transaction participants obtaining, among other relief:

- a declaration that the entire debt obligation is null and void;
- disgorgement of prior payments made to holder of the notes on the notes;
- damages from lenders and other transaction participants in amounts exceeding the original proceeds of the debt issued; and
- injunctions prohibiting holders of notes from enforcing rights under the transaction documents and trading in the notes.

Published reports, including those court decisions that are available, do not provide a clear factual basis or legal rationale for these judgments. In reaching these decisions, however, the courts have not appeared to follow the contractual selection of non-Indonesian law as the governing law. These courts have in certain instances barred the exercise of any remedies available to the investors anywhere in the world.

In a June 2006 decision that was released in November 2006, the Indonesian Supreme Court affirmed a lower court judgment that invalidated US$500 million of notes issued through an offshore offering structure (the "June 2006 Decision"). The decision involved an Indonesian listed company, PT Indah Kiat Pulp & Paper Tbk. ("Indah Kiat"), an Indonesian listed company, as plaintiff and various parties as the defendants using a structure similar to this offering of Notes and the Guarantees. The decision involved an Indonesian listed company, Indah Kiat, as plaintiff and various parties as the defendants using a structure similar to this offering of the Notes and the Guarantees, whereby notes were issued through a Dutch subsidiary of Indah Kiat and guaranteed by Indah Kiat. The Indonesian Supreme Court upheld the decisions of a District Court and High Court in Indonesia in favor of Indah Kiat. The Indonesian courts ruled that the defendants (including the trustee, underwriter and security agent for the issuance of the Indah Kiat notes) committed a tort (perbuatan melawan hukum) and therefore the issuance of the notes was declared null and void. The courts nullified the notes by reasoning that the contracts made in relation to the notes were signed without any legal cause, and so did not meet the provision of Article 1320 of the Indonesian Civil Code that requires a legal cause as one of the elements for a valid agreement. The Indonesian courts accepted the plaintiff's argument that Indah Kiat acted both as a debtor and as a guarantor of the same debt even though in the facts of the case Indah Kiat International Finance Company B.V. ("Indah Kiat BV"), lndah Kiat's Dutch subsidiary established for the purpose of the issuance of the notes, was the issuer of the notes and Indah Kiat was the guarantor of such notes. The Indonesian courts also ruled that the establishment of Indah Kiat BV was unlawful as it was intended to avoid Indonesian withholding tax payments.

On August 19, 2008, the Indonesian Supreme Court granted a civil review (peninjauan kembali) and annulled the June 2006 Decision. The Indonesian Supreme Court in its civil review decision stated that Indah Kiat has failed to prove that the transaction is an act of legal manipulation that caused damages to Indah Kiat. Therefore, the Indonesian Supreme Court concluded that the defendants did not commit any unlawful act. Further, the Indonesian Supreme Court is of the view that it was clear that the money borrowed by Indah Kiat from Indah Kiat BV originated from the issuance of notes, as evidenced in the recital of the relevant loan agreement and thus the claim that the whole transaction was a manipulation of law had no merit. Moreover, with regard to the validity and enforceability of the security documents, the Indonesian Supreme Court stated that the

security agreements would prevail as long as the underlying agreements were still valid and binding. On the tax issues, the civil review decided that the Indonesian Supreme Court had misapplied the tax law as it did not prohibit tax saving, and thus the claim relating to tax was annulled. The civil review also stated that for certain New York law governed agreements in the transaction (such as the indenture, the loan agreement, the amended and restated loan agreement and the underwriting agreement), the claim should be brought to the appropriate court in the state of New York.

Despite the decision described above, the Indonesian Supreme Court has taken a contrary view with respect to PT Lontar Papyrus Pulp & Paper Industry ("Lontar Papyrus"), a sister corporation of Indah Kiat. According to the March 2009 Decision, the Indonesian Supreme Court refused a civil review of a judgment by the District Court of Kuala Tungkal, in South Sumatra, which invalidated US$550 million of notes issued by Lontar which was the plaintiff in the court case related to the June 2006 decision. Lontar Papyrus' legal arguments in its lower court case were fundamentally the same as those in the earlier cases by Indah Kiat — namely, that, under the notes structure, the plaintiff was acting as both the debtor and guarantor for the same debt and, therefore, the structure was invalid. The Indonesian Supreme Court's refusal to grant a civil review of the lower court's decision effectively affirmed the lower court's decision to invalidate all of the transaction documents, including Lontar Papyrus' obligations as the guarantor under the notes and meaning the verdict is now final. The Indonesian Supreme Court's refusal to grant the civil review was based on reasons that the loan agreement between Asia Pulp & Paper Company Ltd ("APPC") and Lontar Papyrus and the indenture with regard to the issuance of the notes required adjustment to observe the prevailing laws and regulations in Indonesia. In addition, the fact that the loan had been paid in full by Lontar Papyrus to APPC under the relevant loan agreement resulted in Lontar Papyrus having no continuing outstanding legal obligation, either as debtor under the relevant loan agreement or as guarantor under the indenture. Lontar Papyrus and Indah Kiat are subsidiaries of APPC and their original court cases against their creditors were filed at approximately the same time. While the lower court decisions in certain of these cases have been ultimately annulled by the Indonesian Supreme Court, as was the case in August 2008, it appears that the Indonesian Supreme Court has taken a contradictory view on the Lontar Papyrus case.

In September 2011, the Indonesian Supreme Court (the "September 2011 Decision") refused a civil review of a decision by the District Court of Bengkalis (whose judgment was the subject of the Indonesian Supreme Court's June 2006 Decision and August 2008 Decision), which invalidated the notes issued by Indah Kiat BV. The facts and legal claims presented by Indah Kiat BV were substantially the same as those made by Indah Kiat in the lower court cases that were the subject of the June 2006 Decision. The September 2011 Decision specifically noted that the Indonesian Supreme Court chose to not consider its August 2008 Decision despite such substantially similar facts and legal claims.

The Indonesian Supreme Court's refusal to grant civil reviews of the lower court decisions in the March 2009 Decision and September 2011 Decision effectively affirmed the lower courts' decisions and such lower court decisions are now final and not subject to further review.

The Indonesian court decisions are not binding precedents and do not constitute a source of law at any level of the judicial hierarchy as in common law jurisdictions such as the United States and the United Kingdom. This means that while lower courts are not bound by the Indonesian Supreme Court decision, such decisions have persuasive effect. Therefore, there can be no assurance that in the future a court will not issue a similar decision to the June 2006 Supreme Court decision mentioned above in relation to the validity and enforceability of the Notes and the Guarantees or grant additional relief to the detriment of holders of the Notes, if the Issuer were to contest efforts made by holders of the Notes to enforce these obligations.

Therefore, the holders of the Notes may have difficulty in enforcing any rights under the Notes, the Guarantees or the other transaction documents in Indonesia, where most of the Parent Guarantor's assets are located. Moreover, depending on the recognition which non-Indonesian courts may grant to such Indonesian decisions, the holders of the Notes may also be disabled from enforcing any rights under the Notes, the Guarantees or the other transaction documents, or collecting on the Issuer's, the Parent Guarantor's or a Subsidiary Guarantor's assets, anywhere else in the world. In sum, the holders of the Notes may have no effective or practical recourse or any assets or legal process in Indonesia to enforce any rights against us or the Issuer.

In addition, the participation of a holder of a Note as a creditor in this transaction may expose it to affirmative judgments by Indonesian courts against it (beyond the value of the Notes such holder of a Note purchased). Moreover, affirmative relief granted against the holders of the Notes by Indonesian courts may be

enforced by non-Indonesian courts against the assets of the holders of the Notes (or other transaction participants) located outside of Indonesia (and each holder of a Note should consult its own lawyer in that regard).

An Indonesian court has limited certain rights of the trustee, acting on behalf of the holders of U.S. dollar bonds, in relation to the parent guarantor, in a decision that affected the holders' rights and the terms of the bonds in connection with a debt restructuring of the parent guarantor.

On December 8, 2014, the Supervisory Judge in proceedings before the Commercial Court of the Central Jakarta District Court determined that noteholders were not creditors of PT Bakrie Telecom Tbk. ("Bakrie Tel") for purposes of its court-supervised debt restructuring, known as a PKPU (the "Bakrie Tel PKPU"). Bakrie Tel, an Indonesian telecommunications company, is the guarantor of US$380 million of senior notes issued in 2010 and 2011 by a Singapore-incorporated special purpose vehicle that is a subsidiary of Bakrie Tel. The proceeds from the offering of the notes were on-lent to Bakrie Tel pursuant to an intercompany loan agreement, which was guaranteed by Bakrie Tel and assigned to the noteholders as collateral. In its decision affirming the composition plan, the Commercial Court accepted the Supervisory Judge's determination that the relevant creditor of Bakrie Tel in respect of the US$380 million notes was the issuer subsidiary, rather than the noteholders or the trustee, and gave no effect to the guarantee. As such, only the intercompany loan was recognized by the Commercial Court as indebtedness on which Bakrie Tel was liable for purposes of the Bakrie Tel PKPU. As a result, only the issuer subsidiary had standing as a Bakrie Tel creditor to vote in the Bakrie Tel PKPU proceedings, which substantially altered the terms of the U.S. dollar bonds and the guarantee.

Similar with the Bakrie Tel PKPU case, an Indonesian company, PT Trikomsel Oke Tbk ("Trikomsel"), in early 2016 was entered into a suspension of payment obligation (PKPU) under the Indonesia bankruptcy law regime. The PKPU administrators were reported to reject claims that arose from their two Singaporean Dollar bonds and have taken the stance that the trustees do not have any standing to make claims on behalf of the bondholders. Further, they asserted that only individual noteholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on the restructuring plan. Various sources indicate that the PKPU administrators have instead acknowledged Trikomsel's affiliates' intercompany loan, by which the proceeds of bond issuance have been streamed. The PKPU process is currently extended until mid-June and discussion on the restructuring plan is still ongoing.

It may be difficult or impossible for Noteholders to enforce all of their rights under a guarantee provided by an Indonesian guarantor such as the Parent Guarantor, including but not limited to being able to vote in court-supervised debt restructuring or bankruptcy proceedings in Indonesia. Further, no assurance can be given that the Indonesian courts will recognize all or part of a guarantee provided by an Indonesian guarantor in these proceedings. Indonesia's legal system is a civil law system based on written statutes in which judicial and administrative decisions do not constitute binding precedent and are not systematically published and Indonesian judges have very broad fact-finding powers and a high level of discretion with respect to the manner in which those powers are exercised, and may be guided less by legal principles and precedent than would their counterparts in other jurisdictions.

The Guarantees may be challenged under applicable financial assistance, insolvency or fraudulent transfer laws, which could impair the enforceability of the Guarantees.

Under bankruptcy laws, fraudulent transfer laws, financial assistance, insolvency or unfair preference or similar laws in Indonesia, where the Parent Guarantor and the Subsidiary Guarantors are incorporated and where all of their significant assets are currently located (as well as under the law of certain other jurisdictions to which in certain circumstances the Parent Guarantor or a Subsidiary Guarantor may be subject), the enforceability of the Guarantees may be impaired if certain statutory conditions are met. In particular the Guarantees may be voided, or claims in respect of the Guarantees could be subordinated to all other debts of such Guarantor, if at the time that such Guarantor incurred the indebtedness evidenced by, or when it gives, its Guarantee, it:

- incurred the debt with the intent to hinder, delay or defraud creditors or was influenced by a desire to put the beneficiary of the Guarantees in a position which, in the event of such Guarantor insolvency, would be better than the position the beneficiary would have been in had the Guarantees not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of the Guarantees;
- received no commercial benefit;
- was insolvent or rendered insolvent by reason of such incurrence;

- was engaged in a business or transaction for which such Guarantor's remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts as they mature.

The test for insolvency, the other particular requirements for the enforcement of fraudulent transfer law, and the nature of the remedy in the event of fraudulent transfer, may vary depending on the law of the jurisdiction which is being applied.

Under the laws of Indonesia, it would also be necessary for the directors to ensure that such Guarantor is solvent immediately after entry into, and performance of any obligation under, the transaction, that:

- it will be able to satisfy its liabilities as they become due in the ordinary course of its business; and
- the realizable value of the assets of such Guarantor will not be less than the sum of its total liabilities other than deferred taxes, as shown in the books of account, and its capital.

The directors are required to ensure that the issued capital of such Guarantor is maintained and that, after the giving of its Guarantee, such Guarantor would have sufficient net assets to cover the nominal value of its issued share capital.

If a court voided the Guarantee, or held the Guarantee unenforceable for any other reason, then the holders of the Notes would cease to have a claim against such Guarantor based upon such Guarantee, and would solely be creditors of the Issuer. If a court subordinated such Guarantee to other indebtedness of such Guarantor, then claims under the Guarantee would be subject to the prior payment of all liabilities (including trade payables). We cannot assure you that there would be sufficient assets to satisfy the claims of holders of the Notes after providing for all such prior claims.

Claims of the secured creditors of the Guarantors will have priority with respect to their security over the claims of unsecured creditors, such as the holders of the Notes, to the extent of the value of the assets securing such indebtedness.

As of March 31, 2016, we had US$442.1 million of consolidated indebtedness outstanding (including US$0.1 million under finance leases) and had US$152.0 million available under our working capital and trade line facilities. See "Capitalization and Indebtedness". All of such outstanding indebtedness, other than the Old Notes, was secured. We may also be able to borrow substantial additional indebtedness, including secured debt, in the future under the terms of the Indenture.

Claims of the secured creditors of the Guarantors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. Therefore, the Guarantees will be effectively subordinated to any secured indebtedness and other secured obligations of the Guarantors to the extent of the value of the assets securing such indebtedness or other obligations. In the event of any foreclosure, dissolution, winding up, liquidation, reorganization, administration or other bankruptcy or insolvency proceeding of the Guarantors that has secured obligations, holders of secured indebtedness will have prior claims to the assets of the Guarantors that constitute their collateral. The holders of the Notes will participate on a *pari passu* basis with all holders of the unsecured indebtedness of the Guarantors, and potentially with all of their other general creditors, based upon the respective amounts owed to each holder or creditor, in the remaining assets of the Guarantors. In the event that any of the secured indebtedness of the Guarantors becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, the Guarantors' assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Guarantees. As a result, holders of the Notes may receive less than holders of secured indebtedness of the Guarantors.

The Notes will be effectively subordinated to claims of any creditors of any future Subsidiaries that are not Subsidiary Guarantors.

Certain future Restricted Subsidiaries of the Parent Guarantor that are Finance Subsidiaries or FS Subsidiaries (each as defined in "Description of the Notes"), are designated as Unrestricted Subsidiaries under the Indenture or any Restricted Subsidiary, if the guarantee of such Restricted Subsidiary could reasonably be expected to give rise to or result in a conflict with or violation of applicable law, will not be required to guarantee the Notes. As a result, the Notes would be effectively subordinated to the claims of the creditors of such subsidiaries in the event of a bankruptcy, liquidation, dissolution, reorganization or similar proceeding involving

us or a subsidiary that is not a Subsidiary Guarantor, where the assets of the affected entity cannot be used to satisfy the claims of the holders of the Notes until after all secured claims against the affected entity have been fully paid.

We may be subject to future bankruptcy, insolvency and similar proceedings in Indonesia or other jurisdictions, which may delay or prevent payment on the Notes.

Under the Indonesian Bankruptcy Law, a creditor that foresees its debtor would not be able to continue to pay its debts when they become due and payable, or a debtor which is unable, or predicts that it would be unable, to pay its debts when they become due and payable, may file for suspension of payment of debt with the Commercial Court. In addition, a debtor who has two or more creditors and who is unable to repay its debts may be declared bankrupt by virtue of a Commercial Court decision. Under the Indonesian Bankruptcy Law, a suspension of debt payment proceeding takes priority over a bankruptcy proceeding and must be decided first. As such, a suspension of debt payment proceeding will effectively postpone the bankruptcy proceeding. As a result, creditors are unlikely to receive any payment during the course of the suspension of debt payment proceeding (with the exception of secured creditors subject to certain conditions) and the bankruptcy estate is likely to be insufficient to fully settle their claims.

In addition, during the suspension of debt payment proceeding, the debtor may propose a composition plan to its creditors. Such composition, if approved at a creditors' meeting and ratified by the Commercial Court, will be binding on all unsecured creditors and on secured creditors that voted for the composition plan, and the suspension of debt payment proceeding ends. The debtor can then continue its business and service its debt in accordance with the composition plan proposed by the debtor and approved at the creditors' meeting and ratified by the court. The secured creditors that did not attend the creditors' meeting or vote on the plan are not bound by the plan and are entitled to enforce their security interests.

As a composition plan, if approved, is approved by majority of the creditors on a collective basis, it may not be in the best interest of any particular creditor. If the Guarantor becomes a debtor in a bankruptcy proceeding or a suspension of debt payment proceeding in Indonesia, we may file for suspension of debt payment with a proposed composition plan which may not be satisfactory to the unsecured creditors. If such composition plan is approved, it will be binding on the unsecured creditors.

The Issuer and the Parent Guarantor may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture governing the Notes.

Upon the occurrence a Change of Control (as defined in the Indenture), the Issuer or the Parent Guarantor must make an offer to repurchase all outstanding Notes at 101% of their principal amount plus accrued and unpaid interest, if any, up to the date of repurchase. See "Description of the Notes — Repurchase of Notes upon a Change of Control". However, the Issuer and the Parent Guarantor may not have enough available funds at the time of any Change of Control to pay the purchase price of the tendered outstanding Notes. The Issuer's and the Parent Guarantor's failure to make the offer to repurchase or repurchase tendered Notes would constitute an Event of Default (as defined in the Indenture). This Event of Default may, in turn, constitute an event of default under other indebtedness, any of which could cause the related debt to be accelerated after any applicable notice or grace periods. If such other debt were accelerated, we may not have sufficient funds to repurchase the Notes and repay the debt.

In addition, the definition of Change of Control for purposes of the Indenture does not necessarily afford protection for the holders of the Notes in the event of some highly-leveraged transactions, including certain acquisitions, mergers, refinancing, restructuring or other recapitalization, although these types of transactions could increase our indebtedness or otherwise affect our capital structure or credit ratings and the holders of the Notes. The definition of Change of Control for purposes of the Indenture also includes a phrase relating to the sale of "all or substantially all" of our properties or assets and our subsidiaries taken as a whole. Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition under applicable law. Accordingly, the Issuer's obligation to make an offer to repurchase the Notes, and the ability of a holder of Notes to require us to repurchase the Notes pursuant to the offer, as a result of a highly leveraged transaction or a sale of less than all of our assets, may be uncertain.

The ratings assigned to the Notes may be lowered or withdrawn.

The ratings assigned to the Notes may be lowered or withdrawn entirely in the future. The Notes have been assigned a rating of "BB-" by S&P, "B1" by Moody's and "BB-" by Fitch. The ratings represent the opinions of the ratings agencies and their assessment of the ability of each of the Issuer and the Parent Guarantor to perform its respective obligations under the terms of the Notes and the Guarantees and credit risks in determining the likelihood that payments will be made when due under the Notes. A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time. No assurances can be given that a rating will remain for any given period of time or that a rating will not be lowered or withdrawn entirely by the relevant rating agency if in its judgment circumstances in the future so warrant. We have no obligation to inform holders of the Notes of any such revision, downgrade or withdrawal. In addition, we cannot assure you that rating agencies other than S&P and Moody's would not rate the Notes differently. A suspension, reduction or withdrawal at any time of the rating assigned to the Notes or the assignment by a rating agency other than S&P and Moody's of a rating of the Notes lower than those provided may adversely affect the market price of the Notes.

An active trading market for the Notes may not develop and the trading price of the Notes could be materially and adversely affected.

Although the Initial Purchasers have advised us that they intend to make a market in the Notes, they are not obligated to do so and may discontinue such market making activity at any time without notice. We cannot predict whether an active trading market for the Notes will develop or be sustained. If an active trading market were to develop, the Notes could trade at prices that may be lower than their initial offering price. The liquidity of any market for the Notes depends on many factors, including:

- the number of holders of Notes;
- the interest of securities dealers in making a market in the Notes;
- prevailing interest rates and the markets for similar securities;
- general economic conditions; and
- our financial condition, historical financial performance and future prospects.

If an active market for the Notes fails to develop or be sustained, the trading price of the Notes could be materially and adversely affected. Approval in-principle has been obtained for the listing of the Notes on the SGX-ST. However, no assurance can be given that we will be able to obtain or maintain such listing or that, if listed, a trading market will develop. We do not intend to apply for listing of the Notes on any securities exchange other than the SGX-ST. Lack of a liquid, active trading market for the Notes may adversely affect the price of the Notes or may otherwise impede a holder's ability to dispose of the Notes.

The transfer of the Notes is restricted which may adversely affect their liquidity and the price at which they may be sold.

The Notes and the Guarantees have not been registered under, and we are not obligated to register the Notes or the Guarantees under, the Securities Act or the securities laws of any other jurisdiction and, unless so registered, may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. See "Transfer Restrictions". We have not agreed to or otherwise undertaken to register the Notes and the Guarantees (including by way of an exchange offer), and we have no intention to do so.

Investment in the Notes may subject Noteholders to foreign exchange risks.

The Notes are denominated and payable in U.S. dollars. If you measure your investment returns by reference to a currency other than the U.S. dollar, an investment in the Notes entails foreign exchange-related risks, including possible significant changes in the value of the U.S. dollar relative to the currency by reference to which you measure your returns, due to, among other things, economic, political and other factors over which we have no control. Depreciation of the U.S. dollar against the currency by reference to which you measure your investment returns could cause a decrease in the effective yield of the Notes below their stated coupon rates and could result in a loss to you when the return on the Notes is translated into the currency by reference to which you measure your investment returns. In addition, there may be tax consequences for you as a result of any foreign exchange gains resulting from any investment in the Notes.

The Issuer is a wholly-owned financing entity of the Parent Guarantor and is dependent upon payments under the Intercompany Loan to meet its obligations under the Notes.

The Indenture governing the Notes prohibits the Issuer from engaging in any activities other than certain limited activities described in "Description of the Notes — Certain Covenants — Limitations on the Activities of the Issuer". There is no direct contractual claim between the Issuer and the Parent Guarantor in relation to the Intercompany Loan.

The Issuer is a wholly-owned financing entity of the Parent Guarantor and has limited assets and no business operations other than issuing the Notes and engaging in related transactions and activities relating to the offering, sale or issuance of debt obligations similar to the Notes in the future. Following the repurchase of any Old Notes pursuant to the Tender Offer, the remaining net proceeds from the offering of the Notes will be used by the Issuer to effect a contribution by the subscription for additional shares in the capital of Golden Mountain and/or grant of a shareholder loan to, Golden Mountain, which will then on-lend the proceeds of such transfer to the Parent Guarantor pursuant to the Intercompany Loan. The Issuer's ability to make payments on the Notes is largely dependent on dividend payments and/or equity repayments made to the Issuer by Golden Mountain and Golden Mountain's ability to make dividend payments and/or equity repayments is largely dependent on the Parent Guarantor's ability to make repayments under the Intercompany Loan and the Parent Guarantor's ability to make payments and/or other cash transfers or financial funding to Golden Mountain. The Parent Guarantor's ability to make such payments will depend on a number of factors, some of which may be beyond their control, including those identified elsewhere in this "Risk Factors" section. If the Parent Guarantor fail to make scheduled payments under the Intercompany Loan, or if Golden Mountain fails to make dividend payments and/or equity repayments, the Issuer may not have any other source of funds to meet its payment obligations under the Notes.

Golden Mountain is a Restricted Subsidiary and is subject to all of the covenants applicable to Restricted Subsidiaries. In addition, it is subject to certain additional restrictions under the Indenture. Unlike the Issuer, the prohibition on the Issuer from engaging in activities other than certain limited activities does not apply to Golden Mountain. Accordingly, Golden Mountain would be permitted under the Indenture to engage in certain activities that could give rise to other obligations that may cause it to be unable to make payments to the Issuer in amounts sufficient for the Issuer to make payments due on the Notes, even if the Parent Guarantor made the required payments to Golden Mountain under the Intercompany Loan.

Furthermore, there is no contractual requirement obligating Golden Mountain to pay dividends to the Issuer allowing the Issuer to service payments on the Notes and there can be no assurance that Golden Mountain will make such payments to the Issuer in the ordinary course of business. In any event, payment of dividends by Golden Mountain may only be made out of its profits and there can be no assurance that this condition will be met to allow Golden Mountain to make such dividend payments to the Issuer in the future. In the event that Issuer does not receive any dividend payments and/or other payments or distributions from Golden Mountain, the Issuer may need to enter into other agreements or loans with the Parent Guarantor or Subsidiary Guarantors to meet its payment obligations under the Notes.

The value of the Collateral will not be sufficient to satisfy our obligations under the Notes.

The obligations of the Issuer and the Parent Guarantor under the Notes and the Parent Guarantee are secured by the Collateral (as defined in "Description of the Notes") which currently consists of pledges by the Parent Guarantor of the shares of the Issuer and by the Issuer of the shares of Golden Mountain. The liens on the shares of the Issuer and the shares of Golden Mountain will be *pari passu* with the liens securing the obligations of Issuer and the Parent Guarantor under the Old Notes (and any Permitted Pari Passu Secured Indebtedness) and subject to an intercreditor agreement. The amount of proceeds that would ultimately be realized from the Collateral upon any enforcement action will not be sufficient to satisfy our obligations under the Notes. The value of the Collateral and any amount to be recovered upon enforcement action against the Collateral will depend upon many factors including, among others, the jurisdiction in which the enforcement action or sale is completed, the ability to sell the Collateral in an orderly sale, the availability of buyers and the condition of the Collateral. The sale of certain Collateral, including pledged shares, may violate provisions of certain of our operating agreements and may result in the termination of such agreements. An appraisal of the Collateral has not been prepared in connection with this offering of the Notes. Accordingly, we cannot assure you that the proceeds of any sale of the Collateral following an acceleration of the Notes or otherwise would be sufficient to satisfy, or would not be substantially less than, our obligations under the Notes. Each of these factors could reduce the likelihood of an enforcement action as well as reduce the amount of any proceeds in the event of an enforcement action.

The Collateral (as defined in the "Description of the Notes") will be shared on a *pari passu* basis with holders of the Old Notes and may be shared with other indebtedness ranking *pari passu* with the Notes that we may issue in the future. Accordingly, in the event of a default on the Notes or the other secured indebtedness and a foreclosure on the Collateral, any foreclosure proceeds would be shared by the holders of secured indebtedness in proportion to the outstanding amounts of each class of such secured indebtedness.

The ability of the Collateral Agent to foreclose on the Collateral, upon the occurrence of an Event of Default or otherwise, will be subject in certain instances to perfection and priority issues. Although procedures will be undertaken to support the validity and enforceability of the security interests, we cannot assure you that the Trustee or holders of the Notes will be able to enforce any of the security interests. The value of the Collateral in the event of a liquidation will depend upon market and economic conditions, the availability of buyers and similar factors. By its nature, some or all of the Collateral may be illiquid and may have no readily ascertainable market value. We cannot assure you that the Collateral will be saleable or, if saleable, that there will not be substantial delays in its liquidation.

The rights over the Collateral will not be granted directly to holders of the Notes.

The rights over the Collateral securing the obligations of the Issuer and the Guarantors under the Notes and the Indenture have not been and will not be granted directly to holders of the Notes, but will be granted only in favor of the Collateral Agent. The Collateral will be shared on a *pari passu* basis with the holders of the Old Notes and with any other Permitted Pari Passu Secured Indebtedness that may be issued in the future. As a consequence, holders of the Notes will not have direct security and will not be entitled to take enforcement action in respect of the security for the Notes and the Guarantees, except through the Collateral Agent, which has agreed to apply any proceeds of enforcement on such security towards such obligations and in the case of the Collateral and any Permitted Pari Passu Secured Indebtedness. Other than the Indonesian capital markets regulations, Indonesian law does not recognize the concept of trust including, without limitation, the relationship of trustee and beneficiary or other fiduciary relationships. Accordingly, enforcement of the provisions granting security in favor of third party beneficiaries and otherwise relating to the nature of the relationship between a trustee (in its capacity as such) and the beneficiaries of a trust in Indonesia will be subject to an Indonesian court accepting the concept of trustee under New York law and Singapore law and accepting proof of the application of equitable principles under such security documents.

The pledge of certain Collateral may in certain circumstances be voidable.

The pledge of the Collateral securing the Notes may be voidable under insolvency, bankruptcy, fraudulent transfer or similar laws of Singapore and other jurisdictions, if and to the extent applicable. In the case of the Collateral being voidable under such laws in Singapore, the relevant time period during which such security is voidable could be within six months of the date of the pledge or, under some circumstances, it could be voidable within longer periods. If the pledges of the Collateral were to be voided for any reason, holders of the Notes would have only an unsecured claim against us. In addition, if the pledge of certain Collateral is voided or challenged under such laws, this could impair the enforceability of the Guarantees.

Noteholders are exposed to risks relating to Singapore taxation.

The Notes are, pursuant to the Income Tax Act, Chapter 134 of Singapore ("ITA") and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" dated June 28, 2013, intended to be "qualifying debt securities" for the purposes of the ITA, subject to the fulfillment of certain conditions more particularly described in the section "Taxation — Singapore Taxation".

However, there is no assurance that the Notes will continue to enjoy the tax concessions in connection therewith should the relevant tax laws or MAS circulars be amended or revoked at any time.

Current Bapepam — LK or OJK regulations may restrict our ability to issue any additional debt securities.

On November 28, 2011, Bapepam-LK Regulation IX.E.2 on Material Transactions and Change of Core Business was issued, which replaced the previous regulation issued in 2009 (the "Material Transactions Regulation"). This regulation is applicable to publicly listed companies in Indonesia and their unlisted consolidated subsidiaries. Pursuant to the Material Transactions Regulation, each borrowing and lending in one transaction or a series of related transactions for a particular purpose or activity having a transaction value of 20% to 50% of the publicly listed company's equity, as determined by the latest audited annual financial

statements, semi-annual limited reviewed financial statements or audited interim financial statements (if any), must be announced to the public and the listed company must also prepare an appraisal report. The announcement relating to the material transaction must be made to the public in at least one Indonesian language daily newspaper having national circulation no later than the end of the second business day after the date of execution of the agreement(s) related to the Material Transaction. The announcement is required to include a summary of the transaction, an explanation of the considerations and reasons for such material transaction and the effect of the transaction on the company's financial condition, a summary of the appraisal report (including its purpose, the object, the parties involved, the assumptions, qualifications and methodology used in the appraisal report, the conclusion on the value of the transaction, and the fairness opinion on the transaction), which must not be dated more than six months prior to the date of the material transaction, the amount borrowed or lent, and a summary of the terms and conditions of the borrowing or lending. Publicly listed companies must submit evidence of an announcement as referred to above at the latest by the end of the second business day after the date of execution of the agreement(s) related to the Material Transaction.

The aggregate transaction value of the offering of the Notes and the lending of the proceeds of the Notes from Golden Mountain to us will exceed 50.0% threshold. Accordingly, in connection with the offering, we are required to obtain and submit to OJK an appraisal report from an independent appraiser (registered with OJK), a summary of which is required to be published in a newspaper announcement two business days after the date of signing of the agreements related to the offering of the Notes. We have appointed an independent appraiser, Firman Suryantoro Sugeng Suzy Hartomo & Rekan, to prepare this appraisal report, which we expect to be completed on or before the issue date of the Notes.

Subject to certain exceptions under the Material Transactions Regulation, a material transaction (in this case, borrowing and lending) with a value in excess of 50.0% of a company's equity must be approved by shareholders holding more than half of all shares with valid voting rights who are present or represented, and more than half of such shareholders present or represented approve the transaction, in addition to fulfilling the appraisal disclosure requirements. The issuance of the Notes was approved at an extraordinary general meeting for shareholders held on September 2, 2015.

If we decide to issue additional debt securities other than through a public offering, and the amount issued exceeds the 50.0% threshold, then we would be required to obtain shareholders' approval, as well as a new appraisal report. There is no assurance that we would be able to obtain the approval of our shareholders or a favorable appraisal report in order to issue such additional debt securities. This requirement could limit our ability to finance our future operations and capital needs, or pursue business opportunities or activities that may be in our interest. Any limitation on our ability to raise funds to finance our operations could materially and adversely affect our business, financial condition, results of operations and prospects.

The appraisal report may not be accurate or complete, and you will not have access to it.

The independent appraiser is relying upon the accuracy and completeness of the information, including certain projections that we provide to the independent appraiser. The appraisal report that is submitted to OJK pursuant to Indonesian regulations will be based on certain assumptions, including certain assumptions with respect to the terms of the Notes and projections, which, by their nature, are subjective and uncertain and may differ from actual results. The independent appraiser has not independently verified such information, and assumes no responsibility for and expresses no view as to any, such information, projections or the assumptions on which they were based. The Initial Purchasers and our independent auditors have not examined, reviewed or compiled the projections and accordingly, do not express an opinion or any other form of assurance with respect thereto. Unanticipated results of, or changes in, our business or the residential and/or commercial property industry, or changes in global or local economic conditions or other relevant factors, could affect such projections and the conclusions in the appraisal report. After the issuance of the Notes, we expressly disclaim any duty to, and neither we nor the independent appraiser will, provide an update to the report of the differences between the projections or the assumptions made in the appraisal report.

Accordingly, the appraisal report is not a prediction or an indication of the Issuer's or the Guarantors' actual ability to perform their obligations under the Notes and Guarantees. Investors should not rely on the requirement of the Parent Guarantor to obtain an appraisal report when making an investment decision.

The full appraisal report, including the detailed projections underlying the analysis and the assumptions on which the appraiser's conclusions are based, is confidentially submitted to OJK and not available to shareholders or to you for review. The summary of the appraisal report will only be published in Bahasa Indonesia in a local

newspaper at the latest by the end of the second business day after the date of the execution of the agreements related to the Material Transaction, and will not include a full statement of all of the relevant facts, information and assumptions on which the appraiser bases its conclusions.

The Singapore-Indonesia tax treaty may be applied in a manner adverse to the interests of the Company.

The Indonesian tax laws and regulations generally require a 20.0% tax to be withheld on the payment of interest from an Indonesian taxpayer to an offshore tax resident. Under the double tax treaty between Singapore and Indonesia (the "Singapore-Indonesia Tax Treaty"), the rate of withholding tax is reduced to 10% on the payment of interest to a Singapore tax resident which is the beneficial owner of this interest.

The reduced rate is available to a Singapore company only if the company is able to comply with the requirements stipulated in the Indonesian Director-General of Taxation ("DGT") Regulation No. PER-61/PJ/2009 dated November 5, 2009 as amended by DGT Regulation No. PER-24/PJ/2010 dated April 30, 2010 regarding the application of double taxation treaties, and DGT Regulation No. PER-62/PJ/2009 dated November 5, 2009 as amended by DGT Regulation No. PER-25/PJ/2010 dated April 30, 2010 regarding prevention of abuse of tax treaties. Pursuant to these regulations, the Singapore company is required to provide to the Indonesian taxpayer a completed form (Form DGT-1), duly signed by the company and endorsed by the Inland Revenue Authority of Singapore ("IRAS") which states that:

- the Singapore company does not have a permanent establishment in Indonesia;
- the structure and/or transactions are not created merely for the purpose of accessing the benefits under the Singapore-Indonesia Tax Treaty;
- the company has its own management that has sufficient authority to make decisions;
- the company has sufficient qualified employees;
- the company is actively engaged in business or trade;
- the income sourced from Indonesia is subject to taxation in Singapore; and
- not more than 50.0% of the total income earned by the company is used to settle its obligations to other parties in the form of interest, royalties or other types of compensation (excluding dividends and ordinary operating expenses).

If the IRAS is not able to endorse the Form DGT-1 then the Singapore company must obtain a Certificate of Domicile/Tax Residence from the IRAS and submit the certificate together with the Form DGT-1 to the Indonesian taxpayer.

Under Singapore income tax law, the Issuer and Golden Mountain would be considered tax residents in Singapore if the control and management of their business is exercised in Singapore. As a general rule, the place where a company's control and management is exercised, and hence its tax residence is the place where the directors of the company hold their meetings. The board of directors of both the Issuer and Golden Mountain will endeavor to ensure that the control and management of each of the Issuer and Golden Mountain is exercised in Singapore so that each would be considered a tax resident of Singapore. For this offering, the Issuer will contribute the net proceeds of this offering of Notes to Golden Mountain by way of subscription of additional shares in the capital of, and/or a shareholder loan to, Golden Mountain, which will fund our corporate purposes by granting the Intercompany Loan to the Parent Guarantor. Golden Mountain would receive payments under the Intercompany Loan from the Parent Guarantor. Golden Mountain acts as an active group financing company for which purpose it intends to employ a number of qualified staff members to run its operations. Golden Mountain may in the future undertake a wide range of group financing activities and other activities for the benefit of the Parent Guarantor and the Subsidiary Guarantor. The Issuer is the beneficial owner of the shares in Golden Mountain. However, it remains uncertain as to whether the Indonesian tax authorities will view Golden Mountain as the beneficial owner of the interest under the Intercompany Loan. In the event that Golden Mountain is not so classified or Golden Mountain is not able to provide the completed Form DGT-1 (and, if required, Certificate of Domicile/Tax Residence as described below under "Taxation – Indonesian Taxation – Agreements for the Avoidance of Double Taxation – Certificate of Domicile"), payments of interest under the Intercompany Loan may not have the benefit of the Singapore-Indonesia Tax Treaty, and the Indonesian tax authorities may challenge whether such interest payments qualify for the withholding reduction provided by the Singapore-Indonesia Tax Treaty. As a result, any such interest payment may be subject to a 20.0% withholding tax in accordance with the applicable Indonesian tax law. Any late payment of tax will be subject to an interest penalty of 2.0% per month.

In the event that the 10.0% withholding tax rate does not apply, or in the event that the Guarantors make interest payments under the Guarantees, the statutory 20.0% withholding tax rate would apply. In such a scenario, under the terms of the Notes, the Issuer or the applicable Guarantor would, subject to certain exceptions, be required to pay such additional amounts as will result in receipt by the Holder of such amounts as would have been received by such Holder had no such withholding or deduction been required. The requirement to pay additional amounts will increase the cost of servicing interest payments on the Notes, could impose a significant burden on the Parent Guarantor's cash flows and could have a material adverse effect on the Parent Guarantor's financial condition and results of operations, and the Issuer's ability to pay interest on, and repay the principal amount of, the Notes.

USE OF PROCEEDS

The net proceeds from the offering and issue of the Notes, after deducting the underwriting fees and commissions and other estimated transaction expenses relating to the offering of the Notes hereby are expected to be approximately US$345.5 million.

Following the repurchase of any Old Notes pursuant to the Tender Offer, the Issuer will transfer the remaining net proceeds of this offering to Golden Mountain, by way of subscription of additional shares in the capital of Golden Mountain and/or grant of a shareholder loan to Golden Mountain, with the proceeds from the issuance of the Notes that have been applied to repurchase the Old Notes treated as a deemed contribution and/or loan to Golden Mountain. Golden Mountain will then on-lend the proceeds of such transfer (including amounts from the deemed contribution and/or loan from the Issuer to Golden Mountain) to the Parent Guarantor pursuant to the Intercompany Loan.

The Parent Guarantor will use the net proceeds from the Intercompany Loan (i) to repay working capital loans; and (ii) any remaining proceeds for general corporate purposes to support the business of the Parent Guarantor. Amounts repaid under working capital loans may be reborrowed.

EXCHANGE RATES AND EXCHANGE CONTROLS

Bank Indonesia is the sole issuer of Rupiah and is responsible for maintaining the stability of the Rupiah. Since 1970, Indonesia has implemented three exchange rate systems: (i) a fixed rate between 1970 and 1978, (ii) a managed floating exchange rate system between 1978 and 1997, and (iii) a free floating exchange rate system since August 14, 1997. Under the managed floating system, Bank Indonesia maintained stability of the Rupiah through a trading band policy, pursuant to which Bank Indonesia would enter the foreign currency market and buy or sell Rupiah, as required, when trading in the Rupiah exceeded bid and offer prices announced by Bank Indonesia on a daily basis. On August 14, 1997, Bank Indonesia terminated the trading band policy and permitted the exchange rate of the Rupiah to float without an announced level at which it would intervene, which resulted in a substantial subsequent decrease in the value of the Rupiah relative to the U.S. dollar. Under the current system, the exchange rate of the Rupiah is determined solely by the market, reflecting the interaction of supply and demand in the market. Bank Indonesia may take measures, however, to maintain a stable exchange rate.

The following table sets forth information on the exchange rates between the Rupiah and U.S. dollar based on the middle exchange rate on the last day of each month during the year indicated. The Rupiah middle exchange rate is calculated based on Bank Indonesia's buying and selling rates.

	Exchange rates[1][2]			
	Low	High	Average	Period End
	(Rp. per US$)			
2011	8,460	9,185	8,779	9,068
2012	8,892	9,707	9,380	9,670
2013	9,667	12,189	10,563	12,189
2014	11,404	12,440	11,885	12,440
2015	12,625	14,657	13,458	13,795
2016				
January	13,835	13,946	13,889	13,846
February	13,333	13,757	13,516	13,395
March	13,020	13,367	13,193	13,276
April	13,096	13,238	13,180	13,204
May (through May 20, 2016)	13,162	13,573	13,313	13,573

Source: Statistik Ekonomi dan Keuangan Indonesia (Indonesian Financial Statistics) published monthly by Bank Indonesia Internet website of Bank Indonesia.

(1) For full years, the high and low amounts are determined, and the average shown is calculated, based upon the middle exchange rate announced by Bank Indonesia on the last day of each month during the year indicated.

(2) For each month, the high and low amounts are determined, and the average shown is calculated, based on the daily middle exchange rate announced by Bank Indonesia during the month indicated.

The middle exchange rate on May 20, 2016 was Rp.13,573 = US$1.00.

The Federal Reserve Bank of New York does not certify for customs purposes a noon buying rate for cable transfers in Indonesian Rupiah.

Exchange Controls

Indonesia has limited foreign exchange controls. The Rupiah has been, and in general is, freely convertible within or from Indonesia. However, to maintain the stability of the Rupiah and to prevent the utilization of the Rupiah for speculative purposes by non-residents, Bank Indonesia has introduced regulations to restrict the movement of Rupiah from banks within Indonesia to offshore banks, an offshore branch of an Indonesian bank, or any investment denominated in Rupiah by foreign parties and/or Indonesian parties domiciled or permanently residing outside Indonesia, thereby limiting offshore trading to existing sources of liquidity. In addition, Bank Indonesia has the authority to request information and data concerning the foreign exchange activities of all people and legal entities that are domiciled, or who plan to be domiciled, in Indonesia for at least one year.

Pursuant to PBI 16/22, all Indonesian residents who engage in foreign exchange traffic activities, whether individual or entities, to report (i) any trading of goods, services and other transaction between Indonesian resident and non-resident, (ii) position and changes to offshore financial assets and/or offshore financial liabilities; and/or (iii) Offshore Debt Plan and/or its realization to Bank Indonesia.

In addition to reporting on foreign exchange activities, for the purpose of PBI 16/21/2014, PBI 16/22 also requires report on the implementation of prudential principles. Under the SEBI 17/3/DSta, Non-Bank Corporations must submit:

(1) The prudential principle implementation activity report ("KPPK report"): (i) a non-attested KPPK Report, which is to be submitted on a quarterly basis, no later than the end of the third month after the end of the relevant quarter; and (ii) an attested KPPK report (attested by a public accountant), which is to be submitted no later than the end of June of the following year;

(2) Information on the fulfillment of credit ratings, which is to be submitted at the latest at the end of the month following the execution or issuance of the offshore debt; and

(3) The financial statements of the company, consisting of: (i) unaudited financial statements, to be submitted on quarterly basis, by no later than the end of the third month after the end of the relevant quarter; and (ii) annual audited financial statements, which must be submitted by no later than end of June of the following year.

Bank Indonesia examines the accuracy of the foreign exchange activities report and the prudential principle implementation activity report and will impose administrative sanctions in the form of penalties, written warnings and/or may report to other authorities of any violation due to any omission, inaccuracy, delay or failure in submission of such reports.

As of January 1, 2016, submissions of and corrections to the prudential principle implementation activity report shall be made online. The requirement to submit a credit ratings fulfillment applies only to offshore borrowings executed or issued as of January 1, 2016.

Indonesian Law on Currency and Obligation to Use Rupiah in Indonesian Territory

On June 28, 2011, the House of Representatives (the "Indonesian Parliament") passed Law No. 7 of 2011 (the "Currency Law") and on March 31, 2015, Bank Indonesia issued Bank Indonesia Regulation No. 17/3/PBI/2015 on the Mandatory to Use of Rupiah in the territory of the Republic of Indonesia ("PBI 17/3") and enacted Bank Indonesia Circular Letter No. 17/11/DKSP on June 1, 2015 as the implementation guideline ("SEBI 17/2015"). Under the Currency Law and PBI 17/3, all parties are required to use Rupiah for cash and non cash transactions conducted within Indonesia, including (i) each transaction which has the purpose of payment; (ii) settlement of other obligations which must be satisfied with money; and/or (iii) other financial transactions (including deposits of Rupiah in various amounts and types of Rupiah denomination from customers to banks).

Subject to further requirements under PBI 17/3, the obligation to use Rupiah does not apply to (i) certain transactions relating to the implementation of state revenue and expenditure; (ii) the receipt or provision of grants either from or to overseas; (iii) international trade transactions, which includes (a) export and/or import of goods to or from outside Indonesian territory and (b) activities relating to cross border trade in services; (iv) bank deposits denominated in foreign currencies; (v) international financing transactions; and (vi) transactions in foreign currency which are conducted in accordance with applicable laws and regulations, including, among others; (a) a bank's business activities in foreign currency which is conducted based on applicable laws regarding conventional and sharia banks, (b) securities in foreign currency issued by the Indonesian government in primary or secondary markets based on applicable laws, and (c) other transactions in foreign currency conducted based on applicable laws, including the law regarding Bank Indonesia, the law regarding investment and the law regarding Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank).

The Currency Law and PBI 17/3 prohibit the rejection of Rupiah when offered as a means of payment, to settle obligations and/or with respect to other financial transactions within Indonesia, unless there is uncertainty regarding the authenticity of the Rupiah bills offered, or the parties to the transaction have agreed in writing to the payment or settlement of obligations in a foreign currency. Article 10 of PBI 17/3/2015 further explains that the exemption based on such a written agreement between the parties is only applicable to an agreement made with respect to one of the above exempted transactions or transactions related to a strategic infrastructure project.

PBI 17/3 took effect from March 31, 2015, and the requirement to use Rupiah for non-cash transactions was effective from July 1, 2015. Written agreements which were signed prior to July 1, 2015 that contain provisions for the payment or settlement of obligations in foreign currency for non-cash transactions will remain effective until the expiry of such agreements. However, any extension and/or certain amendment of such agreements must comply with PBI 17/3.

According to SEBI 17/2015, a business operator in Indonesia must quote the price of goods and/or services in Rupiah and is prohibited from conducting dual quotations where the price of goods and/or services is listed both in Rupiah and a foreign currency, anywhere including on electronic media. The restriction applies to, among others, (i) price tags, (ii) service fees, such as agent fees in the sale and purchase of property, tourism services fee or consultancy services fee, (iii) leasing fees, such as apartment leases, housing leases, office leases, building leases, land leases, warehouse leases or vehicle leases, (iv) tariffs, such as loading/unloading tariff for cargo at the seaport or airplane ticket tariff, (v) price lists, such as a restaurant menu price list, (vi) contracts, such as clauses for pricing or fees, (vii) documents of offer, order, invoice, such as the price clause in an invoice, purchase order or delivery order, and/or (viii) payment evidence, such as the price listed in a receipt.

Further, SEBI 17/2015 stipulates that conditional exemptions may apply to certain infrastructure projects, among others, (i) transportation infrastructure, including airport services, seaport procurement and/or services, railway infrastructure and facilities, (ii) road infrastructure, including toll roads and toll bridges, (iii) watering infrastructure, including standard water bearer channel, (iv) drinking water infrastructure, including standard water bearer building, transmission channels, distribution channels, drinking water treatment installation, (v) sanitation infrastructure, including waste water treatment installation, collector channel and main channel, and waste facility which includes transporter and waste storage, (vi) informatics and technology infrastructure, including telecommunication network and e-government infrastructure, (vii) electricity infrastructure, including power plant, which includes power development sourcing from geothermal, transmission or distribution of electricity, and (viii) natural oil and gas infrastructure, including transmission and/or distribution of natural oil and gas. These exemptions apply if (a) the project has been declared by the central or regional government as a strategic infrastructure project, as evidenced by a formal confirmation letter from the relevant ministry/institution with regards to the project owner; and (b) an exemption approval has been obtained from Bank Indonesia.

A failure to comply with the obligation to use Rupiah in cash transactions will result in criminal sanctions in the form of fines and confinement. While a failure to comply with the obligation to use Rupiah in non-cash transactions will be subjected to administrative sanctions in the form of (i) written warning, (ii) fines, and/or (iii) prohibition from undertaking payment activities. Bank Indonesia may also recommend the relevant authorities and institutions to conduct certain action such as revoking the business license or stopping the business activities of the party which fails to comply with the obligation to use Rupiah in non-cash transactions.

Purchasing of Foreign Currencies Against Rupiah through Banks

On September 17, 2014, Bank Indonesia issued Regulation No. 16/16/PBI/2014 regarding Foreign Currency Transaction Against Rupiah between Banks Domestic Parties as initially amended by Bank Indonesia Regulation No. 17/6/PBI/2015 dated June 1, 2015, secondly, by Bank Indonesia Regulation No. 17/13/PBI/2015 dated August 25, 2015 and, lastly, by Bank Indonesia Regulation No. 17/15/PBI/2015 dated October 7, 2015 ("PBI 16/16"), as implemented by Bank Indonesia Circular Letter No. 16/14/DPM dated September 17, 2014 as initially amended by Bank Indonesia Circular Letter No. 17/15/DPM dated June 12, 2015, secondly, by Bank Indonesia Circular Letter No. 17/20/DPM dated August 28, 2015, thirdly, by Bank Indonesia Circular Letter No. 17/23/DPM dated September 30, 2015 and, lastly, by Bank Indonesia Circular Letter No. 17/49/DPM dated December 21, 2015. Under PBI 16/16, any conversion of Rupiah into foreign currency that exceeds certain thresholds would be required to have an underlying transaction. These thresholds are: (i) the purchase of foreign currency against Rupiah of more than US$25,000 or its equivalent per month per customer for spot transactions; (ii) the purchase of foreign currency against Rupiah of more than US$100,000 or its equivalent per month per customer for derivative transactions; (iii) the sales of foreign currency against Rupiah of more than US$5,000,000 or its equivalent per transaction per customer for forward transactions; and (iv) the sales of foreign currency against Rupiah of more than US$1,000,000 or its equivalent per transaction per customer for option transactions.

Pursuant to PBI 16/16, the underlying transactions include the following: (a) domestic and international trade of goods and services and/or (b) investment in the forms of direct investment, portfolio investments, loans, capital and other investments inside and outside Indonesia. The underlying transactions of such activities also include income and expense estimation. Underlying transactions do not include (a) placement of funds in banks in the form of, among others, regular deposits, demand deposits, term deposits, and negotiable certificate deposits and (b) money transfer activities by remittance companies.

Domestic Parties purchasing foreign currencies in excess of the threshold set out by PBI 16/16 will be required to submit certain supporting documents to the selling bank, including among others: (a) the draft or the executed documents of the underlying transaction; (b) copy of identification and Tax Registration Number

("NPWP") of the customer (applicable for spot transaction); (c) a written statement with sufficient stamp duty duly signed by the customer or an authenticated written statement from the customer regarding: (i) the authenticity and the correctness of the draft or the executed documents of the underlying transaction referred to in point (a) above; (ii) a statement that the purchase or sale of foreign currency against Rupiah at the most in the nominal amount of the underlying transaction within the Indonesian banking system; and (iii) (x) the need, the purpose and the date of the use of foreign currency if the document of the underlying transaction referred to in point (a) above is in the form of a draft (applicable for purchase of foreign currency against Rupiah through spot transactions or derivative transactions) or (y) the source of funds, the number of sales, and the timing of receipt of foreign currency if the document of the underlying transaction referred to in point (a) above is in the form of a draft (applicable for sales of foreign currency against Rupiah through derivative transaction).

On September 17, 2014, Bank Indonesia issued Regulation No. 16/17/PBI/2014 regarding Foreign Currency Transaction Against Rupiah between Banks and Foreign Parties as firstly amended by Bank Indonesia Regulation No. 17/7/PBI/2015 dated June 1, 2015, secondly, by Bank Indonesia Regulation No. 17/14/PBI/2015 dated August 25, 2015 and, lastly, by Bank Indonesia Regulation No. 17/16/PBI/2015 dated October 7, 2015 ("PBI 16/17"), as implemented by Bank Indonesia Circular Letter No. 16/15/DPM dated September 17, 2014 as firstly amended by Bank Indonesia Circular Letter No. 17/16/DPM dated June 12, 2015, secondly, by Bank Indonesia Circular Letter of Bank Indonesia No. 17/21/DPM dated August 28, 2015, and, lastly, by Bank Indonesia Circular Letter No. 17/50/DPM dated December 21, 2015. While PBI 16/16 and PBI 16/17 collectively govern foreign currency transactions against Rupiah in Indonesia, the scope of PBI 16/16 governs transactions between banks and domestic customers, whereas the scope of PBI 16/17 governs transactions between banks and foreign parties.

Similar to PBI 16/16, PBI 16/17 also requires an underlying transaction for a foreign currency transaction against Rupiah if it exceeds certain thresholds. These thresholds are: (i) purchases of foreign currency against Rupiah of more than US$25,000 or its equivalent per month per foreign party for spot transactions; (ii) purchases and sales of foreign currency against Rupiah of more than US$1,000,000 or its equivalent per transaction per foreign party or per outstanding sale or purchase per bank for derivative transactions; and (iii) specifically for forward transactions of more than US$5,000,000 or its equivalent per transaction per foreign party or per outstanding sale or purchase per bank.

Pursuant to PBI 16/17, the underlying transactions include the following activities: (a) domestic and international trade of goods and services and/or (b) investments in the forms of foreign direct investment, portfolio investments, loans, capital and other investments inside and outside Indonesia. The underlying transactions in such activities also include income and expense estimation. Underlying transactions do not include (a) the use of Bank Indonesia Certificate for foreign currency derivative transactions against Rupiah and (b) placement of funds in banks (*vostro*) in the form of, among others, regular deposits, demand deposits, term deposits, and negotiable certificate deposits.

Foreign parties purchasing foreign currencies in excess of the threshold set out by PBI 16/17 will be required to submit certain supporting documents to the selling bank, including among others: (a) the draft or the executed documents of the underlying transaction; (b) an authenticated written statement from the foreign party regarding: (i) the authenticity and the correctness of the draft or the executed documents of the underlying transaction referred to in point (a) above; (ii) a statement that the purchase of foreign currency against Rupiah at most in the nominal amount of the underlying transaction within the Indonesian banking system; (iii) the need, the purpose and the date of the use of foreign currency if the documentation of the underlying transaction referred to in point (a) above is in draft form; and (iv) the source of funds, the number of sales, and the timing of the receipt of foreign currency if the documentation of the underlying transaction referred to in point (a) above is in draft form (applicable for derivative transactions).

On December 23, 2015, Bank Indonesia issued Bank Indonesia Regulation No. 17/23/PBI 2015 to amend Bank Indonesia Regulation No. 16/10/PBI/2014 on Foreign Exchange Export Revenue and Drawdown of Offshore Debt which was issued on May 14, 2014 ("PBI 16/10/2014"). PBI 16/10/2014 revokes and replaces Bank Indonesia Regulation No. 13/22/PBI/2011 and BI Regulation No. 14/25/PBI/2012. On April 6, 2015, Bank Indonesia issued Bank Indonesia Circular Letter No. 18/5/DSta on the Receipt of Offshore Debt to revoke and replace Bank Indonesia Circular Letter No. 16/10/DSta dated May 26, 2014 on Drawdown of Offshore Debt. Based on PBI 16/2014, any drawdown of offshore debt (in foreign currencies) originating from (i) a non-revolving loan agreement (including offshore debt originating from a difference between the refinanced debt and the previous debt), (ii) offshore debt securities must be withdrawn through foreign exchange banks (which include offshore bank branches in Indonesia) and must be reported to Bank Indonesia with the relevant

supporting documents. The aggregate amount of offshore debt should be equal to the local commitments provided under such debt and every receipt of offshore debt through a foreign exchange bank should be equal to each offshore debt withdrawal. In the event that the aggregate amount of the offshore debt is less than the local commitments with difference in excess of Rp.50,000,000 (or its equivalent in foreign currencies), the borrower must submit a written explanation and sufficient supporting documents to Bank Indonesia before the expiration of the term of such debt. In the event that face amount of offshore debt received through foreign exchange bank is less than the amount of each offshore debt withdrawal, such offshore debt received through foreign exchange bank will be deemed equal to the amount of each offshore debt withdrawal if the borrower submits sufficient supporting documentation to Bank Indonesia. Withdrawals of the above offshore debt must be reported to Bank Indonesia monthly using the recapitulation data report as regulated under SEBI 15/16/DInt. These reports shall include supporting documentation detailing that the offshore debt was withdrawn from the foreign exchange bank. Administrative sanctions will be imposed on companies that fail to comply with such reporting obligations.

CAPITALIZATION AND INDEBTEDNESS

The following table shows our unaudited cash and cash equivalents and our capitalization as of March 31, 2016, on an actual and as adjusted basis.

The "as adjusted" data set forth below gives effect to the issuance of the Notes and the Tender Offer (assuming US$180.2 million principal amount of Old Notes tendered into the Tender Offer are repurchased) and the application of the remaining net proceeds of the offering of the Notes (after deducting expenses of the offering of the Notes and the Tender Offer payable by us, which are estimated to be approximately US$6.8 million in the aggregate) to repay working capital loans, as described under "Use of Proceeds".

You should read this information in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum and the sections in this Offering Memorandum entitled "Selected Consolidated Financial Information and Operating Data" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

	As at March 31, 2016	
	Actual (Unaudited)	As Adjusted[3] (Unaudited)
	(US$ millions)	(US$ millions)
Cash and cash equivalents	**78.2**	**88.4**
Indebtedness:		
Short-term bank loans	33.8	—
Long-term bank loans (including current portion)	109.3	—
Obligations under finance leases (including current portion)	0.1	0.1
Medium-term notes	30.0	30.0
Notes payable — net[1]	268.8	88.3
Notes offered hereby[2]	—	345.5
Total indebtedness[3]	442.1	463.9
Equity:		
Share capital	152.3	152.3
Additional paid-in capital-net	10.5	10.5
Accumulated actuarial gain (loss) on employee benefits liabilities	(1.9)	(1.9)
Retained earnings	139.1	127.6
Cumulative translation adjustment	(7.5)	(7.5)
Non-controlling interest	0.0	0.0
Total equity	292.4	280.9
Total capitalization[4]	**734.5**	**744.8**

(1) Notes payable — net represents the obligations of the Issuer under the Old Notes, plus unamortized premium from the issuance of additional notes less unamortized deferred bond expenses. As adjusted assumes that US$180.2 million principal amount of Old Notes are repurchased in the Tender Offer.

(2) The as adjusted amount of Notes offered hereby is net of estimated transaction costs relating to the issue of the Notes (consisting of underwriting discounts, commissions and other estimated transaction expenses).

(3) In addition, we had US$152.0 million available under our working capital and trade line facilities.

(4) Total capitalization is total indebtedness plus total equity.

Except as described above, there has been no material change in our capitalization since March 31, 2016.

SELECTED CONSOLIDATED FINANCIAL INFORMATION AND OPERATING DATA

You should read the selected financial information presented below in conjunction with our consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. You should also read the section of this Offering Memorandum entitled "Risk Factors" and "Management's Discussion and Analysis of Financial Condition and Results of Operations".

We have derived our selected consolidated financial information presented in the tables below as of and for the years December 31, 2014 and 2015 and as of March 31, 2016 and for the three months ended March 31, 2015 and 2016 from: (i) the audited consolidated financial statements as of and for the years ended December 31, 2014 and 2015 and (ii) the unaudited interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016 of the Company, respectively, included elsewhere in this Offering Memorandum. The Company changed its functional currency from Indonesian Rupiah to U.S. dollar, effective October 1, 2014, in accordance with PSAK No. 10 (Revised 2010) "The Effects of Changes in Foreign Exchange Rates" and accordingly, the Company has translated its consolidated financial statements as of and for the year ended December 31, 2013. See note 5 to the consolidated financial statements included elsewhere in this Offering Memorandum. Effective January 1, 2015, the Company has applied PSAK No. 24 (Revised 2013) "Employee Benefits" ("PSAK 24"). In accordance with the transitional provision of PSAK 24, the standard is applied from the earliest period presented in the consolidated financial statements and accordingly, the Company has restated its consolidated financial statements as of and for the year ended December 31, 2014 to reflect the application of PSAK 24. See note 4 to the consolidated financial statements included elsewhere in this Offering Memorandum. The Company has also restated its unaudited consolidated financial statements as of and for the year ended December 31, 2013, presented as comparative information in the consolidated financial statements, to reflect the adjustments for the change in functional currency from Indonesian Rupiah to U.S. dollar and to reflect the application of PSAK 24; however, such restated financial statements have not been audited or reviewed. We have derived our selected consolidated financial information as of and for the year ended December 31, 2013 included in this Offering Memorandum from such unaudited comparative consolidated financial statements.

Our consolidated financial statements as of and for the years ended December 31, 2014 and 2015 have been audited by KAP Tanubrata Sutanto Fahmi & Rekan ("TSFR"), independent public accountants and a member of BDO International Limited, in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants ("IAPI"), as stated in their audit report appearing elsewhere in this Offering Memorandum. Our unaudited interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016 have been reviewed by TSFR in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" ("SRE 2410") established by the IAPI, as stated in their review report appearing elsewhere in this Offering Memorandum. A review conducted in accordance with SRE 2410 established by the IAPI is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IAPI and, consequently, does not enable TSFR to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, they do not express an audit opinion on our interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016. The Company acquired SPD on November 16, 2013. Because prior to the acquisition, SPD was deemed to be an entity under common control with the Company, the information in this Offering Memorandum is presented as if SPD had been acquired on January 1, 2012. See the consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. Accordingly, unless otherwise specified, all financial information presented in this Offering Memorandum includes, on a consolidated basis, the financial information of the Company together with the financial information of its subsidiaries, including SPD.

We have prepared and presented our consolidated financial statements in accordance with Indonesian FAS, which differs in certain respects from U.S. GAAP. You should read the section of this Offering Memorandum entitled "Summary of Certain Differences between Indonesian FAS and U.S. GAAP" for a description of certain differences between Indonesian FAS and U.S. GAAP.

	For the years ended December 31,			For the three months ended March 31,	
	2013 (Unaudited)	2014	2015	2015 (Unaudited)	2016 (Unaudited)
	(US$ millions)			(US$ millions)	
Consolidated Statements of Profit or Loss and Other Comprehensive Income Data					
Sales	547.0	589.1	631.3	166.7	168.7
Sales for offset with related purchases[1]	(96.3)	(34.5)	(9.3)	(9.3)	—
Net sales	**450.7**	**554.6**	**622.0**	**157.4**	**168.7**
Cost of goods sold	449.6	466.7	497.9	133.8	133.1
Purchases for offset with related sales[1]	(96.3)	(34.5)	(9.3)	(9.3)	—
Net cost of goods sold	**353.3**	**432.2**	**488.6**	**124.5**	**133.1**
Gross profit	**97.4**	**122.4**	**133.4**	**32.9**	**35.5**
Selling expenses	(9.7)	(10.9)	(13.5)	(3.3)	(2.9)
General and administrative expenses	(14.6)	(16.6)	(22.1)	(4.0)	(5.0)
Gain/(loss) on foreign exchange — net[2]	(11.6)	(2.0)	(1.0)	0.7	0.3
Other operating income	2.7	1.4	1.3	—	0.5
Other operating expenses	(0.1)	—	(0.1)	—	—
Income from operations	**64.0**	**94.3**	**98.1**	**26.4**	**28.5**
Finance income	1.5	1.6	1.9	0.1	0.3
Finance charges[2]	(21.1)	(30.0)	(35.4)	(8.0)	(10.0)
Income before income tax	**44.4**	**65.9**	**64.6**	**18.8**	**18.9**
Income tax expense	**(12.8)**	**(15.5)**	**(8.9)**	**(4.0)**	**(2.4)**
Pro forma adjustment arising from business combination transactions of entities under common control[3]	(1.9)	—	—	—	—
Income for the period	**29.7**	**50.5**	**55.7**	**14.5**	**16.4**
Other comprehensive income/(expenses)	**(29.6)**	**(0.4)**	**(0.4)**	**(0.2)**	**(1.1)**
Total comprehensive income for the period	**0.1**	**50.1**	**55.3**	**14.3**	**15.3**
Income for the period attributable to:					
Owners of the parent entity	29.7	50.5	55.7	14.3	15.3
Non-controlling interests	0.0	0.0	0.0	0.0	0.0

(1) We enter into transactions with related parties for the purchase and sale of raw materials, works in process and finished goods. We account for such sales and purchases as offsetting transactions such that the sales to related parties are deducted from our sales and the related purchases from related parties are deducted from our cost of goods sold to the extent of the amount of the associated sale to the related party. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

(2) For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, borrowing costs in the amount of US$0.0, US$0.0, US$8.7 million, US$0.0 and US$0.5 million, respectively, were capitalized as part of the cost of acquisition of fixed assets. See note 13 to our consolidated financial statements included elsewhere in this Offering Memorandum.

(3) The Parent Guarantor's fixed assets are depreciated on a cost basis whereas the fixed assets of SPD are depreciated using a revaluation method which is based on a revaluation of the fixed assets on an annual basis. In connection with the preparation of our audited consolidated financial statements combining the accounts of the Parent Guarantor and SPD as if SPD had been acquired on January 1, 2012, adjustments were made to reflect the additional depreciation expenses recorded with respect to the fixed assets of SPD. The consolidation of SPD was completed during 2013 and the pro forma adjustment is not presented following the acquisition.

	As of December 31,			As of March 31,
	2013 (Unaudited)	2014	2015	2016 (Unaudited)
	(US$ millions)			(US$ millions)
Consolidated Statements of Financial Position Data				
Current assets				
Cash and cash equivalents	6.1	81.6	77.1	78.2
Trade receivables — net[1]				
Third parties	35.3	97.6	80.5	79.9
Related parties	25.5	31.6	21.7	17.3
Inventories	119.7	109.6	135.8	133.1
Advances for purchases of inventories	4.4	0.4	0.4	0.3
Prepaid taxes	—	—	2.3	2.9
Other current assets	1.1	5.4	5.3	5.7
Total current assets	**192.2**	**326.2**	**323.1**	**317.4**
Non-current assets				
Non-trade receivables from related parties	7.5	7.0	—	—
Investment in shares	0.0	0.0	0.0	0.0
Long-term advances for purchases of fixed assets				
Third parties	7.0	43.0	19.3	26.2
Fixed assets — net	250.0	322.6	440.9	450.3
Deferred tax assets — net	0.7	—	—	—
Other non-current assets	1.3	—	—	—
Total non-current assets	**266.5**	**372.6**	**460.2**	**476.5**
Total assets	**458.7**	**698.9**	**783.3**	**793.9**
Liabilities and equity				
Liabilities				
Current liabilities				
Short-term bank loans	100.9	31.7	38.3	33.8
Trade payables[1]				
Third parties	36.6	15.4	7.7	10.1
Related parties	5.2	3.2	3.4	1.0
Taxes payable	8.1	4.8	8.1	8.6
Accrued expenses	4.3	7.8	6.9	7.7
Other current liabilities	1.2	0.9	2.6	4.1
Short-term employee benefit liability	0.5	0.5	0.1	0.1
Current maturities of long-term debts:				
Long term bank loans	26.3	—	—	—
Obligation under finance lease	0.1	0.1	0.1	0.1
Total current liabilities	**183.1**	**64.5**	**67.2**	**65.5**
Non-current liabilities				
Long-term debts net of current maturities:				
Long-term bank loans	72.8	83.0	114.8	109.3
Obligation under finance lease	0.2	0.2	0.0	—
Medium-term notes	—	30.0	30.0	30.0
Notes payable — net[2]	—	267.1	268.5	268.8
Long-term employee benefit liability	7.2	8.5	10.1	12.5
Deferred tax liabilities — net	5.8	14.2	16.1	15.3
Total non-current liabilities	**85.9**	**402.9**	**439.5**	**435.9**
Total liabilities	**269.1**	**467.4**	**506.6**	**501.4**
Equity				
Equity Attributable to the owners of the parent entity				
Share capital	152.5	152.3	152.3	152.3
Additional paid in capital[3]	10.4	10.5	10.5	10.5
Accumulated actuarial gain (loss) on employee benefits liabilities	(0.2)	(0.4)	(0.7)	(1.8)
Retained earnings	37.3	74.6	122.3	139.1
Cumulative translation adjustment	(43.2)	(5.6)	(7.5)	(7.5)
Exchange difference from capital stock	32.7	—	—	—
Total equity attributable to the owners of the parent entity	189.6	231.4	276.7	292.4
Non-controlling interest	0.0	0.0	0.0	0.0
Total equity	**189.6**	**231.4**	**276.7**	**292.4**
Total liabilities and equity	**458.7**	**698.9**	**783.3**	**793.9**

(1) Accounts receivable and payable with related parties are offset and the net amount is reported in the statements of financial position because the settlement is on a net basis.

(2) Notes payable — net represents the obligations of the Issuer under the Old Notes plus unamortized premium from the issuance of additional notes and amortized deferred bond expenses less unamortized deferred bond expenses.

(3) On November 16, 2013, the Parent Guarantor acquired SPD for a purchase price of Rp.723,059 million. Prior to the acquisition, SPD was deemed to be an entity under common control with the Parent Guarantor in accordance with the Indonesian FAS and the acquisition transaction is considered a business combination under common control. Since the business combination for entities under common control do not lead to changes in economic substance of the exchanged ownership of the business, the transaction is recognized in the carrying amount based on the pooling of interests.

	For the years ended December 31,			For the three months ended March 31,	
	2013 (Unaudited)	2014	2015	2015 (Unaudited)	2016 (Unaudited)
	(US$ millions)			(US$ millions)	
Consolidated Statements of Cash Flows Data					
Net cash provided by/(used in) operating activities	(15.1)	8.6	58.8	20.8	24.5
Net cash used in investing activities	(154.5)	(135.0)	(105.7)	(4.4)	(21.7)
Net cash provided by/(used in) financing activities	168.0	201.8	42.3	(19.5)	(1.7)
Increase/(decrease) in cash and cash equivalents	(1.6)	75.3	(4.5)	(3.2)	1.0
Net effect of changes in exchange rate on cash and cash equivalents	(0.3)	0.1	0.0	0.0	0.0
Cash and cash equivalents at beginning of period	8.0	6.1	81.6	81.6	77.1
Cash and cash equivalents at end of period	6.1	81.6	77.1	78.5	78.2
Dividends paid	—	3.0	7.4	—	—
Other Financial Data					
EBITDA (unaudited)[1]	81.2	108.3	117.8	30.9	34.0

(1) See "Non-Indonesian FAS and Non-U.S. GAAP Financial Measures" for our definition of EBITDA. EBITDA is a supplemental measure of our performance that is not required by, or presented in accordance with, Indonesian FAS or U.S. GAAP. EBITDA is not a measurement of financial performance or liquidity under Indonesian FAS or U.S. GAAP and should not be considered as an alternative to comprehensive income, net income or any other performance measures derived in accordance with Indonesian FAS or U.S. GAAP or an alternative to cash flows from operating activities as a measure of liquidity. Our presentation of EBITDA may not be comparable to similarly titled measures presented by other companies. You should not compare our EBITDA with EBITDA presented by other companies because not all companies use the same definition. We have included EBITDA because we believe it is an indicative measure of our operating performance and is used by investors and analysts to evaluate companies in our industry. The term "Consolidated EBITDA" as used in the section titled "Description of the Notes" summarizing certain provisions of the Indenture, the Notes and the Guarantees, is calculated differently from EBITDA and is not a measurement of financial performance or liquidity under Indonesian FAS or U.S. GAAP. The following table reconciles our income under Indonesian FAS to our definition of EBITDA for the periods indicated:

	For the years ended December 31,			For the three months ended March 31,	
	2013 (Unaudited)	2014	2015	2015 (Unaudited)	2016 (Unaudited)
	(US$ millions)			(US$ millions)	
Income for the period	29.7	50.5	55.7	14.5	16.4
Add:					
Pro forma adjustments arising from business combination transactions of entities under common control	1.9	—	—	—	—
Finance charges	21.1	30.0	35.4	8.0	10.0
Income tax expense	12.8	15.5	8.9	4.0	2.4
Depreciation expense	17.2	14.0	19.7	4.5	5.5
Subtract:					
Finance income	(1.5)	(1.6)	(1.9)	(0.1)	(0.3)
EBITDA (unaudited)	**81.2**	**108.3**	**117.8**	**30.9**	**34.0**

MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

The following discussion and analysis is based upon information contained in our consolidated financial statements, including the notes thereto, appearing elsewhere in this Offering Memorandum. You should read the following discussion and analysis in conjunction with our audited consolidated financial statements, including the notes thereto, included elsewhere in this Offering Memorandum.

Our consolidated financial statements as of and for the years ended December 31, 2014 and 2015 have been audited by TSFR, independent public accountants and a member of BDO International Limited, in accordance with IAPI, as stated in their audit report appearing elsewhere in this Offering Memorandum. The Company changed its functional currency from Indonesian Rupiah to U.S. dollar, effective October 1, 2014. See note 5 to our consolidated financial statements included elsewhere in this Offering Memorandum. Effective January 1, 2015, the Company has applied PSAK 24. In accordance with the transitional provision of PSAK 24, the standard is applied from the earliest period presented in the consolidated financial statements and accordingly, the Company has restated its consolidated financial statements as of and for the year ended December 31, 2014 to reflect the application of PSAK 24. See note 4 to the consolidated financial statements included elsewhere in this Offering Memorandum. The Company has also restated its unaudited consolidated financial statements as of and for the year ended December 31, 2013, presented as comparative information in the consolidated financial statements, to reflect the adjustments for the change in functional currency from Indonesian Rupiah to U.S. dollar and to reflect the application of PSAK 24; however, such restated financial statements have not been audited or reviewed. The financial information as of and for the year ended December 31, 2013 discussed below has been derived from such unaudited comparative consolidated financial statements.

Our unaudited interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016 have been reviewed by TSFR in accordance with SRE 2410 established by the IAPI, as stated in their review report appearing elsewhere in this Offering Memorandum. A review conducted in accordance with SRE 2410 established by the IAPI is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IAPI and, consequently, does not enable TSFR to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, they do not express an audit opinion on our interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016. The Company acquired SPD on November 16, 2013. Because prior to the acquisition, SPD was deemed to be an entity under common control with the Company, the information in this Offering Memorandum is presented as if SPD had been acquired on January 1, 2012. See the consolidated financial statements and the notes thereto included elsewhere in this Offering Memorandum. Accordingly, unless otherwise specified, all financial information presented in this Offering Memorandum includes, on a consolidated basis, the financial information of the Company together with the financial information of its subsidiaries, including SPD.

Our consolidated financial statements have been prepared in accordance with Indonesian FAS. Indonesian FAS differs in certain respects from U.S. GAAP. For a summary of certain differences between Indonesian FAS and U.S. GAAP, see "Summary of Certain Differences Between Indonesian FAS and U.S. GAAP".

Overview

We are one of the largest vertically integrated textile manufacturers in Southeast Asia. We produce a variety of midstream and downstream products, including yarn, greige (or raw fabric), finished fabric and apparel, including uniforms and retail clothing. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, our net sales were US$450.7 million, US$554.6 million, US$622.0 million and US$168.7 million, respectively, our gross profit was US$97.4 million, US$122.4 million, US$133.4 million and US$35.5 million, respectively, and our EBITDA was US$81.2 million, US$108.3 million, US$117.8 million and US$34.0 million, respectively. Our operations are divided into four divisions: spinning, weaving, finishing (which includes printing and dyeing) and garment.

- **Spinning**. Our spinning division uses raw fibers of rayon, cotton and polyester to produce yarn which we use in our downstream production and which we sell to other downstream textile manufacturers. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 560,738 and 174,920 bales of yarn and generated net sales of US$244.3 million and US$78.8 million and gross profit of US$30.8 million and US$10.7 million, respectively.
- **Weaving**. Our weaving division uses yarn to produce greige, which is then used in our finishing division or sold to other downstream manufacturers. For the year ended December 31, 2015 and the

three months ended March 31, 2016, we produced 142,688,040 and 52,289,445 meters of greige and generated net sales of US$72.1 million and US$26.3 million and gross profit of US$12.9 million and US$6.1 million, respectively.

- **Finishing**. In our finishing division, greige is cleaned and bleached to prepare it for the dyeing and printing stages. We produce finished fabrics on a made-to-order basis for our customers based on designs either supplied by our customers or designed by our design department in cooperation with our customers. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 116,739,449 and 30,849,192 yards of finished fabrics and generated net sales of US$170.0 million and US$45.2 million and gross profit of US$45.1 million and US$12.3 million, respectively.
- **Garment**. Our garment division produces apparel such as retail clothing and uniforms for military and corporate use on a made-to-order basis. We also produce a small amount of textile field equipment including multi-purpose tents, bedding and backpacks. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 17,894,364 and 3,766,146 pieces of apparel, of which 12,607,311 and 2,951,827 pieces were fashion garments and 5,287,053 and 814,319 pieces were uniforms, and generated net sales of US$135.6 million and US$18.3 million and gross profit of US$44.7 million and US$6.4 million, respectively.

We sell our products domestically in Indonesia and internationally in over 50 countries. Our customers have included some of the world's largest downstream textile manufacturers including in India and China, as well as major global retailers and corporations. In addition, we are one of only a few suppliers outside Europe certified to provide military uniforms to Germany. Since our inception, our military uniforms have been sold to 30 countries, including Germany, Austria, the U.K., Australia, the United Arab Emirates, Malaysia and Indonesia.

Our production facilities are located in Central Java, Indonesia. Our main facilities are on approximately 61 hectares in Sukoharjo, while SPD's production facilities, which produce yarn, are located on approximately 18 hectares in Semarang, approximately 120 kilometers from our main facilities.

Accounting Treatment of Acquisition of SPD

Prior to our acquisition of SPD on November 16, 2013, SPD was deemed to be an entity under common control with the Parent Guarantor in accordance with the Indonesian FAS. Therefore, our audited consolidated financial statements for the years ended December 31, 2013 combine the accounts of the Parent Guarantor and SPD as if SPD had been acquired on January 1, 2012, as described in note 2 of our consolidated financial statements included elsewhere in this Offering Memorandum.

Factors Affecting Our Business and Results of Operations

Our business, financial condition, results of operations and prospects have been, and we expect will continue to be, affected by a number of factors and risks, many of which are beyond our control. Please refer to the section entitled "Risk Factors" in this Offering Memorandum. The key factors affecting our business, results of operations and financial condition include the following:

Global and Local Demand for Our Products

For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, 65.7%, 41.5%, 48.5% and 48.5% of our net sales were international, respectively, and 34.3%, 58.5%, 51.5% and 51.5% were domestic, respectively. Demand for our products both internationally and domestically is primarily affected by economic conditions and the growth of the textile industry and the retail apparel industry. Like other industries, demand may be affected by macroeconomic conditions, and may experience declines or a slowdown in growth during global or local economic downturns. For example, in the wake of the global economic slowdown in 2008 and 2009, consumer spending globally, and in the United States specifically, declined significantly, which caused pressure for us to discount our sales prices and, in turn had a negative impact on our profit margins.

We sell our yarn and greige directly to other international and domestic textile and apparel manufacturers and wholesalers as well as through traders. Our finished fabrics are sold internationally and domestically to downstream manufacturers, retailers and governments for uniforms through direct channels as well as through agents. Our apparel, which primarily includes retail garments and uniforms, are sold internationally and domestically to retailers, governments and corporate entities. Our sales to retailers and governments are sold

through direct channels and through agents while our sales to corporates are all sold through direct sales. We generally do not have any long-term contracts with our customers and typically sell our products on an order-by-order basis. This exposes us to short-term fluctuations in demand as customers can delay or reduce their orders to adjust to periodic reductions in demand.

Prices and Availability of Raw Materials

Our primary raw materials for the production of our textile products are fibers, including rayon, cotton and polyester. In addition we also purchase off-spec yarn, greige and finished fabrics primarily from related parties for our made-to-order sales. For each of the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, purchases of rayon fiber, together with rayon yarn and greige, net of offsetting purchases from related parties, in aggregate, accounted for 62.1%, 63.0%, 65.3% and 57.9%, respectively, of our raw materials used. For the same periods, purchases of cotton fiber, together with cotton yarn and greige, net of offsetting purchases from related parties, in aggregate, accounted for 24.5%, 19.2%, 17.6% and 15.2%, respectively, and purchases of polyester fiber, together with polyester yarn and greige purchased from unrelated parties, in aggregate, accounted for 13.4%, 17.8%, 17.1% and 26.9%, respectively, of our raw materials used. We source approximately half of our rayon from domestic suppliers and half from international suppliers, priced with reference to international spot market prices. There are currently only two rayon fiber producers in Indonesia, PT Indo-Bharat Rayon and PT South Pacific Viscose, and we believe rayon fiber in Indonesia remains undersupplied. The price of rayon fiber, cotton and polyester could fluctuate significantly as a result of changing market conditions, government policies and regulations and climate as well as general economic conditions. The cost of rayon fiber and its availability have varied in the past several years. As a result of a decrease in the demand for retail products globally, the purchase price we paid for rayon fiber from our largest supplier decreased from between US$1,830 to US$1,850 per tonne for the year ended December 31, 2013 to between US$1,610 to US$1,650 per tonne for the year ended December 31, 2014 to between US$1,720 to US$1,780 per tonne for the year ended December 31, 2015 and between US$1,780 to US$2,200 per tonne for the three months ended March 31, 2016. On the other hand, the purchase price we paid for cotton fiber from our largest supplier decreased from between US$2,115 to US$2,229 per tonne for the year ended December 31, 2013 to between US$1,592 to US$2,315 per tonne for the year ended December 31, 2014 to between US$1,741 to US$1,956 per tonne for the year ended December 31, 2015 and between US$1,554 to US$1,670 per tonne for the three months ended March 31, 2016. Moreover, while we typically maintain 30 to 60 days of inventory for these raw materials, inventory levels depend on orders on hand. We do not have any long-term supply agreements with our suppliers of these materials, but instead we enter into purchase contracts for individual purchase orders of such raw materials from time to time. Moreover, while we have historically been successful in passing on our raw material price increases to our customers through cost-plus pricing, our ability to keep doing so will depend upon market conditions and our relative pricing position compared to our competitors. Any increase in raw material costs without a corresponding increase in selling price would reduce our profit margin.

We believe securing reliable quality sources of raw material allows us to be cost efficient and competitive in our pricing and profit margins. Our current expansion strategy entails a significant increase in raw material supplies. While we have not historically experienced any shortages in our supply of rayon fiber, we have been actively evaluating potential opportunities to secure a steadier and more consistent source of rayon fiber. For instance, PT Rayon Utama Makmur, a company in which our controlling shareholder has a controlling interest, is currently developing a rayon fiber production facility in Nguter, Sukoharjo, Central Java. This facility is expected to have the capacity to produce 80,000 tonnes of rayon fiber per year. In order to secure a steadier and more consistent source of rayon fiber, we intend to source up to 50.0% to 60.0% of our ongoing rayon fiber needs from this production plant. We expect that in addition to establishing a stable supply of rayon fiber, this will also help reduce the variance in quality of rayon fiber that results from purchasing from different suppliers.

Production Capacity and Capacity Utilization

Our results of operations are directly affected by our sales volume, which in turn is a function of our production capacity in each of our production divisions and market demand. Our production capacity is generally a function of the number of machines in operation at each particular division and the respective product being produced. Our made-to-stock products, which include yarn and greige, can be readily sold to any particular customer and to the extent demand for yarn and greige remains strong, our sales volume will be driven by our production capacity and our ability to utilize such capacity. Our made-to-order products, which include finished fabrics and apparel, are made specific to customer demands and our ability to increase our sales volume is dependent on the production capacity of all four of our production divisions and our ability to utilize such capacity.

The production capacity of our spinning division is primarily a function of the number of ring frames, which determines the number of spindles we have, and the thread count of the yarn being produced. We use a thread count of 30s as an index to determine our overall spinning capacity. As at March 31, 2016, we had a total of 530,000 spindles, and a total production capacity of approximately 566,000 bales of yarn per year. For the year ended December 31, 2015 and the three months ended March 31, 2016, our yarn production was 560,738 and 174,920 bales, respectively. For our weaving division, accurate capacity figures are difficult to determine due to the variables in the production process based on the type of weave desired. We have established target production amounts based on historical production output. Our weaving division consists of three buildings, which, as at March 31, 2016, housed a total of 2,554 looms, with a production capacity ranging from approximately 100 million to 160 million meters of greige per year, depending on the thickness of the greige produced. For the year ended December 31, 2015 and the three months ended March 31, 2016, our actual production was 142,688,040 and 52,289,445 meters of greige, respectively. Production capacity in our finished fabrics division is estimated based on the factory specifications of our pre-treatment, dyeing and printing machines. Our fabrics finishing division consists of three buildings, which, as at March 31, 2016, housed eight printing machines, two continuous dyeing machines and 10 jet dyeing machines. Our total production capacity as at March 31, 2016 was approximately 120 million yards of finished fabric. Our actual production for our finished fabrics divisions for the year ended December 31, 2015 and the three months ended March 31, 2016 was 116,739,449 and 30,849,192 yards, respectively. Production capacity in our garment division is estimated based on the factory specifications of our sewing machines. As at March 31, 2016, we had approximately 10,980 sewing machines with a total capacity of approximately 18 million pieces per year. Our actual production for the year ended December 31, 2015 and the three months ended March 31, 2016 was 17,894,364 and 3,766,146 pieces, respectively.

In recent years, we have been increasing the production output and sale of our products. This increase has been accomplished through the acquisition of SPD in November 2013 and the organic expansion of our production facilities. We are currently in the process of further expanding our production capacity and expect, by year-end 2016 (although once installed it will take time for production to ramp up to full capacity), to increase our capacity as follows:

Division	Capacity at March 31, 2016	Expected Capacity at December 31, 2016	Percentage Increase
Spinning	566,000 bales	654,000 bales	15.5%
Weaving	120 million meters[1]	180 million meters	50.0%
Finishing	120 million yards	240 million yards	100.0%
Garment	18 million pieces	30 million pieces	66.7%

(1) Varies depending on the thickness of the greige produced.

We estimate that the total capital expenditures for this expansion will be US$245.0 million, of which US$233.5 million has been made in 2014, 2015 and through March 31, 2016. See "— Capital Expenditure". We believe our expansion plans will alleviate any production bottlenecks and allow us to increase production capacities across all of our divisions, especially our garment division, which typically generates the highest profit margins for us.

As the textile manufacturing industry is a capital and labor intensive industry, it is essential for production facilities to maintain a high utilization rate to reduce the per unit cost of products and remain competitive. Except for our garment division, which typically operates for one shift of 8 hours per day, we generally operate our production facilities 24 hours a day with three shifts, 365 days a year except during the Eid Mubarak holiday and when production facilities are under overhaul maintenance. Routine repair and maintenance are scheduled so as not to interrupt daily operations.

Our production capacity, along with our utilization will continue to have a significant impact on our results of operations.

Product Mix

Our gross profit margin differs for our four production divisions. For the year ended December 31, 2015 and the three months ended March 31, 2016, our gross profit margin in our garment division was 32.9% and 35.2%, respectively. The gross profit margins in our spinning, weaving and finished fabrics divisions were 12.6%, 16.0% and 26.5%, respectively for the year ended December 31, 2015 and 13.6%, 23.1% and 27.2%, respectively, for the three months ended March 31, 2016. The more garments we produce and sell, the higher our overall gross profit margin.

Competition in the Textile Industry

The textile industry is characterized by high levels of competition. The main competitive factors are product quality and reliability, product performance or specifications, speed of production, price, reputation and customer relationships. We face competition from many international and Indonesian companies. While we are a vertically integrated company producing yarn, greige, finished fabrics and apparel, many of our competitors produce only one, two or three of these products and therefore compete only in limited segments of the textile market. Accordingly, the competitive landscape we face is fragmented.

While capital intensive, the production of basic yarn and greige products, our made-to-stock products, has relatively low entry barriers, as they do not require a high level of know-how to produce in smaller quantities. Price competition for these products is therefore more intense and we face domestic and foreign competition for these products. In the international market, textile enterprises located in India and Pakistan have been very competitive in terms of production costs for yarn and greige, which allows them to reduce selling prices. In addition, textile enterprises in China have been competitive due to their ability to expand the size and scale of their operations. Our main competitors for made-to-stock products include PT Ever Shine Textile Tbk and PT Unitex Tbk in the domestic market and Shenzhou International Group Holdings Limited and Texhong Textile Group Ltd. in the international market.

On the other hand, the manufacture of finished fabrics and apparel, our made-to-order products, is highly specialized and requires technological and process know-how in order to successfully produce large orders of high quality on schedule in a consistent manner. Customers for these products place a higher emphasis on product quality, reliability and reputation as well as price. We believe the market for high-end textile products such as these is less competitive due to more complicated fabric requirements coupled with punctual delivery demands. Some of our competitors for these products have competitive advantages, including larger scale or greater production efficiency. Our main competitors for these products include PT Pan Brothers Tbk, PT Unitex Tbk and PT Kahatex in the domestic market and Eclat Textile Co. Ltd. and Makalot Industrial Co., Ltd. in the international market.

Increased competition or the entry of new competitors could result in a decrease in sales volume and sales prices of our products and, thus, our profitability, while a decrease in competition could have the opposite effect.

Access to and Cost of Financing

We have historically funded our operations and expansion from cash flow from operations and through bank and other financing. Our ability to obtain financing, as well as the cost of such financing, affects our results of operation and financial condition. Our access to funding and cost of financing are also affected by factors such as the amount of our outstanding indebtedness, any restrictions and our ability to comply with any financial covenants under our credit agreements or other loan documents, including the Indenture governing the Notes and the indenture governing the Old Notes. In the past, we have failed to maintain certain financial ratios required by certain of our loan agreements for which we have received waivers from the lenders of such loans. See “Risk Factors — Risks Relating to Our Business — Our indebtedness could adversely affect our business, prospects, results of operations and financial condition”. Moving forward, we intend to fund our operations and expansion increasingly through cash generated from our operations. As such, we expect access to and cost of financing will become less of a significant factor as we repay our existing financing, though we may continue to finance a portion of our operations and capital expenditure through issuances in the capital markets and other debt financing.

Critical Accounting Policies

Our consolidated financial statements have been prepared in accordance with Indonesian FAS. The preparation of these consolidated financial statements requires management to make judgments, estimates and assumptions, including about the carrying amounts of assets and liabilities. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period, or in the period of the revision and future periods if the revision affects both current and future periods. In order to provide an understanding of how our management forms their judgments, including the variables and assumptions underlying our estimates, and the sensitivity of judgments to different circumstances, we have identified the critical accounting policies discussed below. For more details, see notes 2 and 3 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Revenue and Expense Recognition

Revenue from the sales of goods is recognized when the Company has transferred the significant risks and rewards of ownership to the buyer and it is probable that the Company will receive the previously agreed payment. These criteria are considered to be met when the goods are delivered to the buyer. Where the buyer has a right of return, the Company defers recognition of revenue until the right to return has lapsed. However, where high volumes of sales are made to established wholesale customers, revenue is recognized in the period where the goods are delivered less an appropriate provision for returns based on past experience. The same policy applies to warranties.

Provided the amount of revenue can be measured reliably and it is probable that the Company will receive any consideration, revenue for services is recognized in the period in which they are rendered.

Expenses are recognized when incurred.

Inventories

Inventories are stated at the lower of cost or net realizable value.

Cost is based on the weighted-average method and consists of all costs of purchases, costs of conversion and appropriate overheads incurred in bringing the inventory to its present location and condition. Finished goods and work in process consist of fixed and variable overhead costs related to production activities, in addition to cost of raw materials and labor.

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

The Company and its subsidiaries provide allowance for obsolescence and/or decline in market value of inventories based on a review of the physical condition and the valuation of each inventory item at year end.

Foreign Currency Transactions and Balances

Transactions denominated in currencies other than U.S. dollar are translated into U.S. dollars at the exchange rate prevailing on the dates of the transactions. At the reporting date, monetary assets and liabilities in currencies other than U.S. dollar are translated at the exchange rates prevailing on such date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than U.S. dollar are recognized in profit or loss.

Fixed Assets

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes: (a) purchase price, (b) any costs directly attributable to bringing the asset to its present location and condition, and (c) the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located (if any). Each part of an item of fixed assets with a cost that is significant in relation to the total cost of the item is depreciated separately.

At the end of each reporting period, the residual values, useful lives and methods of depreciation of fixed assets are reviewed by management and adjusted prospectively, if appropriate.

When significant repairs and maintenance are performed, their costs are recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are charged directly to current operations.

Depreciation is calculated from the month the assets are placed in service on a straight-line method over the estimated useful lives of the assets as follows:

	Years
Buildings	8-20
Machineries and installations	15-16
Vehicles and heavy equipment	4-8
Office equipment	4-10

Land is stated at cost and not amortized.

Assets under finance lease are depreciated based on the same estimated useful lives of similar assets acquired under direct ownership.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of profit or loss and other comprehensive income in the year the asset is derecognized.

Construction in progress represents the accumulated cost of materials and other costs related to the asset under construction. When the construction of the asset is completed and the constructed asset is ready for its intended use, these costs are reclassified to the appropriate fixed asset account.

Key Components of Our Consolidated Statements of Profit or Loss and Other Comprehensive Income

The table below presents our consolidated statements of profit or loss and other comprehensive income for the periods shown, as well as each component as a percentage of net sales for the relevant period.

	For the years ended December 31,						For the three months ended March 31,			
	2013 (Unaudited)		2014		2015		2015 (Unaudited)		2016 (Unaudited)	
	US$ millions	%	US$ millions	%	US$ millions	%	US$ millions	%	US$ millions	%
Sales	547.0	—	589.1	—	631.3	—	166.7	—	168.7	—
Sales for offset with related purchases[1]	(96.3)	—	(34.5)	—	(9.3)	—	(9.3)	—	—	—
Net sales	**450.7**	**100.0**	**554.6**	**100.0**	**622.0**	**100.0**	**157.4**	**100.0**	**168.7**	**100.0**
Cost of goods sold	449.6	99.8	466.7	84.2	497.9	80.0	133.8	85.0	133.1	78.9
Purchases for offset with related sales[1]	(96.3)	(21.4)	(34.5)	(6.2)	(9.3)	(1.5)	(9.3)	(5.9)	—	—
Net cost of goods sold	**353.3**	**78.4**	**432.2**	**77.9**	**488.6**	**78.6**	**124.5**	**79.1**	**133.1**	**78.9**
Gross profit	**97.4**	**21.6**	**122.4**	**22.1**	**133.4**	**21.4**	**32.9**	**20.9**	**35.5**	**21.1**
Selling expenses	(9.7)	(2.2)	(10.9)	(2.0)	(13.5)	(2.2)	(3.3)	(2.1)	(2.9)	(1.7)
General and administrative expenses	(14.6)	(3.2)	(16.6)	(3.0)	(22.1)	(3.6)	(4.0)	(2.5)	(5.0)	(3.0)
Gain/(loss) on foreign exchange — net[2]	(11.6)	(2.6)	(2.0)	(0.4)	(1.0)	(0.2)	0.7	0.4	0.3	0.2
Other operating income	2.7	0.6	1.4	0.3	1.3	0.2	—	—	0.5	0.3
Other operating expenses	(0.1)	0.0	—	—	(0.1)	0.0	—	—	—	—
Income from operations	**64.0**	**14.2**	**94.3**	**17.0**	**98.1**	**15.8**	**26.4**	**16.7**	**28.5**	**16.9**
Finance income	1.5	0.3	1.6	0.3	1.9	0.3	0.1	0.1	0.3	0.2
Finance charges[2]	(21.1)	(4.7)	(30.0)	(5.4)	(35.4)	(5.7)	(8.0)	(5.1)	(10.0)	(5.9)
Income before income tax	**44.4**	**9.9**	**65.9**	**11.9**	**64.6**	**10.4**	**18.5**	**11.7**	**18.8**	**11.1**
Income tax expense	**(12.8)**	**(2.8)**	**(15.5)**	**(2.8)**	**(8.9)**	**(1.4)**	**(4.0)**	**(2.5)**	**(2.4)**	**(1.4)**
Pro forma adjustment arising from business combination transactions of entities under common control[3]	(1.9)	(0.4)	—	—	—	—	—	—	—	—
Income for the period	**29.7**	**6.6**	**50.5**	**9.1**	**55.7**	**8.9**	**14.5**	**9.1**	**16.4**	**9.7**
Other comprehensive income (expenses)	**(29.6)**	**—**	**(0.4)**	**(0.1)**	**(0.4)**	**(0.1)**	**(0.2)**	**(0.1)**	**(1.1)**	**(0.7)**
Total comprehensive income for the period	**0.1**	**3.7**	**50.1**	**9.0**	**55.3**	**8.9**	**14.3**	**(9.0)**	**15.3**	**9.1**

(1) We enter into transactions with related parties for the purchase and sale of raw materials, works in process and finished goods. We account for such sales and purchases as offsetting transactions such that the sales to related parties are deducted from our sales and the related purchases from related parties are deducted from our cost of goods sold to the extent of the amount of the associated sales to the related party. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

(2) For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, borrowing costs in the amount of US$0.0, US$0.0, US$8.7 million, US$0.0 and US$0.5 million, respectively, were capitalized as part of the cost of acquisition of fixed assets. See note 13 to our consolidated financial statements included elsewhere in this Offering Memorandum.

(3) The Parent Guarantor's fixed assets are depreciated on a cost basis whereas the fixed assets of SPD are depreciated using a revaluation method which is based on a revaluation of the fixed assets on an annual basis. In connection with the preparation of our consolidated financial statements combining the accounts of the Parent Guarantor and SPD as if SPD had been acquired on January 1, 2012, adjustments were made to reflect the additional depreciation expenses recorded with respect to the fixed assets of SPD. The consolidation of SPD was completed during 2013 and the pro forma adjustment is not presented following the acquisition.

Net Sales

Net sales for each financial period is calculated by our total sales derived from our products. We derive our net sales primarily from the sale of our yarn, greige, finished fabrics and apparel.

Net sales from sales of our products are recognized upon delivery to the customer.

Net Cost of Goods Sold

Our net cost of goods sold consists mainly of the expenses associated with the purchase of raw materials, direct labor costs and factory overhead.

The following table sets forth the breakdown of our cost of goods sold and each item as a percentage to our total direct net cost of goods sold for the period indicated:

	For the years ended December 31,						For the three months ended March 31,			
	2013 (Unaudited)		2014		2015		2015 (Unaudited)		2016 (Unaudited)	
	US$ millions	%	US$ millions	%	US$ millions	%	US$ millions	%	US$ millions	%
Raw materials used	286.0	80.9	351.1	81.2	415.7	85.1	96.2	77.3	93.7	70.4
Direct labor	27.1	7.7	24.1	5.6	23.7	4.8	6.4	5.1	6.5	4.9
Total factory overhead	**61.8**	**17.5**	**56.0**	**13.0**	**61.1**	**12.5**	**15.6**	**12.5**	**16.6**	**12.4**
Total manufacturing cost	**374.9**	**106.1**	**431.2**	**99.8**	**500.5**	**102.4**	**118.2**	**95.0**	**116.8**	**87.7**
Work in process:										
At beginning of period	42.1	11.9	55.5	12.8	49.9	10.2	49.9	40.1	54.5	41.0
At end of period	(55.5)	(15.7)	(49.9)	(11.6)	(54.5)	(11.2)	(45.5)	(36.6)	(46.3)	(34.8)
Translation effect	(12.3)	(3.5)	—	—	—	—	—	—	—	—
Cost of goods manufactured	**394.2**	**98.8**	**436.7**	**101.0**	**496.0**	**101.5**	**122.6**	**98.5**	**125.0**	**93.9**
Finished goods:										
At beginning of period	23.0	6.5	14.7	3.4	19.3	3.9	19.3	15.5	26.6	20.0
At end of period	(14.7)	(4.2)	(19.3)	(4.5)	(26.6)	(5.5)	(17.4)	(14.0)	(18.5)	(13.9)
Translation effect	(4.2)	(1.2)	—	—	—	—	—	—	—	—
Net cost of goods sold	**353.3**	**100.0**	**432.2**	**100.0**	**488.6**	**100.0**	**124.5**	**100.0**	**133.1**	**100.0**

Selling Expenses

Selling expenses primarily comprise expenses incurred for transportation and freight insurance on our international sales of yarn, greige and finished fabrics, which are typically delivered CIF, and business travelling expenses incurred in connection with sales activities.

General and Administrative Expenses

General and administrative expenses primarily comprises expenses incurred for salaries, wages and allowances, employees' benefits, insurance, professional fees, repair and maintenance and depreciation.

Other Operating Income

Other operating income primarily comprises the sale of scrap metal from the factory construction phase and the sale of old machinery.

Other Operating Expenses

Other operating expenses primarily comprise loss on sale of fixed assets, including obsolete equipment.

Finance Charges

Finance charges comprise costs (including the amortization of debt issuance costs and premium relating to the Old Notes) related to our bank loans, letter of credit facilities, the Old Notes and the Medium Term Notes issued by the Parent Guarantor in an amount of US$30.0 million ("MTNs") purchased by PT Bahana TCW Investment Management.

Finance Income

Finance income comprises interest income earned on excess cash placed with banks.

Income Tax Expense

The following table sets forth the breakdown of our current and deferred tax expenses for the period indicated:

	For the years ended December 31,			For the three months ended March 31,	
	2013 (Unaudited)	2014	2015	2015 (Unaudited)	2016 (Unaudited)
	(US$ millions)			(US$ millions)	
Current	10.3	5.2	6.9	1.5	2.6
Deferred	2.5	6.6	2.0	1.5	0.2
Effect of change of income tax rate	—	3.8	—	1.0	—
Income tax expense	**12.8**	**15.5**	**8.9**	**4.0**	**2.4**

Results of Operations

Three Months Ended March 31, 2016 Compared with Three Months Ended March 31, 2015

Net sales. Our net sales increased by 7.2% to US$168.7 million for the three months ended March 31, 2016 from US$157.4 million for the three months ended March 31, 2015. The increase was due to the following:

- **Yarn:** Our yarn net sales increased by 6.8% to US$78.8 million for the three months ended March 31, 2016 from US$73.8 million for the three months ended March 31, 2015. The increase in yarn net sales was primarily the result of increased sales volumes and average selling price. Average selling price increased primarily due to product mix. Production increased by 11.6% to 174,920 bales of yarn for the three months ended March 31, 2016 from the 156,749 bales for the three months ended March 31, 2015, although 27.1% of yarn produced was used for internal use for the three months ended March 31, 2016 compared to 21.8% for the three months ended March 31, 2015.
- **Greige:** Our greige net sales increased by 5.7% to US$26.3 million for the three months ended March 31, 2016 from US$24.9 million for the three months ended March 31, 2015. The increase in greige net sales was primarily the result of increased sales volume offset by a decrease in average selling price. Average selling price declined as a result of decreased raw material prices and change in product mix. Production slightly decreased to 52.3 million meters for the three months ended March 31, 2016 from 52.4 million meters for the three months ended March 31, 2015.
- **Finished Fabrics:** Our finished fabrics net sales increased by 14.9% to US$45.2 million for the three months ended March 31, 2016 from US$39.3 million for the three months ended March 31, 2015. The increase in finished fabrics net sales was the result of increased sales volumes offset by a decrease in average selling price primarily due to product mix. Production increased 21.2% to 30.9 million yards in the three months ended March 31, 2016 from 25.5 million yards in the three months ended March 31, 2015.
- **Apparel:** Our apparel net sales decreased by 5.4% to US$18.3 million for the three months ended March 31, 2016 from US$19.3 million for the three months ended March 31, 2015. The decrease in apparel net sales was primarily due to decreased sales volume and average selling price. However, our production of apparel slightly increased to 3.8 million pieces for the three months ended March 31, 2016 from 3.7 million pieces for the three months ended March 31, 2015. Uniforms accounted for approximately 21.6% of the pieces produced in the three months ended March 31, 2016 compared to approximately 17.6% in the three months ended March 31, 2015.

Net cost of goods sold. Our net cost of goods sold increased by 7.0% to US$133.1 million for the three months ended March 31, 2016 from US$124.5 million for the three months ended March 31, 2015. The increase was primarily due to the increase in sales volume. Our raw materials used decreased by 2.6% to US$93.7 million for the three months ended March 31, 2016 from US$96.2 million for the three months ended March 31, 2015, primarily as a result of decreases in raw materials prices. Total factory overhead increased 6.5% to US$16.6 million for the three months ended March 31, 2016 from US$15.6 million for the three months ended March 31, 2015. Net cost of goods sold decreased to 78.9% of net sales for the three months ended March 31, 2016 from 79.1% of net sales for the three months ended March 31, 2015.

Selling expenses. Our selling expenses decreased by 14.1% to US$2.9 million for the three months ended March 31, 2016 from US$3.3 million for the three months ended March 31, 2015. The decrease was primarily due to decreases in delivery expenses, business travelling and export insurance, offset in part by an increase in sales commissions. Delivery expenses decreased by 25.3% to US$1.9 million for the three months ended March 31, 2016 for US$2.6 million for the three months ended March 31, 2015, primarily as a result of a decrease in transportation costs.

General and administrative expenses. Our general and administrative expenses increased by 25.7% to US$5.0 million for the three months ended March 31, 2016 from US$4.0 million for the three months ended March 31, 2015. The increase was primarily due to an increase in salaries, wages and allowances, taxes as a result of an additional tax payment as a result of a tax audit, business development and permit and license fees, offset in part by a decrease in professional fee, entertainment, repair and maintenance and donations.

Gain on foreign exchange — net. For the three months ended March 31, 2016, our net foreign exchange gain decreased by 55.5% to US$0.3 million from US$0.7 million for the three months ended March 31, 2015.

Other operating income. Our other operating income was US$0.5 million for the three months ended March 31, 2016 and US$0.0 for the three months ended March 31, 2015. The operating income in the three months ended March 31, 2016 was due to increases in sales of scrap.

Finance income. Our finance income increased to US$0.3 million for the three months ended March 31, 2016 from US$0.1 million for the three months ended March 31, 2015. This increase was primarily due to an increase in interest income resulting from higher interest rates paid on our cash balances.

Finance charges. Our finance charges increased by 26.1% to US$10.0 million for the three months ended March 31, 2016 from US$8.0 million for the three months ended March 31, 2015. The increase was mainly due to increased amounts of indebtedness. For the three months ended March 31, 2016, borrowing costs in the amount of US$0.5 million were capitalized as part of the cost of acquisition of fixed assets. No borrowing costs were capitalized for the three months ended March 31, 2015.

Income tax expense. Our income tax expense decreased to US$2.4 million for the three months ended March 31, 2016 from US$4.0 million for the three months ended March 31, 2015. This decrease was primarily due to timing differences in fiscal and commercial deferred tax calculation.

Total comprehensive income. As a result of the foregoing, our total comprehensive income increased by 6.9% to US$15.3 million for the three months ended March 31, 2016 from US$14.3 million for the three months ended March 31, 2015.

Year Ended December 31, 2015 Compared with Year Ended December 31, 2014

Net sales. Our net sales increased by 12.1% to US$622.0 million for the year ended December 31, 2015 from US$554.6 million for the year ended December 31, 2014. The increase was due to the following:

- **Yarn**: Our yarn net sales increased by 10.1% to US$244.3 million for the year ended December 31, 2015 from US$221.9 million for the year ended December 31, 2014. The increase in yarn net sales was primarily the result of increased sales volumes and in particular, sales of premium quality yarns, which are generally sold at higher prices. Increased production capacity resulted in a 1.9% increase in production to 560,738 bales of yarn for the year ended December 31, 2015 from 550,462 bales of yarn for the year ended December 31, 2014.
- **Greige**: Our greige net sales decreased to US$72.1 million for the year ended December 31, 2015 from US$72.5 million for the year ended December 31, 2014. The decrease in greige net sales was primarily the result of a 12.3% increase in greige made available for use internally offset, in part by higher average selling price. Production increased to 142.7 million meters for the year ended December 31, 2015 from 130.8 million meters for the year ended December 31, 2014.
- **Finished Fabrics**: Our finished fabrics net sales increased by 9.7% to US$170.0 million for the year ended December 31, 2015 from US$155.0 million for the year ended December 31, 2014. The increase in finished fabrics net sales was the result of an increase in sales volumes offset in part by a decrease in average selling price due to a change in our overall product mix. Production increased 15.9% to 116.7 million yards in the year ended December 31, 2015 from 100.2 million yards in the year ended December 31, 2014.

- **Apparel**: Our apparel net sales increased by 28.8% to US$135.6 million for the year ended December 31, 2015 from US$105.2 million for the year ended December 31, 2014. The increase in apparel net sales was primarily due to increased sales volume and higher prices for uniforms, which command a higher margin than our other apparel products, offset in part by a decrease in average selling prices for our other apparel products. Our production of apparel increased to 17.9 million pieces for the year ended December 31, 2015 from 13.1 million pieces for the year ended December 31, 2014. Uniforms accounted for approximately 29.5% of the pieces produced in the year ended December 31, 2015 compared to approximately 33.6% in the year ended December 31, 2014.

Net cost of goods sold. Our net cost of goods sold increased by 13.0% to US$488.6 million for the year ended December 31, 2015 from US$432.2 million for the year ended December 31, 2014. The increase was primarily due to the increase in sales volume across yarn, finished fabrics and apparel, which required an increase in the amount of raw fiber purchased. Our raw materials used increased by 18.4% to US$415.7 million for the year ended December 31, 2015 from US$351.1 million for the year ended December 31, 2014, primarily as a result of increased sales volume and an increase in raw material prices. Total factory overhead increased 9.2% to US$61.1 million for the year ended December 31, 2015 from US$56.0 million for the year ended December 31, 2014, primarily as a result of an increase in depreciation, which increased 70.8% to US$19.5 million in the year ended December 31, 2015 from US$11.4 million in the year ended December 31, 2014, as a result of the acquisition of fixed assets for capacity expansion. Net cost of goods sold increased to 78.6% of net sales for the year ended December 31, 2015 from 77.9% of net sales for the year ended December 31, 2014.

Selling expenses. Our selling expenses increased by 23.9% to US$13.5 million for the year ended December 31, 2015 from US$10.9 million for the year ended December 31, 2014. The increase was primarily due to an increase in delivery expenses which increased 30.8% to US$8.6 million in the year ended December 31, 2015 from US$6.6 million in the year ended December 31, 2014 primarily as a result of increased sales, offset in part by a decrease in sales commission (due to lower sales through selling agents), business travelling, export insurance and telecommunications.

General and administrative expenses. Our general and administrative expenses increased by 32.8% to US$22.1 million for the year ended December 31, 2015 from US$16.6 million for the year ended December 31, 2014. The increase was primarily due to an increase in additional tax payments as a result of a tax audit, an increase in business development and an increase in entertainment, offset in part by decreases in salaries, wages and allowances as a result of depreciation of Indonesian Rupiah as compared to the U.S. dollar and professional fees.

Loss on foreign exchange — net. For the year ended December 31, 2015, our net foreign exchange loss decreased 51.5% to US$1.0 million compared to US$2.0 million for the year ended December 31, 2014. The decrease was primarily due to the change in the currency of financial statement records in 2014 from Indonesian Rupiah to U.S. dollar.

Other operating income. Our other operating income decreased to US$1.3 million for the year ended December 31, 2015 from US$1.4 million for the year ended December 31, 2014. The decrease was primarily due to the decrease in sales of scrap metal.

Other operating expenses. Our other operating expenses was US$0.1 million for the year ended December 31, 2015 and US$0.0 for the year ended December 31, 2014.

Finance income. Our finance income increased to US$1.9 million for the year ended December 31, 2015 from US$1.6 million for the year ended December 31, 2014. This increase was primarily due to an increase in interest income resulting from the deposit of proceeds from the Old Notes in November 2014.

Finance charges. Our finance charges increased by 21.2% to US$35.4 million for the year ended December 31, 2015 from US$29.2 million for the year ended December 31, 2014. The increase was mainly due to interest expenses relating to the Old Notes and the MTNs. For the year ended December 31, 2015, borrowing costs amounting to US$8.7 million were capitalized as part of the acquisition of fixed assets. No borrowing costs were capitalized for the year ended December 31, 2014.

Income tax expense. Our income tax expense decreased to US$8.9 million for the year ended December 31, 2015 from US$15.5 million for the year ended December 31, 2014. This decrease was primarily due to a decrease in deferred tax expense amounting to US$4.6 million and the effect of change of income tax rate of US$3.8 million in 2014.

Total comprehensive income. As a result of the foregoing, our total comprehensive income increased by 10.4% to US$55.3 million for the year ended December 31, 2015 from US$50.1 million for the year ended December 31, 2014.

Year Ended December 31, 2014 Compared with Year Ended December 31, 2013

Net sales. Our net sales increased by 23.1% to US$554.6 million for the year ended December 31, 2014 from US$450.7 million for the year ended December 31, 2013. The increase was primarily due to an increase in sales in all four of our divisions.

- **Yarn:** Our yarn net sales increased by 23.3% to US$221.9 million for the year ended December 31, 2014 from US$180.0 million for the year ended December 31, 2013. The increase in yarn net sales was primarily the result of increased sales volumes and in particular, sales of premium quality yarns, which are generally sold at higher prices. Increased production capacity resulted in a 24.2% increase in production to 550,462 bales of yarn for the year ended December 31, 2014 from the 443,080 bales for the year ended December 31, 2013.
- **Greige:** Our greige net sales increased by 69.1% to US$72.5 million for the year ended December 31, 2014 from the US$42.8 million for the year ended December 31, 2013. The increase in greige net sales was primarily the result of increased sales volumes and an increase in pricing. Production declined during the year ended December 31, 2014 to 130.8 million meters from 148.6 million meters for the year ended December 31, 2013 primarily as a result of product mix.
- **Finished Fabrics:** Our finished fabrics net sales increased by 2.3% to US$155.0 million for the year ended December 31, 2014 from US$151.6 million for the year ended December 31, 2013. The increase in finished fabrics net sales was the result of an increase in prices due to a change in our overall product mix, offset in part by a slight decrease in sales volume in 2014. Production remained relatively constant at approximately 101 million yards of finished fabrics for both years.
- **Apparel:** Our apparel net sales increased by 38.0% to US$105.2 million for the year ended December 31, 2014 from US$76.3 million for the year ended December 31, 2013. The increase in apparel net sales was primarily due to increased sales volume and higher prices for uniforms, which command a higher margin than our other apparel products, offset in part by a decrease in average selling prices for our other apparel products. Production increased by 53.5% to 13.1 million pieces for the year ended December 31, 2014 from 8.5 million pieces for the year ended December 31, 2013. Uniforms accounted for approximately 34% of the pieces produced in 2014 compared to approximately 29% in 2013.

Net cost of goods sold. Our net cost of goods sold increased by 22.3% to US$432.2 million for the year ended December 31, 2014 from US$353.3 million for the year ended December 31, 2013. The increase was primarily due to the increase in sales volume across all divisions, which required an increase in the amount of raw fiber purchased. Our raw materials used increased by 22.8% to US$351.1 million for the year ended December 31, 2014 from US$286.0 million for the year ended December 31, 2013.

Selling expenses. Our selling expenses increased by 12.1% to US$10.9 million for the year ended December 31, 2014 from US$9.7 million for the year ended December 31, 2013. The increase was primarily due to an increase in costs related to transportation and business travelling resulting from the increase in net sales offset in part by a decrease in sales commission resulting from increased direct sales.

General and administrative expenses. Our general and administrative expenses increased by 13.7% to US$16.6 million for the year ended December 31, 2014 from US$14.6 million for the year ended December 31, 2013. The increase was primarily due to an increase in salaries paid to employees and to payments for professional services related to the Old Notes and MTN issuances, offset in part by decreases in taxes, repair and maintenance and depreciation. More specifically, professional service expenses increased by US$0.9 million and expenses for business development rose by US$0.7 million. In addition, entertainment expenses were US$0.7 million in 2014 compared to US$0.0 in 2013. Repair and maintenance decreased by US$0.6 million in 2014 as compared to 2013.

Loss on foreign exchange — net. For the year ended December 31, 2014, our net foreign exchange loss of US$2.0 million declined significantly compared to the US$11.6 million for the year ended December 31, 2013. The decrease was due to the change in the currency of financial statement records in 2014 from Indonesian Rupiah to U.S. dollar, because the majority of our operational transactions, investments, and financing are completed in U.S. dollars.

Other operating income. Our other operating income decreased by 47.0% to US$1.4 million for the year ended December 31, 2014, from US$2.7 million for the year ended December 31, 2013. This decrease was due to the decrease in sales of scrap metal from new factory construction sites at the SPD manufacturing facilities.

Other operating expenses. Our other operating expenses was US$0.0 for the year ended December 31, 2014 and US$0.1 million for the year ended December 31, 2013.

Finance charges. Our finance charges increased by 41.8% to US$30.0 million for the year ended December 31, 2014 from US$21.1 million for the year ended December 31, 2013. The increase was mainly due to interest expense relating to the Old Notes and the MTNs.

Finance income. Our finance income increased by 1.8% to US$1.6 million for the year ended December 31, 2014 from US$1.5 million for the year ended December 31, 2013. This increase was primarily due to an increase in interest income resulting from the deposit of proceeds from the Old Notes before they were used for business expansion.

Income tax expense. Our income tax expense increased by 20.9% to US$15.4 million for the year ended December 31, 2014 from US$12.8 million for the year ended December 31, 2013. This increase was primarily due to profits increasing to US$65.9 million from US$44.4 million.

Pro forma adjustment arising from business combination transactions of entities under common control. For the year ended December 31, 2013, a pro forma adjustment arising from business combination transactions of entities under common control in the amount of US$1.9 million was made to our income. There was no such adjustment for the year ended December 31, 2014. See note 3 to "Summary — Summary Consolidated Financial Information and Operating Data — Consolidated Statements of Profit or Loss and Other Comprehensive Income Data".

Total comprehensive income. As a result of the foregoing and a cumulative translation adjustment of US$(31.0) million for the year ended December 31, 2013, our total comprehensive income for the period increased to US$50.1 million for the year ended December 31, 2014, from US$0.1 million for the year ended December 31, 2013.

Seasonality

Our garment division experiences some seasonality in production and sales. As the retail clothing produced by our garment division is mainly for the spring and summer seasons and we do not produce any winter wear, production and sales are generally higher from September to February as retail clothing is produced in advance of the spring and summer seasons.

Liquidity and Capital Resources

We operate in a capital intensive industry. Our principal cash requirements consist of the following:

- servicing our indebtedness;
- capital expenditures related to investments in expanding our production capacity; and
- working capital requirements.

Our principal sources of liquidity consist of the following:

- cash flows provided by operating activities;
- cash flows provided by investing activities; and
- cash flows provided by financing activities.

As of March 31, 2016, our cash and cash equivalents amounted to US$78.2 million.

Liquidity

The following table sets forth information regarding our cash flows for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016 and our cash and cash equivalents at the end of each period:

	For the years ended December 31,			For the three months ended March 31,	
	2013 (Unaudited)	2014	2015	2015 (Unaudited)	2016 (Unaudited)
	(US$ millions)			(US$ millions)	
Consolidated Statements of Cash Flows Data					
Net cash provided by/(used in) operating activities	(15.1)	8.6	58.8	20.8	24.5
Net cash used in investing activities	(154.5)	(135.0)	105.7	(4.4)	(21.7)
Net cash provided by financing activities	168.0	201.8	42.3	(19.5)	(1.7)
Increase/(decrease) in cash and cash equivalents	(1.6)	75.3	(4.5)	(3.2)	1.0
Net effect of changes in exchange rate on cash and cash equivalents	(0.3)	0.1	0.0	0.0	0.0
Cash and cash equivalents at beginning of period	8.0	6.1	81.6	81.6	77.1
Cash and cash equivalents at end of period	6.1	81.6	77.1	78.5	78.2

Net cash provided by/(used in) operating activities. We recorded net cash provided by operating activities of US$24.5 million in the three months ended March 31, 2016 compared to net cash provided by operating activities of US$20.8 million in the three months ended March 31, 2015. The change was primarily due to a 34.9% increase in collections from customers to US$169.2 million in the three months ended March 31, 2016 from US$125.5 million in the three months ended March 31, 2015 as a result of an increase in net sales, offset by a 38.9% increase in payments to suppliers and contractors to US$121.3 million in the three months ended March 31, 2016 from US$87.3 million in the three months ended March 31, 2015. Our interest paid increased by 181.7% to US$10.0 million in the three months ended March 31, 2016 from US$3.6 million in the three months ended March 31, 2015, primarily as a result of an increase in the amount of outstanding debt and higher interest rates on our floating debt rate resulting from higher benchmark interest rates.

We recorded net cash provided by operating activities of US$58.8 million in 2015, compared to net cash provided by operating activities of US$8.6 million in 2014. The change was primarily due to a 34.3% increase in collections from customers to US$648.5 million in 2015 from US$482.9 million in 2014 as a result of an increase in net sales. Our payments to suppliers and contractors increased by 24.1% to US$485.5 million in 2015 from US$391.4 million in 2014, primarily due to our increased production. Our interest paid increased by 33.1% to US$39.8 million in 2015 from US$29.9 million in 2014, primarily as a result of an increase in the amount of outstanding debt and higher interest rates on the floating debt rate resulting from higher benchmark interest rates. Our payments for operational expenses increased 56.6% to US$23.9 million in 2015 from US$15.3 million in 2014, in part as a result of additional tax payments as a result of a tax audit.

We recorded net cash provided by operating activities of US$8.6 million in 2014, compared to net cash used in operating activities of US$15.1 million in 2013. The change was primarily due to a 21.3% increase in collections from customers to US$482.9 million in 2014 from US$398.0 million in 2013 as a result of an increase in net sales. Our payments to suppliers and contractors increased by 17.1% to US$391.4 million in 2014 from US$334.2 million in 2013, primarily due to our increased production. Our interest paid increased by 6.8% to US$29.9 million in 2014 from US$28.0 million primarily as a result of an increase in the amount of outstanding debt and higher interest rates on the floating debt rate resulting from higher benchmark interest rates. Our payments for operational expenses increased 36.5% from US$11.2 million in 2013 to US$15.3 million in 2014, as a result of an increase in sales and corporate actions in relation to global bonds in 2014.

Net cash used in investing activities. Our net cash used in investing activities increased by 388.7% to US$21.7 million in the three months ended March 31, 2016 from US$4.4 million in the three months ended March 31, 2015. In the three months ended March 31, 2016, the amount of cash used in the acquisition of assets increased by 234.5% to US$14.9 million from US$4.4 million in the three months ended March 31, 2015. The fixed assets were primarily acquired to increase production capacity. Advance payments related to the acquisition of fixed assets increased to US$6.9 million in the three months ended March 31, 2016 from US$0.0 in the three months ended March 31, 2015.

Our net cash used in investing activities decreased by 21.7% to US$105.7 million in 2015 from US$135.0 million in 2014. In 2015, the amount of cash used in the acquisition of assets decreased by 12.7% to US$86.4 million from US$99.0 million in 2014. The fixed assets were primarily acquired to increase production capacity. Advance payments related to the acquisition of fixed assets decreased 46.4% to US$19.3 million in 2015 from US$36.0 million in 2014, primarily due to the reclassification of fixed assets.

Our net cash used in investing activities decreased by 12.6% to US$135.0 million in 2014 from US$154.5 million in 2013. In 2014, the amount of cash used in the acquisition of assets increased by 23.4% to US$99.0 million from US$80.2 million in 2013. The fixed assets were primarily acquired to increase production capacity. Advance payments related to the acquisition of fixed assets also increased from US$5.1 million in 2013 to US$36.0 million in 2014, primarily due to our advance payment to machine suppliers. However in 2013, we acquired SPD for US$69.1 million.

Net cash provided by/(used in) financing activities. Our net cash used in financing activities decreased by 91.1% to US$1.7 million in the three months ended March 31, 2016 from US$19.5 million in the three months ended March 31, 2015. The main source of cash from financing activities in the three months ended March 31, 2016 was US$2.7 million of proceeds from short-term bank loans, offset by US$5.4 million of payments of long-term bank loans, US$7.1 million of payments of short-term bank loans and US$4.0 million of restricted cash representing the overpayment of interest on long-term bank loans which is considered as prepaid interest by the relevant bank and interest payment on the amount deposited in a debt service accrual account established by the Issuer in connection with the Old Notes. The main source of cash from financing activities in the three months ended March 31, 2015 was US$3.2 million of proceeds from short-term bank loans, offset by US$4.7 million of payments of long-term bank loans, US$14.3 million of payments of short-term bank loans and US$3.7 million of restricted cash.

Our net cash provided by financing activities decreased by 79.0% to US$42.3 million in 2015 from US$201.8 million in 2014. The main source of cash from financing activities in 2015 was US$39.9 million in proceeds from short-term bank loans, US$39.4 million of proceeds from long-term bank loans and US$17.1 million settlement from related party and shareholder, offset in part by US$33.3 million of payments of short-term bank loans and US$7.6 million payments of long-term bank loans and US$7.4 million of dividends paid on our common stock. The main source of cash from financing activities in 2014 was from the issuance of the Old Notes and the MTNs, offset in part by US$113.6 million of payments of bank loans and US$3.0 million in dividends paid on our common stock.

Our net cash provided by financing activities increased by 20.1% to US$201.8 million in 2014 from US$168.0 million in 2013. In 2013, the main source of cash from financing activities was US$122.2 million of proceeds from our initial public offering, US$38.0 million in proceeds from short-term bank loans and US$31.2 million in proceeds from long-term bank loans, offset by US$12.6 million in payment to related party and shareholder and US$35.6 million of payments of bank loans.

Indebtedness

As of March 31, 2016, we had US$442.1 million of total indebtedness outstanding (including US$0.1 million under finance leases) and had US$152.0 million available under our working capital and trade line facilities. Our ability to access the amounts available under our working capital facilities may be adversely impacted if we fail to comply with any of the covenants under such facilities, for which we are unable to obtain waivers from the lenders of such loans. See “Capitalization”, “— Description of Material Indebtedness” and “Risk Factors — Risks Relating to Our Business — Our indebtedness could adversely affect our business, prospects, results of operations and financial condition”.

Contractual Obligations and Commitments

The following table sets forth our contractual obligations and commitments to make future principal payments of the Company's financial liabilities, which include our total bank loans, Old Notes and MTN as of March 31, 2016:

	Payments Due by Period (Unaudited)			
	Within one year	One to five years	More than five years	Total
	(US$ millions)			
Long-term bank loans	—	109.3	—	109.3
Short-term bank loans	33.8	—	—	33.8
Trade payables	11.1	—	—	11.1
Short-term employee benefit liability	0.1	—	—	0.1
Notes payable(1)	—	270.0	—	270.0
Medium-term notes	—	30.0	—	30.0
Obligation under finance lease	0.1	0.0	—	0.1
Accrued expenses	7.7	—	—	7.7
Other current liabilities	4.1	—	—	4.1
Total	56.9	409.3	—	**466.2**

(1) Notes payable represents the obligations of the Issuer under the Old Notes. The Issuer intends to repurchase Old Notes tendered in the Tender Offer with a portion of the net proceeds of the Offering.

Capital Expenditure

The table below sets forth our capital expenditures for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016.

	For the years ended December 31,			For the three months ended March 31,	
	2013 (Unaudited)	2014	2015	2015 (Unaudited)	2016 (Unaudited)
	(US$ millions)			(US$ millions)	
Capital expenditure					
Maintenance	7.0	14.0	12.3	0.7	2.4
Expansion	73.2	84.9	74.0	3.7	12.5
Payment of advances for purchases of fixed assets	5.1	36.0	19.3	0.0	6.8
Total capital expenditure	**85.3**	**134.9**	**105.6**	**4.4**	**21.7**

We expect to incur planned capital expenditures (other than maintenance capital expenditures) of approximately US$30.8 million in 2016, of which US$19.3 million has been made through March 31, 2016, which will mainly comprise expenditures on continuing our production capacity expansion. We expect to finance our future capital expenditures primarily through cash generated from our operations and external financing, including through this offering, as required.

Off-Balance Sheet Arrangements

As of March 31, 2016, we had no off-balance sheet arrangements.

Quantitative and Qualitative Disclosures About Financial Risks

Our business exposes us to a variety of financial risks, including foreign currency, interest rate, credit and liquidity risks. The following discussion summarizes our exposure to foreign currency, interest rate, credit and liquidity risks and our policies to address these risks. The following discussion contains forward-looking statements that are subject to risks, uncertainties and assumptions about us. These statements are based upon current expectations and projections about future events. There are important factors that could cause our actual results and performance to differ materially from such forward-looking statements, including those risks discussed under "Risk Factors".

Foreign Currency Risk

The Company's reporting currency is the U.S. dollar. The Company faces foreign exchange risk as a portion of its sales and the costs of certain purchases are either denominated in foreign currency (mainly Indonesian Rupiah) or whose price is significantly influenced by their benchmark price movements in foreign currencies as quoted in the international markets.

The Company does not have any formal hedging policy for foreign exchange exposure.

Interest Rate Risk

The Company's interest rate risk mainly comes from loans used to finance working capital and investments. Currently, the Company does not have a formal hedging policy for interest rate exposures.

For working capital and investment loans, the Company may seek to mitigate its interest rate risk by continuously monitoring the interest rates in the market.

Credit Risk

The Company is exposed to credit risk arising from the credit granted to its customers. To mitigate this risk, it has policies in place to ensure that sales of products are made only to creditworthy customers with proven track record or good credit history.

It is the Company's policy that all customers who wish to trade on credit are subject to credit verification procedures. For international sales, the Company requires cash against the presentation of documents of title. For sales to local customers, the Company requires a substantial portion of each payment to be received in advance and the remainder is invoiced upon presentation of documents. In addition, receivable balances are monitored on an ongoing basis to reduce the Company's exposure to bad debts.

To mitigate the default risk of banks on the Company's time deposits, the Company has policies to place its time deposits only in banks with good reputation.

Liquidity Risk

The Company manages its liquidity profile to be able to finance its capital expenditures and service its maturing debts, by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities. See "Risk Factors — Risks Relating to Our Business — Our indebtedness could adversely affect our business, prospects, results of operations and financial condition".

The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives.

Changes in Accounting Policies

Changes to PSAK and ISAK.

The adoption of the following revised interpretation of the accounting standards, which are effective from January 1, 2016, did not result in substantial changes to our accounting policies or those of our subsidiaries and had no material effect on the amounts reported in our consolidated financial statements for the current period:

- PSAK 4 (Revised 2015), "Separate Financial Statements"
- PSAK 5 (Revised 2015), "Operating Segment"
- PSAK 7 (Revised 2015), "Related Party Disclosure"
- PSAK 15 (Revised 2015), "Investment in Associates and Joint Ventures"
- PSAK 16 (Revised 2015), "Property, Plant and Equipment"
- PSAK 19 (Revised 2015), "Intangible Assets"
- PSAK 22 (Revised 2015), "Business Combination"
- PSAK 24 (Revised 2015), "Employee Benefits"

- PSAK 25 (Revised 2015), "Accounting Policies, Changes in Accounting Estimates and Errors"
- PSAK 53 (Revised 2015), "Share-Based Payment"
- PSAK 65 (Revised 2015), "Consolidated Financial Statements"
- PSAK 66 (Revised 2015), "Joint Arrangements"
- PSAK 67 (Revised 2015), "Disclosure of Interests in Other Entities"
- PSAK 68 (Revised 2015), "Fair Value Measurements"
- ISAK 30 (Revised 2015), "Levies"

As at the authorization date of these consolidated financial statements, the Group still evaluate the impact of these new and revised PSAK to its consolidated financial statements.

BUSINESS

Overview

We are one of the largest vertically integrated textile manufacturers in Southeast Asia. We produce a variety of midstream and downstream products, including yarn, greige (or raw fabric), finished fabric and apparel, including uniforms and retail clothing. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, our net sales were US$450.7 million, US$554.6 million, US$622.0 million and US$168.7 million, respectively, our gross profit was US$97.4 million, US$122.4 million, US$133.4 million and US$35.5 million, respectively, and our EBITDA was US$81.2 million, US$108.3 million, US$117.8 million and US$34.0 million, respectively. Our operations are divided into four divisions: spinning, weaving, finishing (which includes printing and dyeing) and garment.

- **Spinning**. Our spinning division uses raw fibers of rayon, cotton and polyester to produce yarn which we use in our downstream production and which we sell to other downstream textile manufacturers. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 560,738 and 174,920 bales of yarn and generated net sales of US$244.3 million and US$78.8 million and gross profit of US$30.8 million and US$10.7 million, respectively.
- **Weaving**. Our weaving division uses yarn to produce greige, which is then used in our finishing division or sold to other downstream manufacturers. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 142,688,040 and 52,289,445 meters of greige and generated net sales of US$72.1 million and US$26.3 million and gross profit of US$12.9 million and US$6.1 million, respectively.
- **Finishing**. In our finishing division, greige is cleaned and bleached to prepare it for the dyeing and printing stages. We produce finished fabrics on a made-to-order basis for our customers based on designs either supplied by our customers or designed by our design department in cooperation with our customers. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 116,739,449 and 30,849,192 yards of finished fabrics and generated net sales of US$170.0 million and US$45.2 million and gross profit of US$45.1 million and US$12.3 million, respectively.
- **Garment**. Our garment division produces apparel such as retail clothing and uniforms for military and corporate use on a made-to-order basis. We also produce a small amount of textile field equipment including multi-purpose tents, bedding and backpacks. For the year ended December 31, 2015 and the three months ended March 31, 2016, we produced 17,894,364 and 3,766,146 pieces of apparel, of which 12,607,311 and 2,951,827 pieces were fashion garments and 5,287,053 and 814,319 pieces were uniforms, and generated net sales of US$135.6 million and US$18.3 million and gross profit of US$44.7 million and US$6.4 million, respectively.

We sell our products domestically in Indonesia and internationally in over 50 countries. Our customers have included some of the world's largest downstream textile manufacturers including in India and China, as well as major global retailers and corporations. In addition, we are one of only a few suppliers outside Europe certified to provide military uniforms to Germany. Since our inception, our military uniforms have been sold to 30 countries, including Germany, Austria, the U.K., Australia, the United Arab Emirates, Malaysia and Indonesia.

Our production facilities are located in Central Java, Indonesia. Our main facilities are on approximately 61 hectares in Sukoharjo, while SPD's production facilities, which produce yarn, are located on approximately 18 hectares in Semarang, approximately 120 kilometers from our main facilities.

In recent years, we have been increasing the production output and sale of our products. This increase has been accomplished through the acquisition of SPD in November 2013 and the organic expansion of our production facilities. We are currently in the process of further expanding our production capacity and expect, by year-end 2016 (although once installed it will take time for production to ramp up to full capacity), to increase our capacity as follows:

Division	Capacity at March 31, 2016	Expected Capacity at December 31, 2016	Percentage Increase
Spinning	566,000 bales	654,000 bales	15.5%
Weaving	120 million meters[(1)]	180 million meters	50.0%
Finishing	120 million yards	240 million yards	100.0%
Garment	18 million pieces	30 million pieces	66.7%

(1) Varies depending on the thickness of the greige produced.

We estimate that the total capital expenditures for this expansion will be US$245.0 million, of which US$233.5 million has been made in 2014, 2015 and through March 31, 2016. We believe our expansion plans will alleviate any production bottlenecks and allow us to increase production capacities across all of our divisions, especially our garment division, which typically generates the highest profit margins for us.

Competitive Strengths

We are one of the largest vertically integrated textile manufacturers in Southeast Asia with significant competitive advantages.

We are one of the largest vertically integrated textile manufacturers in Southeast Asia with an established reputation and track record of success. Our production facilities combine spinning, weaving, finishing fabrics and garment assembly in one location, with the additional spinning facilities of SPD located nearby. Through vertical integration, we have gained unique advantages over our competitors that are not integrated to the same extent. These advantages include consistent quality control, shorter lead times and enhanced operational and cost efficiency, which allow our pricing policy to remain competitive.

Having the production of yarn, greige, finished fabrics and garments all in one location allows us to consistently monitor each step of the production process from receipt of raw materials through to packaging of retail fashion apparel and uniforms. As a result, we are able to consistently produce high quality products, especially for larger orders, for which smaller, less integrated producers may need to rely on multiple suppliers with varying quality.

Our business model also allows us to integrate our production divisions and significantly reduce reliance on third party suppliers. For instance, whereas other less vertically integrated producers need to rely on third party suppliers for yarn, our weaving division is highly integrated with our spinning division and can coordinate directly to enhance efficiency. This integration of our divisions in turn allows us to reduce our production lead times and also logistics costs involved in moving from one production process to another. Moreover, vertical integration saves us from having to source quotes from multiple upstream producers before we are able to formulate quotes for our downstream customers. This enables us to respond faster when we participate in competitive tenders. In addition, it also helps to increase the speed of delivery, thereby giving us greater production flexibility. Also, as we are able to quickly coordinate our production divisions on a cost-effective basis, we are capable of producing smaller order batches with fast delivery times. We believe the ability to meet customers' demands for faster delivery time and smaller order batches have become an increasingly important requirement for success in the textile manufacturing business.

Vertical integration and operational efficiency result in economies of scale across our production divisions and allow us to better plan our production and implement an efficient cost structure to keep our pricing policy competitive. In addition, our integrated business model gives us the ability to allocate profits and costs across the value chain which gives us more flexibility to pass through raw material price fluctuations to our customers. We believe that our vertical integration abilities have enabled us to compete successfully in domestic and international markets and will continue to drive our future expansion.

Superior product quality and high customer satisfaction supported by modern production facilities and a stringent quality control system.

In order to maintain customer satisfaction, we actively work to improve our quality of production and meet international quality standards. Our quality control begins upon receipt of raw materials from suppliers to ensure they are of sufficient quality prior to going to production which is followed by additional quality control checks by each of our production divisions. These quality control checks are performed by dedicated employees at the completion of each stage of the production process and ensure that the end product of each production division's individual production stage is of sufficient quality to go on to the next stage, allowing us to better control the level of wastage throughout the entire process. In addition, our production, planning and inventory control department ("PPIC") oversees the entire production process for each of our divisions. The PPIC becomes involved in the process once an order is received from a customer and is responsible for the final quality check to ensure that the quantity and quality of the final product meet the customers' orders and to ensure prompt delivery. For large apparel orders, quality control representatives from our customers often monitor the production process. These quality control representatives also typically participate in our initial production planning meetings.

In addition to our stringent quality control system, our modern production facilities also allow us to provide a stable supply of high quality products to our customers. The machinery in all of our production facilities are manufactured by leading equipment manufacturers around the world including those from Europe, the United States, Japan, China and other regions, and we continually invest in upgrading our equipment to keep our production lines up-to-date. As of March 31, 2016, approximately 54.2% of our machinery was less than 5 years old, which we believe is better than the industry average in Indonesia.

As a result of our quality control efforts, we have a history of high customer satisfaction, as evidenced by maintaining low numbers of defect/return orders and late deliveries. For the three months ended March 31, 2016, less than 1.0% of our sales were subject to claims of defects and less than 1.0% of our deliveries were delivered late. In addition, repeat orders from high profile military clients such as the armed forces of Germany, the United Kingdom, the Netherlands and other NATO countries are also testimonies to our product quality.

As a further step to maintain quality standards, we have conducted quality awareness training with employees that are directly involved in the production process. In an effort to improve the production quality, we maintain ISO 9001:2008 and ISO 14001:2004 certifications and Oeko-Tex Standard 100 TESTEX Zurich certification. In addition, in recognition of the strength of our brand, we received the "Excellent Brand Award" from the Regional Consumer's Choice Solo Raya in 2012.

A broad product portfolio backed by a strong ability to tailor solutions to customers' needs.

Our products are made from raw materials including rayon, cotton and polyester and comprise both standardized made-to-stock textile products (yarn and greige) as well as garments manufactured on a made-to-order basis (finished fabrics, uniforms and retail fashion). As a result, we offer products covering the full range of midstream textile products.

In addition to our range of products, we believe we have a strong ability to offer customers specialized know-how to tailor products to their specific needs. Our design and research and development capabilities are integral parts of our production process, especially with regard to our made-to-order products such as finished fabrics and apparel. In both of these divisions, our orders come from customers who either provide a sample or a design or customers who do not. If a customer does not have a sample, our design department will work closely with such customer on-site to select a color and/or pattern from our in-house "Marketing Gallery", and develop a sample for production. Similar to the finishing division, the garment division's production is preceded by the design process. We either receive a sample from the customer or our garment division design department works directly with the customer on a sample before going to production. In addition, if a design requires a specific kind of yarn or greige that we do not make to stock, our design departments may become involved to develop the process to produce it.

For more complicated designs, the customer may work with our research and development teams from each of our production divisions, for instance where a specific type of yarn or color needs to be achieved for military and other uniforms, to find an ideal design. This process often involves the development of new designs, techniques and testing of sample products, during which our garment division's research and development team may be involved. In such cases, the research and development teams of each of our divisions develop the process best suited to produce the desired product. Our research and development teams have been involved in the development of fabric formulas used for military uniforms and worked closely with government clients to develop new technologies for the finishing of army uniforms.

We believe our ability to respond to our customers' individual design needs has given us a strong competitive advantage.

Large and diversified customer base with high customer loyalty.

We have a large and diversified customer base, which enables us to minimize our reliance on any single customer or geographic market. For the year ended December 31, 2015 and the three months ended March 31, 2016, our top 10 customers, excluding related parties the sales to which are offset against related purchases, accounted for, in the aggregate, 19.5% and 16.6% of our net sales, respectively, and we sold products to over 200 customers across each period. We are also diversified geographically. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, 65.7%, 41.5%, 48.5% and 48.5% of our net sales were international, respectively, while 34.3%, 58.5%, 51.5% and 51.5% were domestic, respectively.

We sell our products domestically in Indonesia and internationally in over 50 countries. We sell our yarn and greige directly to other international and domestic textile and apparel manufacturers and wholesalers as well as through traders. Our finished fabrics are sold internationally and domestically to downstream manufacturers, retailers and governments through direct channels as well as through agents. Our apparel, which includes retail garments and uniforms, are sold internationally and domestically to retailers, governments and corporate entities. Our customers have included some of the world's largest downstream textile manufacturers, including in India and China, as well as major global retailers and corporations. In addition, we are one of only a few suppliers outside Europe certified to provide military uniforms to Germany. Since our inception, our military uniforms have been sold to 30 countries, including Germany, Austria, the U.K., Australia, the United Arab Emirates, Malaysia and Indonesia. We believe that our product sales are made over a well-balanced and geographically diverse range, enabling us to reduce our dependence on any particular market, minimize the adverse impact of economic downturns in any particular market and benefit from the organic growth of various countries and regions.

We believe that due to the high quality and timely delivery of our products we have been able to maintain high customer loyalty with a high rate of repeat customers. We have a long history with many of our key customers. For example, we have been supplying uniforms to the Indonesian military and the Indonesian National Police since 1990. In addition, we have been supplying military uniforms to the armed forces of Germany since 1993. We also have long-standing relationships with certain of our retail apparel and corporate uniform customers. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, 94.6%, 96.2%, 95.7% and 96.0% of our net sales were made to year-on-year repeat customers, respectively.

In addition, for the year ended December 31, 2015 and the three months ended March 31, 2016, our uniform sales accounted for 11.2% and 6.3% of our net sales, respectively, and 51.4% and 57.9% of our garment division sales, respectively. We believe our ability to supply uniforms, especially military uniforms, is a competitive advantage due to the stringent selection process to become an accredited military uniform supplier. Moreover, the demand for military uniforms is not normally influenced by global economic conditions, thus lowering the cyclicality of our sales revenue.

Strategically located production facilities with low cost labor.

Our geographical proximity to skilled and low cost labor supply has helped not only meet the demands of our customers in terms of quality and quantity, but also to maintain a low cost structure with healthy profit margins.

Our production bases are located in the Central Java region of Indonesia, which specializes in textile manufacturing and possesses a large pool of skilled labor supported by a total population of approximately 30,000,000 people. Indonesia's textile and garment industry's competitiveness ranks favorably against other exporting countries in Southeast Asia and China in terms of labor costs. Indonesia enjoys a large, young, and low-cost labor force. According to the Philippines Department of Labor and Employment, the average minimum monthly wages as of February 29, 2016 ranged from US$189.35 to US$213.02 in Malaysia, US$129.96 to US$278.40 in China, US$107.50 to US$156.77 in Vietnam, US$82.24 to US$231.78 in Indonesia, US$95.47 to US$114.56 in Pakistan, US$66.22 in Bangladesh, US$140.00 in Cambodia and US$251.22 in Thailand. According to a decision letter of the Governor of Central Java, the monthly minimum wage in Sukoharjo, Central Java, where the majority of the company's production facilities are located, was Rp.1,223,000 effective January 1, 2015, which was increased to Rp 1,396,000 effective January 1, 2016. We believe that we are a highly regarded employer in the region given our strong brand name and employee benefits. This enables us to attract and retain a high quality workforce.

Additionally, our production facilities are located in close geographic proximity to the sea port of Semarang, reducing our delivery times. The close proximity allows us to reduce transportation costs, which are passed down to our customers through our cost-plus pricing policy.

Strong financial profile with proven track record of consistent and profitable growth.

We believe we have a strong financial position in terms of revenue growth, profitability and liquidity. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, our net sales were US$450.7 million, US$554.6 million, US$622.0 million and US$168.7 million, respectively, our gross profit was US$97.4 million, US$122.4 million, US$133.4 million and US$35.5 million, respectively, and our EBITDA was US$81.2 million, US$108.3 million, US$117.8 million and US$34.0 million, respectively. We

believe our revenue growth, attractive margins and strong balance sheet, combined with our established market position and vertically integrated business model, enable us to invest, expand and further strengthen our business.

Experienced management team with proven track record.

Our success is supported by our management team, led by our Board of Commissioners and Board of Directors. Many of the members of our Board of Commissioners and Board of Directors have over 20 years of experience in the textile industry, including our President Director, Iwan Setiawan Lukminto, who was named Forbes Indonesia's business man of the year for 2013, Ernst & Young Indonesian Entrepreneur of the Year for 2014 and a finalist for Ernst & Young World Entrepreneur of the Year for 2015. This extensive track record has enabled our Company to identify new opportunities and to grow our business. Since 1966, we have evolved from a small trading company into a vertically integrated garment and textile manufacturer services for both domestic and international markets. Our executives adopt a hands-on approach and are actively involved in the daily operations of our Company, ensuring a close working relationship between the management and staff.

Our management team is also supported by a group of committed staff including designers, sales and marketing personnel and production managers. Our highly experienced designers, sales managers and production managers are from diverse regions, including Indonesia, South Korea, India and the Philippines. We believe that we are able to adapt to changing trends in the textile industry because of the extensive experience and diverse expertise of our senior management team.

Business Strategies

Our principal objectives are to continue to strengthen our position, scale and profit margins as a leading textile manufacturer in Southeast Asia. We intend to achieve these objectives by implementing the following strategies:

Expand production capacity, improve production efficiency and reduce costs.

Our production facilities are currently operating at close to full capacity. In order to meet increasing demand from our international and domestic customers, we intend to continue to expand our production capacity by investing in additional machinery across our production divisions.

- **Spinning**. We plan to expand total capacity from approximately 566,000 bales as at March 31, 2016 to approximately 654,000 bales per annum by the end of 2016.
- **Weaving**. We plan to expand our total capacity from approximately 120 million meters (which varies depending on the thickness of the greige produced) as at March 31, 2016 to approximately 180 million meters per annum by the end of 2016.
- **Finishing**. We plan to expand total capacity from approximately 120 million yards as at March 31, 2016 to approximately 240 million yards per annum by the end of 2016.
- **Garment**. We plan to expand total capacity from approximately 18 million pieces as at March 31, 2016 to approximately 30 million pieces per annum by the end of 2016.

However, once the capacity expansion is completed, it will take time for production to ramp up to full capacity.

We also intend to invest in technological enhancements to our production process in order to improve product quality, enhance manufacturing efficiency and thereby reduce costs. Under this plan, we will gradually upgrade the machinery in our existing production lines for all machinery that has been in use for 10 years or more and purchase the latest machinery from Europe, the United States and Japan which operate with higher cost efficiency and production quality. We are upgrading our Enterprise Resource Planning ("ERP") system to the Microsoft Dynamics AX platform, which integrates data relating to raw material input, production output and sales onto one system, which will allow for accurate and more comprehensive tracking of all production and sales information.

Secure additional reliable and high quality rayon fiber supply.

Rayon fiber is the main raw material input to our production processes. For each of the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, purchases of rayon fiber, together with rayon yarn and greige net of offsetting purchases from related parties, in aggregate, accounted for

62.1%, 63.0%, 65.3%, and 57.9%, respectively, of our raw materials used. We believe securing reliable and high quality sources of raw material inputs allows us to save on costs and remain competitive with our pricing and profit margins. There are currently only two rayon fiber producers in Indonesia, PT Indo-Bharat Rayon and PT South Pacific Viscose, and we believe rayon fiber in Indonesia remains undersupplied. Furthermore, rayon fibers supplied by different producers commonly vary in quality and specifications. Although we have not historically experienced any rayon shortage, our strategy to expand our production capacity would entail the need to secure additional raw material supplies. We have been actively evaluating potential opportunities to secure a steadier and more consistent source of rayon fiber. For instance, PT Rayon Utama Makmur ("RUM"), a company in which our controlling shareholder has a controlling interest, is currently developing a rayon fiber production facility in Nguter, Sukoharjo, Central Java. This facility is expected to have the capacity to produce 80,000 tonnes of rayon fiber per year. In order to secure a steadier and more consistent source of rayon fiber, we intend to source up to 50.0% to 60.0% of our ongoing rayon fiber needs from this production plant. We expect that in addition to establishing a stable supply of rayon fiber, this will also help reduce the variance in quality of rayon fiber that results from purchasing from different suppliers. See "Related Party Transactions" for a description of our agreement with RUM.

Further develop and expand our customer base.

We intend to further develop and expand our domestic and overseas markets by (i) maintaining and enhancing our business relationships with existing customers to increase our sales generated from them; (ii) continuing to explore strategically advantageous markets to enter into; and (iii) seeking new customers.

We actively develop our existing client base. We believe that there is still room to grow our sales per customer by fostering long-term business relationships with our existing customers. We will continue to strive to understand our customers' needs and demands to increase our sales to our existing customers, while maintaining a diversified customer base to ensure stability in our overall sales strategy.

We also aim to expand our customer base through ongoing marketing efforts. This includes supplying uniforms to the Indonesian fire department and other private entities. We have separate central marketing offices ("CMO") based on different product groups, including central marketing offices for our (i) yarn products; (ii) finished fabrics and greige; (iii) retail apparel; (iv) international military and corporate uniforms; and (v) domestic military and corporate uniforms. We participate in a number of textile and clothing conferences and exhibitions in Indonesia and abroad and place advertisements in various textile industry publications and websites to promote our products and to improve our corporate status in the textile industry. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, 5.3%, 3.8%, 4.3% and 4.0% of our net sales were made to first-time customers, respectively.

Expand our product offering to higher value-added products and innovative services.

We intend to expand and strengthen our skilled team of design and research and development personnel who oversee the continued innovation of our products. We also plan to focus on creating products with unique and distinctive designs and functionality. For the yarn market, we are developing a new twisted "2-for-1 yarn", which is intended to be of higher tensile strength. In our weaving division, we plan to develop the capacity for more complicated weaves, which we expect will demand a higher sales price. For the apparel market, we plan to develop sportswear such as biking suits and swimming suits. We also plan to expand our product lines that require special product development and production techniques such as air bags, parachutes, chemical, biological, radiological and nuclear ("CBRN") fabric and fire resistant clothing. In addition, we plan to continue to develop innovative services for our military uniforms to help reduce such customers' inventory and distribution costs, including direct delivery to soldiers, rather than to warehouses and distribution centers.

Our History

We were originally established in 1966 by our founder, H.M. Lukminto, as a traditional trading company in Pasar Klewer, Solo. In 1968, we established our first printing factory in Solo that produced, bleached and dyed finished fabrics and incorporated as PT Sri Rejeki Isman in 1978. We subsequently expanded and established our weaving production in 1982 with 1,000 looms. In 1992, we achieved vertical integration by expanding into spinning and garment production and had production facilities in our spinning, weaving, finished fabrics and garment divisions of 80,000 spindles, 1,500 looms, three printing machines and 100 sewing machines, respectively. In 1993, we became one of the few certified providers of military uniforms outside of Europe to Germany and subsequently began providing military uniforms to other NATO countries. On June 17, 2013, our

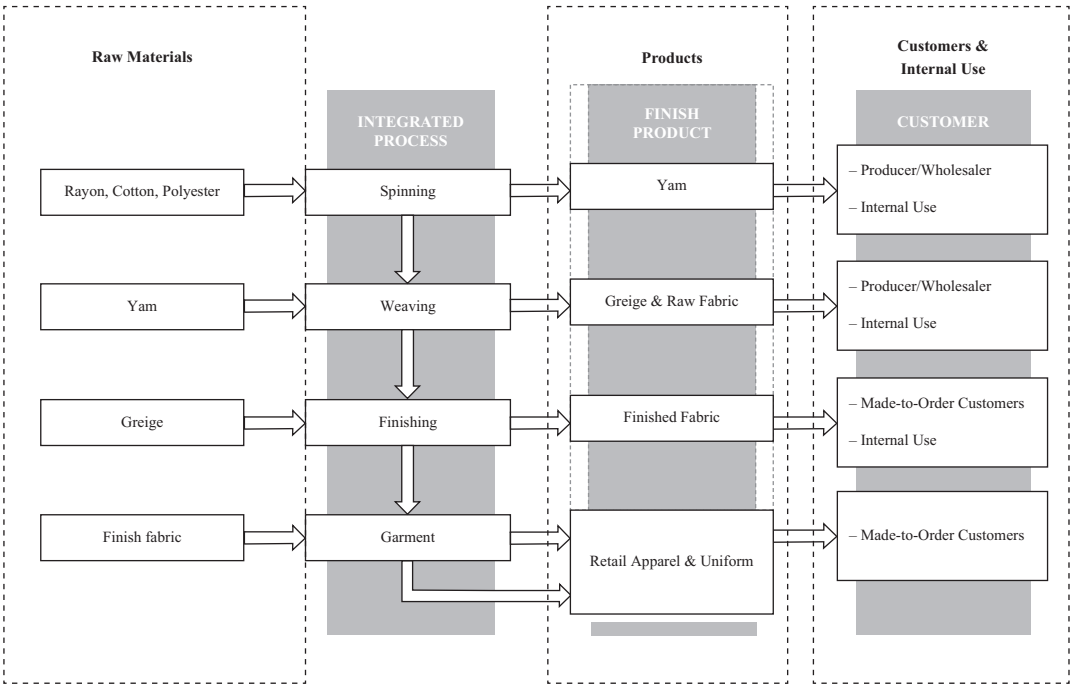
shares were listed on the Indonesian Stock Exchange. In order to increase our yarn production capacity and further support our ongoing downstream capacity expansion, we acquired our subsidiary, SPD, on November 16, 2013. We acquired SPD from a related party for a total purchase price of Rp.723 billion, using the proceeds from our initial public offering. The acquisition was conducted on an arm's length basis and received approval from the OJK. Today, we are an integrated textile and apparel manufacturer with nine spinning plants, three weaving plants, three dying and printing plants and eight garment plants operating in a single location with SPD operating five spinning plants approximately 120 kilometers from our main facility. Since our inception, we have produced military uniforms for 30 countries throughout the world, including Germany, Austria, the U.K., Australia, the United Arab Emirates, Malaysia and Indonesia. In addition we provide yarn, greige, finished fabrics and retail apparel to textile manufacturers and major global apparel retailers.

Our Products

Our integrated production operations allow us to produce a variety of midstream and downstream products, including yarn, greige (or raw fabric), finished fabric and apparel, including uniforms and retail clothing. Set out below is a breakdown of the net sales by product for each of the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016. In addition to selling our yarn, greige and finished fabrics to third party manufacturers, we also use them internally for our own downstream production divisions.

	For the years ended December 31,						For the three months ended March 31,			
	2013 (Unaudited)		2014		2015		2015 (Unaudited)		2016 (Unaudited)	
	(US$ millions)	%	(US$ millions)	%	(US$ millions)	%	(US$ millions)	%	(US$ millions)	%
Product										
Yarn	180.0	39.9	221.9	40.0	244.3	39.3	73.8	46.9	78.8	46.7
Greige	42.8	9.5	72.5	13.1	72.1	11.6	24.9	15.8	26.3	15.6
Finished Fabric	151.6	33.6	155.0	27.9	170.0	27.3	39.3	25.0	45.2	26.8
Garments	76.3	16.9	105.2	19.0	135.6	21.8	19.3	12.3	18.3	10.8
Total Net Sales	450.7	100.0	554.6	100.0	622.0	100.0	157.4	100.0	168.7	100.0

The diagram below illustrates our integrated production process from the raw material stage through to sales to our customers.



Yarn

Our spinning division produces yarn. Yarn is a continuous strand of textile fiber, filament or material in a form suitable for weaving or otherwise intertwining to form a textile fabric. Different types of yarn can be

produced based on the kind of raw material fiber used and the thread count, or thickness of the yarn desired. The majority of our yarn production is of rayon yarn of a 30s thread count. We also produce cotton and polyester yarn of differing sizes and purchase yarn from related parties for use in the production of our made-to-order products and for sale to third parties.

For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, we produced approximately 443,080 bales, 550,462 bales, 560,738 bales and 174,920 bales of yarn, respectively. The table below sets forth our products available for sale during the periods indicated, inclusive of yarn we produced and yarn we purchased from related parties that we either use internally or sell to third parties, based on fiber type, location of sales market and internal use.

	For the years ended December 31,						For the three months ended March 31,	
	2013		2014		2015		2016	
	(bales)							
	Total	%	Total	%	Total	%	Total	%
Description								
International								
Rayon Yarn	115,978	23.1	76,235	13.4	95,736	16.2	27,966	15.5
Cotton Yarn	775	0.2	45,232	7.9	48,720	8.2	16,985	9.4
Polyester Yarn	61,280	12.2	42,613	7.5	29,338	5.0	5,942	3.3
Subtotal	**178,033**	**35.5**	**164,080**	**28.7**	**173,794**	**29.3**	**50,892**	**28.3**
Domestic								
Rayon Yarn	159,154	31.7	159,089	27.9	162,460	27.4	52,593	29.2
Cotton Yarn	43,845	8.7	42,352	7.4	48,930	8.3	16,913	9.4
Polyester Yarn	29,473	5.9	32,130	5.6	26,889	4.5	10,758	6.0
Subtotal	**232,471**	**46.3**	**233,571**	**40.9**	**238,279**	**40.2**	**80,265**	**44.6**
Internal Use								
Rayon Yarn	7,144	1.4	80,216	14.0	92,258	15.6	28,022	15.6
Cotton Yarn	36,279	7.2	20,497	3.6	45,567	7.7	11,590	6.4
Polyester Yarn	48,278	9.6	72,621	12.7	42,442	7.2	9,151	5.1
Subtotal	**91,701**	**18.3**	**173,334**	**30.4**	**180,267**	**30.4**	**48,763**	**27.1**
Total products available for sale	**502,205**	**100.0**	**570,985**	**100.0**	**592,340**	**100.0**	**179,921**	**100.0**
Purchases	59,125	—	20,523	—	31,602		5,001	
Production	443,080	—	550,462	—	560,738		174,920	

Greige

Greige is the end product of weaving yarn and is the staple material of the textile finishing processes. Greige is known as raw fabric as it must undergo further processing such as bleaching, dyeing, printing or other finishing treatments before it can be used downstream. Greige is identified most commonly by two main characteristics, type of weave and thickness. Since our yarn products are made of rayon, cotton and polyester, the greige we produce is made of the same fiber in various weaves such as shantung, shantung rayon, prima cotton, poplin, dobby and jacquard, all of which are typically manufactured in industry standard thicknesses. The majority of our greige is of a thin weave, as we primarily supply manufacturers of fabrics used for retail apparel and the majority of our own downstream production is also of retail apparel. We also purchase greige from related parties for use in the production of our made-to-order products and for sale to third parties.

For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, we produced 148,584,757 meters, 130,818,459 meters, 142,688,040 meters and 52,289,445 meters of greige, respectively. The table below sets forth our products available for sale during the periods indicated, inclusive of greige we produced and greige we purchased from related parties that we either use internally or sell to third parties, based on location of sales market and internal use.

	For the years ended December 31,						For the three months ended March 31,	
	2013		2014		2015		2016	
	(meters)							
	Total	%	Total	%	Total	%	Total	%
Description								
International	8,624,860	4.2	6,524,444	3.7	25,972,656	14.5	1,272,660	2.3
Domestic	104,883,271	51.3	70,513,436	39.8	40,410,161	22.6	21,013,284	38.6
Internal Use	90,819,778	44.4	100,270,575	56.6	112,567,420	62.9	32,141,855	59.1
Total products available for sale	**204,327,910**	**100.0**	**177,308,455**	**100.0**	**178,950,237**	**100.0**	**54,427,799**	**100.0**
Purchases	55,743,153	—	46,489,996	—	36,262,197	—	2,138,354	—
Production	148,584,757	—	130,818,459	—	142,688,040	—	52,289,445	—

Finished Fabrics

Finished fabrics are greige that has been bleached, dyed and/or printed and can be used directly for the production of apparel. The end products range from simple bleached fabric, dyed fabric, printed fabric and fabric that is both dyed and printed. We produce finished fabrics on a made-to-order basis for our customers who are primarily wholesalers and garment producers. The finished fabrics we produce are based on designs either supplied by our customers, or designed by our design department in cooperation with our customers. In the case of the latter, we often rely on our in-house "Marketing Gallery", which is our extensive library of patterns. Our customers often come in-house during this stage of production to work directly with our design team. We categorize finished fabrics based on whether the garment to be produced from it will be for uniforms or fashion apparel.

For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, we produced approximately 100,686,531 yards, 100,270,575 yards, 116,739,449 yards and 30,849,192 yards of finished fabrics, respectively. The table below sets forth our products available for sale during the periods indicated, based on category, location of sales market and internal use.

	For the years ended December 31,						For the three months ended March 31,	
	2013		2014		2015		2016	
	(yards)							
	Total	%	Total	%	Total	%	Total	%
Description								
International								
Fashion	38,555,747	38.3	35,535,943	35.4	37,967,557	32.5	14,503,607	47.0
Uniform	17,174,019	17.1	5,278,974	5.3	6,988,891	6.0	2,620,834	8.5
Subtotal	**55,729,766**	**55.3**	**40,814,917**	**40.7**	**44,956,448**	**38.5**	**17,124,441**	**55.5**
Domestic								
Fashion	13,504,449	13.4	27,574,696	27.5	35,472,761	30.4	5,994,897	19.4
Uniform	399,247	0.4	340,661	0.3	985,103	0.8	154,661	0.5
Subtotal	**13,903,696**	**13.8**	**27,915,357**	**27.8**	**36,457,864**	**31.2**	**6,149,558**	**19.9**
Internal Use								
Fashion	22,532,409	22.4	17,418,368	17.4	19,313,486	16.5	4,055,832	13.1
Uniform	8,520,659	8.5	14,121,933	14.1	16,011,651	13.7	3,519,361	11.4
Subtotal	**31,053,068**	**30.9**	**31,540,301**	**31.5**	**35,325,137**	**30.2**	**7,575,193**	**24.6**
Total products available for sale	**100,686,530**	**100.0**	**100,270,575**	**100.0**	**116,739,449**	**100.0**	**30,849,192**	**100.0**
Purchases	0	—	72,301	—	0	—	0	—
Production	100,686,530	—	100,198,275	—	116,739,449	—	30,849,192	—

Apparel

Our apparel products consist of retail garments, military uniforms, corporate uniforms and other items, such as textile field equipment. Our retail garments include fashion wear, work wear and sportswear. Our military uniforms include ceremonial dress and field uniforms including various types of camouflage and other uniforms

with custom specifications. Our corporate uniforms include uniforms for large international and domestic corporations. Our other textile field equipment includes multi-purpose tents, bedding and backpacks. We currently do not own or operate our own retail brand.

As with finished fabrics, apparel is produced on a made-to-order basis for our customers. In some cases we are provided with a sample from our customers, based on which we create a production pattern and produce the desired quantity. Alternatively, our design department may collaborate with the customer to create a sample, which, once agreed, will be used as the basis to produce apparel in the required quantities.

For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, we produced approximately 8,546,319 pieces, 13,122,288 pieces, 17,894,364 pieces and 3,766,146 pieces in our garment division, respectively. The table below sets forth our products available for sale during the periods indicated, based on category and location of sales market.

	For the years ended December 31,						For the three months ended March 31,	
	2013		2014		2015		2016	
	(pieces)							
	Total	%	Total	%	Total	%	Total	%
Description								
International								
Fashion	6,030,316	70.6	8,709,184	66.4	12,607,311	70.5	2,951,827	78.4
Uniforms	1,597,996	18.7	2,034,671	15.5	2,807,846	15.7	701,961	18.6
Subtotal	**7,628,312**	**89.3**	**10,743,855**	**81.9**	**15,415,157**	**86.2**	**3,653,788**	**97.0**
Domestic								
Fashion	—	—	—	—	—	—	—	—
Uniform	918,007	10.7	2,378,433	18.1	2,479,207	13.8	112,358	3.0
Subtotal	**918,007**	**10.7**	**2,378,433**	**18.1**	**2,479,207**	**13.8**	**112,358**	**3.0**
Total products available for sale	**8,546,319**	**100.0**	**13,122,288**	**100.0**	**17,894,364**	**100.0**	**3,766,146**	**100.0**
Purchases	0	—	—	—	—	—	0	—
Production	8,546,319	—	13,122,288	—	17,894,364	—	3,766,146	—

Our Production Process and Machinery

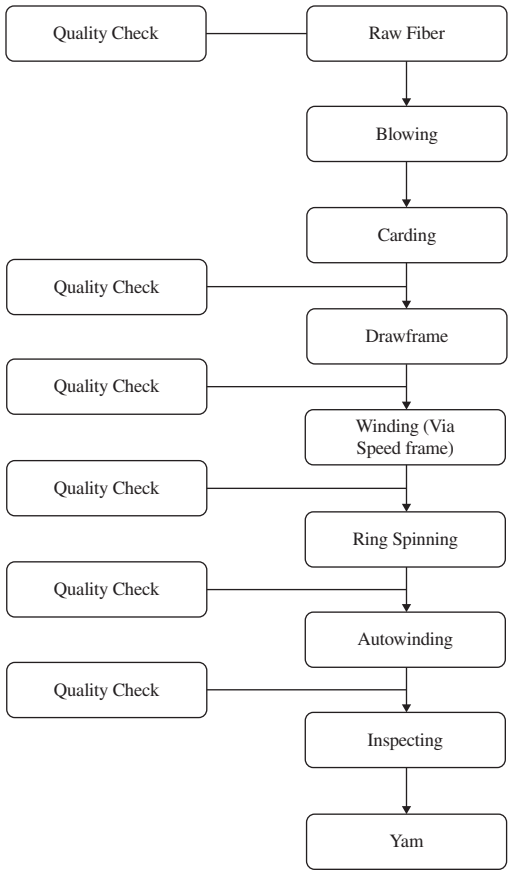
The production of each of our products requires different processes and different machinery. Our main facilities currently comprise 23 buildings consisting of nine for our spinning machinery, three for our weaving machinery, three for our finishing machinery and eight for our garment machinery, the majority of which are located within our approximately 61 hectare facility in Sukoharjo, Central Java, Indonesia. SPD, which produces yarn, is located in Semarang, approximately 120 kilometers from our main facility and has five buildings to house its spinning machinery.

Our production capacity is generally a function of the number of machines in operation at each particular division and the respective product being produced. Except for our garment division, which typically operates for one shift of eight hours per day, we generally operate our production facilities 24 hours a day with three shifts, 365 days a year except during the Eid Mubarak holiday and when production facilities are under overhaul maintenance. Routine repair and maintenance are scheduled to not interrupt daily operational activities of the facilities. Set out below are general descriptions of the production processes and the primary machinery for each of our divisions. Some variations may exist depending on different fibers used and specific customer demands.

Spinning Division

The spinning process converts raw material from fiber into yarn. We currently focus on three common fibers divided into two major categories, semi-synthetic and synthetic fibers such as rayon and polyester and natural fibers such as cotton. The majority of our yarn production is of rayon. As spinning is the first step in our vertically integrated production, the main fiber type used will determine the specifications of the products throughout the rest of the production process. The diagram below demonstrates the principal stages used in our production of yarn. Each of the main stages is followed by routine quality checks to ensure that the product of that particular stage is sufficient to go on to the next stage.

Spinning Division



Blowing. The blowing or opening process is to loosen, clean and blend the fibers. Loosened clean fibers are then fed to a carding machine in sheet form.

Carding. Carding separates the fabric into individual fibers, removes trash particles and short fibers, orients the fibers lengthwise and evenly distributes them on the surface of the cylinder before reassembling the fibers in a netlike and sliver form. The output of carding are carded slivers.

Drawing. Using a drawframe, the carded slivers are pulled into more symmetrical alignment and are combined several carded slivers in one drawn sliver contributing to greater yarn uniformity. The output of the drawframe is regular slivers.

Roving. Using a speedframe, the regular slivers are drafted and a small amount of twist is added to make conical shaped rovings. After drawing the fiber, the drawn fiber is then twisted to produce the lengths that are suitable for spinning in the subsequent activity.

Ring Spinning. The primary machinery in the yarn production process, ring frames then draw the rovings and add the twist that draws the fiber into a strong single yarn. Yarn of different thickness are produced based on individual specifications. The yarn is then wound onto bobbins.

Autowinding. The yarns are subjected to winding in order to increase the length of the yarn on the package, to control its quality, and to eliminate the impurities and defects.

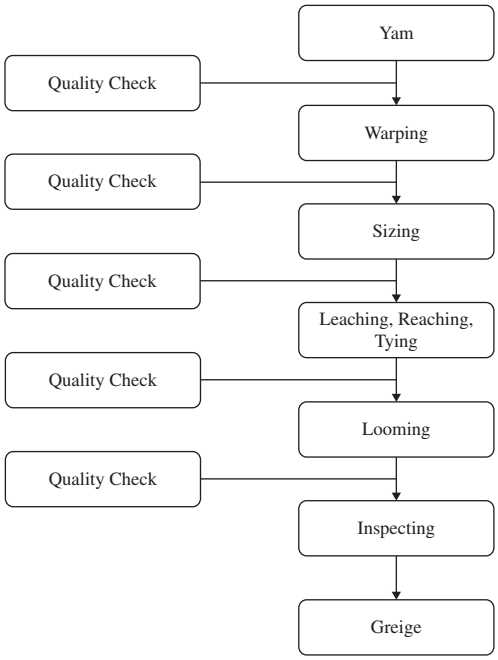
Inspection. Following autowinding, the yarn is checked again for overall quality prior to being packaged. Key points our inspection looks for are tensile strength, uniformity of diameter and any breaks per a specific length of yarn.

Our spinning division at our main facility consists of nine plants, which all employ ring frames. The production capacity of our spinning division is primarily a function of the number of ring frames, which determines the number of spindles we have, and the thread count of the yarn being produced. We use a thread count of 30s as an index to determine our overall spinning capacity. As at March 31, 2016, we had a total of 530,000 spindles, and a total production capacity of approximately 566,000 bales of yarn per year. For the year ended December 31, 2015 and the three months ended March 31, 2016, our yarn production was approximately 560,738 and 174,920 bales, respectively.

Weaving Division

The weaving process is the process to convert yarn into greige. The diagram below demonstrates the principal stages used in our production of greige. As with our spinning division, each of the main stages of the weaving division are followed by routing quality checks to ensure that the product of that particular stage is of sufficient quality to go onto the next stage.

Weaving Division



Warping. During warping, hundreds of yarns are simultaneously unwound from a group of bobbins placed in special reels and then wound again on a cylindrical roller (beam) with application of certain tension.

Sizing. Yarns from several rollers are joined into one package, which can be used directly on the loom, and the yarns are treated with a special adhesive composition called “size”.

Leasing, Reaching, Tying. During this process, the pattern that has been woven is set before going onto the next stage.

Looming. Woven fabrics are made with two or more sets of yarn interlaced at right angles to each other and done by a machine called a loom. We employ three types of looms in our weaving division, namely shuttle looms, rapier looms and jet looms. Shuttle looms are generally used for the production of shorter and thinner fabrics more commonly used in the production of apparel. Jet looms are also typically used for similar purposes but operate using more advanced technology and are generally more efficient. Rapier looms are typically used to make thicker weaves such as those used in uniforms. The majority of our looms are shuttle looms.

Inspection. Greige unloaded from looms are inspected for length and quality based on the type of production process and product. The greige is then cut and mended.

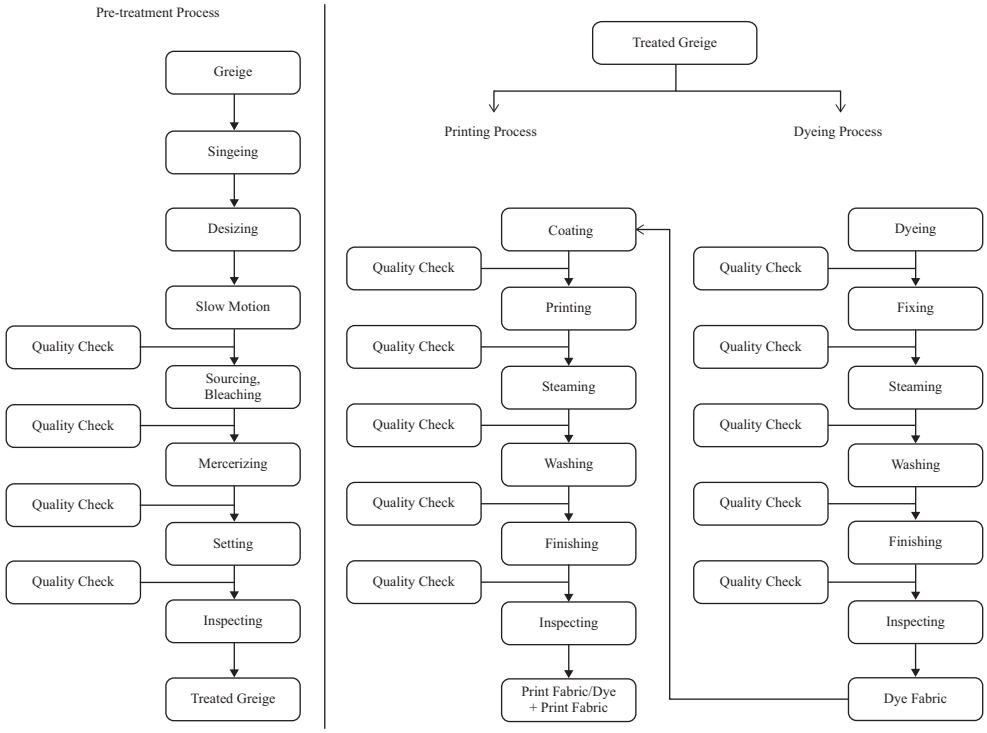
The primary machinery used in the weaving process is the loom. Accurate capacity figures are difficult to determine for our weaving division due to the variables in the production process based on the type of weave desired. We have established target production rates based on historical production output. Our weaving division consists of three buildings, which, as at March 31, 2016, housed a total of 2,554 looms, with a production capacity ranging from 100 million to 160 million meters of greige per year, depending on the thickness of the greige. For the year ended December 31, 2015 and the three months ended March 31, 2016, our production was 142,688,040 and 52,289,445 meters of greige, respectively.

Finishing Division

The finishing process consists primarily of three processes, namely pre-treatment, dyeing and printing.

In the pre-treatment stage, greige is cleaned, bleached and subjected to various other process to optimize it for the dyeing and printing stages. We sell a small portion of our cleaned and bleached greige prior to dyeing or printing. The dyeing process involves exposing pre-treated fabric to dyeing agents in the color selected based on customer orders and then subjecting the fabric to various processes to diffuse and fix the dye and then wash and finish the fabric. We sell a portion of our dyed fabric without any patterns. The printing process involves feeding either pre-treated or dyed fabric through printers to imprint the pattern selected by our customers onto the fabric, followed by processes to fix, wash and finish the fabric. The diagrams below illustrate the production processes in our finished division.

Each of the main stages of the finished fabrics division is followed by routine quality checks to ensure that the product of that particular stage is sufficient to go onto the next stage.



Since our finished fabrics are made-to-order, an important step prior to the pre-treatment, dyeing and printing processes is the design stage. If the customer provides a sample dyed or printed fabric, the sample goes to our finished fabrics design department, which works out the appropriate dyeing agent or printing arrangement associated with the production. If a customer does not have a sample, our design department will work closely with such customer to in developing a sample for production. The customer may also select colors and/or patterns from our "Marketing Gallery", and develop a sample for production. In addition, if a design requires a specific kind of yarn or greige that we do not make to stock, the design departments in those divisions may become involved. If it is determined that production of those particular yarn or greige is inefficient, we may purchase them in small amounts from other suppliers. For more complicated specifications and designs, the customer may work with our research and development teams from each of our production divisions, for instance where a specific type of yarn or color needs to be achieved for military and other uniforms, to find an ideal design.

The fabrics finishing division consists of three buildings with a variety of machinery including pre-treatment machines, dyeing machines and printing machines. Our production capacity is estimated based on the factory specifications of these machines. Our fabrics finishing division consists of three buildings, which, as at March 31, 2016 housed eight printing machines, two continuous dyeing machines and 10 jet dyeing machines. Our annual production capacity as at March 31, 2016 was approximately 120 million yards of finished fabric. Our production for our finished fabrics divisions for the year ended December 31, 2015 and the three months ended March 31, 2016 was approximately 116,739,449 and 30,849,192 yards, respectively.

Garment Division

Similar to the finishing division, the garment division's production is preceded by the design process. We either receive a sample from the customer or our garment division design department works directly with the customer on a sample before going to production. This process often involves the development of new designs, techniques and testing of sample products, during which our garment division's research and development team may be involved.

Production generally consists of cutting, sewing and finishing. The garment division currently has eight buildings and the principal machinery used is sewing machines. Our production capacity is estimated based on the factory specifications of our sewing machines, which are in operation one shift per day. As at March 31, 2016, we had approximately 10,980 sewing machines with a total capacity of approximately 18 million pieces per year. Our production for the year ended December 31, 2015 and the three months ended March 31, 2016 was 17,894,364 and 3,766,146 pieces, respectively.

Maintenance

We perform three types of maintenance on our machinery. Routine maintenance is performed on all of our machinery and is based on the life of the machine and its spare parts and is generally scheduled daily, weekly or monthly across production facilities to avoid simultaneous shutdown of facilities. Condition-based maintenance is performed when machinery breaks down. We have not experienced any material or prolonged stoppage of our facilities due to equipment or facility failure. The third type of maintenance is an overhaul of our entire production facility. This is carried out annually on all of our facilities during the Eid Mubarak holiday**,** which is the only time that we shut down for the full day.

Quality Control

In order to maintain customer satisfaction, we actively work to improve our quality of production and meet international quality standards. Our quality control begins upon receipt of raw materials from suppliers to ensure they are of sufficient quality prior to going to production which is followed by additional quality control checks by each of our production divisions. These quality control checks are performed by dedicated employees at the completion of each stage of the production process and ensure that the end product of each production division's individual production stage is of sufficient quality to go on to the next stage, allowing us to better control the level of wastage throughout the entire process. In addition, our production, planning and inventory control department ("PPIC") oversees the entire production process for each of our divisions. The PPIC becomes involved in the process once an order is received from a customer and is responsible for the final quality check to ensure that the quantity and quality of the final product meet the customers' orders and to ensure prompt delivery. For large apparel orders, quality control representatives from our customers often monitor the production process. These quality control representatives also typically participate in our initial production planning meetings. We have a history of maintaining low numbers of defect/return orders and late deliveries. For the three months ended March 31, 2016, less than 1.0% of our sales were subject to claims of defects or returned and less than 1.0% of our deliveries were delivered late.

In addition, to maintain quality standards, we have conducted quality awareness training with employees that are directly involved in the production process. In an effort to improve the production quality, we maintain ISO 9001:2008 and ISO 14001:2004 certifications and Oeko-Tex Standard 100 TESTEX Zurich certification.

Raw Materials and Suppliers

Our primary raw materials for the production of our textile products are fibers, including rayon, cotton and polyester. In addition we also purchase off-spec yarn and greige from related parties for made-to-order

products. The price of our raw materials could fluctuate significantly as a result of changing market conditions, government policies and regulations and climate as well as general economic conditions. We do not enter into long-term supply agreements for our raw materials but instead enter into purchase contracts for individual purchase orders from time to time.

Rayon

Rayon fiber is made from organic materials and is known as a semi-synthetic fiber as it cannot be classified as a synthetic fiber or a natural fiber. Rayon fabric is widely used in the garment industry as material for clothing such as jackets, coats, underwear, scarves, hats, ties, socks, shoes and upholstery. We source approximately 50.0% of our rayon from domestic suppliers and 50.0% from international suppliers. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, rayon fiber, together with rayon yarn and greige net of offsetting purchases from related parties, in aggregate, accounted for 62.1%, 63.0%, 65.3%, and 57.9%, respectively, of our raw materials used.

Cotton

Cotton fibers are an important ingredient in the textile industry. Given that Indonesian climate conditions are not suitable for cotton growth, 100.0% of our cotton is sourced from abroad, mostly from the U.S. and Australia. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, cotton fiber, together with cotton yarn and greige net of offsetting purchases from related parties, in aggregate, accounted for 24.5%, 19.2%, 17.6% and 15.2%, respectively, of our raw materials used, respectively.

Polyester

Polyester is a synthetic fiber that we source both domestically and internationally. We source approximately 40.0% our polyester from domestic suppliers and 60.0% from international suppliers. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, polyester fiber, together with polyester yarn and greige net of offsetting purchases from related parties, in aggregate, accounted for 13.4%, 17.8%, 17.1% and 26.9%, respectively, of our raw materials used.

Dyeing agents

For our finished fabrics division we also require colored dyes for the dyeing and printing processes. We source our dyes from Germany, which we believe produces the highest quality dyes.

Others

In addition to raw materials such as cotton, rayon and polyester, we also require certain chemicals for production in small amounts as well as items for our garment division such as buttons, zippers and lining.

Suppliers. We believe that all of our raw material requirements are currently available in adequate supply from domestic and foreign sources. We maintain multiple suppliers for all of our major raw materials. Should any of our suppliers be unable to supply us in the future, we believe we will be able to obtain alternative sources of supply at market prices.

We believe securing reliable quality sources of raw material allows us to be cost efficient and competitive in our pricing and profit margins. Our current expansion strategy entails a significant increase in raw material supplies. While we have not historically experienced any shortages in our supply of rayon fiber, we have been actively evaluating potential opportunities to secure a steadier and more consistent source of rayon fiber. For instance, PT Rayon Utama Makmur, a company in which our controlling shareholder has a controlling interest, is currently developing a rayon fiber production facility in Nguter, Sukoharjo, Central Java. This facility is expected to have the capacity to produce 80,000 tonnes of rayon fiber per year. In order to secure a steadier and more consistent source of rayon fiber, we intend to source up to 50.0% to 60.0% of our ongoing rayon fiber needs from this production plant. We expect that in addition to establishing a stable supply of rayon fiber, this will also help reduce the variance in quality of rayon fiber that results from purchasing from different suppliers.

Inventory Control. We monitor and control the inventory levels of our raw materials and finished products to optimize our operations, sales and delivery of our products. Raw materials such as rayon fiber,

cotton, polyester and other materials are stored in amounts based on the needs of production. To ensure smooth production, we generally maintain supply of raw materials of 30 to 60 days. We typically maintain a supply of our yarn and greige of approximately one month.

Energy and Utilities

A continuous and steady supply of electricity is important for our production, especially for our finished fabrics division, at which a power disruption could potentially cause longer term disruption to our finished fabrics division as constant power is required to avoid hardening of dyes within machinery which would require significant maintenance to repair. The majority of our electricity is sourced directly from the Government power grid for which we pay a usage-based fee. Power for our finished fabrics division, however, is generated by our own four megawatt coal plant located on our main production premises. This division is also connected to the Government-run power grid as a backup source of power. Steam, which is also required for our finished fabrics division is generated by our coal power plant. We purchase our coal from independent third parties.

Design and Research and Development

Design and research and development are integral parts of the production of our made-to-order products from the finished fabrics and garment divisions. Our finished fabrics and garment divisions have design teams consisting of a total of 32 members. In both the finished fabrics and garment divisions, our orders come from customers who either provide a sample or a design or customers who do not. In the finished fabrics division, if the customer provides a sample dyed or printed fabric, the sample goes to our finished fabrics design department, which works out the appropriate dyes or printing process associated with the production. If a customer does not have a sample, our design department will work closely with such customer to select a color and/or pattern from our in-house "Marketing Gallery", and develop a sample for production. Similar to the finishing division, the garment division's production is preceded by the design process. We either receive a sample from the customer or our garment division design department works directly with the customer on a sample before going to production. In addition, if a design requires a specific kind of yarn or greige that we do not make to stock, the design departments in those divisions may become involved. If it is determined that production of those particular yarn or greige is inefficient, we may purchase them in small amounts from other suppliers.

For more complicated designs, the customer may work with our research and development teams from each of our production divisions, for instance where a specific type of yarn or color needs to be achieved for military and other uniforms, to find an ideal design. This process often involves the development of new designs, techniques and testing of sample products, during which our garment division's research and development team may be involved. In such cases, our research and development teams of each of our divisions develop the process best suited to produce the desired product. Each of our production divisions maintains its own research and development team consisting of which in total comprise 22 members. Our research and development teams have developed fabric formulas used for military uniforms and worked closely with government clients to develop new technologies for the finishing of army uniforms.

Marketing And Sales

As a vertically integrated textile manufacturer capable of producing a variety of mid-stream and downstream products, our customer base and accordingly our marketing strategy varies based on our production divisions. Our sales and marketing functions are carried out by individual sales and marketing teams. We have separate CMOs based on different product groups, including CMOs for our (i) yarn products; (ii) finished fabrics and greige; (iii) retail apparel; (iv) international military and corporate uniforms; and (v) domestic military and corporate uniforms. Sales are typically made pursuant to individual purchase orders, with orders in relation to our garment products typically booked one year in advance. We do not typically enter into long-term supply arrangements with our customers.

We make sales both internationally and domestically, with the majority being made internationally. The composition of our net sales for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016 are set out below.

	For the years ended December 31,						For the three months ended March 31,	
	2013 (Unaudited)		2014		2015		2016 (Unaudited)	
	(US$ millions)	%	(US$ millions)	%	(US$ millions)	%	(US$ millions)	%
Product								
Yarn								
– International	142.0	26.0	112.4	19.1	116.7	18.5	34.5	20.5
– Domestic[(1)]	92.1	16.8	128.6	21.8	128.6	20.4	44.3	26.3
Subtotal	234.1	42.8	241.0	40.9	245.3	38.9	78.8	46.8
Greige								
– International	8.6	1.6	7.8	1.3	32.9	5.2	1.6	0.9
– Domestic[(1)]	75.0	13.7	79.7	13.5	47.6	7.5	24.8	14.7
Subtotal	83.6	15.3	87.5	14.9	80.5	12.7	26.3	15.6
Finished Fabric								
– International	98.2	18.0	69.9	11.9	77.8	12.3	29.8	17.7
– Domestic[(1)]	54.8	10.0	85.4	14.5	92.2	14.6	15.4	9.1
Subtotal	153.1	28.0	155.3	26.4	170.0	26.9	45.2	26.8
Garments								
– International	47.4	8.7	40.2	6.8	74.0	11.7	15.9	9.4
– Domestic[(1)]	28.9	5.3	65.0	11.0	61.6	9.8	2.4	1.4
Subtotal	76.3	13.9	105.2	17.9	135.6	21.5	18.3	10.8
International subtotal	296.2	54.2	230.30	39.1	301.4	47.7	81.8	48.5
Domestic subtotal[(1)]	250.7	45.8	358.7	60.9	330.0	52.3	86.9	51.5
Total Sales	**547.0**	**100.0**	**589.1**	**100.0**	**631.3**	**100.0**	**168.7**	**100.0**
Less: sales for offset with related purchase[(1)]	**96.3**	**—**	**34.5**	**—**	**9.3**	**—**	**—**	**—**
Net Sales	**450.7**	**—**	**554.6**	**—**	**622.0**	**—**	**168.7**	**—**
International subtotal (net sales)		65.7		41.5		48.5		48.5
Domestic subtotal (net sales)		34.3		58.5		51.5		51.5

(1) We enter into transactions with related parties for the purchase and sale of raw materials, works in process and finished goods. We account for such sales and purchases as offsetting transactions such that the sales to related parties are deducted from our sales and the related purchases from related parties are deducted from our cost of goods sold to the extent of the amount of the associated sales to the related party. All such offsetting transactions are domestic. See notes 12 and 29 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Our approach to sales and marketing can be delineated based on whether the products are made-to-stock or made-to-order.

Made-to-Stock

Yarn and greige produced by our spinning and weaving divisions are products with low levels of variation and can be sold and traded like commodities. While we keep a significant portion of yarn and greige from our spinning and weaving divisions for our downstream processing, we also sell these products directly to other international and domestic textile and apparel manufacturers and wholesalers as well as through traders. Accordingly, our marketing efforts are largely directed towards maintaining relationships with previous customers and seeking out new sales opportunities.

Generally prices for yarn and greige are based on spot market prices in the international market. However, we generally adopt cost-plus pricing, under which the prices of our made-to-stock products are principally determined with reference to the market price of our raw materials, our other production costs, while considering other factors such as supply and demand in the international domestic market, current market trends and conditions and prices set by our primary competitors. As prices of our raw materials and other costs increase, we generally are able to pass along these price increases to our customers in order to maintain profit margins. However, our ability to do so is dependent upon market dynamics present at the time of any price increase.

Made-to-Order

Finished fabrics and apparel produced by our finished fabrics and garment divisions have a high level of variation and are therefore produced on a made-to-order basis.

The order process for our made-to-order products is typically done through open tenders. The marketing team will receive news of the tender and will then work with our PPIC department to begin the process. The PPIC works closely with the production divisions' individual design teams to conduct a production and cost analysis as well as produce a sample product. If the customer provides a sample fabric or apparel piece, the sample goes to our design department to work out the process and costs associated with production. If a customer does not have a sample, our design department will work closely with them to develop a sample, often relying on our in-house "Marketing Gallery", which is our extensive library of patterns.

Our customers often come in-house during this stage of production to work directly with our design team. Once completed, the marketing team will then report back to the customer. If approved, the marketing team and PPIC will instruct the production department to proceed as specified in the relevant bill of materials. After the production stage, the PPIC will inspect and confirm both the quantity and quality of the end product. For more complicated designs, our individual research and development teams will play an important role in meeting the customer's needs. Prices for made-to-order products are also generally determined based on the cost-plus pricing method.

In order to promote our products and to keep abreast of any development in the textile and garment industry, we participate in a number of textile and clothing conferences and exhibitions in Indonesia and abroad. We also place advertisements in various textile industry publications and websites to promote our products and to improve our corporate status in the textile industry.

Customers

We sell our products domestically in Indonesia and internationally in over 50 countries. We sell our yarn and greige directly to other international and domestic textile and apparel manufacturers and wholesalers as well as through traders. Our finished fabrics are sold internationally and domestically to downstream manufacturers, retailers and governments for uniforms through direct channels as well as through agents. Our apparel, which includes retail garments and uniforms, are sold internationally and domestically to retailers, governments and corporate entities. Our sales to retailers and governments are sold through direct channels and through agents while our sales to corporates are all sold through direct sales.

Our customers have included some of the world's largest downstream textile manufacturers including in India and China, as well as major global retailers and corporations. In addition, we are one of few suppliers outside Europe certified to provide military uniforms to Germany. Our military uniforms have been sold to 30 countries, including Germany, Austria, the U.K, Australia, the United Arab Emirates, Malaysia and Indonesia. The majority of our sales are international sales. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, 65.7%, 41.5%, 48.5% and 48.5% of our net sales were international, respectively, while 34.3%, 58.5%, 51.5% and 51.5% were domestic, respectively.

We believe that due to the high quality and timely delivery of our products we have been able to maintain high customer loyalty with a high rate of repeat customers. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016, 94.6%, 96.2%, 95.7% and 96.0% of our net sales were made to year-on-year or period-on-period repeat customers, respectively. We have a long history with many of our key customers. For example, we have been supplying uniforms to the Indonesian military and the Indonesian National Police since 1990. In addition, we have been supplying military uniforms to the armed forces of Germany since 1993. We have also have long-standing relationships with certain of our retail apparel and corporate uniform customers. Many customers, including retailers to which we sell apparel and governments to which we sell uniforms, require us to meet certain social responsibility standards. In order to receive and maintain the approval as a supplier to these customers, our operations are subject to inspections and audits to ensure we meet such standards. See "Risk Factor — Risks Relating To Our Business — Certain customers are sensitive to social responsibility standards and if we were perceived to have failed to comply with these standards, these customers may choose not to continue their business with us".

Delivery

Our international orders are delivered by truck to the port located in Tanjung Emas, Semoran, Central Java, approximately 124 kilometers from our main facilities. International sales for yarn, greige and finished fabrics

are delivered CIF, meaning costs associated with insurance and all other charges up to the named port of destination are included in the selling price. Most of our apparel that is sold internationally is delivered FOB, meaning that our selling price includes all charges up to placing the goods on board the ship at the port of departure. Most of our domestic sales are delivered by truck at the expense of our customers. The majority of our products are delivered by third party transportation companies, the costs of which we have historically been able to pass along to our customers. We also maintain a small fleet of delivery trucks for customers requesting rush delivery.

Competition

The textile industry is characterized by high levels of competition. The main competitive factors are product quality and reliability, product performance or specifications, speed of production, price, reputation and customer relationships. We face competition from many international and Indonesian companies. While we are a vertically integrated company producing yarn, greige, finished fabrics and apparel, many of our competitors produce only one, two or three of these products and therefore compete only in limited segments of the textile market. Accordingly, the competitive landscape we face is fragmented.

While capital intensive, the production of basic yarn and greige products, our made-to-stock products, has other relatively low entry barriers, as they do not require a high-level of know-how to produce in smaller quantities. Price competition for these products is therefore more intense and we face intense domestic and foreign competition for these products. In the international market, textile enterprises located in India and Pakistan have been very competitive in terms of production costs for yarn and greige, which allows them to reduce selling prices. In addition, textile enterprises in China have been competitive due to their ability to expand the size and scale of their operations. Our main competitors for made-to-stock products include PT Ever Shine Textile Tbk and PT Unitex Tbk in the domestic market and Shenzhou International Group Holdings Limited and Texhong Textile Group Ltd. in the international market.

On the other hand, the manufacture of finished fabrics and apparel, our made-to-order products, is highly specialized and requires technological and process know-how in order to successfully produce large orders of high quality on schedule in a consistent manner. Customers for these products place a higher emphasis on product quality, reliability and reputation as well as price. We believe the market for high-end textile products such as these is less competitive due to more complicated fabric requirements coupled with punctual delivery demands. Some of our competitors for these products have competitive advantages, including larger scale or greater production efficiency. Our main competitors for these products include PT Pan Brothers Tbk, PT Unitex Tbk and PT Kahatex in the domestic market and Eclat Textile Co. Ltd. and Makalot Industrial Co., Ltd. in the international market.

Employees

We recognize that our employees are a key determining factor for the success of our business and operations. Therefore, we strive to improve the quality of our employees' experiences through education, training, development, maintenance and welfare services. Such programs include seminars, workshops or courses specified for the field of their respective duties as well as short term loans. All of our employees except our supervisors, managers, general managers and Board of Directors are members of the Serikat Pekerja Tekstil, Sandang dan Kulit under Serikat Pekerja Seluruh Indonesia Union. We negotiate our collective bargaining agreements every two years. Our current collective bargaining agreement expires in October 2016 and we are currently in the process of renegotiations.

The details of our employee count are shown in the table below:

	December 31,			March 31,
	2013	2014	2015	2016
Total Employees	**16,848**	**17,821**	**17,862**	**17,274**

Health, Safety and Environmental Protection

We place emphasis on the health and safety of our employees, and we are required to comply with a range of Indonesian health and safety laws and regulations. We generally review our health and safety standards on a periodic basis, as our operations are subject to routine government authority inspections. Our human resources department maintains a health and safety manual for our employees and provides periodic safety training to our

employees. We provide social security insurance for our employees, as required by Indonesian law, including pension insurance, unemployment insurance, work injury insurance and medical insurance. We also maintain medical treatment facilities at our manufacturing sites. In addition, a certain portion of our revenue is derived from sale of military uniforms to countries with stringent requirements to ensure that the labor practices and factory conditions of their suppliers meet certain social responsibility standards. Many retailers to which we sell apparel are also facing increasing pressure to ensure that the labor practices and factory conditions of their suppliers also meet certain social responsibility standards. In order to receive and maintain the approval as a supplier to these customers, our operations are subject to inspections and audits to ensure we meet such standards. Such inspections and audits involve customer representatives performing in-person inspections at our facilities from time to time.

Our operations and properties are subject to a wide variety of Indonesian environmental laws and regulations. These include laws and regulations relating to waste disposal, emission levels, waste discharge, wastewater treatment resulting from our operations. As a company engaged in the textile industry, the Company is required to comply with all environmental regulations of the Government. We contribute to reducing environmental pollution through our waste processing facilities. We also conduct various tests related to environmental protection. For example, we monitor various wastewater points, mutually determined by us and the Clean River Program (*Tim Pelaksana Prokasih*) of the Sukoharjo Regency in the Central Java province, to ensure that our wastewater channels will not pollute drainages or other water channels. At least once every six months, we also conduct forums with public and private leaders to maintain an ongoing dialogue in the environmental protection efforts of the surrounding community.

Under Minister of Environment Regulation No. 5 of 2011 concerning Corporate Performance Assessment Program in Environmental Management, companies are ranked either blue, green or gold based on their environmental track record. The Company has been classed under the blue category, which means that it has met the requirements of Indonesian environmental protection regulations. We believe we are in compliance with all applicable environmental laws and regulations and that continued compliance with existing requirements will not have a material adverse impact on our business. See “Regulation”.

Corporate and Social Responsibility

To further raise our profile and to assist in the development of the community, we instituted a corporate social responsibility program under which we, among other projects, supported the establishment of the Sritex Arena, a public multi-use sports facility in Sukoharjo and sponsored the Sritex Dragons, a national women’s basketball team. We have also conducted community outreach programs such as blood drives, donated new ambulances and established clean water irrigation projects for rice paddies.

Insurance

The majority of our material assets, excluding land, is covered by fire, flood, earthquake and all-risk insurance policies and are provided by Indonesian insurance companies. As of March 31, 2016, we had no material outstanding and pending claims under our insurance policies. We believe that the insurance policies that we currently hold are adequate for our business and operations, and we intend to review our insurance coverage annually.

Building Use Rights and Land Use Rights

We possess 208 plots of land located in Sukoharjo which comprises 20 plots of land with Right to Build Certificates and 188 plots of land with Right of Ownership Certificates with a total area of 646,519 sq.m. Each holder of the Right of Ownership Certificates has signed a statement letter stating that the land belongs to the Company and at any time each of them agrees to transfer such land to the Company lawfully. Additionally, we are currently in the process of acquiring approximately 53,579 sq.m. of land, under the form of Right of Ownership title or the former form title (*Girik*) for expansion purposes. Subsequently we will be required to convert those titles into HGB rights. We also own land rights over land located in Semarang, through SPD, with Building Use Rights No. 523 with a total area of 182,700 sq.m. See “— Regulation — Land Ownership and Acquisition Regulation”. Under regional zoning plan regulation of Semarang City for the year 2011-2031, SPD’s facilities are affected by Local Regulation No. 14/2011. See “Risk Factors — Risks Relating to Our Business — We may face delays or difficulties in the receipt, renewal or extension of relevant land rights which may adversely affect our business, financial condition, results of operations and prospects”.

Intellectual Property Rights

We hold, through registration and licenses, a number of copyrights, including those using the words "Sritex", and "Sritex Group", a number of trademarks using the word "Sri Rejeki Isman", and a number of industrial designs in Indonesia, which are the most significant to our business.

Government Approvals and Licenses

We have obtained and maintained in full force and effect all material government approvals, authorizations, consents, permits, concessions and licenses that are necessary to engage in our business, including the industrial business permit (*Izin Usaha Industri*), the customs permit (*Izin Kepabeanan*), the producer importer identification number (*Angka Pengenal Importir Produsen*), the bonded zone operator permit (*Izin Penyelenggara Kawasan Berikat*), the water usage permit (*Izin Penggunaan Air*), the underground water retrieval permit (*Izin Pengambilan Air Bawah Tanah*), the channel lightning permit (*Izin Instalasi Penyalur Petir*), the usage of lift and transport aircraft for forklift permit (*Izin Pemakaian Pesawat Angkat dan Angkut Jenis Forklift*), lightning, noise, and work climate permit (*Izin Penerangan*, *Kebisingan*, *dan Iklim Kerja*), electric installation usage permit (*Izin Pemakaian Instalasi Listrik*), compressor usage permit (*Izin Pemakaian* Compressor), pressure vessel usage permit (*Izin Pemakaian Bejana Tekan*), steam boiler usage permit (*Izin Pemakaian Ketel Uap*) and the chimney usage permit (*Izin Pemakaian Cerobong Asap*).

Legal and Regulatory Proceedings

We may from time to time be subject to various legal proceedings arising in the ordinary course of business. Recently, the Jakarta Tax Court issued 24 Tax Court Decisions and several Appeal Decision Implementation Letters (Surat Pelaksanaan Putusan Banding) on the tax proceedings in relation to the disputed Tax Underpayment Assessment Letter (Surat Ketetapan Pajak Kurang Bayar or "SKPKB") for the 2007 tax period of SPD, a subsidiary of the Parent Guarantor, six of which are in favor of SPD. As neither SPD nor the Directorate General of Taxation filed an application of reconsideration to the Supreme Court with regard to these decisions, all of the tax proceedings involving SPD have been completed and these Tax Court Decisions are now final and executable. The total amount of the outstanding tax of SPD payable to the Directorate General of Taxation based on the 18 Tax Court Decisions which are against SPD is Rp.6,315,259,966 (US$0.5 million) (including administrative sanctions). However, in the share purchase agreements relating to our acquisition of SPD, the former owners of SPD agreed to retain liability for taxes relating to periods prior to our acquisition of SPD.

In addition, our subsidiary, SPD, is also affected by Local Regulation No. 14/2011. SPD has obtained IUI for its factory located in Simongan industrial area; however, pursuant to Local Regulation No. 14/2011, the Government of Semarang has stipulated a new Division of City Area Plan (*Rencana Pembagian Wilayah Kota* or "BWK"), in which Simongan area now falls into BWK III location which shall be developed for the purpose of offices, trading and services as well as air and sea transportation. As such, SPD, which engages in the relevant field of industry, needs to relocate to BWK IV or BWK X location. On December 17, 2012, SPD together with several industrial companies located in the same area submitted a petition for judicial review against the Government of Semarang (in this case, the Mayor of Semarang and the Parliament of Semarang) to the Indonesian Supreme Court in relation to Local Regulation No. 14/2011. However, on May 31, 2013, the Indonesian Supreme Court rejected the judicial review petition. Therefore, pursuant to Local Regulation No. 14/2011, in the event that the relevant permits issued for SPD are contradictory to this regulation, such permits may be annulled and SPD may be required to relocate its factory from Simongan to the permitted industrial area in Semarang. At this time, we do not know the timing of any such relocation, where the factory will be relocated or the costs associated with or amount of disruption to SPD's business.

We are not currently involved in any other litigation or regulatory actions, the outcome of which would, in our management's judgment, have a material adverse effect on our results of operations or financial condition, nor is management aware of any such litigation or regulatory actions threatened against us.

REGULATION

General Overview

The textile manufacturing industry and trade in Indonesia is primarily subject to regulations issued by the Ministry of Industry and Ministry of Trade. Specifically for a company established under the investment scheme with foreign and/or domestic investor participation, it is also subject to regulations issued by the Indonesia Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or "BKPM").

Industrial License

The primary rule on the industrial sector was formerly regulated under the Law No. 5 of 1984 on Industry which was recently revoked and replaced by Law No. 3 of 2014 on Industry ("Industrial Law") as of January 15, 2014. The Industrial Law stipulates that companies operating in the industrial sector shall secure an IUI in accordance with its scale, either small, medium or large scale, being measured based on the number of laborers employed and nominal investment value excluding land and building. The grandfathering clause of this new Industrial Law sets forth that all ancillary regulations under the former Industrial Law shall remain in force insofar as none of the provisions were in conflict with the new Industrial Law and to the extent that no ancillary regulation under the new Industrial Law were being introduced. Further, any and all IUI having been secured prior to the enactment of this new Industrial Law shall also remain valid insofar as the industrial activities remain in place in accordance with the IUI. Failure to secure the IUI may result in administrative sanctions given to the Company such as in the form of: (i) written notice; (ii) fines; (iii) temporary closure; and (iv) suspension and/or revocation of IUI.

An IUI is to be issued by the Minister of Industry, who may delegate its licensing authority to either the Governor and/or Mayor/Regent. The Regulation of the Minister of Industry No. 41/M- IND/PER/6/2008 on Provision and Procedure on the Granting of Industrial Business License, Expansion License and Industry Registry, as amended by the Regulation of Ministry of Industry No.81/M-IND/PER/10/2014 dated October 2, 2014, which is one of the ancillary regulations of the former Industrial Law, sets out that: (i) any industries which produce and process B3-classified waste; (ii) any industries which produce alcohol beverages; (iii) any industries with high technology; (iv) any industries which produce commercial paper; and (v) cross provinces industries shall secure an IUI directly from the Minister of Industry. Nevertheless, by virtue of Presidential Regulation No. 27 of 2009 on Integrated One-Stop Services in the Investment Sector ("PR 27/2009") which was recently revoked and replaced by Presidential Regulation No. 97 of 2014 on Integrated one-stay Services ("PR 97/2014") which is implemented through Regulation of the Minister of Industry No. 122/M-IND/PER/12/2014 on the Delegation of Licensing Authority for the Industry in the Context of Integrated One-Stop Services to the Head of BKPM ("MOI Regulation No. 122/2014"), the authority to grant IUI, for industrial companies which were incorporated under investment scheme, is delegated from the Minister of Industry to the Chairman of BKPM. The Company, in this respect, has secured its IUI from the Chairman of BKPM.

The new Industrial Law also mandates that all companies engaging in industrial activities must carry out its operation within an Industrial Zone (*Kawasan Industri*) and failure to comply the mandate may result in administrative sanctions to such company in violation of the mandate. However, This mandatory requirement is exempted for (a) any industries located in regions which have yet to be equipped with Industrial Zones or whose Industrial Zones are fully occupied; (b) small or medium-scaled industries having no potential to adversely affect the environment, or (c) industries using certain raw materials and/or running certain manufacturing processes, which shall be located in specialized zones. The Company's IUI, which shall remain valid by virtue of the grandfathering clause of the new Industrial Law, also serves as the basis for the Company's own industrial complex and for the use of its warehouses or stocking facilities. In addition, the Company's integrated-textile manufacturing processes (i.e., spinning, weaving, finishing and garment activities) falls within the scope of industries that are considered not harmful to the environment nor utilizing excessive amount of natural resources as determined under the Decree of the Minister of Industry No. 148/M/SK/7/1995 on Types of Industries and Commodities whose Production Process is Not Hampering nor Harmful to the Environment and Not Utilizing Excessive Amount of Natural Resources.

Bonded Zones

Bonded zones were formerly regulated under Regulation of Minister of Finance No. 291/KMK.05/1997 on Bonded Zone which was revoked and replaced by Regulation of Minister of Finance No. 147/PMK.04/2011 as amended several times by Regulation of Minister of Finance No. 255/PMK.04/2011; Regulation of Minister of

Finance No. 44/PMK.04/2012; and lastly by Regulation of Minister of Finance No.120/PMK.04/2013 ("MOF No. 147/PMK.04/2011 as amended"). Pursuant to the MOF No. 147/PMK.04/2011 as amended, a bonded zone is defined as a place of bonded storage designated for stockpiling of imported goods and materials or sourced from other places within the customs area to be processed or assembled, which result will be used mainly for export with a customs privilege given by the government.

Bonded zones are categorized as a customs area and supervised by the Directorate General of Customs and Excise. It shall be located in an industrial area and must be of an area of at least ten thousand square meters. However, there are exceptions for companies that use certain raw materials and/or whose production process need special location; micro and small scale businesses; and where there is no industrial area available in which the Bonded Zone area activity can be conducted.

Bonded zones grant beneficial facilities due to the advantages arising thereof. Such facilities are: (i) suspension of import duty; (ii) excise exemption; and (iii) non-collection of import taxes (i.e., value added tax, luxury goods sales tax and prepaid income tax) which shall be provided to any goods/materials entering the bonded zone to be processed or combined with the products produced in the bonded zone, any goods/materials as the product of the bonded zone which are reentered to the bonded zone from other customs area; or any imported capital goods and other equipment related to production activities (including office equipment, to be used by an Bonded Zone Entrepreneur ("PDKB")).

Export-oriented manufacturing companies may apply for bonded zone status to the Directorate General of Customs and Excise. There are three types of Licenses for Bonded Zone, which are:

1. Confirmation of certain area as a bonded zone and license as a Bonded Zone Operator (*Penyelenggara Kawasan Berikat* or "PKB"), granted to the company which provides and manages a bonded zone area.
2. Confirmation of a certain area as a bonded zone and license as PKB and PDKB, granted to the company which provides and manages a Bonded Zone area and also acts as the entrepreneur and operates its business in the bonded zone.
3. License as PDKB, granted to the company which operates its business in the bonded zone. These licenses, however, may only be granted to the companies which are established and founded pursuant to Indonesian Law and domiciled in Indonesia.

In relation to the validity period of bonded zone licenses as explained above, for a bonded zone company which is located in an industrial area, the license is valid as long as its business license remains valid. Provided that a bonded zone company is located outside the industrial area, confirmation of a bonded zone area and PKB license is valid for five (5) years and as for the Confirmation of certain area as bonded zone and license as PKB and Bonded Zone Entrepreneur, will be valid for three (3) years. Each license is extendable with request from the license holder.

Bonded zone license holders are obliged to: (i) provide Information Technology facility to manage its electronic data exchange with other bonded zones supervised by the Directorate General of Customs and Excise. Such facility shall be used to manage the incoming and outgoing of products and must be accessible and available for audit purposes by the Directorate General of Customs and Excise; (ii) obtain (*Nomor Pokok Pengusaha Kena Barang Kena Cukai* or "NPPBKC") provided that the product of the bonded area is a (*Barang Kena Cukai* or "BKC") and any other obligations as stipulated under article 19 and 20 of No. 147/PMK.04/2011 as amended.

In the event that the bonded zone license holder does not comply with its obligation under MOF No. 147/PMK.04/2011 as amended, the Head of Local Customs Office may suspend the licenses. The suspension of such license may only be imposed provided that the bonded zone license holder committed an act that is not in line with the license granted to them and supported by any initial proof, such as, importing or producing goods/materials which are irrelevant with the license and inability in providing and managing the bonded zone. However, a bonded zone license holder may reactivate their license in the event that they have complied with their obligations and/or the act which has caused the suspension is not lawfully proved and/or they have demonstrated their ability to provide and manage the bonded zone.

The suspension may be changed into the revocation of such license provided that the allegation that caused the suspension has proved and/or the bonded zone license holder may not be able to provide and manage the bonded zone anymore. Moreover, the Director General can also revoke a permit, if a bonded zone license holder is inactive for 12 consecutive months; request the license revocation; declared bankrupt; utilize an invalid industrial business permit; or fails to comply with a subcontract provision.

Trading Licenses

Pursuant to Regulation of the Minister of Trade No. 36/M-DAG/PER/9/2007 as amended by Regulation of the Minister of Trade No. 46/M-DAG/PER/9/2009 and lastly by No. 39/M- DAG/PER12/2011 on the Issuance of Trading Business License ("MOT Regulation 36/2007 As Amended"), companies engaging in the trading business must obtain a Trading Business License (*Surat Izin Usaha Perdagangan* or "SIUP"). Under the MOT Regulation 36/2007 As Amended, the net asset value of a company, excluding the value of its land and building assets used for the purpose of its operational business sites, determines the type of SIUP which it has to procure as set out in the table below:

Net Asset Value (excluding land and building used as business site)	Type of SIUP
In excess of Rp 50 million up to Rp 500 million	Small-scaled SIUP
In excess of Rp 500 million up to Rp 10,000 million	Medium-scaled SIUP
SIUP In excess of Rp 10,000 million	Large-scaled SIUP

The SIUP is to be issued by either the Governor of Jakarta or the relevant Mayor/Regent where the companies' operations are located. Both of the Governor of Jakarta and the Mayor/Regent of relevant region may delegate its SIUP licensing authority to the Head of Service Agency in charge for trading-related activities or for one-stop integrated licensing services office. The Company, in this respect, has secured a Large-scaled SIUP issued by the Chairman of the Sukoharjo Integrated Licensing Services Office. MOT Regulation 36/2007 as amended stipulates that all types of SIUP is valid as long as the relevant trading company continues its business activities and must be re-registered every five years. The licensing authority who issues the SIUP may determine certain periodical reporting obligation to the SIUP holders. The Company in this context is obliged to report annually at the latest by January 31 of the following year to the SIUP issuer on the implementation of its trading activities.

Other Trade-Related Licenses

Taking into account the importing activities of both raw materials and finished goods to be repackaged and retraded in Indonesia, as well as the exporting activities of its products to offshore customers, the Company is subject to the regulatories issued by the Minister of Trade and required to secure licenses under its authority.

Importer Identification Number (Angka Pengenal Importir)

Pursuant to the Regulation of the Minister of Trade No. 48/M-DAG/PER/7/2015 regarding General Provisions on Importation ("MOT Regulation 48/2015") and Regulation of the Minister of Trade No. 70/M-DAG/PER/9/2015 on Importer Identification Number, both effective as of January 1, 2016 which revoked Regulation of the Minister of Trade No. 27/M-DAG/PER/5/2012 regarding Provisions on the Importer Identification Number as amended by Regulation of the Minister of Trade No. 59/M-DAG/PER/9/2012 and lastly by Regulation of the Minister of Trade No. 84/M-DAG/PER/12/2012 ("MOT Regulation 70/2015"), importing activities may only be carried out by importers who have secured an Importer Identification Number (*Angka Pengenal Importir* or "API"), which can be either one of two types namely (a) General Importer Identification Number (*Angka Pengenal Importir Umum* or "API-U"), and (b) Manufacturer Importer Identification Number (*Angka Pengenal Importir Produsen* or "API-P"). The API-U is granted only to importers who retrade or resell the imported goods to third parties, while the API-P is granted to importers who directly use the imported goods for self-use either as capital goods, raw materials, complementary materials and/or supporting materials in their manufacturing process. The API-P holders are prohibited from selling or transferring the imported goods after the importation to any other parties.

A company may only be granted one type of API, either in the category of API-U or API-P, which shall serve as a valid basis to conduct its importing activities, through its head office or further through any of its branch offices which has a similar business. As the items imported by the Company comprised of both raw materials and finished goods that will need to be processed and/or repackaged before being marketed under its own brand(s), the Company is subject to and has secured the API-P. Every API, including the Company's API-P which was secured in August 3, 2010, is valid so long as the holders continue to carry on their business activities subject to re-registration every five years. By virtue of the MOT Regulation 70/2015, the API licensing authority for companies incorporated under investment scheme is delegated from the Minister of Trade to the Chairman of BKPM. Taking into account its status as a foreign investment company, the Company has secured its API-P from the Chairman of BKPM.

Export Procedures

The procedure and licenses required for exporting activities are generally regulated under Regulation of the Minister of Trade No. 13/M-DAG/PER/3/2012 on General Provisions in Export ("MOT Regulation 13/2012"). According to this MOT Regulation 13/2012, the Minister of Trade classifies goods into three categories based on their ability to be exported, namely (a) goods that are free for export; (b) goods whose export thereof are limited; and (c) goods whose export thereof are prohibited. The limitation and prohibition for export is drawn under the basis of, among others (a) protection of or prevention of threat to the national security or public interest; (b) protection of welfare of humankind, wildlife animals, vegetation and the environment; (c) compliance with the ratified international conventions or treaties; (d) limited supply to meet the domestic demand; (e) limited capacity of the market of the destination country of export; (f) protection to intellectual property rights; and (g) limited materials similar to the exported goods needed for the development of local industries.

The Company's manufactured products which comprise yarn, greige, finished fabrics and retail apparel and/or uniforms are not included in the classification of goods whose export thereof are limited or forbidden according to the Regulation of the Minister of Trade No. 44/M-DAG/PER/7/2012 on Goods Restricted for Exports ("MOT Regulation 44/2012"). Therefore, in exporting its products, the Company is not required to secure an acknowledgment as Registered Exporter and an Export Approval from the Minister of Trade as the case for goods whose export thereof are restricted. In undertaking its business, the Company is only required to present general licenses that are commonly required for general business enterprises, namely (a) SIUP, or any other operational license, which in the case of the Company it shall be the IUI; (b) a Company Registration Certificate (*Tanda Daftar Perusahaan*); and (c) the Taxpayer Identification Number (*Nomor Pokok Wajib Pajak*).

Customs Identification Number (Nomor Induk Kepabeanan)

Customs payment obligations in relation to the importing activities is regulated under the authority of the Ministry of Finance, mainly set forth in, among others, Regulation of the Minister of Finance No. 63/PMK.04/2011 on Customs Registrations as amended by the Regulations of the Minister of Finance No. 95/PMK.04/2011 Year 2011 which was revoked by Regulation of the Minister of Finance No. 59/PMK.04/2014 on Customs Registration ("MOF Regulation 59/2014"), and Regulation of the Director General of Customs and Excise (Director General of Customs) No. Per-21/BC/2011 on Technical Guidelines of Customs Registration which was revoked by Regulation of the Director General of Customs and Excise No. Per-10/BC/2014 ("DG Customs Regulation 10/2014") and amended by Regulation of the Director General of Customs and Excise No. Per-25/BC/2015 ("DG Custom Regulation 25/2015"). Importers and exporters shall undertake a customs registration to the Director General of Customs within the ambit of the MOF for the purpose of exercising its customs payment obligation related to their importing and exporting activities.

The result of such customs registration is the granting of a Customs Identification Number (*Nomor Induk Kepabeanan* or "NIK") stipulated in its Customs Registration data (*data Registrasi Kepabeanan*) issued by the Director General of Customs. This NIK shall be used whenever the importers and/or exporters intend to fulfill their customs payment obligation and is valid in every customs offices in the Republic of Indonesia which may be accessed through information-technology powered system. The possession of NIK may be waived strictly for the importation and exportation of certain goods, among others (a) goods possessed by a state representative undertaking a task within the territory of the Republic of Indonesia; (b) goods required by any international organizations or possessed by any of their officials running an office in the Republic of Indonesia; and (c) grants or gifts for worships, social, cultural purposes and/or aids for victims of natural disaster events. Considering that the importing and exporting activities carried out by the Company are exclusively for commercial purposes, the waiver provision is not applicable upon the Company, and in this respect the Company has secured the necessary NIK.

Investment Regulation

On April 26, 2007, the Government issued Law No. 25 of 2007 regarding Capital Investments (the "Investment Law") which principally regulates direct investments in Indonesia, in the form of foreign capital investments (*Penanaman Modal Asing* or "PMA") and domestic capital investment (*Penanaman Modal Dalam Negeri* or "PMDN"). In Indonesia, a foreign investor has to undertake its investment through an Indonesian legal entity in the form a foreign investment limited liability company ("PMA company").

The Investment Law states that all types of businesses are opened for investment without restriction, except those expressly prohibited or allowed under certain conditions. These restricted and conditionally opened

business activities are listed in the Presidential Decree No. 36 of 2010 regarding List of Business Sectors Closed and Restricted for Investment, which was issued on May 25, 2010 which was revoked by Presidential Decree No. 39 of 2014 regarding List of Business Sectors Closed and Restricted for Investment, which has been in force since April 24, 2014 (also known as the "Negative List"). The Negative List stipulates that certain sectors are fully closed to foreign direct investment, while others are partly or conditionally open based on a system of permitted ownership limits, reserved sectors and licensing requirements. Significantly, the Negative List expressly provides that any sector not stated to be closed or partly closed will be completely open for investment without restriction. The list of business sectors on the Negative List is based on the comprehensive classification of sectors set out in the Head of Central Statistic Bureau Regulation No. 95 of 2015 regarding Indonesian Business Sector Classification (*Klasifikasi Baku Lapangan Usaha Indonesia* or "KBLI"), drawn up by the Central Statistics Bureau.

As governed under the Investment Law, in order to encourage capital investment, the Government provides several incentives to PMA and/or PMDN companies such as relief or reduction of tax and customs and convenience in obtaining immigration and import services and/or permits. Another important feature of the Investment Law is the Government's guarantee that it will not nationalize a PMA company, except where declared by law. In the event that the Government nationalizes any PMA companies or revokes their foreign investment licenses, it must pay compensation in an amount determined in accordance with the market price of the investment. This guarantee is accompanied by assurance that the foreign investors will have authority to appoint the management of the PMA companies and the right to transfer and repatriate in foreign currency, profit, bank interest, dividends and other means of income.

The Investment Law, however, also provides several obligations that has to be complied by the investors, such as: (i) to apply principles of good corporate governance; (ii) to implement corporate social responsibility; (iii) to make a report on its investment activities and submit the same to the Investment Coordinating Board (*Badan Koordinasi Penanaman Modal* or "BKPM"); (iv) to respect the cultural traditions of the community around the location of investment business activities; and (v) to comply with all of the provisions as regulated under the laws and regulations.

As mandated by the Investment Law, BKPM is assigned to coordinate investment policies among government institutions. As one of its main objectives and in order to implement the one-stop-service policy required pursuant to the Investment Law, BKPM may issue a temporary "interim license" for the PMA or PMDN companies to conduct their business. After such PMA or PMDN companies have commenced their commercial productions, BKPM will issue a permanent business license (*Izin Usaha Tetap*) to the company. For the purpose of monitoring the commercial productions of the PMA or PMDN companies, every PMA or PMDN companies upon having obtained a permanent business license (*Izin Usaha Tetap*) from BKPM are obligated to submit capital investment activity reports to BKPM on a semi-annual basis, subject to the terms of their relevant licenses. In the case of the commercial production capacity of the PMA or PMDN industrial companies exceeds 30% of the installed capacity, the relevant companies must obtain an expansion license covering the additional capacity from BKPM.

On September 29, 2015, BKPM issued a set of important rules on investment licensing and other procedures, covering both PMDN companies and PMA companies. The new rules are set out in the Regulation of the Chairman of BKPM No. 14 of 2015 on Guidelines and Procedures for Principle Licenses, Regulation of the Chairman of BKPM No. 15 of 2015 on Guidelines and Procedures for Investment Permit and Non-Permit, and Regulation of the Chairman of BKPM No. 16 of 2015 on Guidelines and Procedures for Investment Facility. These regulations have sorted out four subject matters and revoked the one existing Regulation of the Chairman of BKPM No. 5 of 2013 concerning Guidelines and Procedures for Investment Permit and Non-Permit ("BKPM Regulation 5/2013") has been amended by the Chairman of BKPM Regulation No. 12 of 2013 ("BKPM Regulation 12/2013"). The new regulations were enacted to simplify and to expedite the approval process for investment licenses and non-investment licenses, among others, simplifying the application forms and providing definite time frames for the completion of applications for licensing and non-licensing facilities.

Environmental Regulation

Environmental protection in Indonesia is governed by various laws, regulations, and decrees, including Law No. 32 of 2009 on the Environmental Protection and Management (the "Environmental Law"), which was enacted on October 3, 2009, and the Government Regulation No. 27 of 2012 on Environmental Permit and Government Regulation No. 82 of 2001 on the Water Quality Management and Water Pollution Control ("GR 82/2001"). The Environmental Law stipulates that all business sectors that are required to obtain an

Environmental Impact Assessment (*Analisis Mengenai Dampak Lingkungan* or "AMDAL") or — In the event that a company does not require an AMDAL — an Environmental Management Plan and Environmental Monitoring Plan (*Upaya Pengelolaan Lingkungan Hidup dan Upaya Pemantauan Lingkungan Hidup* or "UKL-UPL") shall obtain an Environmental License which is issued by the State Minister of the Environment, Governor, or Mayor/Regent (in accordance with their respective areas of jurisdiction). Such Environmental License is issued based on an environmental feasibility decision *(keputusan kelayakan lingkungan hidup)* or a UKL-UPL recommendation. The Environmental License is a prerequisite for a company to obtain the relevant business license. If the Environmental License is revoked, this automatically results in the revocation of the business license.

Pursuant to Article 23 paragraph (1) of the Environmental Law in conjunction with Annex I point II letter H of Regulation of the Minister of Environment No. 5 of 2012 concerning Types of Business and/or Activities Which Are Obligated To Obtain An Environmental Impact Analysis ("MOE Regulation 5/2012"), the type of business and/or business activities that are involved in the industrial sector with an area of 30 ha in a rural area constitute as a company that is required to have an AMDAL document. The Environmental Law stipulates that all businesses that have obtained business licenses but do not yet have an AMDAL document or an UKL-UPL document are obligated to either complete an environmental audit if they need an AMDAL, or alternatively, to prepare an environmental management report, if they need an UKL-UPL document.

Based on the Regulation of the Minister of Environment No. 14 of 2010 concerning Environmental Documents For Businesses and/or Activities Which Have Obtained Business License But Has Not Obtained Environmental Documents ("MOE Regulation No. 14 of 2010"), for any company which (i) has had a business license and/or conducted activities prior to the enactment of the Environmental Law; (ii) has had conducted construction phase prior to the enactment of the Environmental Law; (iii) has had the location of the business and/or activities in accordance with the regional spatial layout plan and/or zone spatial layout plan; and (iv) does not have the environmental documents or have environmental documents but as it is not in conformity with the prevailing laws and regulations, is required to prepare Documents of Environmental Evaluation Document (*Dokumen Evaluasi Lingkungan Hidup* or "DELH"). DELH provides information about the environmental processes and monitors as a part of environmental audit. All steps in relation to the environmental management and monitoring as stipulated in the DELH are treated in equivalent with the Environmental Management Plan and Environmental Monitoring Plan (*Rencana Pengelolaan Lingkungan Hidup dan Rencana Pemantauan Lingkungan Hidup* or "RKL-RPL") which constitute as the outcome of AMDAL process. Therefore the function of DELH is to replace the AMDAL documents.

In February 2012, the Government issued Government Regulation No. 27 of 2012 on Environmental License ("GR 27/2012") as one of the implementing regulations of the Environmental Law. GR 27/2012 became effective on February 23, 2012. According to GR 27/2012, the Environmental License will be issued by the State Minister of Environment, governor or mayor/regent (in accordance with their respective authorities) following the publication of the application for an environmental license submitted by a company and will be issued simultaneously with the issuance of the environmental feasibility decision (*keputusan kelayakan lingkungan hidup*) or UKL-UPL recommendations.

GR 27/2012 stipulates that any environmental document which has been approved prior to February 23, 2012, shall be declared as a valid document and deemed to be an Environmental License. This means our environmental feasibility decision (*keputusan kelayakan lingkungan hidup*) will be considered a valid Environmental License.

Further, the Environmental Law states that environmental pollution shall be measured based on an Environmental Quality Standards (*Baku Mutu Lingkungan Hidup*). The Environmental Quality Standards consist of: (i) water quality standards; (ii) liquid waste quality standards; (iii) ambient air quality standards; (iv) emission quality standards; (v) disturbance quality standards; and (vi) other quality standards. Anyone is allowed to dispose waste into the environment, provided that:

- it meets the Environmental Quality Standards; and
- it has obtained a permit from the State Minister of the Environment, governor, or regent/mayor in accordance with their authorities.

Anyone who enters the Republic of Indonesia and produces, carries, distributes, keeps, utilizes, disposes, processes, and/or stores any waste, is obliged to manage such waste or to outsource management to a third party. To conduct waste management, a permit from the State Minister of the Environment, governor, or regent/mayor

in accordance with their authority is required. According to Government Regulation No. 101 of 2014 on Management of Toxic and Hazardous Waste Substances ("GR 101/2014"), waste shall be processed prior to its disposal to the environment. Furthermore, GR 82/2001 states that any businesses or activities which will dispose the waste water to the water or water resources shall obtain written approval from the regent/mayor. GR 82/2001 also requires responsible parties, including the Company, to submit reports regarding their disposal of waste water detailing their compliance with the relevant regulations. Such reports are to be submitted, on a quarterly basis, to the relevant Mayor or Regent, with a copy provided to the Minister of Environment.

The Ministry of Environment has also implemented Corporate Performance Assessment Program in Environmental Management (*Program Penilaian Peringkat Kinerja Perusahaan dalam Pengelolaan Lingkungan Hidup* or "PROPER"), which is a scheme to encourage companies to exercise good environmental management in compliance with the new Environmental Law. The scheme is also intended to promote transparency and encourage public involvement in environmental management. The operation of the scheme is governed by the Minister of Environment Regulation No. 3 of 2014 concerning Corporate Performance Assessment Program in Environmental Management, which revoked and replaced the previous Regulation of the Minister of Environment No. 6 of 2013 ("MER 3/2014"), which has compliance classification levels as follows:

- "Blue" for those companies whose environmental management has met the statutory requirements of the prevailing laws and regulations;
- "Red" for those companies whose environmental management is conducted not in accordance with the statutory requirements; and
- "Black" for those companies who deliberately or negligently have caused environmental pollution and/or damage, breached statutory requirements or did not comply with administrative sanctions.

Further, MER 3/2014 also stipulates that companies whose environmental management have met the statutory requirements of the prevailing laws and regulations and therefore obtained Blue classification may obtain a performance rating evaluation which exceeds the statutory requirements by submitting an evaluation application to the Minister of Environment. Such evaluation will result in performance ratings, as follows:

- "Gold" for those companies whose business and/or operations have consistently shown environmental excellence in their service and/or production process and who conduct ethical business and are responsible to the community; or
- "Green" for those companies whose environmental management has exceeded the statutory requirements through the implementation of environmental management systems, efficient resource utilization and who demonstrate corporate social responsibility.

The Company has been declared to have met the statutory requirements of the prevailing laws and regulations and therefore shall be granted a "Blue" PROPER Certificate. However, such certificate is still in process. As the Company has fulfilled its obligations with good environmental feasibility, it may apply to the Minister of Environment to be further evaluated to obtain a performance rating evaluation which exceeds the statutory requirements (Gold or Green categories).

Land Ownership and Acquisition Regulation

Ownership of land in Indonesia is principally regulated under the Law No. 5 of 1960 on Basic Agrarian Law (the "Basic Agrarian Law"). The Basic Agrarian Law and its implementing regulations, including Government Regulation No. 24 of 1997 (the "GR on Land Registration") and Government Regulation No. 40 of 1996 on Right to Cultivate (*Hak Guna Usaha* or "HGU"), Right to Build (*Hak Guna Bangunan* or "HGB"), Right to Use (*Hak Pakai* or "HP") provide various forms of land titles and a registration system to protect legal ownership. The closest form of land title to an internationally recognized concept of "freehold" title is *Hak Milik* or "SHM" or "right of ownership". *Hak Milik* title is available only to Indonesian individuals and to land held by religious and social organizations, so long as such land is utilized for religious and social purposes and are acknowledged and protected. *Hak Milik* title is not available to companies (whether Indonesian or foreign-owned) or foreign individuals. *Hak Pakai* is the only land title that is open for ownership by foreign individuals in Indonesia.

In principle only Indonesian citizens and Indonesian companies law could hold HGB title. A foreign company or foreign individual may not hold HGB title. However, a PMA company and therefore foreign shareholders, indirectly, may hold HGB title. The holder of a HGB title to a parcel of land has the rights to use the land to build, to own any buildings on such land and to transfer the HGB title on or encumber all or part of

such land. HGB title is granted for a maximum initial term of 30 years. By application to the relevant local land office upon the expiration of this initial term, a HGB title may be extended for an additional term of 20 years. Thus, the holder of HGB title can generally obtain title to the land for a maximum of 50 years under the Basic Agrarian Law. Furthermore, although Investment Law stipulates that a HGB title may be granted to a company duly established by virtue of Investment Law for an aggregate duration of 80 years, with initial grant being for 50 years, extendable for another 30 years, under its Decision No. 21-22/PUU-V/2007, which was read on March 25, 2008, the Constitutional Court has declared that such Investment Law provision is not legally binding.

With respect to the HGB title extension, the application for an extension must be made at the National Land Office no later than two years prior to the expiration of the initial term. Following the expiration of this additional term, an application for renewal may be made by the land owner and a new HGB title may be granted on the same land to the same owner following the satisfaction of certain requirements. In the case of extension or renewal of HGB title, the holder of a HGB title has to pay contribution monies to the State.

Although the Minister of Agrarian Affairs/Head of the National Land Agency Regulation No. 2 of 1993 on Procedures for Obtaining Location Permits and Land Titles for Foreign Direct Investment Companies ("Regulation No. 2/1993") stipulates that a holder of a HGB title is prioritized and guaranteed an extension of those rights so long as the utilization of the land covered by the right complies with the approved usage of the land when the right was initially granted to the holder, in practice the National Land Office has its own discretion to grant any extensions.

Ministry of Energy and Mineral Resources Regulation on Electricity Tariff

With the issuance of the Ministry of Energy and Mineral Resources ("MEMR") Regulation No. 09 of 2014 ("MEMR No. 09/2014") on April 1, 2014, as amended by MEMR Regulation No. 19 of 2014 (MEMR No. 19/2014) on June 30, 2014, PT Perusahaan Listrik Negara (Persero) ("PLN"), an Indonesia state-owned electricity company is now permitted to make periodical adjustments on its tariff of electricity, beginning May 2014 and applied to six categories ranging from small size households up to large size businesses, including government offices and lighting for public roads.

On November 5, 2014, MEMR issued MEMR Regulation No. 31 of 2014 on Tariff of Electricity Provided by Perusahaan Perseroan (Persero) PLN (MEMR No. 31/2014), which revoked MEMR No. 09/2014 as amended by MEMR No. 19/2014. Under MEMR No. 31/2014, MEMR introduced 12 categories of non-subsidized electricity tariffs that PLN may adjust monthly, beginning January 1, 2015, which include:

- small households with 1,300 VA power utilization;
- small households with 2,200 VA power utilization;
- medium households with 3,500 VA to 5,500 VA power utilization;
- large households with more than 6,600 VA power utilization;
- medium size businesses with 6,600 VA to 200kVA power utilization;
- large businesses with more than 200kVA power utilization;
- medium size industries with more than 200kVA power utilization;
- large size industries with more than 30,000k VA power utilization;
- medium size government offices with 6,600 VA to 200kVA power utilization;
- large size government offices with more than 200kVA power utilization;
- lighting for public roads; and
- special services.

The tariff adjustment measures will be taken by PLN should the basic cost of providing electrical power be affected by positive or negative changes in: (a) US$ exchange rate against the Indonesian Rupiah; (b) the Indonesia Crude Price; and/or inflation, based on guidelines using specific formulae to calculate tariff adjustment.

On December 11, 2014, the Directorate General of Electricity of MEMR initiated a roadmap for three plans related to the development and provision of electricity, addressing issues in the short, medium and long term.

In 2015, the Directorate General of Electricity of MEMR set forth the following steps to address the power supply crisis: (i) declaring a power supply crisis in areas experiencing a deficit; (ii) increasing usage of captive power (excess power purchase); (iii) revising the MEMR regulation on Feed in Tariffs in order to minimize future negotiation possibilities with PLN; and (iv) enacting the Ministry of Energy and Mineral Resource Regulation on the Cooperation and the Procedures of Utilization of Electricity Network in addition to revising the Ministry of Energy and Mineral Regulation on Business Areas, in order to support the private sector and electricity customers (both existing customers and new customers), providing greater options for the purchase of electricity services (from PLN or private companies). During 2015 and 2016, the plan provides for the following to occur:

- development of new business areas and the collective utilization of power wheeling;
- development of the Private Power Utility ("PPU") and cooperation related to the PPU;
- creation of opportunities for major consumers (20 MW) to select power suppliers; and
- infrastructure development and gas allocation for LNG and Mini LNG for power supply.

During 2017 to 2019, the following steps are planned: (i) revitalization of corporate governance; (ii) establishment of a new project management office for PLN to take on the 35,000 MW power project; (iii) assigning an office for power plant and sub-stations construction; and (iv) simplification of the negotiation process with independent power producers.

Beyond the initial five years short term plan, the medium term plan involves reducing power deficits in certain areas by accelerating the construction of power supply infrastructure and providing affordable electricity tariffs. The Directorate General of Electricity of MEMR's long term plan is aimed at achieving 100% electrification throughout Indonesia through the dual construction of mobile power plants specifically designed for remote islands.

Implementation of Occupational Safety and Health Management System Regulation

The Government regulates safety matters in the business operations of an individual, a partnership, or a legal entity which: (i) runs its own company; or (ii) runs a company owned by another party; or (iii) exists in Indonesia as a representative of a foreign company through Government Regulation No. 50 of 2012 on the Implementation of Occupational Safety and Health Management System ("GR 50/2012"). GR 50/2012 requires an Occupational Safety and Health Management System (*Sistem Manajemen Keselamatan dan Kesehatan Kerja* or "SMK3") to be implemented as part of a company's management system to manage risks related to occupational activities and to create a safe, efficient, and productive working environment for companies that (i) employ 100 or more employees and (ii) engage in high risk returns. This system should consist of:

- The establishment of policies regarding any activities to ensure and protect the safety and health of workers through prevention of occupational accidents and diseases (as defined by GR 50/2012 as "occupational safety and health" (*kesehatan dan keselamatan kerja* or "K3");
- Planning of K3;
- Implementation of K3;
- Monitoring and evaluation of K3 performance; and
- Assessment and improvement of SMK3 performance.

Corporate Social and Environmental Responsibility

In respect of limited liability companies, Law No. 40 of 2007 concerning Limited Liability Company (the "Companies Law") sets out an additional obligation imposed on all companies, including companies engaged in the textile industry. Such companies have to undertake "corporate, social and environmental responsibility". The purpose of this obligation is to create a sustainable relationship with the environment, and to enhance the norms, values and culture of the local community. Such obligation is required to be budgeted and calculated as an expense of the company and it must be implemented in reasonable measures. Any non-compliance will be sanctioned in accordance with applicable laws.

On April 4, 2012, the Government issued Government Regulation No. 47 of 2012 concerning Corporate Social and Environmental Responsibility ("GR 47/2012") to implement Article 74(4) of the Companies Law which imposes such mandatory corporate social and environmental responsibilities. GR 47/2012 stipulates that the Board of Directors of a company is responsible to implement the mandatory corporate social and environmental responsibilities in accordance with the annual working plan of the relevant company. The annual working plan shall include the business plan and budget to implement such corporate social and environmental responsibilities. The budget plans must be prepared based on considerations of "appropriateness and reasonableness", which the elucidation is described as being "the financial capacity of the company having regard to the risks that give rise to the social and environmental responsibilities that must be borne by the company, subject to the obligations of the company as set out in the legislation governing the company's business operations". Thus, in theory at least, the higher a company's profits and the greater its impact its operations have on the environment, the more resources it should allocate to CSR.

DESCRIPTION OF MATERIAL INDEBTEDNESS

We have entered into certain long-term and short-term facilities. The following summary of the principal terms of our material indebtedness may not contain all of the information that may be important to you. You should read the notes to our consolidated financial statements for additional information about our indebtedness and the indebtedness of our subsidiaries.

As of March 31, 2016, we had total indebtedness outstanding of US$442.1 million, which consists of our short-term bank loans, long-term bank loans (including current portion), obligations under finance lease (including current portion), medium-term notes, and notes payable — net, which represents the obligations of the Issuer under the Old Notes plus unamortized premium from the issuance of additional notes less unamortized deferred bond expenses. In addition to the descriptions of material indebtedness below, see "Description of the Notes" and our consolidated financial statements included elsewhere in this Offering Memorandum.

Description of Material Indebtedness	Lender	Facility Amount[1] (Rp. million)/ (US$ million)	Maturity	Amount Outstanding as of March 31, 2016 in financials (Unaudited) (US$ million)
Short-term bank loans				
Parent Guarantor				
Working Capital	Deutsche Bank	US$10.0	April 30, 2017	US$ 3.0
Trade Line	BCA	US$30.0	November 9, 2016	
Investment Facility	BCA	US$20.8	June 30, 2016	
Forward Line	BCA	US$2.5	November 9, 2016	US$ 7.9
SPD				
Working Capital	Eximbank	US$40.0	October 28, 2016	US$ 23.0
SPD and Parent Guarantor				
Working Capital	HSBC	US$17.0	May 4, 2017	US$ 0.0
Total short-term loans				US$ 33.8
Long-term bank loans				
Working Capital	BRI	Rp.510,500	February 9, 2018	US$ 30.4
Working Capital/ Electricity Facility	BRI	Rp.25,000	February 9, 2018	US$ 1.9
Working Capital/ Payroll Bailout	BRI	Rp.24,500	February 9, 2018	US$ 1.8
Working Capital	BRI	US$54.25	February 9, 2018	US$ 18.8
Credit Agreement	BRI	US$52.38	June 25, 2017	US$ 42.0
Working Capital/ Import Security Suspension	BRI	US$21.3	February 9, 2018	US$ 10.6
Trade Line	BRI	Rp.50,000	February 9, 2018	US$ 0.0
Trade Line	BRI	US$3.77	February 9, 2018	US$ 0.0
Trade Line	BRI	US$30.0	February 9, 2018	US$ 0.0
Trade Line	BRI	US$15.0	February 9, 2018	US$ 0.0
Forex Line	BRI	US$15.0	February 9, 2018	US$ 0.0
Working Capital	Eximbank	Rp.50,000	March 3, 2017	
Working Capital	Eximbank	US$14.0	March 3, 2017	US$ 3.8
Working Capital	Chinatrust	US$20.0 for each facility, except for Trust Receipt US$10.0	March 14, 2017	US$ 0.0
Total long-term loans				US$109.3
Medium Term Notes	PT Bahana TCW Investment Management as a purchaser	US$30.0	October 27, 2017	US$ 30.0
Notes Payable — Net[2]		US$270.0	April 24, 2019	US$268.8
Financial Lease (including current portion)	PT TIFA Financie Tbk	US$10.0	July 8, 2020	US$ 0.1
Total indebtedness				**US$442.1**

(1) The facility amount of the working capital loans and trade line facilities refers to the total committed amount under such loans or facilities.

(2) Notes payable — net represents the obligations of the Issuer under the Old Notes plus unamortized premium from the issuance of additional notes less unamortized deferred bond expenses.

Below are brief descriptions of the material indebtedness listed in the table above:

Indebtedness of the Parent Guarantor

Indebtedness with PT Bank Rakyat Indonesia (Persero) Tbk. ("BRI")

Working capital facilities. On June 27, 2014, the Parent Guarantor obtained a revolving working capital facility from BRI in the form of a current account. The facility consolidated three working capital loans that were previously obtained by the Company: (i) working capital loan dated April 15, 2011 with a maximum ceiling of Rp.160,000 million; (ii) working capital loan dated January 16, 2008 with a maximum ceiling of Rp.245,000 million; and (iii) working capital loan dated February 9, 2007 with a maximum ceiling of Rp.130,000 million. The facility has a consolidated maximum ceiling of Rp.510,500 million and will be used to finance working capital requirements. The facility bears interest at a floating rate, currently set at 11.50% per annum, and is secured by land, factory buildings, machinery and equipment, our coal power plant, accounts receivable and inventory as well as being guaranteed by our affiliate PT Kapas Agung Abadi. The availability term of the facility is up to February 9, 2018, which typically will be extended for one to three months immediately prior to its expiry. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BRI: (i) amend its articles of association or the composition of management, including the composition of its non-public shareholders and capital structure; (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets; (iii) enter into capital participation in any other company; and (iv) obtain a loan from any other bank or financial institution in an amount greater than US$1.0 million. The Parent Guarantor has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this working capital loan facility was US$30.4 million.

On June 27, 2014, as part of the consolidation mentioned above, the Parent Guarantor also obtained a working capital facility from BRI with a maximum ceiling of Rp.24,500 million as a bridge loan to finance wage to the employees of the Parent Guarantor. The facility bears interest at a floating rate, currently set at 11.50% per annum, and is secured by land, factory buildings, a warehouse building, machinery and equipment, our coal power plant, accounts receivable and inventory as well as being guaranteed by our affiliate PT Kapas Agung Abadi. The availability term of the facility is up to February 9, 2018. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BRI: (i) amend its articles of association or the composition of management, including the composition of its non-public shareholders and capital structure; (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets; (iii) enter into capital participation in any other company; (iv) obtain a loan from any other bank or financial institution in an amount greater than US$1.0 million. The Parent Guarantor has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this working capital loan facility was US$1.8 million.

On February 19, 2013, the Parent Guarantor obtained a revolving working capital facility from BRI with a maximum ceiling of Rp.25,000 million to finance electricity costs of the Parent Guarantor. The facility bears interest at a floating rate, currently set at 11.50% per annum, and is secured by land, factory buildings, a warehouse building, machinery and equipment, our coal power plant, accounts receivable and inventory as well as being guaranteed by our affiliate PT Kapas Agung Abadi. The availability term of the facility is up to February 9, 2018, which typically will be extended for one to three months prior to its expiry. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BRI: (i) amend its articles of association or the composition of management, including the composition of its non-public shareholders and capital structure; (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets; (iii) enter into capital participation in any other company; (iv) obtain a loan from any other bank or financial institution in an amount greater than US$1.0 million. The Parent Guarantor has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this working capital loan facility was US$1.9 million.

On September 4, 2013, the Parent Guarantor obtained a revolving import working capital and import security facility from BRI with a maximum ceiling of US$21.3 million to finance the purchase of raw materials,

auxiliary materials and spare parts as well as to secure the forex line facility. The facility bears interest at a floating rate, currently set at 6.0% per annum, and is secured by land, factory buildings, a warehouse building, machinery and equipment, our coal power plant, accounts receivable and inventory as well as being guaranteed by our affiliate PT Kapas Agung Abadi. The availability term of the facility is up to February 9, 2018, which typically will be extended for one to three months immediately prior to its expiry. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BRI: (i) commit itself as a guarantor for the interest of another party or encumber any of its assets; (ii) enter into capital participation in any other company; and (iii) obtain a loan from any other bank or financial institution in an amount greater than Rp.1,000 million. The Parent Guarantor has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this working capital loan facility was US$10.6 million.

On February 9, 2007, the Parent Guarantor obtained a revolving import working capital and import security facility from BRI with a combined maximum ceiling of US$54,250,000 to finance the purchase of raw materials, auxiliary materials and spare parts (and to secure a forex line facility), whereby a maximum ceiling of US$43,250,000 is to finance such working capital needs (and additional security for the forex line facility), while the remaining US$11.0 million is for the provision of letter of credit facilities. The facility bears interest at a floating rate, currently set at 6.0% per annum, and is secured by land, factory buildings, warehouse building, machinery and equipment, our coal power plant, accounts receivable and inventory as well as being guaranteed by our affiliate PT Kapas Agung Abadi. The availability term of the facility is up to February 9, 2018, which typically will be extended for one to three months immediately prior to its expiry. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BRI: (i) amend its articles of association or the composition of management, including the composition of its non-public shareholders and capital structure; (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets; (iii) enter into capital participation in any other company; and (iv) obtain a loan from any other bank or financial institution in an amount greater than US$1.0 million. The Parent Guarantor has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this working capital loan facility was US$18.8 million.

On June 25, 2015, the Parent Guarantor obtained a working capital facility from BRI with a maximum ceiling of US$52.38 million. Currently, the facility bears interest at 2.64% per annum and reviewable at any time subject to applicable interest rate of BRI. The facility is secured by automatic roll-over deposits of the Parent Guarantor in BRI in the total amount of US$52.5 million. The availability term of the facility is up to June 25, 2017. Pursuant to this facility, without the prior written consent of BRI, the Parent Guarantor is prohibited to voluntarily request for a declaration of bankruptcy to a commercial court. Notwithstanding the terms and conditions under the facility, BRI has the right to terminate or request for the repayment of the facility at once and simultaneously, if the Parent Guarantor, among others: (i) declared bankrupt, (ii) fails to make the repayment, and/or (iii) obtains a loan from any other bank or financial institution, prior to or after obtaining this facility, without reporting it to BRI. As of March 31, 2016, the outstanding amount under this working capital loan facility was US$42.0 million.

Trade line facilities. On February 9, 2007, the Parent Guarantor obtained a bank guarantee facility from BRI with a maximum ceiling of Rp.50,000 million to serve as security for sales contracts, security of exemption from import duties, and as security for tax restitution and value added tax. The facility bears interest at 9.0% per annum and is secured by land, factory buildings, warehouse building, machinery and equipment, our coal power plant, accounts receivable and inventory as well as being guaranteed by our affiliate PT Kapas Agung Abadi. The availability term of the facility is up to February 9, 2018, which typically will be extended for one to three months immediately prior to its expiry. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BRI: (i) amend its articles of association or the composition of management, including the composition of its non-public shareholders and capital structure; (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets; (iii) enter into capital participation in any other company; and (iv) obtain a loan from any other bank or financial institution in an amount greater than US$1.0 million. The Parent Guarantor has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this bank guarantee facility was US$0.0.

On January 17, 2008, the Parent Guarantor obtained a letter of credit facility from BRI with the a maximum ceiling of US$3.77 million to be used as security related to the purchase of raw materials and sales contracts. The Parent Guarantor must make payment of 0.5% per annum of any outstanding amount as interest on the facility. The facility is secured by land, factory buildings, warehouse building, machinery and equipment, our

coal power plant, accounts receivable and inventory as well as being guaranteed by our affiliate PT Kapas Agung Abadi. The availability term of the facility is up to February 9, 2018, which typically will be extended for one to three months immediately prior to its expiry. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BRI: (i) amend its articles of association or the composition of management, including the composition of its non-public shareholders and capital structure; and (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets. The Parent Guarantor has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this letter of credit facility was US$0.0.

On August 31, 2009, the Parent Guarantor obtained a commercial and credit line facility from BRI with a maximum ceiling of US$15.0 million to be used for issuance of letters of credit relating to promissory notes, documents against acceptance and documents against payments. The facility bears interest at 9.0% per annum and is secured by land, factory buildings, warehouse building, machinery and equipment, our coal power plant, accounts receivable and inventory as well as being guaranteed by our affiliate PT Kapas Agung Abadi. The availability term of the facility is up to February 9, 2018, which typically will be extended for one to three months immediately prior to its expiry. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BRI: (i) amend its articles of association or the composition of management, including the composition of its non-public shareholders and capital structure; (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets; (iii) enter into capital participation in any other company; and (iv) obtain a loan from any other bank or financial institution in an amount greater than US$1.0 million. The Parent Guarantor has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this commercial and credit line facility was US$0.0.

On February 9, 2007, the Parent Guarantor obtained a trade line facility from BRI with a maximum ceiling of US$30.0 million to support the implementation of export drafts negotiation with clean document. The facility bears interest at 9.0% per annum and is secured by land, factory buildings, warehouse building, machinery and equipment, our coal power plant, accounts receivable and inventory as well as being guaranteed by our affiliate PT Kapas Agung Abadi. The availability term of the facility is up to February 9, 2018, which typically will be extended for one to three months prior to its expiry. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BRI: (i) amend its articles of association or the composition of management, including the composition of its non-public shareholders and capital structure; (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets; (iii) enter into capital participation in any other company; and (iv) obtain a loan from any other bank or financial institution in an amount greater than US$1.0 million. The Parent Guarantor has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this trade line facility was US$0.0.

On February 26, 2016, the Parent Guarantor obtained a forex line of credit facility from BRI with a maximum ceiling of US$15.0 million to implement foreign exchange sales transactions in relation to the procurement of raw materials, auxiliary materials and spare parts. The availability term of the facility is up to February 9, 2018, which typically will be extended prior to its expiration by one to three months. As of March 31, 2016, the outstanding amount under this trade line facility was US$0.0.

Indebtedness with Lembaga Pembiayaan Ekspor Indonesia/Indonesia Eximbank ("Eximbank")

Working capital facility. On August 23, 2011, the Parent Guarantor obtained a revolving working capital facility from Eximbank with a maximum ceiling of Rp.50,000 million to finance working capital requirements. The facility bears interest at 10.0% per annum, which may be readjusted at any time based on applicable requirements at Eximbank, and is secured by land and fixed assets, machinery and equipment, trade receivables, inventory. The maturity date of the facility is on March 3, 2017. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of Eximbank: (i) incur further indebtedness other than in the ordinary course of business; (ii) act as a guarantor or pledge any of its assets; (iii) enter into any transaction that may adversely affect its obligation to Eximbank; (iv) grant a corporate guarantee to guarantee any of its obligations or obligations of its subsidiaries; (v) change the composition if its Board of Directors or Board of Commissioners; and (vi) engage in any business consolidation, capital participation or acquisition of shares of any other company. The Parent Guarantor has received all such required consents for this offering and the Tender Offer.

On March 4, 2011, the Parent Guarantor obtained a letter of credit facility from Eximbank with a maximum ceiling of US$14.0 million or its equivalent in other currency to be used for the purchase of raw materials. The

facility bears interest at 6.0% per annum, which may be readjusted at any time based on applicable requirements at Eximbank, and is secured by land and fixed assets, machinery and equipment, trade receivables, inventory. The maturity date of the facility is on March 3, 2017. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of Eximbank: (i) incur further indebtedness other than in the ordinary course of business; (ii) act as a guarantor or pledge any of its assets; (iii) enter into any transaction that may adversely affect its obligation to Eximbank; (iv) grant a corporate guarantee to guarantee any of its obligations or obligations of its subsidiaries; (v) change the composition if its Board of Directors or Board of Commissioners; and (vi) engage in any business consolidation, capital participation or acquisition of shares of any other company. The Parent Guarantor has received all such required consents for this offering and the Tender Offer.

As of March 31, 2016, the outstanding amount under the abovementioned Eximbank facilities was US$3.8 million.

Indebtedness with PT Bank Central Asia Tbk

Trade line facility. On August 9, 2011, the Parent Guarantor obtained a letter of credit facility with BCA with a maximum ceiling of US$30.0 million to finance the purchase of raw materials, auxiliary materials and spare parts. The usance payable at sight and trust receipt facility, which is a part of this facility, bears interest at the one month London Interbank Offered Rate ("LIBOR") plus 2.75% per annum. The export draft facility bears interest at the one month LIBOR plus 1.50% per annum. This facility is secured by land, building, inventory, receivables, machineries and equipment. The availability term of the facility is up to November 9, 2016. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BCA: (i) acquire any new indebtedness that may have an adverse effect on its ability to perform its obligations under the facility; (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets; (iii) take any actions with any third party outside of its ordinary course of business; (iv) enter into any investment, capital participation or establishment of a new subsidiary; and (v) change the company status, the articles of association, composition of any of the non-public shareholders, Board of Commissioners and Board of Directors. The Parent Guarantor has received all such required consents for the this offering and the Tender Offer. Further, pursuant to this loan and subsequent amendments thereto, the Parent Guarantor is required to maintain at all times (i) the maximum total liabilities to equity ratio of 2.75 to 1, (ii) a current ratio at a minimum of 1.0 to 1.0, (iii) a minimum EBITDA to interest ratio of 2.75 to 1, and (iv) a minimum EBITDA of interest plus installment ratio of 1.25 to 1. In the past we have failed to maintain the total liabilities to equity and current ratio requirements, for which BCA has granted the Parent Guarantor waivers to compliance.

Investment loans. On May 28, 2014, the Parent Guarantor obtained an investment loan from BCA in the form of letter of credits sight and usance facility with a maximum ceiling of US$20.8 million to finance the project Spinning XI and purchase of machineries and production equipment for project Spinning XI. The facility bears interest at 5.50% per annum and is secured by land, building, inventory, receivables, machineries and equipment. The availability term of the facility is up to June 30, 2016. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BCA: (i) acquire any new indebtedness that may have an adverse effect on its ability to perform its obligations under the facility; (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets; (iii) take any actions with any third party outside of its ordinary course of business; (iv) enter into any investment, capital participation or establishment of a new subsidiary; and (v) change the company status, the articles of association, composition of any of the non-public shareholders, Board of Commissioners and Board of Directors. Further, pursuant to this loan and subsequent amendments thereto, the Parent Guarantor is required to maintain at all times (i) total liabilities to equity ratio at a maximum of 2.75 to 1, (ii) a current ratio at a minimum of 1 to 1, (iii) a minimum EBITDA to interest ratio of 2.75 to 1, and (iv) a minimum EBITDA of interest plus installment ratio of 1.25 to 1.

Forward line facility. On May 28, 2014, the Parent Guarantor obtained a foreign exchange facility with BCA with a maximum ceiling of US$2.5 million for hedging of the Parent Guarantor. The availability term of the facility is up to November 9, 2016. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of BCA: (i) acquire any new indebtedness that may have an adverse effect on its ability to perform its obligations under the facility; (ii) commit itself as a guarantor for the interest of another party or encumber any of its assets; (iii) take any actions with any third party outside of its ordinary course of business; (iv) enter into any investment, capital participation or establishment of a new subsidiary; and (v) change the company status, the articles of association,

composition of any of the non-public shareholders, Board of Commissioners and Board of Directors. Further, pursuant to this loan and subsequent amendments thereto, the Parent Guarantor is required to maintain at all times (i) total liabilities to equity ratio at a maximum of 2.75 to 1, (ii) a current ratio at a minimum of 1 to 1, (iii) a minimum EBITDA to interest ratio of 2.75 to 1, and (iv) a minimum EBITDA of interest plus installment ratio of 1.25 to 1.

As of March 31, 2016, the outstanding amount under the abovementioned BCA facilities was US$7.9 million.

Indebtedness with PT Bank Chinatrust Indonesia ("Chinatrust")

On August 7, 2006, the Parent Guarantor obtained a letter of credit facility from Chinatrust with a maximum ceiling of US$20.0 million, except for trust receipt facility with a maximum ceiling of US$10.0 million, to be used for working capital requirements. The usance payable at sight facility bears floating interest of 3.5% per annum and the trust receipt facility bears floating interest of 5.5% per annum for drawdown in US$ and 11.5% per annum for drawdown in Rupiah. The facility is secured by land and fixed assets, inventory and stock, and a personal guarantee from Iwan Setiawan Lukminto. The availability term of the facility is up to March 14, 2017. Pursuant to this facility, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of Chinatrust: (i) commit itself as a guarantor for the interest of another party; (ii) incur any additional indebtedness for working capital or investment purposes; (iii) invest in any other companies or any other business sectors which under Chinatrust's opinion may adversely affect the management of the Company. The Parent Guarantor has received all such required consents for the this offering and the Tender Offer. Further, pursuant to this agreement, the Parent Guarantor is required to maintain a debt to equity ratio at a maximum of 3.50 to 1 and a leverage ratio (liability to equity) of a maximum of 3.5 to 1 at all times. As of March 31, 2016, the outstanding amount under this letter of credit facility was US$0.0.

US$30 Million Medium Term Notes

On November 14, 2014, the Parent Guarantor issued the Medium Term Notes ("MTNs") in the amount of US$30.0 million, purchased by PT Bahana TCW Investment Management. All the proceeds from the issuance of MTNs shall be used for the purpose of working capital of the Parent Guarantor. The MTNs bear a fixed interest rate of 6% per annum and are paid every six months. The MTNs are not secured by specific collateral, but it is secured by all of the existing and future assets owned by the Parent Guarantor, whether in the form of movable or immovable property. PT Bahana TCW Investment Management acted as the arranger for the issuance and PT Bank Mega Tbk acted as the monitoring agent. The MTNs will mature on October 27, 2017.

Pursuant to the agreement, the Parent Guarantor is prohibited from undertaking the following activities, among others, without the prior written consent of PT Bank Mega Tbk: (i) secure and/or pledge either in part or whole of the existing and future assets of the Parent Guarantor, except collateral or guarantee which are: (a) given before the signing of this agreement, provided that if the pledged assets have been removed as a collateral then it cannot be tied again to become collateral, (b) (1) collateral required to participate in the tender, guaranteeing payment of import duties or for lease payments, for use in day-to-day operations, (2) collateral arising from court decisions which have had permanent legal force, (3) collateral for financing the acquisition of assets through leasing in which the asset will be the object of collateral for the financing, (4) collateral provided in connection with forwarding debt or novation given in order to shift the debt agreement. If PT Bank Mega Tbk approves the Parent Guarantor's application to secure and/or pledge either in part or whole of the Parent Guarantor's assets against the debts drawn by the Parent Guarantor, the same guarantees shall also be given to PT Bahana TCW Investment Management, for which purpose the Parent Guarantor and PT Bank Mega Tbk shall prepare and sign a guarantee agreement and binding guarantees relating to guarantees given; (ii) obtaining any loan from a bank or financial institution or other third parties and/or issuing debt in any form, except (a) for the purpose of repayment of the amount due under this agreement, or (b) if such loan has met the financial requirements as set out under this agreement, namely maintain the ratios between current assets (*aset lancar*) and the current liabilities (*hutang lancar*) is not less than 2:1, the ratios between liabilities with interest (*hutang berbunga*) and total asset is not more than 60% and EBITDA to interest expense (*beban bunga*) is not less than 2.5:1, (c) debt and letter of credit with a maximum amount of US$150 million or 25% of the total assets, or (d) existing debt at the date of this agreement as reflected in the Parent Guarantor's financial statements for the six months ended June 30, 2014, or (e) subordinated loan from the Parent Guarantor's shareholders without the burden of interest, (iii) providing loans and/or make investments to others or allow subsidiaries to provide loans to other parties in the amount of more than 20% of the equity of the Parent Guarantor, except (a) existing loan prior to the signing of the agreement, (b) loans granted based on the Parent Guarantor's business activities which

are determined by the articles of association, (c) loans to employees including directors and commissioners for employee welfare programs in accordance with the provisions of the public company regulations, and (iv) acting as a guarantor to any third parties except in order to support the Parent Guarantor's main business activities in accordance with its articles of association. As of March 31, 2016, the outstanding amount under the MTNs was US$30.0 million.

Indebtedness with Deutsche Bank AG ("Deutsche Bank")

On April 25, 2014, the Parent Guarantor obtained short term facilities of up to an aggregate principal amount of US$ 10.0 million from Deutsche Bank, in the form of (i) short term loan by way of short term advances which shall not exceed US$3.0 million and (ii) letter of credit facility and bills acceptances/financing facility which shall not exceed US$10.0 million, to be used for the purpose of financing working capital requirements, to cover sales and purchases of foreign currencies relating to the Parent Guarantor's business and/or for other purposes acceptable to Deutsche Bank. The availability term of the facilities is up to April 30, 2017. The short term loans bears interest at a rate of subject to market conditions or as may be determined by Deutsche Bank from time to time. As for the bills acceptances/financing facility, it bears interest at 3.75% per annum for US$ currency for up to one month and 4% per annum for above one month up to three months' tenor. In addition, interest on utilization in excess of the limit and overdue interest as applicable will be levied. In particular, interest on late repayment, on any overdue sum and/or on advances that are not used for the specified purpose will be charged at the market prevailing rates. The facilities are secured by account receivables and inventory. Pursuant to the agreement, the Parent Guarantor is obligated to deliver written notification to Deutsche Bank, among others, in the event that: (i) Huddlestone International has ceased to own, directly or indirectly, at least 51% the percentage amount of the issued and paid up capital of the Parent Guarantor; (ii) any change in shareholding and management control of the Parent Guarantor from the existing composition on the date of the last audited balance sheet; and (iii) each and every reorganization, amalgamation, reconstruction, takeover, scheme of compromise or arrangement or amendment of any provision of the Parent Guarantor's constitutive documents, and further obtain Deutsche Bank's prior consent if any such occurrence may adversely affect any of its rights under the facilities. In addition, the Parent Guarantor is prohibited to create or allow to exist any encumbrance or security over its assets except for (i) existing security which has been disclosed to Deutsche Bank in writing prior to the date of the agreement; or (ii) security created with Deutsche Bank's prior written consent; or (iii) security which the Parent Guarantor shall at the same time extend to Deutsche Bank on a *pari passu* basis to cover the facilities; or (iv) any liens arising solely by operation of law which secure obligations with respect to payments which are not overdue; or (v) encumbrance or security created over assets to secure solely the financing for the purchase of such assets and any related capital expenditure thereof; or (vi) any security that the Parent Guarantor is required to give solely pursuant to a court order as security only and strictly for legal costs in connection with a litigation commenced by or against the Parent Guarantor, provided that the Parent Guarantor shall promptly give written notice of any such requirement to Deutsche Bank. The Parent Guarantor has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this letter of credit facility was US$3.0 million.

Indebtedness of the Parent Guarantor and the Subsidiary Guarantor

Indebtedness with The Hongkong and Shanghai Banking Corporation ("HSBC")

On March 17, 2015, the Parent Guarantor together with SPD (collectively the "Borrowers") obtained banking facilities from HSBC, with maximum combined limit of US$17.0 million, to be used for working capital requirements. Pursuant to the agreement, the Borrowers may also utilize the facilities for the purchase of spare parts and other equipment of the Borrowers' machineries excluding new investment; however, purchase of capital goods is subject to prior approval from HSBC. The sub limits under this facility are (i) sight documentary credit facility; (ii) usance payable at sight ("UPAS") 1 facility with bill of exchange tenor of 180 days and also available in Rupiah currency; (iii) usance payable at sight ("UPAS") 2 facility with bill of exchange tenor of 180 days and also available in Rupiah currency; (iv) clean import loan facility with maximum loan tenor of 180 days from the due date of the relevant bill. This facility is only to retire documentary credit facility; (v) financing against receivables-open account export facility, which shall be used to finance Borrowers' receivables due from its buyer(s) as approved by HSBC, including local and export sales and to retire the facilities given under the agreement, with maximum discounting of 80% of the each invoice(s) face value net of the discount interest and discounting commission, with a financing tenor maximum of 60 days as from the loan disbursement; (vi) revolving loan, which shall be used to provide financing against the Borrowers' receivable from buyers under export/local letter of credit whereby original documents have not been submitted to HSBC (against copy of documents). The total tenor of UPAS facility and clean import loan facility shall not exceed

180 days. The maximum ceiling of each of the facilities described in (i), (ii), (iv) is US$17.0 million, (iii) is US$ 1.0 million, (v) is US$ 10.0 million, (vi) is US$ 3.0 million, provided that the total utilizations under this combined limit facility cannot exceed US$ 17.0 million. For facility (i) and (iv), the facilities interest in transit which will be charged on a daily basis at 5.00% per annum for US$ currency below HSBC's best lending rate (currently at 11.227% per annum, but subject to fluctuation at HSBC's discretion), facility (ii) and (iii) for Rupiah currency bear interest in transit which will be charged on a daily basis at 2.75% per annum below HSBC's best lending rate (currently at 14.60% per annum, but subject to fluctuation at HSBC's discretion), facility (ii) for US$ currency bears interest in transit which will be charged on a daily basis at 5.00% per annum below HSBC's best lending rate (currently at 11.227% per annum, but subject to fluctuation at HSBC's discretion), facility (ii) for US$ currency bears interest in transit which will be charged on a daily basis at 5.00% per annum below HSBC's best lending rate (currently at 11.2528% per annum, but subject to fluctuation at HSBC's discretion), facility (v) bears discount interest which will be calculated on a daily basis at 5.75% per annum below HSBC's best lending rate (currently 11.227% per annum, but subject to fluctuation at HSBC's discretion), and facility (vi) bears discount interest which will be calculated on a daily basis at 6.00% per annum below HSBC's best lending rate (currently 10.9359% per annum, but subject to fluctuation at HSBC's discretion). The facilities are secured by stock, receivables, and a personal guarantee from Mr. Iwan Setiawan Lukminto. Each of the Borrowers acknowledges that the above corporate banking facilities are subject to review at any time and in any event by February 28, 2017. Pursuant to this facility, each of the Borrowers is prohibited from undertaking the following activities, among others, without the prior written consent of HSBC: (i) create, assume or permit to exist any mortgage, pledge, encumbrance, lien, charge of land (*hak tanggungan*) or such other security interest upon any of its property, assets or income whether now owned or hereafter acquired; (ii) create, incur or cause to exist any indebtedness (including leases or guarantees) except for (a) debt pursuant to the agreement and (b) trade debt incurred in the ordinary course of business; or (iii) make any loans or extend credit to any other company or person whatsoever except for credit given on arm's length terms in the ordinary course of business. Further, each of the Borrowers shall ensure that there is no change in its shareholder composition applicable as at the date of the agreement. Each of the Borrowers is also required to maintain an external gearing ratio at maximum of 2.0, current ratio at a minimum of 1.0, and EBITDA at a minimum of 1.5. The Borrowers have received all such required consents for the Notes. As of March 31, 2016, the outstanding amount under this letter of credit facility was US$0.0.

Indebtedness of the Subsidiary Guarantor

Working capital facility with Eximbank

On October 30, 2013, SPD obtained a working capital facility from Eximbank for the purchase of raw materials which includes a letter of credit facility as the payment method of such purchase of raw materials with a maximum ceiling of US$40.0 million. The working capital facility bears interest at 6.50% per annum and the letter of credit facility bears interest at the applicable interest rate as determined by Asset-Liability Committee for Trust Receipt/usance payable at sight financing. The facility is secured by accounts receivable, inventory, land along with the building, machineries as well as other supporting facilities and also personal guarantees from Iwan Setiawan Lukminto and Iwan Kurniawan Lukminto. The availability term of the facility is up to October 28, 2016. Pursuant to this loan, SPD is prohibited from undertaking the following activities, among others, without the prior written consent of Eximbank: (i) incur further indebtedness other than in the ordinary course of business; (ii) act as a guarantor or pledge any of its assets; (iii) enter into any transaction that may adversely affect its obligation to Eximbank; (iv) grant a corporate guarantee to guarantee any of its obligations or obligations of its subsidiaries; (v) change the composition if its Board of Directors or Board of Commissioners; and (vi) to engage in any business consolidation, capital participation or acquisition of shares of any other company. SPD has received all such required consents for this offering and the Tender Offer. As of March 31, 2016, the outstanding amount under this working capital loan facility was US$23.0 million.

Indebtedness of the Issuer

9.00% Senior Notes Due 2019

On April 24, 2014, the Issuer issued US$200.0 million of Old Notes and on November 14, 2014, the Issuer issued a further US$70.0 million of Old Notes under the indenture governing the Old Notes (the "Old Notes Indenture"). The Old Notes bear interest at a fixed rate of 9.00% per annum. The Parent Guarantor and SPD (together, the "Old Notes Guarantors") have jointly and severally guaranteed the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Old Notes. As of March 31, 2016, the aggregate principal amount of Old Notes outstanding was US$270.0 million.

At any time on or after April 24, 2017, the Issuer may redeem the Old Notes, in whole or in part, at the redemption prices specified in the Old Notes Indenture, plus accrued and unpaid interest, if any, to the redemption date. At any time prior to April 24, 2017, the Issuer may at its option redeem all or any portion of the Old Notes at a redemption price equal to 100.0% of the principal amount of the Old Notes plus the Applicable Premium (as defined in the Old Notes Indenture) and accrued and unpaid interest, if any, to the redemption date. At any time prior to April 24, 2017, the Issuer may redeem up to 35.0% of the aggregate principal amount of the Old Notes with proceeds from certain equity offerings at a redemption price of 109.0% of the principal amount of the Old Notes, plus accrued and unpaid interest, if any, to the redemption date.

The obligations of the Issuer and the Old Notes Guarantors under the Old Notes are secured on a first priority basis by a lien on certain collateral, which consists of:

- pledges by the Parent Guarantor of the shares of the Issuer and by the Issuer of the shares of Golden Mountain;
- an assignment by Golden Mountain of all its interest in and rights under certain intercompany loans; and
- securing the obligations of the Issuer under the Old Notes, a charge over all of the Issuer's rights in a debt service accrual account.

The Old Notes Indenture contains covenants and events of default substantially similar to the covenants and events of default in the Indenture for the Notes.

Concurrently with this offering, the Issuer commenced a cash tender offer (the "Tender Offer") to repurchase any and all of outstanding Old Notes. The Tender Offer expired at 9:00 A.M., New York City time, on May 31, 2016 (the "Expiration Time"). Holders who validly tendered their Old Notes before the Expiration Time will receive an amount per US$1,000 principal amount of the Old Notes accepted for purchase equal to US$1,052.50 (the "Tender Offer Consideration"). The Tender Offer is subject to a number of conditions, including a financing condition that requires the completion of this offering on terms and conditions satisfactory to the Issuer or the Parent Guarantor, generating net proceeds in an amount at least equal to the greater of (i) US$150 million and (ii) an amount that is sufficient to effect the repurchase of Notes validly tendered and accepted for purchase pursuant to the Offer, including the payment of any premiums, accrued interest and costs and expenses incurred in connection therewith. The Tender Offer is being made only pursuant to the terms and subject to the conditions of the tender offer documents. This Offering Memorandum does not constitute an offer to buy or the solicitation of an offer to sell with respect to the Old Notes.

RELATED PARTY TRANSACTIONS

Overview

Under the OJK regulations, any conflict of interest transaction by an equity issuer or a public company must be approved by a majority of the shareholders who have no conflict of interest with such transaction and/or are not affiliates of the director, commissioner or principal shareholder who has a conflict of interest (the "Independent Shareholders"). A "conflict of interest" is defined under OJK regulations to mean a conflict between the economic interests of the company, on the one hand, and the personal economic interests of any member of the board of commissioners, board of directors or principal shareholders (a holder of 20% of the issued shares, directly or indirectly, of a public company) in a transaction which can be detrimental to an equity issuer or a public company due to the unfair price determination. OJK has the power to enforce this rule.

In addition, we expect to purchase rayon fiber from PT Rayon Utama Makmur, a company in which our controlling shareholder has a controlling interest that is currently developing a rayon fiber production facility in Nguter, Sukoharjo, Central Java. This facility is expected to have the capacity to produce 80,000 tonnes of rayon fiber per year.

We believe that there are currently no conflicts of interest between us and our board of commissioners, our directors or our principal shareholders or any of their affiliates.

However, we have entered into the following continuing transactions with related parties:

Transactions with PT Adikencana Mahkotabuana

We purchase rayon yarn from and also sell yarn to PT Adikencana Mahkotabuana. PT Adikencana Mahkotabuana is a company under common control with us. As of December 31, 2013, 2014 and 2015 and March 31, 2016, we had US$7.6 million, US$7.8 million, US$7.6 million and US$6.3 million, respectively, of trade receivables due from PT Adikencana Mahkotabuana and no trade payables due to PT Adikencana Mahkotabuana. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, we also had US$10.2 million, US$7.5 million, US$22.0 million, US$2.1 million and US$1.2 million, respectively, of sales before offsetting and US$37.0 million, US$18.1 million, US$22.6 million, US$5.0 and US$2.1 million, respectively, of purchases before offsetting. Of these amounts, US$6.4 million, US$2.3 million, US$0.7 million, US$0.7 million and US$0.0, respectively, were total sales and purchases which are offsetting. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with PT Dasar Rukun

We purchase polyester yarn from PT Dasar Rukun. PT Dasar Rukun is a company under common control with us. As of December 31, 2013, 2014 and 2015 and March 31, 2016, we had US$0.0, US$0.1 million, US$0.0 and US$0.0 respectively, of trade receivables due from PT Dasar Rukun and US$5.2 million, US$0.0, US$0.8 million and US$0.9 million, respectively, of trade payables due to PT Dasar Rukun. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, we had US$8.3 million, US$2.5 million, US$0.9 million, US$0.7 million and US$0.0, respectively, of purchases before offsetting. For the year ended December 31, 2013, we also purchased fixed assets amounting to US$2,190 from PT Dasar Rukun. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with PT Djohar

We purchase rayon greige from and sell rayon yarn to PT Djohar. PT Djohar is a company under common control with us. As of December 31, 2013, 2014 and 2015 and March 31, 2016, we had US$1.5 million, US$0.8 million, US$0.0 and US$0.0, respectively, of trade receivables due from PT Djohar and no trade payables due to PT Djohar. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, we also had US$13.1 million, US$12.4 million, US$12.9 million, US$3.5 million and US$0.0, respectively, of sales before offsetting and US$14.4 million, US$11.2 million, US$15.5 million, US$3.1 million and US$0.0, respectively, of purchases before offsetting. Of these amounts, US$13.1 million, US$7.9 million, US$1.8 million, US$1.8 million and US$0.0, respectively, were total sales and purchases which are offsetting. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with PT Sari Warna Asli Textile Industry

We purchase yarn from and sell greige, finished fabrics and apparel to PT Sari Warna Asli Textile Industry. PT Sari Warna Asli Textile Industry is a company under common control with us. As of December 31, 2013, 2014 and 2015 and March 31, 2016, we had US$8.6 million, US$12.7 million, US$1.3 million and US$1.5 million, respectively, of trade receivables due from PT Sari Warna Asli Textile Industry and US$0.0, US$0.1 million, US$2.3 million and US$0.1 million, respectively, of trade payables due to PT Sari Warna Asli Textile Industry. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, we also had US$62.1 million, US$14.7 million, US$35.9 million, US$4.1 million and US$1.2 million, respectively, of sales before offsetting and US$77.8 million, US$41.2 million, US$37.5 million, US$6.2 million and US$3.1 million, respectively, of purchases before offsetting. Of these amounts, US$52.2 million, US$8.2 million, US$2.2 million, US$2.2 million and US$0.0, respectively, were total sales and purchases which are offsetting. For the year ended December 31, 2013, we also purchased fixed assets amounting to US$19,983 from PT Sari Warna Asli Textile Industry. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with PT Senang Kharisma Textile

We purchase greige and chemicals for production from and sell yarn to PT Senang Kharisma Textile. PT Senang Kharisma Textile is a company under common control with us. As of December 31, 2013, 2014 and 2015 and March 31, 2016, we had US$7.3 million, US$9.6 million, US$12.1 million and US$9.0 million, respectively, of trade receivables due from PT Senang Kharisma Textile and US$0.0, US$2.4 million, US$0.0 and US$0.0, respectively, of trade payables due to PT Senang Kharisma Textile. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, we also had US$32.8 million, US$30.3 million, US$40.3 million, US$5.5 million and US$2.3 million, respectively, of sales before offsetting and US$22.4 million, US$21.7 million, US$27.5 million, US$5.9 million and US$2.2 million, respectively, of purchases before offsetting. Of these amounts, US$22.4 million, US$13.8 million, US$4.5 million, US$4.5 million and US$0.0, respectively, were total sales and purchases which are offsetting. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with PT Sinar Central Sandang

We purchase yarn and other raw materials for production from and sell yarn to PT Sinar Central Sandang. PT Sinar Central Sandang is a company under common control with us. As of December 31, 2013, 2014 and 2015 and March 31, 2016, we had US$0.4 million, US$0.0, US$0.0 and US$0.0, respectively, of trade receivables due from PT Sinar Central Sandang and US$0.0, US$42,428, US$0.0 and US$0.0, respectively, of trade payables due to PT Sinar Central Sandang. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, we had US$30,859, US$2.1 million, US$0.8 million, US$0.6 million and US$0.0, respectively, of sales before offsetting and US$21,529, US$0.2 million, US$0.6 million, US$42,651 and US$0.0, respectively, of purchases before offsetting. Of these amounts, US$21,527, US$0.2 million, US$49,302, US$49,302 and US$0.0, respectively, were total sales and purchases which are offsetting. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with PT Yogyakarta Tekstil

We purchase greige for production from and sell yarn to PT Yogyakarta Tekstil. PT Yogyakarta Tekstil is a company under common control with us. As of December 31, 2013, 2014 and 2015 and March 31, 2016 we had US$0.0, US$0.5 million, US$0.2 million and US$0.1 million, respectively, of trade receivables due for PT Yogyakarta Tekstil and no trade payables due to PT Yogyakarta Tekstil. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, we had US$2.4 million, US$2.5 million, US$2.2 million, US$0.7 million and US$0.4 million, respectively, of sales before offsetting and US$2.9 million, US$3.2 million, US$3.7 million, US$0.9 million and US$0.0, respectively, of purchases before offsetting. Of these amounts, US$2.2 million, US$2.1 million, US$43,592, US$43,592 and US$0.0, respectively, were total sales and purchases which are offsetting. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with PT Sri Wahana Adityakarta

We purchase paper tubes, lubricating oils and other raw materials from PT Sri Wahana Adityakarta. PT Sri Wahana Adityakarta is a company under common control with us. As of December 31, 2013, 2014 and 2015 and

March 31, 2016 we had US$0.0, US$0.2 million, US$0.0 and US$0.0, respectively, of trade receivables due from PT Sri Wahana Adityakarta and we had US$0.0, US$4,887, US$0.0 and US$0.1 million, respectively, of trade payables due to PT Sri Wahana Adityakarta. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, we had US$0.0, US$0.0, US$8,432, US$0.0 and US$0.0 respectively, of sales before offsetting and we had US$2.8 million, US$1.7 million, US$3.4 million, US$0.5 million and US$0.3 million, respectively, of purchases before offsetting. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with PT Citra Busana Semesta

We purchase yarn and other raw materials for production from PT Citra Busana Semesta. PT Citra Busana Semesta is a company under common control with us. As of December 31, 2013, 2014 and 2015 and March 31, 2016 we had US$0.0, US$0.6 million, US$0.1 million and US$0.0, respectively of trade payable due to PT Citra Busana Semesta. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, we had US$0.0, US$2.9 million, US$0.0, US$0.0 and US$0.0, respectively, of sales before offsetting. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with Sukoharjo Multi Indah Textile Mill

We purchase griege from and sell yarn to Sukoharjo Multi Indah Textile Mill. Sukoharjo Multi Indah Textile Mill is a company under common control with us. As of December 31, 2013, 2014 and 2015 and March 31, 2016 we had US$0.0, US$0.0, US$0.5 million and US$0.3 million, respectively, of trade receivables due for Sukoharjo Multi Indah Textile Mill and we had US$0.0, US$0.0, US$0.1 million and US$0.0, respectively, of trade payables due to Sukoharjo Multi Indah Textile Mill. For the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2015 and 2016, we had US$0.0, US$0.0, US$4.3 million, US$0.0 and US$0.0 of sales and US$0.0, US$0.0, US$6.3 million, US$0.0 and US$0.0 of purchases. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with PT Jaya Perkasa Textile

We sell scrap metal frame to PT Jaya Perkasa Textile, PT Jaya Perkasa Textile is a company under common control with us. As of March 31, 2016, we has US$12,428 of trade receivables from PT Jaya Perkasa Textile.

Transactions with PT Kapas Agung Abadi

We make intercompany loans to PT Kapas Agung Abadi. PT Kapas Agung Abadi is a company under common control with us. As of December 31, 2013, 2014 and 2015 and March 31, 2016, we had US$7.5 million, US$7.0 million, US$0.0 and US$0.0, respectively, of non-trade receivables from PT Kapas Agung Abadi. See note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

Transactions with PT Rayon Utama Makmur

We entered into a purchase and sale agreement with PT Rayon Utama Makmur ("RUM") on August 16, 2015 for the purchase of Viscose Rayon Staple Fibre ("Rayon"). RUM is a company under common control with us. Under the agreement, we have agreed to purchase up to 17,000 tonnes per year of Rayon. Prices will be set on a quarterly basis, with the price for a particular quarter determined through mutual agreement between us and RUM in the month prior the quarter in which we schedule for delivery of the product. We must give notice of our delivery schedule no later than the 25th day of the month prior to the month in which we take delivery, and payment must be within 60 days from the date we take delivery. As of the date of this Offering Memorandum, RUM's production facility has not yet begun commercial operation. The term of the agreement commences upon the date of commercial operation of the production facility and expires three years thereafter.

MANAGEMENT

In accordance with Indonesian law, we have both a Board of Commissioners and a Board of Directors. The two boards are separate and no individual may serve as a member on both boards concurrently. The rights and obligations of each member on our Board of Commissioners and our Board of Directors are regulated by our Articles of Association (the "Articles"), the decision of our shareholders in general meeting, Company Law, Bapepam-LK/OJK regulations and IDX regulations.

Board of Commissioners

Under the Articles, members of the Board of Commissioners are appointed by our shareholders at a general meeting of shareholders and they serve for a term of five years each. The Board of Commissioners must have at least two members, one of whom must be appointed as the President Commissioner. The principal function of the Board of Commissioners is to give recommendations to, and supervise the policies of the Board of Directors. The table below sets forth the names, positions and ages of our commissioners as of March 31, 2016.

Name	Position	Age
Hj. Susyana Lukminto	President Commissioner	69
Megawati	Commissioner	40
Prof. Ir Sudjarwadi, M. Eng., P.hd.	Independent Commissioner	69

A brief biography of each of the commissioners is provided below.

Hj. Susyana Lukminto

Hj. Susyana Lukminto was first appointed as President Commissioner of the Parent Guarantor in 2014. She previously served as a commissioner of the Parent Guarantor from 2006 to 2014 and as President Director of the Parent Guarantor from 1996 to 2006. Prior to this, she served as Director of the Parent Guarantor from 1976 to 1995 and Director of UD Sri Rejeki, Solo from 1966 to 1976. She is an entrepreneur with experience in both manufacturing (1978 to present) and retail (1969 to 1978).

Megawati

Mrs. Megawati was first appointed as Commissioner of the Parent Guarantor in 2014. She previously served as the Parent Guarantor's Head of Treasury Department from 2011 to 2014. Prior to this, she served as Assistant to Marketing Director and Project Manager of the Parent Guarantor from 2001 to 2011. She previously served as Senior Advisor at Lippo Bank, Surabaya from 1998 to 1999 and Account Officer and Assistant to Finance Director at Packaging House Pty Ltd. Mrs. Megawati holds a Bachelor's Degree in Finance and Human Resources Management from Deakin University in Melbourne, Australia.

Prof. Ir Sudjarwadi

Professor Ir Sudjarwadi was first appointed as an Independent Commissioner of the Parent Guarantor in 2012. He previously held the positions of Lecturer/Rector at Universitas Gadjah Mada from 2007 to 2012, Lecturer/Vice Chancellor for Academic Affairs and Quality Assurance from 2002 to 2007, Lecturer/Dean of the Faculty of Engineering from 2000 to 2002, Lecturer/Secretary of the Directorate General of High Education National Education from 1995 to 1999 and Lecturer/Assistant Dean of Admin and Finance Faculty of Engineering from 1992 to 1995.

Professor Ir Sudjarwadi holds a Bachelor's Degree in Civil Engineering from Universitas Gadjah Mada in Yogya, Indonesia, a Master's Degree in Marine/Oceanic Studies from AIT in Bangkok, Thailand and a Doctorate Degree in Marine/Oceanic Studies from University of Iowa in the United States.

Board of Directors

Under the Articles, the Board of Directors must consist of at least two members, one of whom must be appointed as President Director. The Board of Directors are appointed by our shareholders at a general meeting of shareholders and they serve for a term of five years each. The Board of Directors can legally bind us, except that for certain transactions, such as to lend or borrow money on our behalf (excluding withdrawal of funds from

banks), to invest in any other company, to conduct capital participation or release the capital participation in any other companies, the Board of Directors needs prior written approval from our Board of Commissioners. The table below sets forth the names, positions and ages of our directors as of March 31, 2016.

Name	Position	Age
Iwan Setiawan Lukminto	President Director	41
Iwan Kurniawan Lukminto	Vice President Director	33
Arief Halim	Marketing Director	66
Allan Moran Severino	Finance Director	60
Eddy Prasetyo Salim	Operations Director	48
Phalguni Mukhopadhyay	Productions Director	57
Dr. M. Nasir Tamara Tamimi	Corporate Affair Director (Independent Director)	65

A brief biography of each of the directors is provided below.

Iwan Setiawan Lukminto

Mr. Iwan Setiawan Lukminto was first appointed as President Director of the Parent Guarantor in 2006. He previously served as Vice President Director of the Parent Guarantor from 1999 to 2005 and Assistant Director of the Parent Guarantor from 1997 to 1998. Mr. Setiawan holds a Bachelor's Degree in Business Administration from Suffolk University.

Iwan Kurniawan Lukminto

Mr. Iwan Kurniawan Lukminto was first appointed as Vice President Director of the Parent Guarantor in 2012. He previously served as Garment Division Director of the Parent Guarantor from 2005 to 2012. Mr. Lukminto holds a Bachelor's Degree in Business Administration from Johnson & Wales University, a Bachelor's Degree in Business Administration from Northeastern University and a Bachelor's Degree in Business Administration from Boston University.

Arief Halim

Mr. Arief Halim was first appointed as Director of the Parent Guarantor in 1990. He previously served as Marketing Manager of the Parent Guarantor from 1973 to 1990 and Merchant and Marketing of Textile Chemicals from 1970 to 1973.

Allan Moran Severino

Mr. Allan Moran Severino was first appointed as Director of the Parent Guarantor in 2006. He previously served as Controller of the Parent Guarantor from 1991 to 2005, Group Finance Manager at Timur Djaja Group from 1989 to 1991, Finance Manager of the Commercial Division at PT Tirtamas Majutama from 1988 to 1989, General Manager at PT Argha Giri Perkasa from 1987 to 1988, Finance & Accounting Manager at PT Bimoli from 1985 to 1987, Audit Manager at Drs. Utomo & Co. from 1982 to 1985 and Audit Supervisor at SGV & Co. from 1977 to 1980. Mr. Severino holds a Bachelor's Degree in Business Administration in the field of Marketing and Accounting from University of San Carlos.

Eddy Prasetyo Salim

Mr. Eddy Prasetyo Salim was appointed as Director of the Parent Guarantor in June 2014. He previously served as Head of Loan Center at Bank International Indonesia from 1994 to 2009 and Operational Director at PT Sinar Central Sandang from 2011 to 2014. Mr. Salim holds a Bachelor's Degree in Economics from Brawijaya.

Phalguni Mukhopadhyay

Mr. Phalguni Mukhopadhyay was first appointed as Director of the Parent Guarantor in 2009. He previously served as Assistant VP and Technical Head at Indothai Synthetics Co. Ltd. Thailand (Birla Group) from 2003 to 2009, SPG Manager & SR General Manager at Indothai Synthetics Co. Ltd. Thailand (Birla Group) from 1994 to 2002, DY Spinning Master-Spinning Master-SR Spinning Superintendent at Eastern Spinning Mills, Calcutta, India (Birla Group) from 1984 to 1993 and Shift Supervisor at Birla Group from 1979 to 1983. Mr. Mukhopadhyay holds a Bachelor's Degree from College of Textile Technology Serampore, Calcutta.

Dr. M. Nasir Tamara Tamimi

Dr. M. Nasir Tamara Tamimi was first appointed as Director of the Parent Guarantor in 2013. He previously served as Vice President Director at Dr. Nasir Tamara Associates Consultants from 2009 to 2012, President Commissioner at PT Bangkit Maju Wisata from 2010 to 2012, Senior Research Fellow at ISEAS & NUS from 2007 to 2010, Founder and President Director at Global TV from 1998 to 2003, Senior Member at the National Research Council of Republic of Indonesia from 1998 to 2003 and Deputy Chief Editor at Harian Republika. Dr. Tamimi holds a Bachelor's Degree in Media from CFJ University of Paris, Master's Degree in Politics from University of Paris I and a Doctorate Degree in Social Studies from University of Paris — Ehess.

Compensation

Payment of compensation to the Commissioners and Directors is determined at the annual General Meeting of Shareholders. The aggregate compensation (including bonuses) paid to the Commissioners and Directors and our subsidiaries for the years ended December 31, 2013, 2014 and 2015 and the three months ended March 31, 2016 was US$1.0 million, US$1.0 million, US$3.3 million and US$0.9 million, respectively.

Corporate Governance

In accordance with applicable Indonesian laws and regulations we have established an audit committee and an internal audit unit, which are described below.

Audit Committee

In accordance with Indonesia Stock Exchange Regulation No. 1-A on Share and Securities Listings by Listed Companies and OJK Regulation No. 55/POJK.04/2015 on the Establishment and Working Guidelines of Audit Committees ("Regulation No. 55"), we established an audit committee by virtue of Decree of the Board of Directors of the Parent Guarantor No. 0039/AKN/SR8/X/14 dated June 9, 2014. Our audit committee comprises of three members, which consists of an independent commissioner who acts as chairman of the committee and the external members of the Audit Committee. The Audit Committee's duties include the supervision of both our internal audit unit and our external auditors. This entails reviewing the audit plan, execution, and review. The committee also actively participates in the selection of our public accountant, evaluates its ability to maintain its independence, establishes evaluation criteria for its work, and performs the evaluation based on the criteria. The Audit Committee has full access to our records, employees and resources. The table below sets for the names, positions and ages of the members of the Audit committee as of March 31, 2016.

Name	Position	Age
Prof. Ir Sudjarwadi	Chairman	69
Yose Rizal	Member	51
Ida Bagus Oka Nila	Member	60

A brief biography of each member of the Audit Committee is provided below.

Yose Rizal

Mr. Yose Rizal was first appointed as member of the Audit Committee of the Parent Guarantor in 2013. He previously served as Director at PT Pemeringkat Efek Indonesia (PEFINDO) from 2007 to 2013, Head of Surveillance Division at PT Bursa Efek Jakarta in 2007, Head of Listing, Listing Monitoring and Real Sector Listing Divisions at PT Bursa Efek Jakarta from 1997 to 2007, Staff and Head Unit of Audit Division at PT Bursa Efek Jakarta from 1992 to 1997 and Senior Audit Staff at Kantor Akuntan Publik KPMG Hasnadi Sudjendro & Rekan from 1990 to 1992. Mr. Yose Rizal holds a Bachelor's Degree in Accounting from University of Indonesia.

Ida Bagus Oka Nila

Mr. Ida Bagus Oka Nila was first appointed as member of the Audit Committee of the Parent Guarantor in 2013. He previously served as Independent Commissioner of PT Arita Prima Indonesia Tbk from 2013 to 2014. He also concurrently serves as Independent Commissioner of PT Pelita Cengkareng Paper Tbk (since 2012), PT Cowell Development Tbk (since 2012), PT Trada Maritime Tbk (since 2012) and Senior Technical Advisor PT Brent Securities. He previously served as Head of Manufacturing Company Appraisal and

Financial Appraisal for Real Sector Companies from 2006 to 2012, as Head of Primary and Chemical Industry from 2001 to 2006, Head of Information Technology from 1997 to 2001, Head of Emission of Non-Manufacturing Goods Subdivision from 1993 to 1997 and Staff from 1978 to 1993 in the Capital Market Supervisory Board. Mr. Ida Bagus Oka Nila holds a Bachelor's Degree in Economics and a degree in Economic Management from Pancasila University, Jakarta.

Internal Audit Unit

In accordance with Indonesian laws and regulations, we established an internal audit unit by virtue of Decree of the Board of Directors of the Parent Guarantor No. 0038/AKN/SR8/X/14 dated June 9, 2014, which analyzes and evaluates the effectiveness of internal control management systems. In accordance with OJK Regulation No. 56/POJK.04/2015 on The Establishment and Drafting Guidelines of Internal Audit Charter ("Regulation No. 56"), we adjusted the roles and functions of the internal audit division under the Internal Audit Charter approved by the Board of Commissioners and the Board of Directors on March 25, 2013 The table below sets forth the names, positions and ages of the members of our Internal Audit Unit as of March 31, 2016.

Name	Position	Age
Dony Endrastomo	Chairman	42
F. Andri Lawu Cahyo Nugroho	Member	43
Benny Frihatten	Member	37
Esther Chries Marlina	Member	32

A brief biography of each member of the Internal Audit Unit is provided below.

Dony Endrastomo

Mr. Dony Endrastomo was first appointed as Chairman and General Manager of the Internal Audit Unit of the Parent Guarantor in 2014. He previously served as Internal Auditor at PT Harpindo Jaya Yamaha from 1997 to 1998, Internal Auditor at PT Sukasari Mitra Mandiri from 2000 to 2001, SPV Auditor at PT Aorta Capri Sonne and PT Kanasritex from 2002 to 2007, Corporate Audit Manager at PT Pasaraya Sri Ratu Group from 2007 to 2013 and Corporate Audit Manager at PT Bawen Tobacco Pratama from 2013 to 2014. Mr. Endrastomo graduated from STIE STIKUBANK, Semarang and holds a Bachelor Degree in Economics of Development Studies and Master's Degree in Financial Management.

F. Andri Lawu Cahyo Nugroho

Mr. F. Andri Lawu Cahyo Nugroho was appointed as a member of the Internal Audit Unit of the Parent Guarantor in 2014. He previously served as Audit Division Staff at KPMG from 1997 to 1998, Senior Audit Staff at Ernst & Young from 1998 to 2000, Audit Assistant Manager at PT Citta Mulia Adikarsa from 2003 to 2005, Internal Audit Manager at PT Mas Murni Indonesia in 2009, Controller at PT Kreasi Putra Pratama from 2010 to 2011 and Department Head of Internal Audit at Transindo Permai from 2011 to 2013. Mr. Nugroho holds a Bachelor's Degree in Accounting Economics from Airlangga University, Surabaya.

Benny Frihatten

Mr. Benny Frihatten was appointed as Internal Audit Supervisor of the Parent Guarantor in 2014. He previously served as Internal Audit Supervisor at PT SOS Indonesia from 2011 to 2013, Finance and Accounting Manager at PT Mas Murni Indonesia from 2009 to 2011 and Assistant Internal Audit Manager at PT Mas Murni Indonesia from 2005 to 2009. He graduated in 2003 from STIESIA and hold a Bachelor's Degree in Accounting.

Esther Chries Marlina

Ms. Esther Chries Marlina was appointed as Internal Auditor of the Parent Guarantor in 2014. She previously served as Internal Auditor at PT Kanasritex from 2004 to 2008 and Supervisor Internal Auditor at PT Sritama Ratu from 2008 to 2014. She holds a Bachelor's Degree in Economy Management from Universitas Widya Manggala Semarang.

Corporate Secretary

As provided in the OJK Regulation No. 35/POJK.04/2014 on the Corporate Secretary of Issuers or Public Companies ("Regulation No. 35"), the functions of a corporate secretary are, among others, to keep himself or

herself up-to-date with the capital market regulations, to provide inputs to the Board of Directors and the Board of Commissioners with respect to the compliance of prevailing capital markets regulations, to assist the Board of Directors and the Board of Commissioners in the performance of corporate governance principles and act as contact person between the Company on the one hand, and the shareholders of the Company, the OJK and other stakeholders on the other.

Mr. Welly Salam has served as the Corporate Secretary of the Company since 2013. He previously served as Director of PT Mitra Indokor Jaya Abadi from 2010 to 2012, Commissioner of PT Tiga Tunggal Sejati from 2009 to 2011, Director of PT Putra Mandira from 2010 to 2011, Director of PT Rajawali Nusa Cemerlang from 2009 to 2012, Director of Interact Corpindo from 2008 to 2009, Partner at KAP Anwar & Partners (DFK International) from 2006 to 2008, Financial Controller of Business Makmur Tbk PT Allbond from 2004 to 2006, Member of the Audit Committee of PT Great River International Tbk from 1997 to 2004, Manager Prasetio of Utomo & Co. (Arthur Andersen) from 1992 to 1997 and Staff of PT Inti Salim Corpora from 1991 to 1992. He earned a PPAK (Accounting Certification) from Institute of Business and Information of Indonesia (IBII) as Accountant in 2007 and received as a Bachelor's Degree in Accounting from Trisakti University in 1993.

Nomination and Remuneration Committee

On December 8, 2014, OJK issued the Financial Services Authority Regulation No. 34/POJK.04/2014 on Nomination and Remuneration Committee of Issuers or Public Companies ("Regulation No. 34") which regulates the functions of a nomination and remuneration committee ("NRC"). The NRC shall be carried out by the Board of Commissioners, either by itself or by forming one committee carrying such functions or two separate committees carrying each the nomination or the remuneration function. In general, each of the aforementioned committees shall at least have three members comprising (i) an independent commissioner; (ii) either a Board of Commissioner member or a third party from outside the relevant issuer or public company; and (iii) any party having managerial position in human resources under the Board of Directors. As of the date of this Offering Memorandum, the nomination and remuneration function is carried out by the Board of Commissioners.

PRINCIPAL SHAREHOLDERS

The following table sets forth certain information with respect to our principal shareholders as of March 31, 2016:

Name	Number of Shares Held	Percentage of Total Outstanding Shares
PT Huddleston Indonesia[1]	10,425,274,040	56.07%
Public	6,887,913,300	37.05%
PT Prudential Life Assurance	1,270,820,700	6.83%
Other[1]	8,880,000	0.05%
Total	**18,592,888,040**	**100.00%**

(1) Indirectly beneficially owned by the Lukminto family.

THE ISSUER

General

The Issuer of the Notes, Golden Legacy Pte. Ltd., was incorporated on March 3, 2014 under the laws of Singapore as a private company with limited liability and its registration number is 201405933C. The registered office of the Issuer is located at 9 Battery Road, #15-01, Straits Trading Building, Singapore 049910. The Issuer is a wholly-owned subsidiary of the Parent Guarantor.

Business Activity

The principal object of the Issuer is set out in Article 4 of its Memorandum of Association and is to carry on or undertake any business or activity, do any act or enter into any transaction that is not prohibited under any law for the time being in force in Singapore. As such, the Issuer is, *inter alia*, authorized to issue the Notes and to finance the business of the Parent Guarantor and the Group, including entering into the Indenture and any other transaction documents to which it is or will be a party. The Issuer has not engaged, since its incorporation, in any business activities other than the issue of the Old Notes and the Notes and the authorization of documents and agreements referred to in this Offering Memorandum to which it is or will be a party.

The issuance of the Notes was approved by the Board of Directors on behalf of the Issuer on May 20, 2016.

Management

The directors of the Issuer are Ngoo Sin Hung Justin and Robert Darmadi, each of whose address for the purpose of their directorships of the Issuer is 9 Battery Road, #15-01, Straits Trading Building, Singapore 049910.

Capitalization

The Issuer has an issued and paid-up share capital of US$1.00 comprising one ordinary share. As of the date of this Offering Memorandum, the Issuer has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, except for the Old Notes and as otherwise described in this Offering Memorandum.

GOLDEN MOUNTAIN TEXTILE AND TRADING PTE. LTD.

General

Golden Mountain was incorporated on March 3, 2014 under the laws of Singapore as a private company with limited liability and its registration number is 201405937E. The registered office of Golden Mountain is located at 9 Battery Road, #15-01, Straits Trading Building, Singapore 049910. Golden Mountain is a wholly owned subsidiary of the Issuer.

Business Activity

The principal object of Golden Mountain is set out in Article 4 of its Memorandum of Association. The directors of Golden Mountain may undertake any business which Golden Mountain is expressly or by implication empowered to undertake, such as borrowing, lending and raising funds, including the issue of bonds, debt instruments or other securities or evidence of indebtedness, financing businesses and companies and granting guarantees, binding itself and pledging its assets for obligations of businesses and companies with which it forms a group and on behalf of third parties. As such, Golden Mountain is, *inter alia*, authorized to on-lend the proceeds obtained from the Issuer to the Parent Guarantor and its subsidiaries pursuant to the intercompany loans, including the Intercompany Loan of the proceeds from this offering to the Parent Guarantor.

Management

The directors of Golden Mountain are Choo Joon Kiat, Ngoo Sin Hung Justin and Robert Darmadi, each of whose address for the purpose of their directorships of Golden Mountain is 9 Battery Road, #15-01, Straits Trading Building, Singapore 049910.

Capitalization

Golden Mountain has an issued and paid-up share capital of US$144,023,482 comprising 144,023,482 ordinary shares. As of the date of this Offering Memorandum, Golden Mountain has no borrowings or indebtedness in the nature of borrowings (including loan capital issued, or created but unused), term loans, liabilities under acceptances or acceptance credits, mortgages, charges or guarantees or other contingent liabilities, except for the intercompany loans between the Issuer and Golden Mountain in connection with the issue of the Old Notes and as otherwise described in this Offering Memorandum.

DESCRIPTION OF THE NOTES

For purposes of this "Description of the Notes", the term "Issuer" refers only to Golden Legacy Pte. Ltd., a private company with limited liability incorporated under the laws of Singapore and a wholly-owned subsidiary of the Parent Guarantor, and any successor obligor on the Notes, and the term "Parent Guarantor" refers only to PT Sri Rejeki Isman Tbk, a company incorporated with limited liability under the laws of Indonesia, and not to any of its Subsidiaries. The Parent Guarantor's guarantee of the Notes is referred to as the "Parent Guarantee". Each Subsidiary of the Parent Guarantor that guarantees the Notes is referred to as a "Subsidiary Guarantor", and each such guarantee is referred to as a "Subsidiary Guarantee". The term "Guarantor" refers to either the Parent Guarantor or a Subsidiary Guarantor, as the context requires, and the term "Guarantee" refers to either the Parent Guarantee or a Subsidiary Guarantee, as the context requires. The term "Guarantors" refers to the Parent Guarantor and the Subsidiary Guarantors collectively, and the term "Guarantees" refers to the Parent Guarantee and the Subsidiary Guarantees collectively.

Following the repurchase of any Old Notes pursuant to the Tender Offer, the Issuer will transfer the remaining net proceeds of the offering of the Notes to Golden Mountain Textile and Trading Pte. Ltd. ("Golden Mountain"), a private company with limited liability incorporated under the laws of Singapore and a wholly-owned subsidiary of the Issuer, by way of subscription of additional shares in the capital of, and/or one or more loans to, Golden Mountain (with the proceeds from the issuance of the Notes that have been applied to repurchase the Old Notes treated as a deemed contribution and/or loan to Golden Mountain), which will then on-lend the proceeds of such transfer to the Parent Guarantor pursuant to the Intercompany Loan.

The Notes are to be issued under an indenture (the "Indenture"), to be dated as of the Original Issue Date, among the Issuer, the Guarantors and Citicorp Investment Bank (Singapore) Limited, as trustee (the "Trustee").

The following is a summary of certain provisions of the Indenture, the Notes, the Guarantees and the Security Documents. This summary does not purport to be complete and is qualified in its entirety by reference to all of the provisions of the Indenture, the Notes, the Guarantees and the Security Documents. It does not restate those agreements in their entirety. Whenever particular sections or defined terms of the Indenture not otherwise defined herein are referred to, such sections or defined terms are incorporated herein by reference. Copies of the Indenture will be available during normal office hours at the corporate trust office of the Trustee at 8 Marina View, #16-00, Asia Square Tower 1, Singapore 018960.

Brief Description of the Notes

The Notes will:

- be general obligations of the Issuer;
- be senior in right of payment to any obligations of the Issuer expressly subordinated in right of payment to the Notes;
- rank at least *pari passu* in right of payment with all unsecured, unsubordinated Indebtedness of the Issuer (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- be guaranteed by the Guarantors on an unsubordinated basis, subject to the limitations described below under the caption "— Subsidiary Guarantees" and in "Risk Factors — Risks Relating to the Notes, the Guarantees and the Collateral";
- be effectively subordinated to the secured obligations of the Issuer, the Parent Guarantor and the Subsidiary Guarantors (including the Existing Credit Facilities), to the extent of the value of the assets serving as security therefor (other than the Collateral); and
- be secured by the Collateral (subject to Permitted Liens) as described below under "Security".

The Notes will mature on June 7, 2021 unless earlier redeemed pursuant to the terms thereof and the Indenture. The Indenture will allow additional Notes to be issued from time to time (the "Additional Notes"), subject to certain limitations described under "— Further Issues". Unless the context requires otherwise, references to the "Notes" for all purposes of the Indenture and this "Description of the Notes" include any Additional Notes that are actually issued. The Notes will bear interest at 8.25% per annum from the Original Issue Date or from the most recent interest payment date to which interest has been paid or duly provided for, payable semi-annually in arrears on June 7 and December 7 of each year (each an "Interest Payment Date"), commencing December 7, 2016.

Interest on the Notes will be paid on the Interest Payment Date to Holders of record at the close of business on May 23 or November 22 immediately preceding an Interest Payment Date (each a "Record Date"),

notwithstanding any transfer, exchange or cancellation thereof after a Record Date and prior to the immediately following Interest Payment Date. Interest on the Notes will be calculated on the basis of a 360 day year comprised of twelve 30-day months.

Except as otherwise provided in the Indenture, the Notes may not be redeemed prior to maturity.

In any case in which the date of the payment of principal of, premium (if any) or interest on the Notes (including any payment to be made on any date fixed for redemption or purchase of any Note) is not a Business Day in the relevant place of payment or in the place of business of the Paying Agent, then payment of principal, premium (if any) or interest need not be made in such place on such date but may be made on the next succeeding Business Day in such place. Any payment made on such Business Day will have the same force and effect as if made on the date on which such payment is due, and no interest on the Notes will accrue for the period after such date.

The Notes will be issued only in fully registered form, without coupons, in minimum denominations of US$200,000 and integral multiples of US$1,000 in excess thereof. See "— Book-Entry; Delivery and Form". No service charge will be made for any registration of transfer or exchange of Notes, but the Issuer may require payment of a sum sufficient to cover any transfer tax or other similar governmental charge payable in connection therewith.

All payments on the Notes will be made in U.S. dollars in immediately available funds by the Issuer at the office or agency of the Issuer maintained for that purpose (which initially will be the office of the Paying Agent located at Citibank, N.A., London Branch, c/o Ground Floor, One North Wall Quay, Dublin 1 Ireland), and the Notes may be presented for registration of transfer or exchange at such office or agency; *provided* that, at the option of the Issuer, payment of interest may be made by check mailed (at the expense of the Issuer) to the address of the Holders as such address appears in the Note register or by wire transfer. Interest payable on the Notes held through DTC will be available to DTC participants (as defined herein) on the Business Day following payment thereof.

The Parent Guarantee

The Parent Guarantee of the Notes will:

- be a general obligation of the Parent Guarantor;
- be senior in right of payment to all future obligations of the Parent Guarantor expressly subordinated in right of payment to the Parent Guarantee;
- rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Parent Guarantor (subject to any priority rights of such unsubordinated Indebtedness pursuant to applicable law);
- be effectively subordinated to secured obligations of the Parent Guarantor (including the Existing Credit Facilities), to the extent of the value of the assets serving as security therefor (other than the Collateral);
- be effectively subordinated to all future obligations of any Subsidiary of the Parent Guarantor that is not a Subsidiary Guarantor (including any Unrestricted Subsidiary and any Finance Subsidiary); and
- be secured by the Collateral (subject to Permitted Liens) as described under "— Security".

See "Risk Factors — Risks Relating to the Notes, the Guarantees and the Collateral".

Under the Indenture, the Parent Guarantor will guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes and the Indenture. The Parent Guarantor will (1) agree that its obligations under the Parent Guarantee will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive its right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Parent Guarantee. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid, the rights of the Holders under the Parent Guarantee will be reinstated with respect to such payments as though such payment had not been made. All payments under the Parent Guarantee are required to be made in U.S. dollars.

Concurrently with the issuance of the Parent Guarantee, the Parent Guarantor will also enter into a Deed of Guarantee governed by the laws of Indonesia which will provide for the Parent Guarantor's guarantee of the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes under the laws of Indonesia.

As of March 31, 2016, the Parent Guarantor and its consolidated subsidiaries had US$442.1 million of consolidated indebtedness outstanding, all of which was secured.

Release of the Parent Guarantee

The Parent Guarantee may be released in certain circumstances, including:

- upon repayment in full of the Notes; or
- upon a defeasance or satisfaction and discharge as described under "— Defeasance — Defeasance and Discharge" or "— Satisfaction and Discharge".

Subsidiary Guarantees

On the Original Issue Date, the Issuer, Golden Mountain and PT Sinar Pantja Djaja will be the only subsidiaries of the Parent Guarantor and each will be a Restricted Subsidiary, and PT Sinar Pantja Djaja will be the initial Subsidiary Guarantor. The Parent Guarantor will cause each of its future Restricted Subsidiaries (other than (i) any such Restricted Subsidiary if the guarantee by such Restricted Subsidiary of the payment of the Notes could reasonably be expected to give rise to or result in any conflict with or violation of applicable law (or risk of criminal liability for the officers, directors, commissioners, managers or shareholders of such Restricted Subsidiary) and such conflict, violation or criminal liability cannot be avoided or otherwise prevented through measures reasonably available to the Parent Guarantor and (ii) any Finance Subsidiary for so long as it is and remains a Finance Subsidiary and any FS Subsidiary so long as it is and remains a FS Subsidiary), within 30 days of it becoming a Restricted Subsidiary, to execute and deliver to the Trustee a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary.

The Subsidiary Guarantee of each Subsidiary Guarantor will:

- be a general obligation of such Subsidiary Guarantor;
- be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;
- rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of such Subsidiary Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- be effectively subordinated to secured obligations of such Subsidiary Guarantor (including the Existing Credit Facilities), to the extent of the value of the assets serving as security therefor (other than the Collateral, to the extent applicable).

See "Risk Factors — Risks Relating to the Notes, the Guarantees and the Collateral".

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the Subsidiary Guarantors will jointly and severally guarantee the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes and the Indenture, subject to the limitations set forth herein. The Subsidiary Guarantors will (1) agree that their obligations under the Subsidiary Guarantees will be enforceable irrespective of any invalidity, irregularity or unenforceability of the Notes or the Indenture and (2) waive their right to require the Trustee to pursue or exhaust its legal or equitable remedies against the Issuer prior to exercising its rights under the Subsidiary Guarantees. Moreover, if at any time any amount paid under a Note or the Indenture is rescinded or must otherwise be repaid, the rights of the Holders under the Subsidiary Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Subsidiary Guarantees are required to be made in U.S. dollars.

Concurrently with the execution of a Subsidiary Guarantee, each Subsidiary Guarantor incorporated in the Republic of Indonesia will enter into a Deed of Guarantee governed by the laws of Indonesia which will provide for such Subsidiary Guarantor's guarantee of the due and punctual payment of the principal of, premium (if any) and interest on, and all other amounts payable under, the Notes under the laws of Indonesia.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each Subsidiary Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Subsidiary Guarantor without rendering the Subsidiary Guarantee, as it relates to such Subsidiary Guarantor, voidable under applicable law relating to fraudulent conveyance, fraudulent transfer, financial assistance, corporate benefit, capital maintenance or similar laws affecting the rights of creditors generally. By virtue of these limitations, a Subsidiary Guarantor's obligations under its Subsidiary Guarantee could be significantly less than amounts payable with respect to the Notes, or a Subsidiary Guarantor may effectively have no obligation under its Subsidiary Guarantee. If a Subsidiary Guarantee were to be rendered voidable, it could be subordinated by a court to all other Indebtedness (including guarantees and other contingent liabilities) of the applicable Subsidiary Guarantor, and, depending on the amount of such Indebtedness, a Subsidiary Guarantor's liability on its Subsidiary Guarantee could be reduced to zero.

See "Risk Factors — Risks Relating to the Notes, the Guarantees and the Collateral — The Guarantees may be challenged under applicable financial assistance, insolvency or fraudulent transfer laws, which could impair the enforceability of the Guarantees."

Release of the Subsidiary Guarantees

A Subsidiary Guarantee given by a Subsidiary Guarantor may be released in certain circumstances, including:

- upon repayment in full of the Notes;
- upon a defeasance or satisfaction and discharge as described under "— Defeasance — Defeasance and Discharge" or "— Satisfaction and Discharge;"
- upon the designation by the Parent Guarantor of such Subsidiary Guarantor as an Unrestricted Subsidiary in compliance with the terms of the Indenture; or
- upon the sale or other disposition (including by way of merger or consolidation) of the Capital Stock of such Subsidiary Guarantor in compliance with the terms of the Indenture (including the covenants described under the captions "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries", "— Certain Covenants — Limitation on Asset Sales" and "— Consolidation, Merger and Sale of Assets") resulting in such Subsidiary Guarantor no longer being a Restricted Subsidiary.

No release of a Subsidiary Guarantor from its Subsidiary Guarantee shall be effective against the Trustee or the Holders until the Parent Guarantor has delivered to the Trustee an Officer's Certificate stating that all requirements relating to such release have been complied with and that such release is authorized and permitted by the Indenture.

Under the circumstances described below under the caption "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries", the Parent Guarantor will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries". The Parent Guarantor's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Parent Guarantor's Unrestricted Subsidiaries will not guarantee the Notes.

Security

The obligations of the Issuer and the Parent Guarantor under the Notes and the Parent Guarantee will be secured on a first priority basis (subject to Permitted Liens and the Intercreditor Agreement) by a Lien on the Collateral which will consist of pledges by the Parent Guarantor of the Capital Stock of the Issuer and by the Issuer of the Capital Stock of Golden Mountain.

The Collateral has also been pledged by the Issuer and the Parent Guarantor to secure the obligations of the Issuer under its US$270,000,000 9.00% Senior Notes due 2019 (the "Old Notes") and the Parent Guarantor's guarantee thereof. The Liens on the Collateral for the benefit of the Holders will be *pari passu* with the Liens on the Collateral for the benefit of holders of the Old Notes. See "— Intercreditor Agreement".

The proceeds realizable from the Collateral securing the Notes and the Parent Guarantee will not be sufficient to satisfy the Issuer's and the Parent Guarantor's obligations under the Notes and the Parent Guarantee, and the Collateral securing the Notes and the Parent Guarantee may be reduced or diluted under certain

circumstances, including through the issuance of Additional Notes and Permitted Pari Passu Secured Indebtedness (as defined below) or the disposition of assets comprising the Collateral, subject to the terms of the Indenture and the Intercreditor Agreement. See "— Release of Security" and "Risk Factors — Risks Relating to the Notes, the Guarantees and the Collateral — The value of the Collateral will not be sufficient to satisfy our obligations under the Notes."

No appraisals of the Collateral have been prepared in connection with this offering of the Notes. There can be no assurance that the proceeds of any sale of the Collateral, in whole or in part, pursuant to the Indenture, the Intercreditor Agreement and the Security Documents following an Event of Default, would be sufficient to satisfy amounts due on the Notes or the Parent Guarantee. All of the Collateral will be illiquid and may have no readily ascertainable market value.

Accordingly, there can be no assurance that the Collateral would be sold in a timely manner or at all.

So long as no Default has occurred and is continuing, and subject to the terms of the Security Documents and the Indenture, the Issuer and the Parent Guarantor, as the case may be, will be entitled to exercise any and all voting rights and to receive, retain and use any and all cash dividends, stock dividends, liquidating dividends, non-cash dividends, shares or stock resulting from stock splits or reclassifications, rights issues, warrants, options and other distributions (whether similar or dissimilar to the foregoing) in respect of the Capital Stock constituting Collateral.

Share Charge

The Issuer and the Parent Guarantor have pledged to the Collateral Agent, for the benefit of the holders of the Old Notes and any other "Permitted Pari Passu Secured Indebtedness" (as defined in the Old Notes Indenture), the Capital Stock of Golden Mountain and the Issuer, respectively, on a first-priority basis (subject to Permitted Liens and the Intercreditor Agreement) on the Old Notes Original Issue Date in order to secure the obligations of the Issuer under the Old Notes, the Old Notes Indenture and any other Permitted Pari Passu Secured Indebtedness and of the Parent Guarantor under the guarantee of the Old Notes and any other Permitted Pari Passu Secured Indebtedness. The Notes will be "Permitted Pari Passu Secured Indebtedness" under the Old Notes Indenture.

Permitted Pari Passu Secured Indebtedness

In addition to the Liens on the Collateral securing the Issuer's and the Parent Guarantor's obligations under the Old Notes, on or after the Original Issue Date, the Parent Guarantor and the Issuer may create Liens on the Collateral *pari passu* with the Lien for the benefit of the Holders to secure Indebtedness of the Issuer and the Guarantors (such Indebtedness together with the Old Notes, and the Guarantors' guarantees thereof, "Permitted Pari Passu Secured Indebtedness"); *provided* that (i) the Issuer or the Parent Guarantor was permitted to Incur such Indebtedness under the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness", (ii) the Holders of such Indebtedness (or their representative) become party to the Intercreditor Agreement, (iii) the agreement in respect of such Indebtedness contains provisions with respect to releases of Collateral substantially similar to and no more restrictive on the Issuer and the Parent Guarantor than the provisions of the Indenture and the Security Documents relating to the Collateral and (iv) the Issuer and the Parent Guarantor deliver to the Trustee and the Collateral Agent an Opinion of Counsel and an Officer's Certificate with respect to compliance with the conditions stated in (i), (ii), and (iii) above and corporate and collateral matters in connection with the Security Documents relating to the Collateral in form and substance as set forth in such Security Documents. The Trustee and the Collateral Agent are permitted and authorized, without the consent of any Holder, to enter into any amendments to the Security Documents relating to the Collateral or the Indenture and take any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with this paragraph.

Except for certain Permitted Liens and the Permitted Pari Passu Secured Indebtedness, the Parent Guarantor and its Restricted Subsidiaries will not be permitted to issue or Incur any other Indebtedness secured by all or any portion of the Collateral without the consent of each Holder of the Notes then outstanding.

Intercreditor Agreement

On the Original Issue Date, the Trustee, on behalf of the Holders of the Notes, will enter into an intercreditor agreement (the "Intercreditor Agreement") with the Issuer, the Guarantors, the Collateral Agent and the trustee for the Old Notes with respect to the Collateral.

Under the Intercreditor Agreement, the holders of the Old Notes, the Notes and any Permitted Pari Passu Secured Indebtedness (or their representative) (collectively with the Trustee, the "Pari Passu Secured Parties") will appoint Citicorp Investment Bank (Singapore) Limited (or the successor Collateral Agent appointed under the Security Documents if such a successor has been appointed) to act as the Collateral Agent with respect to the Collateral, to exercise remedies (subject to the terms of the Indenture and any document governing Permitted Pari Passu Secured Indebtedness) in respect thereof upon the occurrence of an event of default under the Indenture and any document governing Permitted Pari Passu Secured Indebtedness, and to act as provided in the Intercreditor Agreement.

The Intercreditor Agreement will provide, among other things, that (i) the Pari Passu Secured Parties shall share equal priority and pro rata entitlement in and to the Collateral, (ii) the conditions under which the Pari Passu Secured Parties will consent to the release of or granting of any Lien on such Collateral and (iii) the conditions under which the Pari Passu Secured Parties will enforce their rights with respect to such Collateral and the Indebtedness secured thereby.

In connection with the Incurrence of any subsequent Permitted Pari Passu Secured Indebtedness, the holders of such Permitted Pari Passu Secured Indebtedness (or their representative) will (a) accede to the Intercreditor Agreement and become parties to it or (b) enter into another intercreditor agreement on substantially similar terms.

By accepting the Notes, each Holder shall be deemed to have consented to the execution of the Intercreditor Agreement and any supplements, amendments or modifications thereto.

Enforcement of Security

The first-priority Liens (subject to any Permitted Lien) securing the Notes and the Parent Guarantee of the Parent Guarantor will be granted to the Collateral Agent. Citicorp Investment Bank (Singapore) Limited will act as the initial Collateral Agent under the Security Documents to be entered into on the Original Issue Date. The Collateral Agent, subject to the Intercreditor Agreement with respect to the Collateral, will hold such Liens over the Collateral granted pursuant to the Security Documents with sole authority as directed by the Trustee or the written instructions of the Holders to exercise remedies under the Security Documents. The Collateral Agent will agree to act as secured party under the applicable Security Documents on behalf of the Holders, to follow the instructions provided to it under the Indenture, the Intercreditor Agreement and the Security Documents and the documents relating to any Permitted Pari Passu Secured Indebtedness, and to carry out certain other duties. The Trustee will give instructions to the Collateral Agent by itself or in accordance with instructions it receives from the Holders under the Indenture.

The Indenture and/or the Security Documents principally provide that, at any time while the Notes are outstanding, the Collateral Agent has the right, subject to the Intercreditor Agreement with respect to the Collateral, to perform and enforce the terms of the Security Documents relating to the Collateral and to exercise and enforce all privileges, rights and remedies thereunder according to its direction, including to take or retake control or possession of such Collateral and to hold, prepare for sale, process, lease, dispose of or liquidate such Collateral, including, without limitation, following the occurrence of an Event of Default under the Indenture.

The Intercreditor Agreement will provide that any Pari Passu Secured Party may instruct the Collateral Agent to enforce the Collateral and to deliver a notice of enforcement to the Issuer and the Parent Guarantor (such instructions, the "Enforcement Instructions") and that, in the absence of conflicting Enforcement Instructions, the Collateral Agent will take steps to enforce the Collateral in accordance with the terms of the Intercreditor Agreement. Upon receipt of an Enforcement Instruction from any Pari Passu Secured Party, the Collateral Agent will provide a copy of such Enforcement Instruction and notice of enforcement to the Issuer, the Parent Guarantor and the other Pari Passu Secured Parties, who will notify the holders of their respective indebtedness and seek instructions in respect of such Enforcement Instruction. In the absence of gross negligence or willful misconduct none of the Pari Passu Secured Parties will be responsible or liable to any person for failing to obtain or for failing to act upon conflicting instructions (if any) from their respective holders prior to enforcement of the Collateral by the Collateral Agent due to insufficient time. If (a) the Collateral Agent identifies a conflict (i) between the interests of the Pari Passu Secured Parties in connection with any Enforcement Instruction or (ii) in the event more than one Enforcement Instruction is issued, between those Enforcement Instructions and (b) the Collateral Agent believes in its sole discretion that the interests of the Pari Passu Secured Parties would be in conflict upon the exercise of those Enforcement Instructions, or that compliance with an Enforcement Instruction would cause the Collateral Agent to contravene another

Enforcement Instruction, the Collateral Agent shall notify each Pari Passu Secured Party in writing not more than five Business Days after it becomes aware of such conflict. In such cases, the Collateral Agent is not obligated to take any action if it identifies such conflict.

All payments received and all amounts held by the Collateral Agent in respect of the Collateral under the Security Documents will be applied as follows:

- *first*, to the Trustee, the Collateral Agent, the Agents (as defined below) and, in respect of the Collateral and to the extent applicable, to any representative of holders of any Permitted Pari Passu Secured Indebtedness, to the extent necessary to reimburse the Trustee, the Collateral Agent, the Agents and any such representative and their respective agents, delegates and any receivers for any fees and expenses (including reasonable expenses of counsel) incurred in connection with the collection or distribution of such amounts held or realized or in connection with fees and expenses (including reasonable expenses of counsel) incurred in enforcing all available remedies under the Security Documents and preserving the Collateral and all amounts for which the Trustee, the Collateral Agent, the Agents, any such representative and their respective agents, delegates and any receivers are entitled to indemnification under the Indenture and the Security Documents;
- *second*, to the Trustee for the benefit of the Holders and, if in respect of Collateral and to the extent applicable, holders of any Permitted Pari Passu Secured Indebtedness (or their representative for the benefit of such holders); and
- *third*, any surplus remaining after such payments will be paid to the Issuer or the Parent Guarantor or to whomever may be lawfully entitled thereto.

The Collateral Agent may decline to foreclose on the Collateral or exercise remedies available if it does not receive indemnification and/or security to its satisfaction. In addition, the Collateral Agent's ability to foreclose on the Collateral may be subject to lack of perfection, the consent of third parties and practical problems associated with the realization of the Collateral Agent's Liens on the Collateral. Neither the Trustee, the Collateral Agent nor any of their respective officers, directors, employees, attorneys or agents will be responsible or liable for the existence, genuineness, value or protection of any Collateral securing the Notes, for the legality, enforceability, effectiveness or sufficiency of the Security Documents, for the creation, perfection, continuation, priority, sufficiency or protection of any of the Liens, or for any defect or deficiency as to any such matters, or for any failure to demand, collect, foreclose or realize upon or otherwise enforce any of the Liens or Security Documents or any delay in doing so. The Collateral Agent will not be required to expend its own funds under any circumstances.

The Security Documents provide that the Issuer and the Parent Guarantor will indemnify the Collateral Agent for all liabilities, obligations, losses, damages, penalties, actions, judgments, suits, costs, expenses or disbursements of any kind imposed against the Collateral Agent arising out of the Security Documents except to the extent that any of the foregoing are finally judicially determined to have resulted from the gross negligence or willful misconduct of the Collateral Agent.

These provisions described in this section "— Enforcement of Security" shall be subject to any amendments to the Security Documents relating to the Collateral or the Indenture to permit the creation of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness in accordance with "— Permitted Pari Passu Secured Indebtedness" above.

Release of Collateral

Subject to the provisions of the Intercreditor Agreement with respect to the Collateral, the security created in respect of the Collateral granted under the Security Documents may be released in certain circumstances, including:

- upon repayment in full of the Notes; and
- upon a defeasance or satisfaction and discharge as described under "— Defeasance — Defeasance and Discharge" or "— Satisfaction and Discharge".

Brief Description of the Intercompany Loan

Following the repurchase of any Old Notes pursuant to the Tender Offer, the Issuer will transfer the remaining net proceeds from the offering of the Notes, after deducting underwriting discounts and other

estimated expenses related to the offering of the Notes, to Golden Mountain, by way of subscription of additional shares in the capital of Golden Mountain and/or grant of a shareholder loan to Golden Mountain, with the proceeds from the issuance of the Notes that have been applied to repurchase the Old Notes treated as a deemed contribution and/or loan to Golden Mountain. Golden Mountain will then on-lend an amount equal to the proceeds from the transfer (including amounts from the deemed contribution and/or loan from the Issuer to Golden Mountain) to the Parent Guarantor pursuant to the Intercompany Loan. The Parent Guarantor will use the amounts received pursuant to the Intercompany Loan as described under "Use of Proceeds".

The Intercompany Loan will rank equal in right of payment to all existing and future senior unsecured, unsubordinated obligations of the Parent Guarantor, except that the Intercompany Loan will be subordinated in right of payment to the Parent Guarantee and the Parent Guarantor's guarantee of the Old Notes. The Indenture also provides for limitations on amendments to the Intercompany Loan. See "— Amendments to or Prepayments of the Intercompany Loan". The Intercompany Loan will mature on the maturity date of the Notes. Golden Mountain intends to make dividend and other distributions to the Issuer using the interest payments it receives from the Parent Guarantor under the Intercompany Loan in order that the Issuer may make interest payments under the Notes as they become due.

In addition, Golden Mountain intends to make dividend and other distributions to the Issuer using the amount to be repaid by the Parent Guarantor under the Intercompany Loan on the maturity date in order that the Issuer may repay the principal and any other amounts payable under the Notes on the maturity date of the Notes.

Further Issues

Subject to the covenants described below and in accordance with the terms of the Indenture, the Issuer may, from time to time, without notice to or the consent of the Holders, create and issue Additional Notes having the same terms and conditions as the Notes (including the benefit of the Guarantees and the Collateral) in all respects (or in all respects except for the issue date, issue price and the date of the first payment of interest on them and, to the extent necessary, certain temporary securities law transfer restrictions) (a "Further Issue") so that such Additional Notes may be consolidated and form a single class with the previously outstanding Notes and vote together as one class on all matters with respect to the Notes; *provided* that the issuance of any such Additional Notes shall then be permitted under the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness" and the other provisions of the Indenture; and *provided further* that the Additional Notes will not be issued under the same CUSIP, ISIN or Common Code as the Notes unless such Additional Notes are fungible with the Notes for U.S. federal income tax purposes.

In addition, the issuance of any Additional Notes by the Issuer will be subject to the following conditions:

(1) all Obligations with respect to the Additional Notes shall be secured and guaranteed under the Indenture, the Notes and the Guarantees to the same extent and on the same basis as the Notes outstanding on the date the Additional Notes are issued; and

(2) the Parent Guarantor and the Issuer have delivered to the Trustee one or more Opinions of Counsel, in form and substance satisfactory to the Trustee, confirming, among other things, that the issuance of the Additional Notes does not conflict with applicable law.

Optional Redemption

At any time and from time to time on or after June 7, 2019, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to the percentage of principal amount set forth below, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date, if redeemed during the 12-month period commencing on June 7 of any year set forth below:

Period	Redemption Price
2019	104.125%
2020	102.0625%

At any time and from time to time prior to June 7, 2019, the Issuer may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Parent Guarantor in an Equity Offering at a redemption price of 108.25% of the principal amount of the Notes, plus accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date; *provided* that at least 65% of the aggregate principal amount of the Notes issued on the Original Issue Date

(excluding Notes held by the Parent Guarantor and its Restricted Subsidiaries) remains outstanding after each such redemption and any such redemption takes place within 60 days after the closing of the related Equity Offering. Notice of any redemption upon any Equity Offering may be given prior to the completion of such Equity Offering, and any such redemption or notice may, at the Issuer's discretion, be conditioned on the completion of the related Equity Offering.

At any time and from time to time prior to June 7, 2019, the Issuer may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of, and accrued and unpaid interest, if any, on the Notes redeemed, to (but not including) the redemption date.

The Issuer will give not less than 30 days' nor more than 60 days' notice of any redemption. If less than all of the Notes are to be redeemed, the Notes for redemption will be selected as follows:

- if the Notes are listed on any securities exchange or are held through any clearing system, in compliance with the requirements of the principal securities exchange on which the Notes are then traded or the clearing system through which the Notes are held; or
- if the Notes are not listed on any securities exchange and are not held through the clearing systems, on a pro rata basis, by lot or by such other method as the Trustee deems fair and appropriate in its sole discretion.

However, no Note of US$200,000 in principal amount or less will be redeemed in part. If any Note is to be redeemed in part only, the notice of redemption relating to such Note will state the portion of the principal amount to be redeemed. A new Note in principal amount equal to the unredeemed portion will be issued upon cancellation of the original Note. On and after the redemption date, interest will cease to accrue on Notes or portions of them called for redemption.

Repurchase of Notes Upon a Change of Control

Not later than 30 days following a Change of Control, the Issuer or the Parent Guarantor will make an Offer to Purchase all outstanding Notes (a "Change of Control Offer") at a purchase price equal to 101% of the principal amount thereof plus accrued and unpaid interest, if any, to (but not including) the Offer to Purchase Payment Date.

The Issuer and the Parent Guarantor have agreed in the Indenture that they will timely repay all Indebtedness or obtain consents as necessary under, or terminate, agreements or instruments that would otherwise prohibit a Change of Control Offer required to be made pursuant to the Indenture. Notwithstanding this agreement of the Issuer and the Parent Guarantor, it is important to note that if the Issuer or the Parent Guarantor is unable to repay (or cause to be repaid) all of the Indebtedness, if any, that would prohibit repurchase of the Notes or is unable to obtain the requisite consents of the holders of such Indebtedness, or terminate any agreements or instruments that would otherwise prohibit a Change of Control Offer, it would continue to be prohibited from purchasing the Notes. In that case, the failure by the Issuer or the Parent Guarantor to purchase tendered Notes would constitute an Event of Default under the Indenture.

Certain of the events constituting a Change of Control under the Notes may also constitute an event of default under certain other debt instruments (including the Existing Credit Facilities). Future debt of the Issuer or the Parent Guarantor may also (i) prohibit the Issuer or the Parent Guarantor from purchasing Notes in the event of a Change of Control, (ii) provide that a Change of Control is a default or (iii) require repurchase of such debt upon a Change of Control. Moreover, the exercise by the Holders of their right to require the Issuer or the Parent Guarantor to purchase the Notes could cause a default under such other Indebtedness, even if the Change of Control itself does not, due to the financial effect of the purchase on the Issuer or the Parent Guarantor. The ability of the Issuer or the Parent Guarantor to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Issuer's or the Parent Guarantor's then existing financial resources. There can be no assurance that sufficient funds will be available when necessary to make the required purchase of the Notes. See "Risk Factors — Risks Relating to the Notes, the Guarantees and the Collateral — The Issuer may not have the ability to raise the funds necessary to finance an offer to repurchase the Notes upon the occurrence of certain events constituting a change of control as required by the Indenture governing the Notes."

The definition of "Change of Control" includes a phrase "all or substantially all", as used with respect to the assets of the Parent Guarantor or the Issuer. No precise definition of the phrase has been established under applicable law, and the phrase will likely be interpreted under applicable law of the relevant jurisdictions based

on particular facts and circumstances. Accordingly, there may be a degree of uncertainty as to the ability of a Holder of Notes to require the Parent Guarantor or the Issuer to repurchase such Holder's Notes as a result of a sale of "all or substantially all" the assets of the Parent Guarantor or the Issuer to another person or group.

Notwithstanding anything to the contrary contained herein, an Offer to Purchase may be made in advance of a Change of Control, conditioned upon the consummation of such Change of Control, if a definitive agreement is in place for the Change of Control at the time the Change of Control Offer is made.

The Issuer and the Parent Guarantor will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to a Change of Control Offer. To the extent that the provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Issuer and the Parent Guarantor will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

Except as described above with respect to a Change of Control, the Indenture does not contain provisions that permit the Holders to require that the Issuer or the Parent Guarantor purchase or redeem the Notes in the event of a takeover, recapitalization or similar transaction.

Mandatory Redemption; Sinking Fund

There will be no mandatory redemption or sinking fund payments for the Notes.

Open Market Purchases

The Parent Guarantor, the Issuer and any other Restricted Subsidiary may purchase Notes by means other than a redemption, whether by tender offer, open market purchases, negotiated transactions or otherwise, in accordance with applicable securities laws and regulations, so long as such acquisition does not otherwise violate the terms of the Indenture or the Security Documents. The Parent Guarantor or the Issuer will notify the Registrar and the Transfer Agent in writing at the completion of any such open market purchases. Any Notes acquired by the Parent Guarantor, the Issuer or any Restricted Subsidiary will be cancelled.

Additional Amounts

All payments of principal of and premium (if any) and interest on the Notes and all payments under the Guarantees will be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer, a Surviving Person (as defined under the caption "— Consolidation, Merger and Sale of Assets") or an applicable Guarantor is organized or resident for tax purposes (each, as applicable, a "Relevant Tax Jurisdiction") or any jurisdiction from or through which payment is made (or any political subdivision or taxing authority thereof or therein) (together with the Relevant Tax Jurisdictions, the "Relevant Jurisdictions"), unless such withholding or deduction is required by law or by regulation or governmental policy having the force of law. In the event that any such withholding or deduction is so required, the Issuer, a Surviving Person or the applicable Guarantor, as the case may be, will make such deduction or withholding, make payment of the amount so withheld to the appropriate governmental authority and will pay such additional amounts ("Additional Amounts") as will result in receipt by the Holder of each Note of such amounts payable under the Notes or the Guarantees as would have been received by such Holder had no such withholding or deduction been required, except that no Additional Amounts will be payable:

(a) for or on account of:

(i) any tax, duty, assessment or other governmental charge that would not have been imposed but for:

(A) the existence of any present or former connection between the Holder or beneficial owner of such Note or Guarantee, as the case may be, and the Relevant Jurisdiction other than merely holding such Note or the receipt of payments thereunder or under a Guarantee, including such Holder or beneficial owner being or having been a national, domiciliary or resident of such Relevant Jurisdiction or treated as a resident thereof or being or having been physically present or engaged in a trade or business therein or having or having had a permanent establishment therein;

(B) the presentation of such Note (in cases in which presentation is required) more than 30 days after the later of the date on which the payment of the principal of, premium, if any, or interest on, such Note became due and payable pursuant to the terms thereof or was made or duly provided for, except to the extent that the Holder thereof would have been entitled to such Additional Amounts if it had presented such Note for payment on any date within such 30-day period;

(C) the failure of the Holder or beneficial owner to comply with a timely request of the Issuer, a Surviving Person or any Guarantor addressed to the Holder or beneficial owner, as the case may be, to provide information concerning such Holder's or beneficial owner's nationality, residence, identity or connection with any Relevant Jurisdiction, if and to the extent that due and timely compliance with such request would have reduced or eliminated any withholding or deduction as to which Additional Amounts would have otherwise been payable to such Holder or beneficial owner; or

(D) the presentation of such Note (in cases in which presentation is required) for payment in the Relevant Jurisdiction, unless such Note could not have been presented for payment elsewhere;

(ii) any estate, inheritance, gift, sale, transfer, personal property or similar tax, assessment or other governmental charge;

(iii) any withholding or deduction that is imposed or levied on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income or any law implementing or complying with, or introduced in order to conform to, such Directives;

(iv) is payable other than by deduction or withholding from payments made on or with respect to any Note;

(v) any withholding or deduction imposed on or in respect of any Note pursuant to the Foreign Account Tax Compliance Act provisions of the Hiring Incentives to Restore Employment Act ("FATCA"), the laws of any Relevant Jurisdiction implementing FATCA, or any agreement between the Issuer or any Guarantor and the United States or any authority thereof entered into for FATCA purposes;

(vi) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii), (iv) and (v); or

(b) to a Holder that is a fiduciary, partnership or person other than the sole beneficial owner of any payment to the extent that such payment would be required to be included for tax purposes in the income under the laws of a Relevant Jurisdiction, of a beneficiary or settlor with respect to the fiduciary, or a member of that partnership or a beneficial owner who would not have been entitled to such Additional Amounts had that beneficiary, settlor, partner, or beneficial owner been the Holder thereof.

As a result of these provisions, there are circumstances in which taxes could be withheld or deducted but Additional Amounts would not be payable to some or all beneficial owners of Notes.

Notwithstanding the foregoing, the limitations on the obligations of the Issuer, a Surviving Person or any Guarantor, as applicable, to pay Additional Amounts set forth in clause (a)(i)(C) above will not apply if the provision of any certification, identification, information, documentation or other reporting requirement described in such clause (a)(i)(C) would be materially more onerous, in form, in procedure or in the substance of information disclosed, to a Holder or beneficial owner of a Note than comparable information or other reporting requirements imposed under U.S. tax law, regulations and administrative practice (such as U.S. Internal Revenue Service Forms W-8BEN and W-9). For the avoidance of doubt, no Holder or beneficial owner of a Note shall have any obligation to establish eligibility for a reduced withholding tax rate under any income tax treaty.

At least 30 days prior to each date on which any payment under or with respect to the Notes is due and payable, if the Issuer, a Surviving Person or any Guarantor will be obligated to pay Additional Amounts with respect to such payment, the Issuer will deliver to the Trustee an Officer's Certificate stating the fact that such Additional Amounts will be payable and the amounts so payable and will set forth such other information necessary to enable the Paying Agent to pay such Additional Amounts to the Holders on such payment date.

Whenever there is mentioned in any context the payment of principal, premium or interest in respect of any Note or any Guarantee, such mention will be deemed to include payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof.

Redemption for Taxation Reasons

The Notes may be redeemed, at the option of the Issuer, the Parent Guarantor or a Surviving Person, as a whole but not in part, upon giving not less than 30 days' nor more than 60 days' notice to the Holders (which notice will be irrevocable), at a redemption price equal to 100% of the principal amount thereof, together with accrued and unpaid interest (including any Additional Amounts), if any, to the date fixed by the Issuer, the Parent Guarantor or the Surviving Person, as the case may be, for redemption (the "Tax Redemption Date") if, as a result of:

(1) any change in, or amendment to, the laws (or any regulations or rulings promulgated thereunder) of a Relevant Tax Jurisdiction affecting taxation; or

(2) any change in, or amendment to, an official position regarding the application or interpretation of such laws, regulations or rulings (including a holding, judgment or order by a court of competent jurisdiction),

which change or amendment is announced and becomes effective on or after the Original Issue Date with respect to any payment due or to become due under the Notes, the Indenture, the Intercompany Loan or a Guarantee (or, in the case of a Surviving Person or future Subsidiary Guarantor, the date such Person became a Surviving Person or Subsidiary Guarantor, as the case may be), the Issuer, a Guarantor or the Surviving Person, as the case may be, is, or on the next Interest Payment Date would be, required to pay Additional Amounts (or, in the case of any payment with respect to the Intercompany Loan, would be required to withhold or deduct any taxes, duties, assessments or governmental charges of whatever nature), and such requirement cannot be avoided by the taking of reasonable measures by the Issuer, such Guarantor or the Surviving Person, as the case may be; *provided* that changing the jurisdiction of the Issuer, a Guarantor or the Surviving Person is not a reasonable measure for the purposes of this section; *provided further* that no such notice of redemption will be given earlier than 90 days prior to the earliest date on which the Issuer, a Guarantor or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts (or, in the case of the Intercompany Loan, withhold or deduct such taxes, duties, assessments or governmental charges) if a payment in respect of the Notes (or on the Intercompany Loan, as applicable) were then due; *provided further* that where any such requirement to pay Additional Amounts (or withhold or deduct an amount from any payment with respect to the Intercompany Loan) is due to taxes of the Republic of Indonesia (or any political subdivision or taxing authority thereof or therein), this provision shall only have effect to permit the Notes to be redeemed in the event that the rate of withholding or deduction in respect of which Additional Amounts are required (or in respect of which withholding is required on payments on the Intercompany Loan) is in excess of 20.0%.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Issuer, a Guarantor or Surviving Person, as the case may be, will deliver to the Trustee at least 30 days but not more than 60 days before the Tax Redemption Date:

(1) an Officer's Certificate stating that such change or amendment referred to in the prior paragraph has occurred, describing the facts related thereto and stating that such requirement cannot be avoided by the Issuer, such Guarantor or such Surviving Person, as the case may be, by taking reasonable measures available to it; and

(2) an Opinion of Counsel of recognized standing, or an opinion of a tax consultant of international recognized standing, with respect to tax matters of the Relevant Tax Jurisdiction, stating that the requirement to pay such Additional Amounts results from such change or amendment referred to in the prior paragraph.

The Trustee will accept such certificate and opinion as conclusive evidence of the satisfaction of the conditions precedent described above, in which event it will be conclusive and binding on the Holders.

Any Notes that are redeemed will be cancelled.

Certain Covenants

Set forth below are summaries of certain covenants contained in the Indenture.

Limitation on Indebtedness

(a) The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness (including Acquired Indebtedness); *provided* that the Parent Guarantor, the Issuer, any Subsidiary Guarantor and any Finance Subsidiary may Incur Indebtedness (including Acquired Indebtedness), if, after giving effect to the Incurrence of such Indebtedness and the receipt and the application of the proceeds therefrom, (x) no Default has occurred and is continuing and (y) the Fixed Charge Coverage Ratio would be not less than 2.50 to 1.00. Notwithstanding the foregoing, the Parent Guarantor will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Parent Guarantor, the Issuer or a Subsidiary Guarantor so long as it is so held).

(b) Notwithstanding the foregoing, the Parent Guarantor and, to the extent provided below, the Issuer, any Subsidiary Guarantor or any other Restricted Subsidiary, may Incur each and all of the following ("Permitted Indebtedness"):

(1) Indebtedness of and letters of credit issued by the Parent Guarantor, the Issuer and any other Restricted Subsidiary (other than Golden Mountain or any FS Subsidiary) under Credit Facilities (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Issuer and the Guarantors thereunder) in an aggregate principal amount at any time outstanding not to exceed the greater of (x) US$150.0 million (or the Dollar Equivalent thereof) and (y) 25.0% of Total Assets;

(2) Indebtedness under the Notes to be issued on the Original Issue Date and the Guarantees thereof and Indebtedness under the Old Notes and the guarantees thereof by the Guarantors;

(3) Indebtedness of the Parent Guarantor, the Issuer or any other Restricted Subsidiary (other than Golden Mountain) outstanding on the Original Issue Date after giving effect to the application of the proceeds from the sale of the Notes, excluding Indebtedness permitted under clause (b)(1), (2) or (4) of this covenant;

(4) Indebtedness of the Parent Guarantor, the Issuer or any other Restricted Subsidiary owed to the Parent Guarantor, the Issuer or any other Restricted Subsidiary; *provided* that (x) any event which results in any such Restricted Subsidiary ceasing to be a Restricted Subsidiary or any subsequent transfer of such Indebtedness (other than to the Parent Guarantor, the Issuer or any Restricted Subsidiary) will be deemed, in each case, to constitute an Incurrence of such Indebtedness not permitted by this clause (b)(4), (y) if the Issuer or the Parent Guarantor is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes, in the case of the Issuer, or the Parent Guarantee, in the case of the Parent Guarantor and (z) if a Subsidiary Guarantor is the obligor on such Indebtedness and a Restricted Subsidiary that is not the Issuer or a Subsidiary Guarantor is the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Subsidiary Guarantee of such Subsidiary Guarantor;

(5) Indebtedness of the Parent Guarantor, the Issuer or any other Restricted Subsidiary ("Permitted Refinancing Indebtedness") issued in exchange for, or the net proceeds of which are used to refinance or refund, replace, exchange, renew, repay, defease, discharge or extend (collectively, "refinance" and "refinances" and "refinanced" shall have a correlative meaning), then-outstanding Indebtedness (or Indebtedness repaid substantially concurrently with the Incurrence of such Permitted Refinancing Indebtedness) Incurred under paragraph (a) or clause (b)(2), (b)(3), (b)(5) or (b)(10) of this covenant and any refinancings thereof; *provided* that (A) Indebtedness the proceeds of which are used to refinance or refund the Notes or Indebtedness that is *pari passu* with, or subordinated in right of payment to, the Notes or a Guarantee will only be permitted under this clause (b)(5) if (x) in case the Notes are refinanced in part or the Indebtedness to be refinanced is *pari passu* with the Notes or a Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to which such new Indebtedness is outstanding, is expressly made *pari passu* with the remaining Notes or such Guarantee, or (y) in case the Indebtedness to be refinanced is subordinated in right of payment to the Notes or a Guarantee, such new Indebtedness, by its terms or by the terms of any agreement or instrument pursuant to

which such new Indebtedness is issued or remains outstanding, is expressly made subordinate in right of payment to the Notes or such Guarantee at least to the extent that the Indebtedness to be refinanced is subordinated to the Notes or such Guarantee, (B) such new Indebtedness, determined as of the date of Incurrence of such new Indebtedness, does not mature prior to the Stated Maturity of the Indebtedness to be refinanced or refunded, and the Average Life of such new Indebtedness is at least equal to the remaining Average Life of the Indebtedness to be refinanced or refunded, (C) such new Indebtedness has an aggregate principal amount, or if Incurred with original issue discount, an aggregate issue price, that is equal to or less than the aggregate principal amount, or if Incurred with original issue account, the aggregate accreted value, then outstanding, plus premiums, accrued interest, underwriting discounts, costs (including any defeasance costs), fees and expenses under the Indebtedness being refinanced and (D) in no event may Indebtedness of the Issuer or any Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary (other than the Issuer or any Finance Subsidiary) that is not a Subsidiary Guarantor;

(6) Indebtedness Incurred by the Parent Guarantor, the Issuer or any other Restricted Subsidiary (other than Golden Mountain or any FS Subsidiary) pursuant to Hedging Obligations for the purpose of protecting the Parent Guarantor or any Restricted Subsidiary from fluctuations in interest rates, currencies or commodity prices and not for speculation;

(7) Indebtedness of the Parent Guarantor, the Issuer or any other Restricted Subsidiary (other than Golden Mountain or any FS Subsidiary) arising from agreements providing for indemnification, adjustment of purchase price, earn out or other similar obligations, or from guarantees or letters of credit, surety bonds or performance bonds securing any obligation of the Parent Guarantor or any Restricted Subsidiary pursuant to such agreements, in any case, Incurred in connection with the acquisition or disposition of any business, assets or Capital Stock of a Restricted Subsidiary, other than guarantees of Indebtedness Incurred by any Person acquiring all or any portion of such business, assets or Capital Stock of a Restricted Subsidiary for the purpose of financing such acquisition; *provided* that the maximum aggregate liability in respect of all such Indebtedness incurred in connection with a disposition shall at no time exceed the gross proceeds actually received by the Parent Guarantor or any Restricted Subsidiary from the disposition of such business, assets or Capital Stock of a Restricted Subsidiary;

(8) Indebtedness Incurred by the Parent Guarantor, the Issuer or any other Restricted Subsidiary arising from the honoring by a bank or other financial institution of a check, draft or similar instrument drawn against insufficient funds in the ordinary course of business; *provided* that such Indebtedness is extinguished within five Business Days of Incurrence;

(9) Indebtedness Incurred by the Parent Guarantor, the Issuer or any other Restricted Subsidiary constituting reimbursement obligations with respect to workers' compensation claims or claims arising under similar legislation, or in connection with self-insurance obligations or bid, performance or surety bonds, including guarantees or obligations of the Parent Guarantor or any Restricted Subsidiary thereof with respect to letters of credit supporting such bid, performance or surety bonds, in each case other than for an obligation for borrowed money;

(10) Indebtedness Incurred by the Parent Guarantor, the Issuer or any other Restricted Subsidiary (other than Golden Mountain or any FS Subsidiary), including Indebtedness represented by Capitalized Lease Obligations, mortgage financings or purchase money obligations, to finance all or any part of the purchase price (including adjustment of purchase price or similar obligations) or cost of construction, development, leasing, installation, improvement or expansion of property (real or personal), assets, machinery, plant or equipment (including through the acquisition of Capital Stock of any Person that owns such property (real or personal), assets, machinery, plant or equipment which will, upon such acquisition, become a Restricted Subsidiary) to be used in the Permitted Business; *provided* that (i) such Indebtedness shall be Incurred no later than 180 days after the acquisition, construction, development, leasing, installation, improvement or expansion of such property (real or personal), assets, machinery, plant or equipment and (ii) on the date of Incurrence of such Indebtedness and after giving effect thereto, the aggregate principal amount of Indebtedness Incurred pursuant to this clause (b)(10) at any time outstanding (together with refinancings thereof) shall not exceed the greater of (x) US$60.0 million (or the Dollar Equivalent thereof) and (y) 10.0% of Total Assets;

(11) guarantees by any Guarantor of Indebtedness of any other Guarantor, the Issuer or a Finance Subsidiary that was permitted to be Incurred by another provision of this covenant; *provided* that if the Indebtedness being guaranteed is subordinated to or *pari passu* with the Notes or a

Guarantee, then the guarantee shall be subordinated or *pari passu*, as applicable, to the same extent as the Indebtedness guaranteed;

(12) Indebtedness Incurred by the Parent Guarantor, the Issuer or any other Restricted Subsidiary constituting reimbursement obligations with respect to letters of credit, trade guarantees or similar instruments issued in the ordinary course of business to the extent that such letters of credit or trade guarantees are not drawn upon or, if drawn upon, to the extent such drawing is reimbursed no later than the 30 days following receipt by the Parent Guarantor or such Restricted Subsidiary of a demand for reimbursement;

(13) Indebtedness of a Finance Subsidiary that is guaranteed by the Parent Guarantor or any Subsidiary Guarantor to the extent the Parent Guarantor or such Subsidiary Guarantor was permitted to incur such Indebtedness under this covenant (other than under clause (b)(11) of this covenant); and

(14) any Shareholder Subordinated Loan.

(c) For purposes of determining compliance with this "— Limitation on Indebtedness" covenant, in the event that an item of Indebtedness meets the criteria of more than one of the types of Indebtedness described above, including under the proviso in the first sentence of paragraph (a) of this covenant, the Parent Guarantor, in its sole discretion, will classify and from time to time may reclassify, such item of Indebtedness and only be required to include the amount of such Indebtedness as one of such types and may apportion an item of Indebtedness among several such types; *provided* that Indebtedness under the Existing Credit Facilities outstanding on the Original Issue Date shall be deemed to be Incurred under clause (b)(1) of this covenant.

(d) The accrual of interest, the accretion or amortization of original issue discount, the payment of interest on any Indebtedness in the form of additional Indebtedness with the same terms, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles, and the payment of dividends on Disqualified Stock in the form of additional shares of the same class of Disqualified Stock will not be deemed to be an Incurrence of Indebtedness; *provided*, in each such case, that the amount of any such accrual, accretion or payment is included in the Consolidated Fixed Charges of the Parent Guarantor as accrued.

(e) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Parent Guarantor or any Restricted Subsidiary may incur pursuant to this covenant shall not be deemed to be exceeded solely as a result of fluctuations in exchange rates or currency values. For purposes of determining compliance with any U.S. dollar-denominated restriction on the incurrence of Indebtedness, the U.S. dollar equivalent principal amount of Indebtedness denominated in a foreign currency shall be calculated based on the relevant currency exchange rate in effect on the date such Indebtedness was incurred (or first committed, in the case of revolving credit debt); *provided*, that if such Indebtedness is incurred to refinance other Indebtedness denominated in a foreign currency, and such refinancing would cause the applicable U.S. dollar denominated restriction to be exceeded if calculated at the relevant currency exchange rate in effect on the date of such refinancing, such U.S. dollar-denominated restriction shall be deemed not to have been exceeded so long as the principal amount of such refinancing Indebtedness does not exceed the principal amount of such Indebtedness being refinanced. The principal amount of any Indebtedness incurred to refinance other Indebtedness, if incurred in a different currency from the Indebtedness being refinanced, shall be calculated based on the currency exchange rate applicable to the currencies in which such respective Indebtedness is denominated that is in effect on the date of such refinancing.

Anti-Layering

The Issuer will not Incur, and the Parent Guarantor will not and will not permit any Subsidiary Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Issuer, the Parent Guarantor or such Subsidiary Guarantor, as the case may be, unless such Indebtedness is also contractually subordinated in right of payment to the Notes or the applicable Guarantee, on substantially identical terms; *provided* that no Indebtedness will be deemed to be contractually subordinated in right of payment to any other Indebtedness of the Parent Guarantor, the Issuer, or any Subsidiary Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

Limitation on Restricted Payments

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, directly or indirectly (the payments or any other actions described in clauses (1) through (4) below being collectively referred to as "Restricted Payments"):

(1) declare or pay any dividend or make any distribution on or with respect to the Parent Guarantor's or any Restricted Subsidiary's Capital Stock (other than dividends or distributions payable or paid solely in shares of the Parent Guarantor's or any Restricted Subsidiary's Capital Stock (other than Disqualified Stock or Preferred Stock) or in options, warrants or other rights to acquire shares of such Capital Stock) held by Persons other than the Issuer, the Parent Guarantor or any Restricted Subsidiary;

(2) purchase, call for redemption or redeem, retire or otherwise acquire for value any shares of Capital Stock (or options, warrants or other rights to acquire such shares of Capital Stock) of the Parent Guarantor, any Restricted Subsidiary or any direct or indirect parent of the Parent Guarantor held by any Persons other than the Issuer, the Parent Guarantor or any Restricted Subsidiary;

(3) (a) make any voluntary or optional principal payment, or voluntary or optional redemption, repurchase, defeasance, or other acquisition or retirement for value, of Indebtedness that is subordinated in right of payment to the Notes or any Guarantee (excluding (i) the Intercompany Loan or (ii) any intercompany Indebtedness between or among the Parent Guarantor and any Restricted Subsidiary or among Restricted Subsidiaries) or (b) make any payment in respect of any Shareholder Subordinated Loan (other than any payments in the form of Shareholder Subordinated Loans); or

(4) make any Investment, other than a Permitted Investment,

if, at the time of, and after giving effect to, the proposed Restricted Payment:

(A) Default has occurred and is continuing or would occur as a result of such Restricted Payment;

(B) the Parent Guarantor could not Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption "— Limitation on Indebtedness;" or

(C) such Restricted Payment, together with the aggregate amount of all Restricted Payments made by the Parent Guarantor and its Restricted Subsidiaries after the Old Notes Original Issue Date (excluding the approximately US$8.0 million of dividends paid by the Parent Guarantor in July 2015) would exceed the sum (without duplication) of:

(i) 50% of the aggregate amount of the Consolidated Net Income of the Parent Guarantor (or, if the Consolidated Net Income is a loss, minus 100% of the amount of such loss) accrued on a cumulative basis during the period (taken as one accounting period) beginning on January 1, 2014 and ending on the last day of the Parent Guarantor's most recently ended fiscal quarter for which consolidated financial statements of the Parent Guarantor (which may be internal financial statements) are available at the time of such Restricted Payment; *plus*

(ii) 100% of the aggregate Net Cash Proceeds received by the Parent Guarantor after the Old Notes Original Issue Date as a capital contribution to its common equity or from the issuance and sale of its Capital Stock (other than Disqualified Stock) to a Person who is not a Subsidiary of the Parent Guarantor, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Parent Guarantor or any Restricted Subsidiary into Capital Stock (other than Disqualified Stock) of the Parent Guarantor, or (y) the exercise by a Person who is not a Subsidiary of the Parent Guarantor of any options, warrants or other rights to acquire Capital Stock of the Parent Guarantor (other than Disqualified Stock), in each case after deducting the amount of any such Net Cash Proceeds used to redeem, repurchase, defease or otherwise acquire or retire for value any Subordinated Indebtedness or Capital Stock of the Parent Guarantor; *provided* that this clause (C)(ii) shall not include proceeds from Excluded Contributions; *plus*

(iii) the amount by which Indebtedness of the Parent Guarantor or any Restricted Subsidiary is reduced on the Parent Guarantor's statement of financial position upon conversion or exchange (other than by a Subsidiary of the Parent Guarantor) subsequent to the Old Notes Original Issue Date of any Indebtedness of the Parent Guarantor or any Restricted Subsidiary into Capital Stock (other than Disqualified Stock) of the Parent Guarantor (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Parent Guarantor or such Restricted Subsidiary upon such conversion or exchange); *plus*

(iv) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the Old Notes Original Issue Date in any Person resulting from (a) payments of interest on Indebtedness, dividends or repayments of loans or advances by such Person, in each case to the Parent Guarantor or any Restricted Subsidiary (except, in each case, to the extent any such payment or proceeds are included in the calculation of Consolidated Net Income), (b) the unconditional release of a guarantee provided by the Parent Guarantor or any Restricted Subsidiary after the Old Notes Original Issue Date of an obligation of another Person, (c) the Net Cash Proceeds from the sale of any such Investment (except to the extent such Net Cash Proceeds are included in the calculation of Consolidated Net Income) or (d) from redesignations of Unrestricted Subsidiaries as Restricted Subsidiaries, not to exceed, in each case, the amount of Investments made by the Parent Guarantor or a Restricted Subsidiary after the Old Notes Original Issue Date in any such Person.

The foregoing provision will not be violated by reason of:

(1) the payment of any dividend or redemption of any Capital Stock within 120 days after the related date of declaration or call for redemption if, at said date of declaration or call for redemption, such payment or redemption would comply with the preceding paragraph;

(2) the redemption, repurchase, defeasance or other acquisition or retirement for value of Subordinated Indebtedness of the Parent Guarantor or any Subsidiary Guarantor with the Net Cash Proceeds of, or in exchange for, a substantially concurrent Incurrence of Permitted Refinancing Indebtedness;

(3) any Restricted Payment made in exchange for, or out of the Net Cash Proceeds of a substantially concurrent capital contribution to or sale (other than to a Subsidiary of the Parent Guarantor) of, shares of Capital Stock (other than Disqualified Stock) of the Parent Guarantor (or options, warrants or other rights to acquire such Capital Stock), other than proceeds from Excluded Contributions; *provided* that the amount of any such Net Cash Proceeds that are utilized for any such Restricted Payment will be excluded from clause (C)(ii) of the preceding paragraph;

(4) (x) the payment of any dividends or distributions declared, paid or made by a Restricted Subsidiary to, or (y) the redemption, repurchase, defeasance or other acquisition by a Restricted Subsidiary of any shares of its Capital Stock (including options, warrants or other rights to acquire such shares of Capital Stock) from, all holders of any class of Capital Stock of such Restricted Subsidiary, a majority of which is held, directly or indirectly through Restricted Subsidiaries, by the Parent Guarantor, in each case on a pro rata basis or on a basis more favorable to the Parent Guarantor;

(5) the redemption, purchase or other acquisition or retirement for value of any Capital Stock of the Parent Guarantor or any Restricted Subsidiary (or options, warrants or other rights to acquire such Capital Stock) held by any current or former officer, director, commissioner or employee of the Parent Guarantor or any direct or indirect parent entities or Restricted Subsidiaries (or any such Person's assigns, estate or heirs) pursuant to the repurchase provisions under any equity stock option or stock purchase agreement or other agreements to compensate employees and approved by the Board of Directors; *provided* that the aggregate price paid for all such redeemed, purchased, acquired or retired Capital Stock will not exceed US$2.0 million (or the Dollar Equivalent thereof) in any fiscal year;

(6) repurchases of Capital Stock deemed to occur upon the exercise of stock options, warrants or other rights to acquire Capital Stock to the extent such Capital Stock represents a portion of the exercise price thereof;

(7) cash payments in lieu of the issuance of fractional shares in connection with the exercise of warrants, options or other securities convertible or exchangeable for Capital Stock of the Parent Guarantor; *provided* that any such cash payment shall not be for the purpose of evading the limitations of this covenant;

(8) Restricted Payments in an aggregate amount that does not exceed the amount of Excluded Contributions made since the Old Notes Original Issue Date; or

(9) the making of any other Restricted Payment in an aggregate amount, together with all other Restricted Payments made under this clause (9), not exceeding US$15.0 million (or the Dollar Equivalent thereof),

provided that in the case of clause (2) above, no Default will have occurred and be continuing or would occur as a consequence of the actions or payments set forth therein.

Each Restricted Payment permitted pursuant to clauses (1) and (4) of the preceding paragraph made after the Original Issue Date will be included in calculating whether the conditions of clause (C) of the first paragraph of this "— Limitation on Restricted Payments" covenant have been met with respect to any subsequent Restricted Payments; *provided* that each Restricted Payment made pursuant to clauses (1) and (4) of the preceding paragraph will be included in such calculation only to the extent such Restricted Payments are made to Persons other than the Parent Guarantor or a Restricted Subsidiary. Each Restricted Payment made pursuant to clauses (2), (3), (5), (6), (7), (8) and (9) of the preceding paragraph will be excluded in calculating whether the conditions of clause (C) of the first paragraph of this "— Limitation on Restricted Payments" covenant have been met with respect to any subsequent Restricted Payments.

The amount of any Restricted Payments (other than cash) will be the Fair Market Value on the date of the Restricted Payment of the asset(s) or securities proposed to be transferred or issued by the Parent Guarantor or the Restricted Subsidiary, as the case may be, pursuant to the Restricted Payment. The value of any assets or securities that are required to be valued by this covenant will be the Fair Market Value. The Board of Directors' determination of the Fair Market Value of a Restricted Payment or any such assets or securities must be based upon an opinion or appraisal issued by an accounting, appraisal or investment banking firm of recognized standing if the Fair Market Value exceeds US$10.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US$10.0 million (or the Dollar Equivalent thereof), the Parent Guarantor will deliver to the Trustee an Officer's Certificate stating that such Restricted Payment is permitted and setting forth the basis upon which the calculations required by this "— Limitation on Restricted Payments" covenant were computed, together with a copy of any fairness opinion or appraisal required by the Indenture.

Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries

(a) Except as provided below, the Parent Guarantor will not, and will not permit any Restricted Subsidiary to, create or otherwise cause or permit to exist or become effective any consensual encumbrance or restriction on the ability of any Restricted Subsidiary to**:**

(1) pay dividends or make any other distributions on any Capital Stock of such Restricted Subsidiary owned by the Parent Guarantor or any other Restricted Subsidiary;

(2) pay any Indebtedness or other obligation owed to the Parent Guarantor or any other Restricted Subsidiary;

(3) make loans or advances to the Parent Guarantor or any other Restricted Subsidiary; or

(4) sell, lease or transfer any of its property or assets to the Parent Guarantor or any other Restricted Subsidiary;

provided that it being understood that (i) the priority of any Preferred Stock in receiving dividends or liquidating distributions prior to dividends or liquidating distributions being paid on Common Stock; (ii) the subordination of loans or advances made to the Parent Guarantor or any Restricted Subsidiary to other Indebtedness Incurred by the Parent Guarantor or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Parent Guarantor and any Restricted Subsidiary or between or among any Restricted Subsidiary to be on fair and reasonable terms or on an arm's length basis, in each case, shall not be deemed to constitute such an encumbrance or restriction.

(b) The provisions of paragraph (a) will not apply to any encumbrances or restrictions:

(1) existing in agreements as in effect on the Original Issue Date (including the Existing Credit Facilities and the Old Notes Indenture), or in the Notes, the Guarantees, the Indenture, the Security Documents and any extensions, refinancings, renewals, supplements, amendments or replacements of any of the foregoing agreements; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement are not materially more restrictive, taken as a whole, than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;

(2) existing under or by reason of applicable law, rule, regulation, license, concession, approval, decree or order issued by any government or any agency thereof;

(3) with respect to any Person or the property or assets of such Person acquired by the Parent Guarantor or any Restricted Subsidiary, existing at the time of such acquisition and not incurred in

contemplation thereof, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Person or the property or assets of such Person so acquired, and any extensions, refinancings, renewals, supplements, amendments or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement are not materially more restrictive, taken as a whole, than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;

(4) that otherwise would be prohibited by the provision described in clause (a)(4) of this covenant if they arise, or are agreed to in the ordinary course of business and that (x) restrict in a customary manner the subletting, assignment or transfer of any property or asset that is subject to a lease or license or similar instrument, (y) exist by virtue of any Lien on, or agreement to transfer, option or similar right with respect to, any property or assets of the Parent Guarantor or any Restricted Subsidiary not otherwise prohibited by the Indenture or (z) do not relate to any Indebtedness, and that do not, individually or in the aggregate, detract from the value of property or assets of the Parent Guarantor or any Restricted Subsidiary in any manner material to the Parent Guarantor or any Restricted Subsidiary;

(5) with respect to a Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the sale or disposition of all or substantially all of the Capital Stock of, or property and assets of, such Restricted Subsidiary that is permitted by the "— Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries", "— Limitation on Indebtedness" and "— Limitation on Asset Sales" covenants;

(6) with respect to any Permitted Refinancing Indebtedness; *provided* that the restrictions contained in the agreements governing such Permitted Refinancing Indebtedness are not materially more restrictive, taken as a whole, than those contained in the agreements governing the Indebtedness being refinanced;

(7) with respect to any Restricted Subsidiary and imposed pursuant to an agreement that has been entered into for the Incurrence of Indebtedness permitted to be Incurred under the covenant described under the caption "— Limitation on Indebtedness" if, as determined by the Board of Directors in good faith, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially or adversely affect the ability of the Issuer or the Parent Guarantor to make required payments on the Notes or the Parent Guarantee;

(8) restrictions on cash or other deposits or net worth imposed by customers under contracts entered into in the ordinary course of business;

(9) existing with respect to any Unrestricted Subsidiary or the property or assets of such Unrestricted Subsidiary that is designated as a Restricted Subsidiary in accordance with the terms of the Indenture at the time of such designation and not incurred in contemplation of such designation, which encumbrances or restrictions are not applicable to any Person or the property or assets of any Person other than such Subsidiary or its subsidiaries or the property or assets of such Subsidiary or its subsidiaries, and any extensions, refinancings, renewals, supplements or amendments or replacements thereof; *provided* that the encumbrances and restrictions in any such extension, refinancing, renewal, supplement, amendment or replacement, taken as a whole, are no more restrictive in any material respect than those encumbrances or restrictions that are then in effect and that are being extended, refinanced, renewed, supplemented, amended or replaced;

(10) arising from provisions in joint venture agreements and other similar agreements entered into in the ordinary course of business if, as determined by the Board of Directors in good faith, the encumbrances or restrictions are (i) customary for such types of agreements and (ii) would not, at the time agreed to, be expected to materially or adversely affect the ability of the Issuer or the Parent Guarantor to make required payments on the Notes or the Parent Guarantee; or

(11) existing in agreements governing any Permitted Pari Passu Secured Indebtedness; *provided* that the encumbrances and restrictions in any such Permitted Pari Passu Secured Indebtedness are not materially more restrictive, taken as a whole, than those encumbrances and restrictions in the Indenture, the Notes and the Security Documents.

Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries

The Issuer and the Parent Guarantor will not sell, and the Parent Guarantor will not permit any Restricted Subsidiary, directly or indirectly, to issue or sell, any shares of Capital Stock of a Restricted Subsidiary (or options, warrants or other rights to purchase shares of such Capital Stock) except:

(a) to the Parent Guarantor, the Issuer or a Restricted Subsidiary;

(b) to the extent such Capital Stock represents director's qualifying shares or is required by applicable law to be held by a Person other than the Parent Guarantor or a Restricted Subsidiary;

(c) the issuance or sale of the shares of Capital Stock of a Restricted Subsidiary (other than the Issuer or Golden Mountain) if, immediately after giving effect to such issuance or sale, such Restricted Subsidiary would no longer constitute a Restricted Subsidiary and any remaining Investment in such Person would have been permitted to be made under the "— Limitation on Restricted Payments" covenant if made on the date of such issuance or sale and if permitted under, and made in accordance with, the "— Limitation on Asset Sales" covenant; and

(d) the issuance or sale of Capital Stock of a Restricted Subsidiary (other than the Issuer or Golden Mountain) which remains a Restricted Subsidiary after any such issuance or sale; *provided* that the Parent Guarantor or such Restricted Subsidiary applies the Net Cash Proceeds of such issuance or sale in accordance with the "— Limitation on Asset Sales" covenant.

Notwithstanding the foregoing, a Restricted Subsidiary may issue Common Stock to its shareholders on a pro rata basis or on a basis more favorable to the Parent Guarantor or its other Restricted Subsidiaries.

Limitation on Issuances of Guarantees by Restricted Subsidiaries

The Parent Guarantor will not permit any Restricted Subsidiary which is not a Subsidiary Guarantor, directly or indirectly, to provide any guarantee for any Indebtedness ("Guaranteed Indebtedness") of the Parent Guarantor or any other Restricted Subsidiary, unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary and (b) such Restricted Subsidiary waives and will not in any manner whatsoever claim, or take the benefit or advantage of, any rights of reimbursement, indemnity or subrogation or any other rights against the Parent Guarantor or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its Subsidiary Guarantee until the Notes have been paid in full.

If the Guaranteed Indebtedness (A) ranks *pari passu* in right of payment with the Notes or any Guarantee, then the guarantee of such Guaranteed Indebtedness shall rank *pari passu* in right of payment with, or subordinated to, the Guarantee or (B) is subordinated in right of payment to the Notes or any Guarantee, then the guarantee of such Guaranteed Indebtedness shall be subordinated in right of payment to the Guarantee at least to the extent that the Guaranteed Indebtedness is subordinated to the Notes or the Guarantee.

Additional Subsidiary Guarantors

The Parent Guarantor will cause each of its future Restricted Subsidiaries (other than (i) any such Restricted Subsidiary if the guarantee by such Restricted Subsidiary of the payment of the Notes could reasonably be expected to give rise to or result in any conflict with or violation of applicable law (or risk of criminal liability for the officers, directors, commissioners, managers or shareholders of such Restricted Subsidiary) and such conflict, violation or criminal liability cannot be avoided or otherwise prevented through measures reasonably available to the Parent Guarantor and (ii) any Finance Subsidiary for so long as it is and remains a Finance Subsidiary and any FS Subsidiary so long as it is and remains a FS Subsidiary), within 30 days of it becoming a Restricted Subsidiary, to execute and deliver a supplemental indenture to the Indenture providing for an unsubordinated Subsidiary Guarantee of payment of the Notes by such Restricted Subsidiary.

Limitation on Transactions with Shareholders and Affiliates

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, directly or indirectly, enter into, renew or extend any transaction or arrangement (including the purchase, sale, lease or exchange of property or assets, or the rendering of any service) with (a) any holder (or any Affiliate of such holder) of 10% or more of any class of Capital Stock of the Parent Guarantor or (b) any Affiliate of the Parent Guarantor (each an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Parent Guarantor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length transaction by the Parent Guarantor or the relevant Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Parent Guarantor or such Restricted Subsidiary; and

(2) the Parent Guarantor delivers to the Trustee:

(A) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$5.0 million (or the Dollar Equivalent thereof), a Board Resolution set forth in an Officer's Certificate certifying that such Affiliate Transaction complies with this covenant and such Affiliate Transaction has been approved by a majority of the disinterested members of the Board of Directors; and

(B) with respect to any Affiliate Transaction or series of related Affiliate Transactions involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), in addition to the Board Resolution required in clause (2)(A) above, an opinion issued by an accounting, appraisal or investment banking firm of recognized standing stating either (i) that such Affiliate Transaction is, or series of related Affiliate Transactions are, fair to the Parent Guarantor or such Restricted Subsidiary from a financial point of view or (ii) that the terms of such Affiliate Transaction is, or series of related Affiliate Transactions are, not materially less favorable to the Parent Guarantor or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's length transaction by the Parent Guarantor or such Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Parent Guarantor or such Restricted Subsidiary.

The foregoing limitation does not limit, and will not apply to:

(1) the payment of reasonable and customary regular fees to directors of the Parent Guarantor or any Restricted Subsidiary who are not employees of the Parent Guarantor or any Restricted Subsidiary;

(2) transactions or payments pursuant to any employment, compensation or benefit plan or agreement (whether based in cash or securities), officer or director indemnification agreement, severance or termination agreement or any similar arrangement entered into by the Parent Guarantor or any Restricted Subsidiary with their respective officers, directors or employees and payments pursuant thereto, including the payment of reasonable fees and reimbursement of expenses, in each case in the ordinary course of business;

(3) transactions between or among the Parent Guarantor and any of its Wholly Owned Restricted Subsidiaries or between or among Wholly Owned Restricted Subsidiaries;

(4) any Restricted Payment permitted by the covenant described under the caption "— Limitation on Restricted Payments";

(5) transactions or payments pursuant to any employee, officer or director compensation or benefit plans or arrangements entered into in the ordinary course of business, approved by the Board of Directors and in compliance with the listing rules of the Indonesian Stock Exchange;

(6) transactions with clients, contractors, purchasers or suppliers of goods or services or lessors or lessees, in each case in the ordinary course of business and that are fair or on terms at least as favorable as arm's length as determined in good faith by the Board of Directors;

(7) transactions with a Person (other than an Unrestricted Subsidiary of the Parent Guarantor) that is an Affiliate of the Parent Guarantor solely because the Parent Guarantor, directly or indirectly, owns Capital Stock in, or controls, such Person or solely because the Parent Guarantor or one of its Subsidiaries has the right to designate one or more members of the Board of Directors or similar governing body of such Person;

(8) any Shareholder Subordinated Loan;

(9) any agreement between any Person (other than a Person that is an Affiliate of the Parent Guarantor or acquired from an Affiliate of the Parent Guarantor) that is acquired by or merged into the Parent Guarantor or any of its Restricted Subsidiaries and an Affiliate of the Parent Guarantor existing at the time of such acquisition or merger; *provided* that such agreement was not entered into in contemplation of such acquisition or merger;

(10) any sale of Capital Stock (other than Disqualified Stock) of the Parent Guarantor; and

(11) loans or advances to, or guarantees of obligations of, directors, commissioners, officers or employees of the Parent Guarantor or a Restricted Subsidiary in the ordinary course of business not to exceed US$2.0 million (or the Dollar Equivalent thereof) in the aggregate at any one time outstanding.

In addition, the requirements of clause (2) of the first paragraph of this covenant will not apply to (i) transactions pursuant to agreements in effect on the Original Issue Date, or any amendment or modification or replacement thereof, so long as such amendment, modification or replacement is not more disadvantageous to the Parent Guarantor and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (ii) any transaction between or among any of the Parent Guarantor or a Wholly Owned Restricted Subsidiary and any Restricted Subsidiary that is not a Wholly Owned Restricted Subsidiary or between or among Restricted Subsidiaries that are not Wholly Owned Restricted Subsidiaries; *provided* that in the case of clause (ii), (a) such transaction is entered into in the ordinary course of business and (b) none of the minority shareholders or minority partners (if any) of or in such Restricted Subsidiary is a Person described in clauses (a) or (b) of the first paragraph of this covenant (other than by reason of such minority shareholder or minority partner being an officer or director of such Restricted Subsidiary), (iii) any transaction between or among the Parent Guarantor, the Issuer or Golden Mountain permitted under the Indenture, or (iv) any Permitted Investment (other than a Permitted Investment of the type described in clause (1)(b) of the definition of "Permitted Investment").

To the extent a fairness or arm's length opinion issued by an accounting, appraisal or investment banking firm of recognized standing is required in respect of any Affiliate Transaction or series of Affiliate Transactions by the rules of the Otoritas Jasa Keuangan, the delivery of such opinion to the Trustee shall satisfy the requirements of clause (2)(B) of the first paragraph of this "— Limitation on Transactions with Shareholders and Affiliates" covenant.

Limitation on Liens

The Parent Guarantor will not, and the Parent Guarantor will not permit any of its Restricted Subsidiaries to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on the Collateral (other than Permitted Liens).

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, directly or indirectly, incur, assume or permit to exist any Lien of any nature whatsoever on any of its assets or properties of any kind, whether owned at the Original Issue Date or thereafter acquired, except Permitted Liens, unless the Notes are secured equally and ratably with (or, if the obligation or liability to be secured by such Lien is subordinated in right of payment to the Notes or any Guarantee, senior in priority to) the obligation or liability so secured for so long as such obligation or liability is so secured by such Lien.

Limitation on Sale and Leaseback Transactions

The Parent Guarantor and the Issuer will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Parent Guarantor or the Issuer may enter into a Sale and Leaseback Transaction if:

(a) the Parent Guarantor could have (1) Incurred Indebtedness in an amount equal to the Attributable Indebtedness relating to such Sale and Leaseback Transaction under the covenant described under the caption "— Limitation on Indebtedness" and (2) incurred a Lien to secure such Indebtedness pursuant to the covenant described under the caption "— Limitation on Liens", in which case, the corresponding Indebtedness and Lien will be deemed incurred pursuant to those provisions;

(b) the gross cash proceeds of that Sale and Leaseback Transaction are at least equal to the Fair Market Value of the property that is the subject of such Sale and Leaseback Transaction; and

(c) the transfer of assets in that Sale and Leaseback Transaction is permitted by, and the Parent Guarantor applies, to the extent required, the proceeds of such transaction in compliance with, the covenant described under the caption "— Limitation on Asset Sales".

Limitation on Asset Sales

The Issuer and the Parent Guarantor will not, and the Parent Guarantor will not permit any Restricted Subsidiary to, consummate any Asset Sale (other than an Event of Loss), unless:

(a) the consideration received by the Parent Guarantor or such Restricted Subsidiary, as the case may be, is at least equal to the Fair Market Value of the assets sold or disposed of;

(b) at least 75% of the consideration received consists of cash, Temporary Cash Investments or Replacement Assets; *provided* that in the case of an Asset Sale in which the Parent Guarantor or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$10.0 million (or the Dollar Equivalent thereof), the Parent Guarantor shall deliver to the Trustee an opinion as to the fairness to the Parent Guarantor or such Restricted Subsidiary of such Asset Sale from a financial point of view issued by an accounting, appraisal or investment banking firm of recognized standing. For purposes of this provision, each of the following will be deemed to be cash:

(A) any liabilities, as shown on the Parent Guarantor's most recent consolidated statement of financial position, of the Parent Guarantor or any Restricted Subsidiary (other than contingent liabilities and liabilities that are by their terms subordinated to the Notes or any Guarantee) that are assumed by the transferee of any such assets pursuant to a customary assumption, assignment, novation or similar agreement that irrevocably and unconditionally releases the Parent Guarantor or such Restricted Subsidiary from further liability; and

(B) any securities, notes or other obligations received by the Parent Guarantor or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Parent Guarantor or such Restricted Subsidiary into cash, to the extent of the cash received in that conversion.

Within 360 days after the receipt of any Net Cash Proceeds from an Asset Sale, the Parent Guarantor (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

(1) repay Senior Indebtedness (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) of the Parent Guarantor and the Restricted Subsidiaries (in each case other than Indebtedness owed to the Parent Guarantor or an Affiliate of the Parent Guarantor); or

(2) acquire Replacement Assets.

Pending application of such Net Cash Proceeds as set forth in the preceding paragraph, the Parent Guarantor (or applicable Restricted Subsidiary) may use such Net Cash Proceeds to make an Investment in cash or Temporary Cash Investments or to temporarily reduce revolving credit Indebtedness.

The amount of such Net Cash Proceeds from Asset Sales required to be applied during such 360-day period as set forth in the second preceding paragraph and not applied as so required by the end of such period shall constitute "Excess Proceeds". Within 10 days after the aggregate amount of Excess Proceeds totals at least US$10.0 million (or the Dollar Equivalent thereof), the Parent Guarantor or the Issuer must commence and consummate an Offer to Purchase from the Holders and holders of Senior Indebtedness containing provisions similar to those set forth in the Indenture with respect to offers to purchase with the proceeds of sales of assets, the maximum principal amount of Notes and such Senior Indebtedness that may be purchased out of the Excess Proceeds. The offer price in any such Offer to Purchase will be equal to 100% of the principal amount (or accreted value, if applicable) of the Notes and such Senior Indebtedness plus accrued and unpaid interest, if any, to the date of purchase, subject to the rights of Holders of Notes on the relevant record date to receive interest on the relevant interest payment date, and will be payable in cash. If the aggregate principal amount of Notes and Senior Indebtedness tendered into such Offer to Purchase exceeds the amount of Excess Proceeds, the Notes and such Senior Indebtedness will be purchased on a pro rata basis based on the principal amount tendered. To the extent that any Excess Proceeds remain after consummation of an Offer to Purchase pursuant to this "Limitation on Asset Sales" covenant, the Parent Guarantor or any Restricted Subsidiary may use those Excess Proceeds for any purpose not otherwise prohibited by the Indenture, and those Excess Proceeds shall no longer constitute "Excess Proceeds".

The Parent Guarantor and the Issuer will comply with the requirements of Rule 14e-1 under the Exchange Act and any other securities laws and regulations thereunder to the extent those laws and regulations are applicable in connection with each repurchase of Notes pursuant to an Offer to Purchase. To the extent that the

provisions of any securities laws or regulations conflict with the provisions of the covenant described hereunder, the Parent Guarantor and the Issuer will comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations described hereunder by virtue of its compliance with such laws and regulations.

Limitation on the Parent Guarantor's Business Activities

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, directly or indirectly, engage in any business other than a Permitted Business; *provided*, that the Parent Guarantor or any Restricted Subsidiary (other than Golden Mountain) may own Capital Stock of an Unrestricted Subsidiary, joint venture or other Person that is engaged in a business other than a Permitted Business as long as any Investment therein was not prohibited when made by the covenant described under the caption "— Limitation on Restricted Payments".

Limitation on the Activities of the Issuer

Notwithstanding anything contained in the Indenture to the contrary, the Issuer will not engage in any business activity or undertake any other activity, except any activity (a) relating to the offering, sale or issuance of the Notes (including Additional Notes) and the incurrence of Indebtedness represented by the Notes or any Additional Notes issued under the Indenture, (b) relating to the Incurrence of other Indebtedness permitted by the Indenture (and in connection with which the Issuer transfers the proceeds thereof as provided in the following clause (c)), (c) transferring the proceeds of debt issuances under clause (a) or (b) to Golden Mountain, whether as a contribution as share premium on new or existing shares in the capital of Golden Mountain or otherwise, (d) undertaken with the purpose of fulfilling any obligations under the Indebtedness referred to in clauses (a) and (b) or the Indenture, the Security Documents or any future indenture, credit agreement or similar agreement related to such Indebtedness or for purposes of a consent solicitation or tender for such Indebtedness or refinancing of such Indebtedness or (e) directly related to the establishment and/or maintenance of the corporate existence of the Issuer or any Restricted Subsidiary to which proceeds of debt issuances under clauses (a) or (b) are transferred.

The Issuer will not (a) issue any Capital Stock other than the issuance of its ordinary shares to the Parent Guarantor or (b) acquire or receive any property or assets (including any Capital Stock or Indebtedness of any Person), other than (x) the Capital Stock or Indebtedness of Golden Mountain, and (y) cash for ongoing activities of the Issuer described in the preceding paragraph.

The Issuer will at all times remain a Wholly Owned Restricted Subsidiary of the Parent Guarantor.

In the event that the Issuer is the obligor on Indebtedness owed to Golden Mountain, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Notes.

Whenever the Issuer receives a dividend or distribution on the Capital Stock of Golden Mountain, it shall use all or substantially all of the funds received solely to satisfy its obligations (to the extent of the amount owing in respect of such obligations) described in (a) and (b) of the first paragraph of this covenant.

For so long as any Notes are outstanding, none of the Issuer, Golden Mountain or the Parent Guarantor will commence or take any action to cause a winding-up or liquidation of the Issuer or Golden Mountain except that the Issuer may be wound up or liquidated subsequent to a merger, consolidation or transfer of assets conducted in accordance with the first paragraph of the covenant described under the caption "— Consolidation, Merger and Sale of Assets".

Amendments to or Prepayments of the Intercompany Loan

Following the repurchase of any Old Notes pursuant to the Tender Offer, the Issuer will transfer the remaining net proceeds from the offering of the Notes, after deducting underwriting discounts and other estimated expenses related to the offering of the Notes, to Golden Mountain. Such net proceeds will be on-lent to the Parent Guarantor and pursuant to the Intercompany Loan. The Intercompany Loan will be subordinated in right of payment to the Parent Guarantee and the Parent Guarantor's guarantee of the Old Notes.

Without the consent of the Holders of at least a majority in aggregate principal amount of the Notes then outstanding, the Issuer and the Parent Guarantor will not, and will not permit any Restricted Subsidiary to, (i) prepay or otherwise reduce or permit the prepayment or reduction of the Intercompany Loan or (ii) amend,

modify or alter the Intercompany Loan in any manner adverse to the Holders; *provided* that, without the consent of all Holders of the Notes, the Issuer and the Parent Guarantor will not, and will not permit any Restricted Subsidiary to, amend, modify or alter the Intercompany Loan to:

(1) change the Stated Maturity of the Intercompany Loan;

(2) change the currency for payment of principal or interest on the Intercompany Loan; or

(3) reduce the above-stated percentage of Notes the consent of whose holders is necessary to modify or amend the Intercompany Loan.

Notwithstanding the foregoing, without the consent of any Holder of Notes, the Intercompany Loan may be amended waived or modified solely (x) to provide for the issuance of Additional Notes or to facilitate or otherwise accommodate or reflect a redemption, repurchase, exchange or refinancing of outstanding Notes in accordance with the terms of the Indenture or through any tender offer, exchange offer or open market purchases and, in each case, cancellation of the Notes, (y) to reduce any withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed or levied by or within any jurisdiction in which the Issuer or the Parent Guarantor is organized or resident for tax purposes; *provided* that in the case of clause (y), prior to such amendment, the Issuer or the Parent Guarantor will deliver to the Trustee an Opinion of Counsel or an opinion of a tax consultant of recognized standing that such amendment to the Intercompany Loan will reduce such withholding or deduction or (z) to conform to an amendment, waiver or modification of the Indenture, the Notes or the Security Documents or to reflect a consolidation, merger or sale of assets permitted by the covenant described under the caption "Consolidation, Merger and Sale of Assets".

The Issuer and the Parent Guarantor will not, and will not permit Golden Mountain to, sell or otherwise transfer the Intercompany Loan or to directly or indirectly, incur, assume or permit to exist any Lien on the Intercompany Loan (other than as set forth under Permitted Liens).

Maintenance of Insurance

The Parent Guarantor will, and will cause each Restricted Subsidiary, to maintain insurance with reputable and financially sound carriers against such risks and in such amounts as is customarily carried by similar companies engaged in a similar business to the Permitted Business in the jurisdictions in which the Parent Guarantor or such Restricted Subsidiary conducts its businesses.

Designation of Restricted and Unrestricted Subsidiaries

The Board of Directors may designate any Restricted Subsidiary (other than the Issuer or Golden Mountain) to be an Unrestricted Subsidiary; *provided* that (a) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (b) neither the Parent Guarantor nor any Restricted Subsidiary guarantees the Indebtedness or other liabilities of such Restricted Subsidiary; (c) such Restricted Subsidiary has no outstanding Indebtedness that could trigger a cross-default to the Indebtedness of the Parent Guarantor or any other Restricted Subsidiary; (d) such Restricted Subsidiary does not own any Disqualified Stock of the Parent Guarantor or Disqualified Stock or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Parent Guarantor or any Restricted Subsidiary, if such Disqualified Stock or Preferred Stock or Indebtedness could not be Incurred under the covenant described under "— Limitation on Indebtedness" or such Lien would violate the covenant described under "— Limitation of Liens;" (e) such Restricted Subsidiary does not own any Voting Stock of another Restricted Subsidiary, and all of its Subsidiaries are Unrestricted Subsidiaries or are being concurrently designated as Unrestricted Subsidiaries in accordance with this paragraph; and (f) the Investment deemed to have been made thereby in such newly-designated Unrestricted Subsidiary and each other newly-designated Unrestricted Subsidiary being concurrently redesignated would be permitted to be made by the covenant described under the caption "— Limitation on Restricted Payments".

The Board of Directors may designate any Unrestricted Subsidiary to be a Restricted Subsidiary; *provided* that (a) no Default shall have occurred and be continuing at the time of or after giving effect to such designation; (b) any Indebtedness of such Unrestricted Subsidiary outstanding at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation would be permitted to be Incurred by the covenant described under the caption "— Limitation on Indebtedness;" (c) any Lien on the property of such Unrestricted Subsidiary at the time of such designation which will be deemed to have been Incurred by such newly-designated Restricted Subsidiary as a result of such designation

would be permitted to be Incurred by the covenant described under the caption "— Limitation on Liens;" (d) such Unrestricted Subsidiary is not a Subsidiary of another Unrestricted Subsidiary (that is not concurrently being designated as a Restricted Subsidiary); and (e) such Restricted Subsidiary, if required to Guarantee the Notes under the covenant described under "Additional Subsidiary Guarantors" or "— Limitation on Issuances of Guarantees by Restricted Subsidiaries", will upon such designation execute and deliver to the Trustee a supplemental indenture to the Indenture by which such Restricted Subsidiary will become a Subsidiary Guarantor. All designations must be evidenced by a Board Resolution and an Officer's Certificate delivered to the Trustee certifying compliance with the preceding provisions.

Golden Mountain will at all times remain a Wholly Owned Subsidiary of the Issuer and a Restricted Subsidiary of the Parent Guarantor.

Use of Proceeds

The Parent Guarantor will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes, in any amount, for any purpose other than (a) for the purposes specified under the caption "Use of Proceeds" in this Offering Memorandum and (b) pending application of all of such net proceeds in such manner, to invest the portion of such net proceeds not yet so applied in cash or Temporary Cash Investments or to temporarily reduce revolving credit Indebtedness.

Government Approvals and Licenses; Compliance with Law

The Issuer and the Parent Guarantor will, and the Parent Guarantor will cause each Restricted Subsidiary to, (a) obtain and maintain in full force and effect all governmental approvals, authorizations, consents, permits, concessions and licenses as are necessary to engage in the Permitted Business, (b) preserve and maintain good and valid title to its properties and assets free and clear of any Liens other than Permitted Liens and (c) comply with all laws, regulations, orders, judgments and decrees of any governmental body, except to the extent that failure so to obtain, maintain, preserve and comply would not reasonably be expected to have a material adverse effect on (1) the business, results of operations or prospects of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, or (2) the ability of the Issuer, the Parent Guarantor or any Subsidiary Guarantor to perform their obligations under the Notes, the relevant Guarantee or the Indenture.

Suspension of Certain Covenants

If on any date following the date of the Indenture, the Notes have a rating of Investment Grade from two of the Rating Agencies and no Default or Event of Default has occurred and is continuing (a "Suspension Event"), then, beginning on that day and continuing until such time, if any, at which the Notes cease to have a rating of Investment Grade from two of the Rating Agencies, the provisions of the Indenture summarized under the following captions will be suspended:

(1) "— Certain Covenants — Limitation on Indebtedness;"

(2) "— Certain Covenants — Limitation on Restricted Payments;"

(3) "— Certain Covenants — Limitation on Dividend and Other Payment Restrictions Affecting Restricted Subsidiaries;"

(4) "— Certain Covenants — Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries;"

(5) "— Certain Covenants — Limitation on Issuances of Guarantees by Restricted Subsidiaries;"

(6) clauses (a)(1) and (c) of the covenant described under the caption "— Certain Covenants — Limitation on Sale and Leaseback Transactions;"

(7) "— Certain Covenants — Limitation on Asset Sales;"

(8) clause (c) of the second paragraph and clause (C) of the third paragraph of the covenant described under the caption "Consolidation, Merger and Sale of Assets;"

(9) "— Certain Covenants — Maintenance of Insurance;"

(10) "— Certain Covenants — Anti-Layering;" and

(11) "— Certain Covenants — Limitation on the Parent Guarantor's Business Activities".

During any period that the foregoing covenants have been suspended, the Board of Directors may not designate any Restricted Subsidiary as an Unrestricted Subsidiary pursuant to the covenant described under the caption "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" or the definition of "Unrestricted Subsidiary".

Such covenants will be reinstated and apply according to their terms as of and from the first day on which a Suspension Event ceases to be in effect. Such covenants will not, however, be of any effect with regard to actions of the Parent Guarantor, the Issuer or any Restricted Subsidiary properly taken in compliance with the provisions of the Indenture during the continuance of the Suspension Event, and following reinstatement the calculations under the covenant described under the caption "— Certain Covenants — Limitation on Restricted Payments" will be made as if such covenant had been in effect since the date of the Indenture except that no Default will be deemed to have occurred solely by reason of a Restricted Payment made while that covenant was suspended. There can be no assurance that the Notes will ever achieve an Investment Grade Rating or that, if achieved, any such rating will be maintained.

Provision of Financial Statements and Reports

(a) So long as any of the Notes remain outstanding, the Parent Guarantor will file with the Trustee and the Trustee shall at the expense of the Parent Guarantor furnish to the Holders upon request, as soon as they are available but in any event not more than ten calendar days after they are filed with the Indonesia Stock Exchange or any other national stock exchange on which the Parent Guarantor's Common Stock is at any time listed for trading, true and correct copies of any financial or other report in the English language (and an English translation of any financial or other report in any other language) filed with such exchange; *provided* that, if at any time the Common Stock of the Parent Guarantor ceases to be listed for trading on the Indonesia Stock Exchange or any other national stock exchange, the Parent Guarantor will file with the Trustee and the Trustee shall at the expense of the Parent Guarantor furnish to the Holders in the English language (or accompanied by an English translation thereof):

(1) as soon as they are available, but in any event within 120 calendar days after the end of each fiscal year of the Parent Guarantor, annual reports containing, and in a level of detail that is comparable in all material respects to that included in this Offering Memorandum, the following information: (i) audited consolidated statements of financial position of the Parent Guarantor as of the end of the two most recent fiscal years and audited consolidated statements of comprehensive income and statements of cash flows of the Parent Guarantor for the two most recent fiscal years, including complete footnotes to such financial statements and the audit report of a member firm of an internationally recognized firm of independent accountants on the financial statements; (ii) an operating and financial review of the audited financial statements, including a discussion of the results of operations, financial condition, EBITDA (as presented in the section entitled "Summary" of this Offering Memorandum) and liquidity and capital resources of the Parent Guarantor, and a discussion of material recent developments and material commitments and contingencies and critical accounting policies; and (iii) description of the business, management and shareholders of the Parent Guarantor (on a consolidated basis);

(2) as soon as they are available, but in any event within 90 calendar days after the end of the first semi-annual fiscal period of the Parent Guarantor, semi-annual reports of the Parent Guarantor containing the following information: (i) an unaudited condensed consolidated statement of financial position as of the end of such semi-annual fiscal period and unaudited condensed consolidated statements of income and statements of cash flow of the Parent Guarantor for the most recent semi-annual fiscal period ending on the unaudited condensed consolidated statement of financial position date, and the comparable prior year period, reviewed by a member firm of an internationally-recognized firm of independent accountants, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Parent Guarantor to the effect that such financial statements present fairly the financial position of the Parent Guarantor as at the end of, and the results of its operations for, such semi-annual fiscal period and (ii) an operating and financial review of the unaudited financial statements, including a discussion of the results of operations, financial condition, EBITDA (as presented in this Offering Memorandum) and liquidity and capital resources of the Parent Guarantor, and a discussion of material recent developments and material commitments and contingencies and critical accounting policies since the most recent annual report; and

(3) as soon as they are available, but in any event within 60 calendar days after the end of each of the first and third fiscal quarters of the Parent Guarantor, quarterly reports of the Parent Guarantor containing an unaudited condensed consolidated statement of financial position as of the end of such fiscal quarter and unaudited condensed consolidated statements of comprehensive income and statements of cash flow of the Parent Guarantor for the most recent fiscal quarter ending on the unaudited condensed consolidated statement of financial position date, and the comparable prior year period, prepared on a basis consistent with the audited financial statements of the Parent Guarantor, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Parent Guarantor to the effect that such financial statements present fairly the financial position of the Parent Guarantor as at the end of, and the results of its operations for, the relevant quarterly period.

(b) In addition, so long as any of the Notes remain outstanding, the Parent Guarantor will provide to the Trustee (1) within 120 days after the close of each fiscal year, an Officer's Certificate stating (i) the Fixed Charge Coverage Ratio with respect to the four most recent fiscal quarters and showing in reasonable detail the calculation of the Fixed Charge Coverage Ratio, including the arithmetic computations of each component of the Fixed Charge Coverage Ratio, with a certificate from the Parent Guarantor's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided* that the Parent Guarantor shall not be required to provide such auditor certification if its external auditors refuse as a general policy to provide such certification and (ii) that a review has been conducted of the activities of the Parent Guarantor and the Restricted Subsidiaries and their performance under the Indenture, the Security Documents and the Notes, and that the Parent Guarantor and the Issuer have fulfilled all obligations thereunder or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof; and (2) as soon as possible and in any event within 10 days after the Parent Guarantor becomes aware of the occurrence of a Default and/or an Event of Default, an Officer's Certificate of the Parent Guarantor setting forth the details thereof and the action the Parent Guarantor is taking or proposes to take with respect thereto.

At any time that any of the Parent Guarantor's Subsidiaries are Unrestricted Subsidiaries and any such Unrestricted Subsidiary or group of Unrestricted Subsidiaries, if taken together as one Subsidiary, constitutes a Significant Subsidiary of the Parent Guarantor, then the annual, semi-annual and quarterly financial information required by clauses (a)(1), (a)(2) and (a)(3) above shall include a summary presentation, either on the face of the financial statements or in the footnotes thereto or in the operating and financial review of the financial statements of the revenue, EBITDA (as presented in the section entitled "Summary" of this Offering Memorandum), net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense of such Unrestricted Subsidiaries.

Furthermore, the Issuer and the Parent Guarantor have agreed that, for so long as any Notes are "restricted securities" within the meaning of Rule 144(a)(3) under the Securities Act, during any period in which neither the Issuer nor the Parent Guarantor is subject to Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended (the "Exchange Act"), nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, the Issuer or the Parent Guarantor, as the case may be, will supply to (i) any Holder or beneficial owner of a Note or (ii) a prospective purchaser of a Note or a beneficial interest therein designated by such Holder or beneficial owner, the information specified in, and meeting the requirements of Rule 144A(d)(4) under the Securities Act upon the request of any Holder or beneficial owner of a Note.

Events of Default

The following events will be defined as "Events of Default" in the Indenture:

(a) default in the payment of principal of (or premium, if any, on) the Notes when the same becomes due and payable at maturity, upon acceleration, redemption or otherwise;

(b) default in the payment of interest on any Note when the same becomes due and payable, and such default continues for a period of 30 consecutive days;

(c) (x) the Parent Guarantor or any Restricted Subsidiary defaults in the performance or breach of the provisions of the covenants described under the captions "— Consolidation, Merger and Sale of Assets", (y) the Parent Guarantor and the Issuer fail to make or consummate an Offer to Purchase in the manner described under the captions "— Repurchase of Notes upon a Change of Control"

or "— Certain Covenants — Limitation on Asset Sales" or (z) the Issuer fails to create a first priority Lien on the Collateral (subject to any Permitted Liens and the Intercreditor Agreement) in accordance with the provisions described under "— Security";

(d) the Parent Guarantor or any Restricted Subsidiary defaults in the performance of or breaches any other covenant or agreement in the Indenture or under the Notes (other than a default specified in clause (a), (b) or (c) above) and such default or breach continues for a period of 30 consecutive days after written notice by the Trustee or the Holders of 25% or more in aggregate principal amount of the Notes then outstanding;

(e) there occurs with respect to (x) any Indebtedness of the Parent Guarantor or any Restricted Subsidiary having an outstanding principal amount of US$10.0 million (or the Dollar Equivalent thereof) or more in the aggregate for all such Indebtedness of all such Persons, whether such Indebtedness now exists or will hereafter be created or (y) any Shareholder Subordinated Loan, (1) an event of default that has caused the holder thereof to declare such Indebtedness to be due and payable prior to its Stated Maturity and/or (2) a failure to pay principal of, or interest or premium (subject to the applicable grace period in the relevant documents) on, such Indebtedness when the same becomes due;

(f) one or more final judgments or orders for the payment of money are rendered against the Parent Guarantor or any Restricted Subsidiary and are not paid or discharged, and there is a period of 60 consecutive days following entry of the final judgment or order that causes the aggregate amount for all such final judgments or orders outstanding and not paid or discharged against all such Persons to exceed US$10.0 million (or the Dollar Equivalent thereof) (in excess of amounts that reputable insurance carriers have agreed in writing to pay under applicable policies) during which a stay of enforcement, by reason of a pending appeal or otherwise, is not in effect;

(g) an involuntary case or other proceeding is commenced against the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) with respect to it or its debts under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect seeking the appointment of a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or for any substantial part of the property and assets of the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) and such involuntary case or other proceeding remains undismissed and unstayed for a period of 60 consecutive days; or an order for relief is entered against the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) under any applicable bankruptcy, insolvency or other similar law as now or hereafter in effect;

(h) the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) (1) commences a voluntary case under any applicable bankruptcy, insolvency or other similar law now or hereafter in effect, or consents to the entry of an order for relief in an involuntary case under any such law, (2) consents to the appointment of or taking possession by a receiver, liquidator, assignee, custodian, trustee, sequestrator or similar official of the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or for all or substantially all of the property and assets of the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary) or (3) effects any general assignment for the benefit of creditors;

(i) any Guarantor denies or disaffirms in writing its obligations under its Guarantee or any Guarantee is finally determined in any judicial proceeding by a court of competent jurisdiction to be unenforceable or invalid or will for any reason cease to be in full force and effect, or the Issuer or any Guarantor repudiates the Indenture, the Notes or any Guarantee in writing, except as permitted by the Indenture;

(j) a moratorium is agreed or declared in respect of any Indebtedness of the Issuer or any Guarantor or any governmental authority shall take any action to condemn, seize, nationalize or appropriate all or a substantial part of the assets of the Issuer or any Guarantor;

(k) the capital and/or currency exchange controls in place in the Republic of Indonesia on the Original Issue Date shall be modified or amended in a manner that prevents the Issuer or any Guarantor from performing its payment obligations under the Indenture, the Notes or any Guarantee;

(l) the entire issued share capital of the Issuer ceases to be wholly owned, directly or indirectly, by the Parent Guarantor or the entire issued share capital of Golden Mountain ceases to be wholly owned, directly or indirectly, by the Issuer;

(m) it becomes unlawful for the Issuer or any Guarantor to perform or comply with any of its obligations under or in respect of the Indenture, the Notes or any Guarantee in any material respect;

(n) any default by the Issuer, the Parent Guarantor or Golden Mountain in the performance of any of its obligations under the Security Documents that adversely affects the enforceability, validity, perfection or priority of the applicable Lien on the Collateral or that adversely affects the condition or value of the Collateral, taken as a whole, in any material respect; or

(o) (i) the Issuer, the Parent Guarantor or Golden Mountain denies or disaffirms in writing its obligations under any Security Document or (ii) other than in accordance with the Indenture and the Security Documents, any Security Document ceases to be or is not in full force and effect or the Collateral Agent ceases to have a first-priority Lien over the Collateral (subject to any Permitted Liens and the Intercreditor Agreement).

If an Event of Default (other than an Event of Default specified in clause (g) or (h) above) occurs and is continuing under the Indenture, the Trustee or the Holders of at least 25% in aggregate principal amount of the Notes, then outstanding, by written notice to the Issuer (and to the Trustee if such notice is given by the Holders), may, and the Trustee at the written request of such Holders will (subject to the Trustee being indemnified and/or secured to its satisfaction), declare the principal of, premium, if any, and accrued and unpaid interest on the Notes to be immediately due and payable. Upon a declaration of acceleration, such principal of, premium, if any, and accrued and unpaid interest will be immediately due and payable. If an Event of Default specified in clause (g) or (h) above occurs with respect to the Parent Guarantor or any Significant Subsidiary (or any group of Restricted Subsidiaries that, taken together, would constitute a Significant Subsidiary), the principal of, premium, if any, and accrued and unpaid interest on the Notes then outstanding will automatically become and be immediately due and payable without any declaration or other act on the part of the Trustee or any Holder.

The Holders of at least a majority in principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee (subject to the Trustee being indemnified and/or secured to its satisfaction by such Holders), may on behalf of all Holders waive all past defaults and rescind and annul a declaration of acceleration and its consequences if:

(x) all existing Events of Default, other than the non-payment of the principal of, premium, if any, and interest on the Notes that have become due solely by such declaration of acceleration, have been cured or waived; and

(y) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Upon such waiver, the Default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

If an Event of Default occurs and is continuing, the Trustee may pursue, in its own name or as trustee of an express trust, any available remedy by proceeding at law or in equity to collect the payment of principal of and interest on the Notes or to enforce the performance of any provision of the Notes, the Indenture or the Security Documents. The Trustee or the Collateral Agent may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding. In addition, if an Event of Default occurs and is continuing, the Trustee may, and shall upon written direction of the Holders of at least 25% in aggregate principal amount of outstanding Notes (subject to being indemnified and/or secured to its satisfaction), (i) give the Collateral Agent a written notice of the occurrence of such continuing Event of Default and (ii) instruct, subject to the provisions of the Intercreditor Agreement, the Collateral Agent in accordance with the terms of the Indenture and the Security Documents to foreclose on the Collateral in accordance with the terms of the Indenture and the Security Documents and take such further action on behalf of the Holders with respect to the Collateral as the Trustee deems appropriate. See "— Security".

The Holders of at least a majority in aggregate principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or the Collateral Agent or exercising any trust or power conferred on the Trustee or the Collateral Agent, subject to the Intercreditor Agreement, if applicable. However, the Trustee and the Collateral Agent may refuse to follow any

direction that conflicts with law, the Indenture or the Security Documents that may involve the Trustee or the Collateral Agent, as the case may be, in personal liability, or that may be unduly prejudicial to the rights of Holders not joining in the giving of such direction and may take any other action it deems proper that is not inconsistent with any such direction received from Holders. In addition, the Trustee will not be required to expend its own funds in following such direction if has not been provided with indemnification or security satisfactory to it.

A Holder may not pursue any remedy with respect to the Indenture or the Notes, unless:

(1) the Holder has previously given the Trustee written notice of a continuing Event of Default;

(2) the Holders of at least 25% in aggregate principal amount of outstanding Notes make a written request to the Trustee to pursue the remedy;

(3) such Holder or Holders offer the Trustee indemnity and/or security reasonably satisfactory to the Trustee against any costs, liability or expense to be incurred in compliance with such written request;

(4) the Trustee does not comply with the request within 60 days after receipt of the request and the offer of indemnity and/or security; and

(5) during such 60-day period, the Holders of a majority in aggregate principal amount of the outstanding Notes do not give the Trustee a written direction that is inconsistent with the request.

However, such limitations do not apply to the contractual right of any Holder to receive payment of the principal of, premium, if any, or interest, and Additional Amounts, if any, on, such Note or to bring suit for the enforcement of any such payment, on or after the due date expressed in the Notes, which contractual right will not be impaired or affected without the consent of the Holder.

An officer of the Parent Guarantor must certify to the Trustee in writing, on or before a date not more than 120 days after the end of each fiscal year, that a review has been conducted of the activities of the Parent Guarantor and its Restricted Subsidiaries and the Parent Guarantor's and its Restricted Subsidiaries' performance under the Indenture, the Security Documents and the Notes and that the Parent Guarantor and the Issuer have fulfilled all obligations thereunder, or, if there has been a default in the fulfillment of any such obligation, specifying each such default and the nature and status thereof. The Parent Guarantor will also be obligated to notify the Trustee in writing of any default or defaults in the performance of any covenants or agreements under the Indenture as soon as possible and in any event within 10 days after the Parent Guarantor becomes aware of the occurrence of such default. See "— Provision of Financial Statements and Reports". None of the Trustee, the Collateral Agent or any Agent shall be deemed to have knowledge of a Default or Event of Default unless and until it obtains actual knowledge of such Default or Event of Default through written notification of such Default or Event of Default and setting forth the details thereof.

Consolidation, Merger and Sale of Assets

The Issuer will not consolidate with, merge with or into, another Person (other than the Parent Guarantor), permit any Person to merge with or into it, or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its properties and assets (as an entirety or substantially an entirety in one transaction or a series of related transactions) to any Person (other than the Parent Guarantor); *provided* that, in the event the Issuer so consolidates with, merges with or into, the Parent Guarantor or sells, conveys, transfers, leases or otherwise disposes of all or substantially all of its properties and assets to the Parent Guarantor, the Parent Guarantor immediately after such transaction, will (a) assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Issuer under the Indenture and the Notes, which shall remain in full force and effect (other than the covenant described under the caption "Limitation on the Activities of the Issuer") and (b) deliver to the Trustee an Officer's Certificate and an Opinion of Counsel, in each case stating that such transaction and such supplemental indenture complies with this provision and that all conditions precedent provided for herein relating to such transaction have been complied with.

The Parent Guarantor will not consolidate with, or merge with or into, another Person, permit any Person to merge with or into it or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions), unless:

(a) the Parent Guarantor will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets (the "Surviving Person")

will be a corporation organized and validly existing under the laws of Indonesia and will expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of the Parent Guarantor under the Indenture, the Notes, the Parent Guarantee and the Security Documents, as the case may be, and the Indenture, the Notes, the Parent Guarantee and the Security Documents, as the case may be, will remain in full force and effect;

(b) immediately after giving effect to such transaction on a *pro forma* basis, no Default will have occurred and be continuing;

(c) immediately after giving effect to such transaction on a *pro forma* basis, the Parent Guarantor or the Surviving Person, as the case may be, could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness;"

(d) the Parent Guarantor delivers to the Trustee (1) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clause (c) of this paragraph) and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and such supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with;

(e) each Subsidiary Guarantor, unless such Subsidiary Guarantor is the Person with which the Parent Guarantor has entered into a transaction described under this covenant, shall execute and deliver a supplemental indenture to the Indenture confirming that its Subsidiary Guarantee shall apply to the obligations of the Parent Guarantor or the Surviving Person in accordance with the Notes and the Indenture; and

(f) no Rating Decline will have occurred.

No Subsidiary Guarantor will consolidate with, merge with or into, another Person, permit any Person to merge with or into it or sell, convey, transfer, lease or otherwise dispose of all or substantially all of its and its Restricted Subsidiaries' properties and assets (computed on a consolidated basis) (as an entirety or substantially an entirety in one transaction or a series of related transactions) to another Person (other than the Parent Guarantor or another Subsidiary Guarantor), unless:

(A) such Subsidiary Guarantor will be the continuing Person, or the Person (if other than it) formed by such consolidation or merger or that acquired or leased such property and assets will be the Parent Guarantor or another Subsidiary Guarantor or will become a Subsidiary Guarantor concurrently with the transaction, and such Person shall expressly assume, by a supplemental indenture to the Indenture, executed and delivered to the Trustee, all the obligations of such Subsidiary Guarantor under the Indenture, the Notes and the Subsidiary Guarantee, as the case may be, including the obligation to pay Additional Amounts, and the Indenture, the Notes and the Subsidiary Guarantee, as the case may be, shall remain in full force and effect;

(B) immediately after giving effect to such transaction on a *pro forma* basis, no Default will have occurred and be continuing;

(C) immediately after giving effect to such transaction on a *pro forma* basis, the Parent Guarantor could Incur at least US$1.00 of Indebtedness under the proviso in the first sentence of paragraph (a) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness";

(D) the Issuer or the Parent Guarantor delivers to the Trustee (1) an Officer's Certificate (attaching the arithmetic computations to demonstrate compliance with clause (C) of this paragraph) and (2) an Opinion of Counsel, in each case stating that such consolidation, merger or transfer and the relevant supplemental indenture complies with this provision and that all conditions precedent provided for in the Indenture relating to such transaction have been complied with; and

(E) no Rating Decline will have occurred,

provided that this paragraph will not apply to (a) any sale or other disposition that complies with the "— Certain Covenants — Limitation on Asset Sales" covenant or any Subsidiary Guarantor whose Subsidiary Guarantee is unconditionally released in accordance with the provisions of the Indenture and (b) a consolidation or merger of any Subsidiary Guarantor with and into the Parent Guarantor or any other Subsidiary Guarantor, so long as the Parent Guarantor or such Subsidiary Guarantor survives such consolidation or merger.

The requirements of clause (c) of the second paragraph of this covenant will not apply to any consolidation, or other combination or merger, of the Parent Guarantor into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Parent Guarantor or changing the legal form of the Parent Guarantor.

Although there is a limited body of case law interpreting the phrase "substantially all", there is no precise established definition of the phrase under applicable law. Accordingly, in certain circumstances there may be a degree of uncertainty as to whether a particular transaction would involve "all or substantially all" of the property or assets of a Person.

The foregoing provisions would not necessarily afford Holders protection in the event of highly-leveraged or other transactions involving the Parent Guarantor that may adversely affect Holders.

No Payments for Consents

The Parent Guarantor will not, and will not permit any of its Subsidiaries to, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any Holder for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, unless such consideration is offered to be paid or is paid to all Holders that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to such consent, waiver or amendment.

Notwithstanding the foregoing, in any offer or payment of consideration for, or as an inducement to, any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes, the Parent Guarantor and any of its Restricted Subsidiaries may exclude (a) in connection with an exchange offer, holders or beneficial owners of the Notes that are not "qualified institutional buyers" as defined in Rule 144A under the Securities Act, and (b) in connection with any consent, waiver or amendment, holders or beneficial owners of the Notes in any jurisdiction where the inclusion of such holders or beneficial owners would require the Parent Guarantor or any of its Restricted Subsidiaries to (i) file a registration statement, prospectus or similar document or subject the Parent Guarantor or any of its Restricted Subsidiaries to ongoing periodic reporting or similar requirements under any securities laws (including but not limited to, the United States federal securities laws and the laws of the European Union or its member states), (ii) qualify as a foreign corporation or other entity as a dealer in securities in such jurisdiction if it is not otherwise required to so qualify, (iii) generally consent to service of process in any such jurisdiction or (iv) subject the Parent Guarantor or any of its Restricted Subsidiaries to taxation in any such jurisdiction if it is not otherwise so subject, or the solicitation of such consent, waiver or amendment from, or the granting of such consent or waiver, or the approval of such amendment by, holders or beneficial owners in such jurisdiction would be unlawful, in each case as determined by the Parent Guarantor in its sole discretion.

Defeasance

Defeasance and Discharge

The Indenture will provide that the Issuer will be deemed to have paid and will be discharged from any and all obligations in respect of the Notes on the 183rd day after the deposit referred to below, and the provisions of the Indenture and the Security Documents will no longer be in effect with respect to the Notes (except for, among other matters, certain obligations to register the transfer or exchange of the Notes, to replace stolen, lost or mutilated Notes, to maintain paying agencies and to hold monies for payment in trust) if, among other things:

(a) the Issuer has (1) deposited with the Trustee, in trust, money and/or U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes and (2) delivered to the Trustee an Opinion of Counsel or a certificate of an internationally recognized firm of independent accountants to the effect that the amount deposited by the Issuer is sufficient to provide payment for the principal of, premium, if any, and accrued interest on, the Notes on the Stated Maturity of such payment in accordance with the terms of the Indenture and the Notes and an Opinion of Counsel to the effect that the Holders have a valid, perfected, exclusive security in the trust;

(b) the Issuer has delivered to the Trustee (1) either (x) an Opinion of Counsel of recognized international standing with respect to U.S. federal tax laws which is based on a change in applicable U.S. federal

income tax law occurring after the Original Issue Date to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of the Issuer's exercise of its option under this "— Defeasance and Discharge" provision and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same time as would have been the case if such deposit, defeasance and discharge had not occurred or (y) a ruling directed to the Trustee received from the U.S. Internal Revenue Service to the same effect as the aforementioned Opinion of Counsel and (2) an Opinion of Counsel of recognized international standing to the effect that the creation of the defeasance trust does not violate the U.S. Investment Company Act of 1940, as amended, and after the passage of 183 days following the deposit, the trust fund will not be subject to the effect of Section 547 of the United States Bankruptcy Code or Section 15 of the New York Debtor and Creditor Law;

(c) the Issuer shall have delivered to the Trustee an Officer's Certificate stating that the deposit was not made by it with the intent of preferring the Holders over any other of its creditors or with the intent of defeating, hindering, delaying or defrauding any other of its creditors or others;

(d) immediately after giving effect to such deposit on a *pro forma* basis, no Event of Default, or event that after the giving of notice or lapse of time or both would become an Event of Default, will have occurred and be continuing on the date of such deposit or during the period ending on the 183rd day after the date of such deposit, and such defeasance will not result in a breach or violation of, or constitute a default under, any other agreement or instrument to which the Parent Guarantor or any Restricted Subsidiary is a party or by which the Parent Guarantor or any Restricted Subsidiary is bound; and

(e) the Issuer must deliver to the Trustee an Officer's Certificate acceptable to the Trustee and an Opinion of Counsel, each stating that all conditions precedent relating to such defeasance have been complied with.

In case of either discharge or defeasance of the Notes, the Subsidiary Guarantees will terminate.

Defeasance of Certain Covenants

The Indenture will further provide that the provisions of the Indenture will no longer be in effect with respect to clauses (c), (d)(1) and (e) under the second paragraph and clauses (C), (D)(1) and (E) under the third paragraph under "— Consolidation, Merger and Sale of Assets" and all the covenants described herein under "— Certain Covenants" other than as described under "— Certain Covenants — Anti-Layering", clause (c) under "— Events of Default" with respect to such clauses (c), (d)(1) and (e) under the second paragraph and clauses (C), (D)(1) and (E) under the third paragraph under "— Consolidation, Merger and Sale of Assets" and with respect to the other events set forth in such clause, clause (d) under "— Events of Default" with respect to such other covenants and clauses (e) and (f) under "— Events of Default" will be deemed not to be Events of Default upon, among other things, the deposit with the Trustee, in trust, of money, U.S. Government Obligations or a combination thereof that through the payment of interest and principal in respect thereof in accordance with their terms will provide money in an amount sufficient to pay the principal of, premium, if any, Additional Amounts, if any, and accrued interest on the Notes on the Stated Maturity of such payments in accordance with the terms of the Indenture and the Notes, the satisfaction of the provisions described in clause (b)(2), (c) and (e) under "— Defeasance and Discharge" above and the delivery by the Issuer to the Trustee of an Opinion of Counsel of recognized international standing with respect to U.S. federal income tax matters to the effect that beneficial owners will not recognize income, gain or loss for U.S. federal income tax purposes as a result of such deposit and defeasance of certain covenants and Events of Default and will be subject to U.S. federal income tax on the same amounts and in the same manner and at the same times as would have been the case if such deposit and defeasance had not occurred.

Defeasance and Certain Other Events of Default

If in the event the Issuer exercises its option to omit compliance with certain covenants and provisions of the Indenture with respect to the Notes as described in the immediately preceding paragraph and the Notes are declared due and payable because of the occurrence of an Event of Default that remains applicable, the amount of money and/or U.S. Government Obligations on deposit with the Trustee will be sufficient to pay amounts due on the Notes at the time of their Stated Maturity but may not be sufficient to pay amounts due on the Notes at the time of the acceleration resulting from such Event of Default. However, the Issuer and the Guarantors under the Indenture will remain liable for such payments.

Amendments and Waiver

Amendments Without Consent of Holders

The Indenture, the Intercreditor Agreement, the Notes and the Security Documents may be amended, without the consent of any Holder, to:

(a) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Intercreditor Agreement, the Security Documents or the Notes;

(b) comply with the provisions described under "— Consolidation, Merger and Sale of Assets;"

(c) evidence and provide for the acceptance of appointment by a successor Trustee or Collateral Agent;

(d) add any Guarantor or any Guarantee or release any Guarantor from any Guarantee as provided or permitted by the terms of the Indenture;

(e) add additional collateral to secure the Notes or the Guarantees;

(f) provide for the issuance of Additional Notes in accordance with the limitations set forth in the Indenture;

(g) in any other case where a supplemental indenture to the Indenture is required or permitted to be entered into pursuant to the provisions of the Indenture without the consent of any Holder;

(h) effect any changes to the Indenture in a manner necessary to comply with the procedures of DTC, Euroclear or Clearstream;

(i) make any other change that, in the good faith opinion of the Board of Directors, does not materially and adversely affect the rights of any Holder of Notes;

(j) permit Permitted Pari Passu Secured Indebtedness in accordance with the terms of the Indenture (including permitting the Trustee to enter into the Intercreditor Agreement or any amendments to the Security Documents relating to the Collateral or the Indenture, the appointment of any collateral agent under any Intercreditor Agreement to hold the Collateral on behalf of the Holders and the holders of Permitted Pari Passu Secured Indebtedness and taking any other action necessary to permit the creation and registration of Liens on the Collateral to secure Permitted Pari Passu Secured Indebtedness, in accordance with the Indenture); or

(k) conform the text of the Indenture, the Notes, the Guarantees, the Intercreditor Agreement or the Security Documents to any provision of this "Description of the Notes" to the extent that such provision in this "Description of the Notes" was intended to be a verbatim recitation of a provision of the Indenture, the Notes, the Guarantees, the Intercreditor Agreement or the Security Documents.

Amendments With Consent of Holders

Amendments of the Indenture, the Notes, the Intercreditor Agreement or any Security Document may be made by the Issuer, the Parent Guarantor, the Subsidiary Guarantors and the Trustee with the consent of the Holders of not less than a majority in aggregate principal amount of the outstanding Notes, and the holders of a majority in principal amount of the outstanding Notes may waive future compliance by the Issuer, the Parent Guarantor or the Subsidiary Guarantors with any provision of the Indenture, the Notes, the Guarantees, the Intercreditor Agreement or the Security Documents; *provided* that no such modification, amendment or waiver may, without the consent of each Holder:

(a) change the Stated Maturity of the principal of, or any installment of interest on, any Note;

(b) reduce the principal amount of, or premium, if any, or interest on, any Note;

(c) change the currency, time or place of payment of principal of, or premium, if any, or interest on, any Note;

(d) impair the right to institute suit for the enforcement of any payment on or after the Stated Maturity (or, in the case of a redemption, on or after the redemption date) of any Note or any Guarantee;

(e) reduce the above stated percentage of outstanding Notes the consent of whose Holders is necessary to modify or amend the Indenture;

(f) waive a default in the payment of principal of, premium, if any, or interest on the Notes;

(g) release any Guarantor from its Guarantee, except as provided in the Indenture;

(h) reduce the percentage or aggregate principal amount of outstanding Notes the consent of whose Holders is necessary for waiver of compliance with certain provisions of the Indenture, the Security Documents or for waiver of certain defaults;

(i) amend, change or modify any Guarantee in a manner that adversely affects the Holders, except as provided in the Indenture;

(j) release any Collateral, except as provided in the Indenture, the Intercreditor Agreement and the Security Documents;

(k) amend, change or modify any provision of any Security Document, the Intercreditor Agreement or the Indenture relating to the Collateral, in a manner that adversely affects the Holders, except in accordance with the other provisions of the Indenture, such Security Document or the Intercreditor Agreement;

(l) reduce the amount payable upon a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale or change the time or manner by which a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale may be made or by which the Notes must be repurchased pursuant to a Change of Control Offer or an Offer to Purchase with the Excess Proceeds from any Asset Sale;

(m) change the redemption date or the redemption price of the Notes from that stated under "— Optional Redemption" or "— Redemption for Tax Reasons";

(n) amend, change or modify the obligation of the Issuer or any Guarantor to pay Additional Amounts; or

(o) amend, change or modify any provision of the Indenture or the related definitions to contractually subordinate in right of payment the Notes or any Guarantee to any other Indebtedness of the Issuer, the Parent Guarantor or any Subsidiary Guarantor (for the avoidance of doubt, the Notes and the Guarantees will not be contractually subordinated in right of payment to any other Indebtedness of the Issuer, the Parent Guarantor or any Subsidiary Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis).

Satisfaction and Discharge

The Indenture will be discharged and will cease to be of further effect (except as to surviving rights of registration of transfer or exchange of the Notes, as expressly provided for in the Indenture) as to all outstanding Notes when:

(1) either:

(a) all of the Notes theretofore authenticated and delivered (except lost, stolen or destroyed Notes which have been replaced or paid and Notes for whose payment money has theretofore been deposited in trust by the Issuer and thereafter repaid to the Issuer) have been delivered to the Trustee for cancellation; or

(b) all Notes not theretofore delivered to the Trustee or the Paying Agent for cancellation have become due and payable pursuant to an optional redemption notice or otherwise or will become due and payable within one year, and the Issuer has irrevocably deposited or caused to be deposited with the Trustee or the Paying Agent funds, in cash in U.S. dollars, non-callable U.S. Government Obligations or a combination thereof, in an amount sufficient to pay and discharge the entire indebtedness on the Notes not theretofore delivered to the Trustee or the Paying Agent for cancellation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable written instructions from the Issuer directing the Trustee or the Paying Agent to apply such funds to the payment thereof at maturity or redemption, as the case may be;

(2) the Issuer or any Guarantor has paid all other sums payable under this Indenture; and

(3) such deposit will not result in a breach or violation of, or constitute a default under, any instruments to which the Issuer or any Guarantor is a party or by which the Issuer or any Guarantor is bound (other than the Indenture, the Notes or any Security Document).

In addition, the Parent Guarantor must deliver to the Trustee an Officer's Certificate and an Opinion of Counsel stating that all conditions precedent to satisfaction and discharge have been satisfied.

Unclaimed Money

Claims against the Issuer for the payment of principal of, premium, if any, or interest, on the Notes will become void unless presentation for payment is made as required under the Indenture within a period of six years.

No Personal Liability of Incorporators, Stockholders, Members, Officers, Directors, Commissioners or Employees

No recourse for the payment of the principal of, premium, if any, or interest on any of the Notes or for any claim based thereon or otherwise in respect thereof, and no recourse under or upon any obligation, covenant or agreement of the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors in the Indenture, or in any of the Notes or the Guarantees or because of the creation of any Indebtedness represented thereby, will be had against any incorporator, stockholder, officer, commissioner, director, employee or controlling person of the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors or of any successor Person thereof. Each Holder, by accepting the Notes, waives and releases all such liability. The waiver and release are part of the consideration for the issuance of the Notes and the Guarantees. Such waiver may not be effective to waive liabilities under any applicable securities law.

Concerning the Trustee and the Agents

Citicorp Investment Bank (Singapore) Limited is to be appointed as Trustee under the Indenture. Citibank, N.A., London Branch is to be appointed as registrar (the "Registrar") and principal paying and transfer agent (the "Principal Paying Agent" and together with the Registrar, the "Agents") with regard to the Notes. Citicorp Investment Bank (Singapore) Limited is to be appointed as collateral agent (the "Collateral Agent") with regard to the Collateral under the Security Documents. Except during the continuance of a Default, the Trustee will not be liable, except for the performance of such duties as are specifically set forth in the Indenture. If an Event of Default has occurred and is continuing, the Trustee will use the same degree of care and skill in its exercise of the rights and powers vested in it under the Indenture as a prudent person would exercise under the circumstances in the conduct of such person's own affairs.

The Indenture contains limitations on the rights of the Trustee, should it become a creditor of the Issuer, the Parent Guarantor or any of the Subsidiary Guarantors, to obtain payment of claims in certain cases or to realize on certain property received by it in respect of any such claims, as security or otherwise. The Trustee is permitted to engage in other transactions with the Parent Guarantor and its Affiliates; *provided* that if it acquires any conflicting interest, it must eliminate such conflict or resign.

If the Parent Guarantor or the Issuer maintains a paying agent with respect to the Notes in a member state of the European Union, such paying agent will be located in a member state of the European Union that is not obligated to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any other Directive implementing the conclusions of the ECOFIN Council meeting of November 26-27, 2000 on the taxation of savings income, or any law implementing or complying with, or introduced in order to conform to, such Directive.

For so long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, if a Global Note is exchanged for Certificated Notes, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, and make an announcement of such exchange through the SGX-ST that will include all material information with respect to the delivery of the Certificated Notes, including details of the paying agent in Singapore by way of an announcement through SGXNET.

The Trustee will be under no obligation to exercise any rights or powers conferred under the Indenture for the benefit of the Holders unless such Holders have instructed the Trustee in writing and have offered to the Trustee indemnity and/or security satisfactory to the Trustee against any loss, liability or expense.

Book-Entry; Delivery and Form

The certificates representing the Notes will be issued in fully registered form without interest coupons, Notes sold in offshore transactions in reliance on Regulation S under the Securities Act will initially be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Regulation S Global Note") and will be deposited with Citibank, N.A., London Branch as custodian for, and registered in the name of a nominee of, DTC for the accounts of Euroclear and Clearstream.

Notes sold in reliance on Rule 144A will be represented by one or more permanent global notes in definitive, fully registered form without interest coupons (each a "Restricted Global Note;" and together with the Regulation S Global Notes, the "Global Notes") and will be deposited with Citibank N.A., London Branch as custodian for, and registered in the name of a nominee of, DTC.

Each Global Note (and any Notes issued for exchange therefor) will be subject to certain restrictions on transfer set forth therein as described under "Transfer Restrictions".

Ownership of beneficial interests in a Global Note will be limited to persons who have accounts with DTC ("participants") or persons who hold interests through participants. Ownership of beneficial interests in a Global Note will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of participants) and the records of participants (with respect to interests of persons other than participants). Beneficial owners may hold their interests in a Global Note directly through DTC if they are participants in such system, or indirectly through organizations which are participants in such system.

Euroclear and Clearstream will hold interests in the Global Notes on behalf of their participants through DTC.

So long as DTC, or its nominee, is the registered owner or holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by such Global Note for all purposes under the Indenture and the Notes. No beneficial owner of an interest in a Global Note will be able to transfer that interest except in accordance with DTC's applicable procedures, in addition to those provided for under the Indenture and, if applicable, those of Euroclear and Clearstream.

Payments of the principal of, and interest on, a Global Note will be made to DTC or its nominee, as the case may be, as the registered owner thereof. Neither the Issuer, the Parent Guarantor nor any of the Subsidiary Guarantors, the Trustee nor any of the Agents nor the Collateral Agent will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial ownership interests in a Global Note or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests.

The Issuer expects that DTC or its nominee, upon receipt of any payment of principal or interest in respect of a Global Note, will credit participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of such Global Note as shown on the records of DTC or its nominee. The Issuer also expects that payments by participants to owners of beneficial interests in such Global Note held through such participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such participants.

The Issuer expects that DTC will take any action permitted to be taken by a holder of Notes (including the presentation of Notes for exchange as described below) only at the direction of one or more participants to whose account the DTC interests in a Global Note is credited and only in respect of such portion of the aggregate principal amount of Notes as to which such participant or participants has or have given such direction. However, if there is an Event of Default under the Notes, DTC will exchange the applicable Global Note for Certificated Notes, which it will distribute to its participants and which may be legended as set forth under the heading "Transfer Restrictions".

Although DTC, Euroclear and Clearstream are expected to follow the foregoing procedures in order to facilitate transfers of interests in a Global Note among participants of DTC, Euroclear and Clearstream, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. None of the Issuer, the Parent Guarantor, any of the Subsidiary Guarantors, the Trustee, the Agents or the Collateral Agent will have any responsibility for the performance by DTC, Euroclear or Clearstream or their respective participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

If DTC is at any time unwilling or unable to continue as a depositary for the Global Notes and a successor depositary is not appointed by the Issuer within 90 days, the Issuer will issue Certificated Notes in registered form, which may bear the legend referred to under "Transfer Restrictions", in exchange for the Global Notes. Holders of an interest in a Global Note may receive Certificated Notes, which may bear the legend referred to under "Transfer Restrictions", in accordance with the DTC's rules and procedures in addition to those provided for under the Indenture.

The Clearing Systems

General

DTC, Euroclear and Clearstream have advised the Issuer as follows:

DTC. DTC is a limited-purpose trust company organized under the laws of the State of New York, a "banking organization" within the meaning of New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities of its participants and to facilitate the clearance and settlement of securities transactions among its participants in such securities through electronic book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of securities certificates. DTC's participants include securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations, some of whom own DTC, and may include the initial purchaser. Indirect access to the DTC system is also available to others that clear through or maintain a custodial relationship with a DTC participant, either directly or indirectly ("indirect participants"). Transfers of ownership or other interests in Notes in DTC may be made only through DTC participants. In addition, beneficial owners of Notes in DTC will receive all distributions of principal of and interest on the Notes from the Trustee through such DTC participant.

Euroclear and Clearstream. Euroclear and Clearstream hold securities for participating organizations and facilitate the clearance and settlement of securities transactions between their respective participants through electronic book-entry changes in accounts of such participants. Euroclear and Clearstream provide to their participants, among other things, services for safekeeping, administration, clearance and settlement of internationally-traded securities and securities lending and borrowing. Euroclear and Clearstream interface with domestic securities markets. Euroclear and Clearstream participants are financial institutions such as underwriters, securities brokers and dealers, banks, trust companies and certain other organizations. Indirect access to Euroclear or Clearstream is also available to others such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Euroclear or Clearstream participant, either directly or indirectly.

None of the Issuer, the Parent Guarantor, the Trustee or any of their respective agents will have responsibility for the performance of Euroclear or Clearstream or their respective participants of their respective obligations under the rules and procedures governing their operations, including rules and procedures relating to book-entry interests.

Initial Settlement

Initial settlement of the Notes will be made in immediately available funds. Investors' interests in Notes held in book-entry form by DTC will be represented through financial institutions acting on their behalf as direct and indirect participants in DTC. As a result, Euroclear and Clearstream will hold positions on behalf of their participants through DTC.

Investors electing to hold their Notes through DTC (other than through accounts at Euroclear or Clearstream) must follow the settlement practices applicable to United States corporate debt obligations. The securities custody accounts of investors will be credited with their holdings against payment in same day funds on the settlement date.

Investors electing to hold their Notes through Euroclear or Clearstream accounts will follow the settlement procedures applicable to conventional Eurobonds in registered form. Notes will be credited to the securities custody accounts of Euroclear Holders and of Clearstream Holders on the Business Day following the settlement date against payment for value on the settlement date.

Secondary Market Trading

Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream and Euroclear and will be settled using the procedures applicable to conventional eurobonds.

Cross-market transfers between persons holding directly or indirectly through DTC, on the one hand, and directly or indirectly through Clearstream participants or Euroclear participants, on the other, will be effected in

DTC in accordance with DTC rules on behalf of the relevant European international clearing system by its U.S. depositary; however, such cross-market transactions will require delivery of instructions to the relevant European international clearing system by the counterparty in such system in accordance with its rules and procedures and within its established deadlines (European time). The relevant European international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. depositary to take action to effect final settlement on its behalf by delivering or receiving Notes in DTC, and making or receiving payment in accordance with normal procedures for same-day funds settlement applicable to DTC. Clearstream participants and Euroclear participants may not deliver instructions directly to the U.S. depositaries.

Because of time zone differences, credits of Notes received in Clearstream or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the Business Day following the DTC settlement date. Such credits or any transactions in such Notes settled during such processing will be reported to the relevant Clearstream participants or Euroclear participants on such Business Day. Cash received in Clearstream or Euroclear as a result of sales of Notes by or through a Clearstream participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream or Euroclear cash account only as of the Business Day following settlement in DTC.

Notices

All notices or demands required or permitted by the terms of the Notes or the Indenture to be given to or by the Holders are required to be in writing and may be given or served by being sent by prepaid courier or by being deposited, first-class postage prepaid, in the United States mails (if intended for the Issuer, the Parent Guarantor or any Subsidiary Guarantor) addressed to the Issuer, the Parent Guarantor or such Subsidiary Guarantor at the registered office of the Parent Guarantor, or (if intended for the Trustee) addressed to the Trustee, at the corporate trust office of the Trustee; and (if intended for any Holder) addressed to such Holder at such Holder's last address as it appears in the Note register.

Any such notice or demand will be deemed to have been sufficiently given or served when so sent or deposited and, if to the Holders, when delivered in accordance with the applicable rules and procedures of DTC. Any such notice will be deemed to have been delivered on the day such notice is delivered to DTC or if by mail, when so sent or deposited.

Consent to Jurisdiction; Service of Process

The Issuer, the Parent Guarantor and each of the Subsidiary Guarantors will irrevocably (i) submit to the non-exclusive jurisdiction of any U.S. federal or New York state court located in the Borough of Manhattan, The City of New York in connection with any suit, action or proceeding arising out of, or relating to, the Notes, any Guarantee or the Indenture or any transaction contemplated thereby and (ii) designate and appoint Law Debenture Corporate Services, Inc. for receipt of service of process in any such suit, action or proceeding.

Governing Law

Each of the Notes, the Guarantees and the Indenture provides that such instrument will be governed by, and construed in accordance with, the laws of the State of New York. The Security Documents will be governed by, and construed in accordance with, the laws of Singapore.

Definitions

Set forth below are defined terms used in the covenants and other provisions of the Indenture. Reference is made to the Indenture for other capitalized terms used in this "Description of the Notes" for which no definition is provided.

"*Acquired Indebtedness*" means Indebtedness of a Person existing at the time such Person becomes a Restricted Subsidiary or Indebtedness of a Restricted Subsidiary assumed in connection with an Asset Acquisition by such Restricted Subsidiary, whether or not Incurred in connection with, or in contemplation of, the Person merging with or into or becoming a Restricted Subsidiary.

"*Adjusted Treasury Rate*" means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield in maturity of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

"*Affiliate*" means, with respect to any Person, any other Person (i) directly or indirectly controlling, controlled by, or under direct or indirect common control with, such Person or (ii) who is a director, commissioner or officer of such Person or any Subsidiary of such Person or of any Person referred to in clause (i) of this definition. For purposes of this definition, "control" (including, with correlative meanings, the terms "controlling", "controlled by" and "under common control with"), as applied to any Person, means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of such Person, whether through the ownership of voting securities, by contract or otherwise.

"*Applicable Premium*" means, with respect to a Note at any redemption date, the greater of (i) 1.00% of the principal amount of such Note and (ii) the excess of (A) the present value at such redemption date of the redemption price of such Note on June 7, 2019 (such redemption price being described in the first paragraph in the "— Optional Redemption" section exclusive of any accrued interest), plus all required remaining scheduled interest payments due on such Note through June 7, 2019 (but excluding accrued and unpaid interest to the redemption date), computed using a discount rate equal to the Adjusted Treasury Rate plus 50 basis points, over (B) the principal amount of such Note on such redemption date.

None of the Trustee, any of the Agents or the Collateral Agent will be responsible for calculating or verifying the Applicable Premium.

"*Asset Acquisition*" means (i) an Investment by the Parent Guarantor or any Restricted Subsidiary in any other Person pursuant to which such Person will become a Restricted Subsidiary or will be merged into or consolidated with the Parent Guarantor or any Restricted Subsidiary, or (ii) an acquisition by the Parent Guarantor or any Restricted Subsidiary of the property and assets of any Person other than the Parent Guarantor or any Restricted Subsidiary that constitute substantially all of a division or line of business of such Person.

"*Asset Disposition*" means the sale or other disposition by the Parent Guarantor or any Restricted Subsidiary (other than to the Parent Guarantor or another Restricted Subsidiary) of (i) all or substantially all of the Capital Stock of any Restricted Subsidiary or (ii) all or substantially all of the assets that constitute a division or line of business of the Parent Guarantor or any Restricted Subsidiary.

"*Asset Sale*" means (i) any sale, transfer or other disposition of any of its property or assets (including by way of merger, consolidation or Sale and Leaseback Transaction and including any sale or issuance of Capital Stock by a Restricted Subsidiary), in each case in one transaction or a series of related transactions by the Parent Guarantor or any Restricted Subsidiary to any Person and (ii) any Event of Loss; *provided* that "*Asset Sale*" will not include:

(a) any sale, transfer or other disposition of inventory, receivables and other current assets in the ordinary course of business;

(b) any sale, transfer or other disposition of assets constituting a Restricted Payment permitted to be made under the covenant described under the caption "— Certain Covenants — Limitation on Restricted Payments;"

(c) any sale, transfer or other disposition of assets with a Fair Market Value not in excess of US$2.0 million (or the Dollar Equivalent thereof) in any transaction or series of related transactions;

(d) any sale, transfer or other disposition of any property or equipment that has become damaged, worn out, obsolete or otherwise unsuitable for use in connection with the business of the Parent Guarantor or its Restricted Subsidiaries;

(e) any sale, transfer or other disposition deemed to occur in connection with creating or granting any Permitted Lien;

(f) a transaction covered by the covenant under the caption "— Consolidation, Merger and Sale of Assets;"

(g) any sale, transfer or other disposition of any assets by the Parent Guarantor or any Restricted Subsidiary to the Parent Guarantor or to a Subsidiary Guarantor;

(h) any transfer resulting from any casualty or condemnation of property;

(i) any sale or other disposition of cash or Temporary Cash Investments;

(j) any transfer, termination, unwinding or other disposition of Hedging Obligations;

(k) any sale, transfer or other disposition of Investments in joint ventures to the extent required by, or made pursuant to, customary buy/sell arrangements between joint venture parties set forth in joint venture arrangements and similar binding arrangements; *provided* that any Net Cash Proceeds from any such sale, transfer or other disposition shall be applied in accordance with the covenant described under the caption "Limitation on Asset Sales"; and

(l) any surrender or waiver of contract rights or settlement, release, recovery on or surrender of contract, tort or other claims in the ordinary course of business.

"*Attributable Indebtedness*" means, in respect of a Sale and Leaseback Transaction, at the time of determination, the present value, discounted at the interest rate implicit in such Sale and Leaseback Transaction, of the total obligations of the lessee for rental payments during the remaining term of the lease in such Sale and Leaseback Transaction, including any period for which such lease has been extended or may, at the option of the lessor, be extended, determined in accordance with GAAP.

"*Average Life*" means, at any date of determination with respect to any Indebtedness, the quotient obtained by dividing (1) the sum of the products of (a) the number of years from such date of determination to the dates of each successive scheduled principal payment of such Indebtedness and (b) the amount of such principal payment by (2) the sum of all such principal payments.

"*Beneficial Owner*" has the meaning assigned to such term in Rule 13d-3 and Rule 13d-5 under the Exchange Act, except that in calculating the beneficial ownership of any particular "person" (as that term is used in Section 13(d)(3) of the Exchange Act), such "person" will be deemed to have beneficial ownership of all securities that such "person" has the right to acquire by conversion or exercise of other securities, whether such right is currently exercisable or exercisable only upon the occurrence of a subsequent condition. The terms "Beneficially Owns" and "Beneficially Owned" will have a corresponding meaning.

"*Board of Directors*" means the board of directors of the Parent Guarantor elected or appointed by the stockholders of the Parent Guarantor to manage the business of the Parent Guarantor or any committee of such board duly authorized to take the action purported to be taken by such committee.

"*Board Resolution*" means any resolution of the Board of Directors taking an action which it is authorized to take and adopted at a meeting duly called and held at which a quorum of disinterested members (if so required) was present and acting throughout or adopted by written resolution executed by every member of the Board of Directors.

"*Business Day*" means any day which is not a Saturday, Sunday, legal holiday or other day on which banking institutions in The City of New York, Singapore, London or Indonesia (or in any other place in which payments on the Notes are to be made) are authorized by law or governmental regulation to close.

"*Capital Stock*" means, with respect to any Person, any and all shares, interests, participations or other equivalents (however designated, whether voting or non-voting) in equity of such Person, whether outstanding on the Original Issue Date or issued thereafter, including all Common Stock and Preferred Stock, but excluding debt securities convertible into such equity.

"*Capitalized Lease*" means, with respect to any Person, any lease of any property (whether real, personal or mixed), which, in conformity with GAAP, is required to be capitalized on the statement of financial position of such Person.

"*Capitalized Lease Obligations*" means the discounted present value of the rental obligations under a Capitalized Lease.

"*Change of Control*" means the occurrence of one or more of the following events:

(1) the direct or indirect sale, transfer, conveyance or other disposition (other than by way of merger or consolidation), in one or a series of related transactions, of all or substantially all of the properties or assets of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole, to any "person" within the meaning of Section 13(d) of the Exchange Act, other than to one or more Permitted Holders;

(2) the Parent Guarantor consolidates with, or merges with or into, any Person (other than one or more Permitted Holders), or any Person (other than one or more Permitted Holders) consolidates with, or merges with or into, the Parent Guarantor, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Parent Guarantor or such other Person is converted into or exchanged for cash, securities or other property, other than any such transaction where the Voting Stock of the Parent Guarantor outstanding immediately prior to such transaction is converted into or exchanged for (or continues as) Voting Stock (other than Disqualified Stock) of the surviving or transferee Person constituting a majority of the outstanding shares of Voting Stock of such surviving or transferee Person (immediately after giving effect to such issuance) and in substantially the same proportion as before the transaction;

(3) any "person" or "group" (as such terms are used in Section 13(d) and 14(d) of the Exchange Act) other than one or more Permitted Holders, (i) is or becomes the Beneficial Owner, directly or indirectly, of more than 50% of the aggregate of the voting power of the Voting Stock of the Parent Guarantor or (ii) is or becomes the Beneficial Owner, directly or indirectly, of a larger percentage of the voting power of the Voting Stock than the Permitted Holders; or

(4) the adoption of a plan relating to the liquidation or dissolution of the Parent Guarantor.

"*Clearstream*" means Clearstream Banking, société anonyme, Luxembourg or any successor thereof.

"*Collateral*" means all collateral securing, or purported to be securing, directly or indirectly, the Notes or any Guarantee pursuant to the Security Documents, and shall initially consist of the Capital Stock of the Issuer and Golden Mountain.

"*Commodity Agreement*" means any spot, forward or futures contract, commodity swap agreement, commodity price protection, commodity cap or floor agreement, commodity option agreement or other similar agreement or arrangement.

"*Common Stock*" means, with respect to any Person, any and all shares, interests or other participations in, and other equivalents (however designated and whether voting or non-voting) of such Person's common stock or ordinary shares, whether or not outstanding on the Original Issue Date, and include all series and classes of such common stock or ordinary shares.

"*Comparable Treasury Issue*" means the U.S. Treasury security having a maturity comparable to the remaining term of the Notes to be redeemed that would be utilized, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of comparable maturity to the remaining term of the Notes from the redemption date to June 7, 2019.

"*Comparable Treasury Price*" means, with respect to any redemption date: (i) the average of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) on the third Business Day preceding such redemption date, as set forth in the daily statistical release (or any successor release) published by the Federal Reserve Bank of New York and designated "Composite 3:30 p.m. Quotations for U.S. Government Securities;" or (ii) if such release (or any successor release) is not published or does not contain such prices on such Business Day, (a) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest of such Reference Treasury Dealer Quotations or (b) if fewer than three such Reference Treasury Dealer Quotations are available, the average of all such quotations.

"*Consolidated EBITDA*" means, for any period, Consolidated Net Income for such period plus, to the extent such amount was deducted in calculating such Consolidated Net Income:

(1) Consolidated Interest Expense;

(2) income taxes (other than income taxes attributable to extraordinary and non-recurring gains (or losses) or sales of assets); and

(3) depreciation expense, amortization expense and all other non-cash items reducing Consolidated Net Income (other than non-cash items in a period which reflect cash expenses paid or to be paid in another period), less all non-cash items increasing Consolidated Net Income (other than accrual of revenue in the ordinary course of business),

all as determined on a consolidated basis for the Parent Guarantor and its Restricted Subsidiaries in conformity with GAAP; *provided* that Consolidated EBITDA will be reduced (to the extent not otherwise reduced in accordance with GAAP or the Indenture), if any Restricted Subsidiary is not a Wholly Owned Restricted Subsidiary, by an amount equal to (A) the amount of the Consolidated EBITDA attributable to such Restricted Subsidiary multiplied by (B) the percentage ownership interest in the income of such Restricted Subsidiary not owned on the last day of such period by the Parent Guarantor or any Restricted Subsidiary.

"*Consolidated Fixed Charges*" means, for any period, the sum (without duplication) of (i) Consolidated Interest Expense for such period and (ii) all cash and non-cash dividends or distributions paid, declared, accrued or accumulated during such period on any Disqualified Stock, Preferred Stock or perpetual capital or similar securities (other than Common Stock) of the Parent Guarantor or any Restricted Subsidiary held by Persons other than the Parent Guarantor or any Restricted Subsidiary, except for dividends payable in the Parent Guarantor's Capital Stock (other than Disqualified Stock); *provided* that dividends declared, accrued or accounted for in one period shall not be included in "Consolidated Fixed Charges" of a later period when subsequently paid in such later period).

"*Consolidated Interest Expense*" means, for any period, the amount that would be included in gross interest expense on a consolidated statement of comprehensive income prepared in accordance with GAAP for such period of the Parent Guarantor and its Restricted Subsidiaries, plus, to the extent not included in such gross interest expense, and to the extent incurred, accrued or payable during such period by the Parent Guarantor and its Restricted Subsidiaries, without duplication, (i) interest expense attributable to Capitalized Lease Obligations and imputed interest with respect to Attributable Indebtedness, (ii) amortization of debt issuance costs and original issue discount expense and non-cash interest payments in respect of any Indebtedness, (iii) the interest portion of any deferred payment obligation, (iv) all commissions, discounts and other fees and charges with respect to letters of credit or similar instruments issued for financing purposes or in respect of any Indebtedness, (v) the net costs associated with Hedging Obligations (including the amortization of fees), (vi) interest accruing on Indebtedness of any other Person that is guaranteed by the Parent Guarantor or any Restricted Subsidiary or secured by a Lien on assets of the Parent Guarantor or any Restricted Subsidiary proportionate to the extent that such Indebtedness is guaranteed or secured, (vii) any capitalized interest and (viii) all other non-cash interest expense; *provided* that any interest on any Shareholder Subordinated Loan will be excluded from the calculation of Consolidated Interest Expense.

"*Consolidated Net Income*" means, with respect to any specified Person for any period, the aggregate of the total comprehensive income (or loss) of such Person and its Restricted Subsidiaries for such period, on a consolidated basis, determined in conformity with GAAP; *provided* that the following items will be excluded in computing Consolidated Net Income (without duplication):

(1) the net income (or loss) of any Person that is not a Restricted Subsidiary or that is accounted for by the equity method of accounting, except to the extent of the amount of net income actually paid in cash to, or the amount of loss actually funded in cash by, the specified Person or a Restricted Subsidiary of the Person during such period;

(2) the net income (or loss) of any Person accrued prior to the date it becomes a Restricted Subsidiary or is merged into or consolidated with the Parent Guarantor or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Parent Guarantor or any Restricted Subsidiary;

(3) the net income (but not loss) of any Restricted Subsidiary to the extent that the declaration or payment of dividends or similar distributions by such Restricted Subsidiary of such net income is not at the time permitted by the operation of the terms of its charter, articles of association or other similar constitutive documents or any agreement, instrument, judgment, decree, order, statute, rule or governmental regulation applicable to such Restricted Subsidiary;

(4) the cumulative effect of a change in accounting principles;

(5) any net after tax gains realized on the sale or other disposition of (A) any property or assets of the Parent Guarantor or any Restricted Subsidiary which is not sold in the ordinary course of business or (B) any Capital Stock of any Person (including any gains by the Parent Guarantor realized on sales of Capital Stock of the Parent Guarantor or any Restricted Subsidiary);

(6) any net income or loss included in the consolidated statement of comprehensive income with respect to non-controlling interests;

(7) any translation gains or losses due solely to fluctuations in currency values and related tax effects; and

(8) any net after-tax extraordinary gains or losses.

"*Credit Facility*" means one or more debt facilities (including the Existing Credit Facilities) or commercial paper facilities with banks or other lenders providing for revolving credit loans, term loans, receivables financing (including through the sale of receivables to such lenders or to special purpose entities formed to borrow from such lenders against such receivables) or letters of credit or issuances of debt securities evidenced by notes, debentures, bonds, indentures or similar instruments, in each case as amended, restated, modified, renewed, refunded, replaced or refinanced (including by means of sales of debt securities) in whole or in part from time to time (and whether or not with the original administrative agent, lenders or trustee or another administrative agent or agents, other lenders or trustee and whether provided under any credit or other agreement or indenture).

"*Currency Agreement*" means any foreign exchange forward or futures contract, currency swap agreement, currency cap or floor agreement, currency hedge agreement, currency option agreement or other similar agreement or arrangement.

"*Default*" means any event that is, or after notice or passage of time or both would be, an Event of Default.

"*Disqualified Stock*" means any class or series of Capital Stock of any Person that by its terms or otherwise is (1) required to be redeemed on or prior to the date that is 366 days after the Stated Maturity of the Notes, (2) redeemable at the option of the holder of such class or series of Capital Stock on or prior to the date that is 366 days after the Stated Maturity of the Notes or (3) convertible into or exchangeable for Capital Stock referred to in clause (1) or (2) above or Indebtedness having a scheduled maturity on or prior to the date that is 366 days after the Stated Maturity of the Notes; *provided* that any Capital Stock that would not constitute Disqualified Stock but for provisions thereof giving holders thereof the right to require such Person to repurchase or redeem such Capital Stock upon the occurrence of an "asset sale" or "change of control" occurring prior to the Stated Maturity of the Notes will not constitute Disqualified Stock if the "asset sale" or "change of control" provisions applicable to such Capital Stock are no more favorable to the holders of such Capital Stock than the provisions contained in "— Certain Covenants — Limitation on Asset Sales" and "— Repurchase of Notes upon a Change of Control" covenants and such Capital Stock specifically provides that such Person will not repurchase or redeem any such stock pursuant to such provision prior to the Issuer's repurchase of the Notes as are required to be repurchased pursuant to the "— Certain Covenants — Limitation on Asset Sales" and "— Repurchase of Notes Upon a Change of Control" covenants.

"*Dollar Equivalent*" means, with respect to any monetary amount in a currency other than U.S. dollars, at any time for the determination thereof, the amount of U.S. dollars obtained by converting such foreign currency involved in such computation into U.S. dollars at the base rate for the purchase of U.S. dollars with the applicable foreign currency as quoted by Bank Indonesia or its successor on the date of determination.

"*DTC*" means The Depository Trust Company and its successors.

"*Equity Offering*" means any underwritten public offering or private placement of Common Stock of the Parent Guarantor after the Original Issue Date to any Person other than to an Affiliate of the Parent Guarantor or any Permitted Holder and other than any such public offering or private placement that constitutes an Excluded Contribution; *provided* that the aggregate gross cash proceeds received by the Parent Guarantor from such transaction will be no less than US$20.0 million (or the Dollar Equivalent thereof).

"*Euroclear*" means Euroclear Bank SA/NV or any successor thereof.

"*Event of Loss*" means any (a) condemnation, requisition of title to, seizure or forfeiture or any property or assets by any governmental authority or (b) any actual or constructive loss or an agreed or compromised loss, including any casualty, loss, destruction or damage to any property or assets of the Parent Guarantor and its Restricted Subsidiaries which, in each case of (a) or (b), results in compensation, damages or other payments to the Parent Guarantor or any Restricted Subsidiary in an amount equal to or greater than 35% of the Total Assets of the Parent Guarantor immediately prior to such Event of Loss; *provided* that to the extent such compensation, damages or other payments are required by any governmental authority or any insurance provider to be applied in a particular manner, then such compensation, damages or other payments shall be deemed not to be proceeds of an Event of Loss.

"*Exchange Act*" means the United States Securities Exchange Act of 1934, as amended. "*Excluded Contribution*" means Net Cash Proceeds received by the Parent Guarantor from

(a) contributions to its common equity capital; and

(b) the sale (other than to a Subsidiary of the Parent Guarantor or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Parent Guarantor) of Capital Stock (other than Disqualified Stock) of the Parent Guarantor,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate of the Parent Guarantor on the date such capital contributions are made or the date such Capital Stock is sold, as the case may be, which are excluded from the calculation set forth in clause (C)(ii) of the first paragraph under "Certain Covenants — Limitation on Restricted Payments".

"*Existing Credit Facilities*" means each of the credit facilities of the Parent Guarantor or any of its Restricted Subsidiaries outstanding on the Original Issue Date, in each case, as such facility may be amended, restated, modified, renewed, refunded, replaced or refinanced, including:

(i) Deed No. 5, dated February 9, 2007, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a bank guarantee facility;

(ii) Deed No. 11, dated January 16, 2008, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a standby letter of credit facility;

(iii) Deed No. 60, dated August 31, 2009, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a commercial line/credit line facility;

(iv) Deed No. 6, dated February 9, 2007, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a trade line facility;

(v) Deed of Addendum on Credit Agreement No. 8, dated February 19, 2013, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a electricity bailout facility;

(vi) Offering Letter of Credit Decision of BRI No. R.II.021-ADK/DKR-I/09/2013, dated September 4, 2013, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a working capital credit/import security suspension facility;

(vii) Deed No. 32, dated April 15, 2011, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a working capital credit facility;

(viii) Deed No. 9, dated January 16, 2008, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a working capital credit facility;

(ix) Deed No. 3, dated February 9, 2007, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a working capital credit facility;

(x) Deed No. 4, dated February 9, 2007, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to an import working capital credit and import security suspension facility;

(xi) Deed of Addendum on Credit Agreement No. 1, dated July 7, 2014, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a payroll bailout facility,

(xii) Credit Agreement Letter of BRI No. B.101-KC/VII/ADK/PK/06/2015, dated June 25, 2015, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a working capital credit facility;

(xiii) Deed of Addendum on Credit Agreement No. 432, dated February 26, 2016, between the Parent Guarantor and PT Bank Rakyat Indonesia (Persero) Tbk relating to a forex line credit facility;

(xiv) Deed No. 14, dated August 7, 2006, between the Parent Guarantor and PT Bank Chinatrust Indonesia relating to a letter of credit facility;

(xv) Deed No. 50, dated August 9, 2011, between the Parent Guarantor and PT Bank Central Asia Tbk relating to a letter of credit and foreign exchange facility;

(xvi) Deed No. 7, dated March 4, 2011, between the Parent Guarantor and Lembaga Pembiayaan Ekspor Indonesia/Indonesia Eximbank relating to the opening and financing of letters of credit;

(xvii) Deed No. 45, dated August 23, 2011, between the Parent Guarantor and Lembaga Pembiayaan Ekspor Indonesia relating to a revolving working capital facility;

(xviii) A Corporate Facility Agreement No. JAK/150222/U/150225, dated March 17, 2015, between the Parent Guarantor, PT Sinar Pantja Djaja and The Hongkong and Shanghai Banking Corporation Limited, Jakarta Branch, relating to a banking facility;

(xix) A Facility Agreement dated April 25, 2014 between the Parent Guarantor and Deutsche Bank AG relating to a short term facility; and

(xx) Deed No. 28, dated October 20, 2013, between PT Sinar Pantja Djaja and Lembaga Pembiayaan Ekspor Indonesia/Indonesia Eximbank relating to a working capital and letter of credit facility.

"*Fair Market Value*" means the price that would be paid in an arm's-length transaction between an informed and willing seller under no compulsion to sell and an informed and willing buyer under no compulsion to buy, as determined in good faith by the Board of Directors, whose determination will be conclusive if evidenced by a Board Resolution.

"*Finance Subsidiary*" means a Wholly-Owned Restricted Subsidiary of the Parent Guarantor or another Finance Subsidiary (other than the Issuer and Golden Mountain) (i) the operations of which are primarily comprised of Incurring Indebtedness to Persons other than the Parent Guarantor or any of its Subsidiaries from time to time to finance the operations of the Parent Guarantor and/or its Restricted Subsidiaries and other activities incidental, related to or ancillary to such operations, including activities related to the establishment or maintenance of its corporate existence; and (ii) which conducts no business and owns no material assets other than (w) any equity interests in another Finance Subsidiary or equity interests of a Wholly Owned Subsidiary (a "FS Subsidiary") of it organized outside of Indonesia that on lends the proceeds of any Indebtedness Incurred by the Finance Subsidiary to the Parent Guarantor or any of its Restricted Subsidiaries, (x) intercompany loans or other securities representing the proceeds of Indebtedness described in clause (i), (y) any such debt obligations upon a repurchase, redemption or other acquisition thereof and prior to cancellation thereof, and (z) cash or Temporary Cash Investments held for purposes similar to those for which the Issuer is permitted to hold cash and Temporary Cash Investments under the covenant "Certain Covenants — Limitation on the Activities of the Issuer".

"*Fitch*" means Fitch Ratings Ltd. or any successor to the rating agency business thereof.

"*Fixed Charge Coverage Ratio*" means, on any Transaction Date, the ratio of (1) the aggregate amount of Consolidated EBITDA for the Four Quarter Period with respect to such Transaction Date to (2) the aggregate Consolidated Fixed Charges during such Four Quarter Period. In making the foregoing calculation:

(A) *pro forma* effect will be given to any Indebtedness Incurred, repaid or redeemed during the Reference Period relating to such Four Quarter Period in each case as if such Indebtedness had been Incurred, repaid or redeemed on the first day of such Reference Period (other than Indebtedness Incurred or repaid under a revolving credit or similar arrangement or any predecessor revolving credit or similar arrangement); *provided* that, in the event of any such repayment or redemption, Consolidated EBITDA for such period will be calculated as if the Parent Guarantor or such Restricted Subsidiary had not earned any interest income actually earned during such period in respect of the funds used to repay or redeem such Indebtedness;

(B) Consolidated Interest Expense attributable to interest on any Indebtedness (whether existing or being Incurred) computed on a *pro forma* basis and bearing a floating interest rate will be computed as if the rate in effect on the Transaction Date (taking into account any Interest Rate Agreement applicable to such Indebtedness if such Interest Rate Agreement has a remaining term in excess of 12 months or, if shorter, at least equal to the remaining term of such Indebtedness) had been the applicable rate for the entire period;

(C) *pro forma* effect will be given to the creation, designation or redesignation of Restricted and Unrestricted Subsidiaries during the Reference Period as if such creation, designation or redesignation had occurred on the first day of such Reference Period;

(D) *pro forma* effect will be given to Asset Dispositions and Asset Acquisitions (including giving *pro forma* effect to the application of proceeds of any Asset Disposition) that occur during such Reference Period as if they had occurred and such proceeds had been applied on the first day of such Reference Period; and

(E) *pro forma* effect will be given to asset dispositions and asset acquisitions (including giving *pro forma* effect to the application of proceeds of any asset disposition) that have been made by any Person that has become a Restricted Subsidiary or has been merged with or into the Parent Guarantor or any Restricted Subsidiary during such Reference Period and that would have constituted Asset Dispositions

or Asset Acquisitions had such transactions occurred when such Person was a Restricted Subsidiary as if such asset dispositions or asset acquisitions were Asset Dispositions or Asset Acquisitions that occurred on the first day of such Reference Period,

provided that to the extent that clause (D) or (E) of this sentence requires that *pro forma* effect be given to an Asset Acquisition or Asset Disposition (or asset acquisition or asset disposition), such *pro forma* calculation will be based upon the Four Quarter Period immediately preceding the Transaction Date of the Person, or division or line of business of the Person, that is acquired or disposed for which financial information is available.

"*Four Quarter Period*" means, as of any Transaction Date, the then most recent four fiscal quarters prior to such Transaction Date for which consolidated financial statements of the Parent Guarantor (which may be internal financial statements) are available.

"*GAAP*" means generally accepted accounting principles in the Republic of Indonesia as in effect from time to time.

"*guarantee*" means any obligation, contingent or otherwise, of any Person directly or indirectly guaranteeing any Indebtedness or other obligation of any other Person and, without limiting the generality of the foregoing, any obligation, direct or indirect, contingent or otherwise, of such Person (1) to purchase or pay (or advance or supply funds for the purchase or payment of) such Indebtedness or other obligation of such other Person (whether arising by virtue of partnership arrangements, or by agreements to keep-well, to purchase assets, goods, securities or services, to take-or-pay, or to maintain financial statement conditions or otherwise) or (2) entered into for purposes of assuring in any other manner the obligee of such Indebtedness or other obligation of the payment thereof or to protect such obligee against loss in respect thereof (in whole or in part); *provided* that the term "guarantee" will not include endorsements for collection or deposit in the ordinary course of business. The term "guarantee" used as a verb has a corresponding meaning.

"*Guarantees*" means the Parent Guarantee and the Subsidiary Guarantees.

"*Hedging Obligation*" of any Person means the obligations of such Person pursuant to any Commodity Agreement, Currency Agreement or Interest Rate Agreement.

"*Holder*" means the Person in whose name a Note is registered in the Note register.

"*Incur*" means, with respect to any Indebtedness or Capital Stock, to incur, create, issue, assume, guarantee or otherwise become liable for or with respect to, or become responsible for, the payment of, contingently or otherwise, such Indebtedness or Capital Stock; *provided* that (1) any Indebtedness and Capital Stock of a Person existing at the time such Person becomes a Restricted Subsidiary (or fails to meet the qualifications necessary to remain an Unrestricted Subsidiary) will be deemed to be Incurred by such Restricted Subsidiary at the time it becomes a Restricted Subsidiary and (2) the accretion of original issue discount, the accrual of interest, the accrual of dividends, the payment of interest in the form of additional Indebtedness, the reclassification of Preferred Stock as Indebtedness due to a change in accounting principles and the payment of dividends on Preferred Stock or Disqualified Stock in the form of additional shares of Preferred Stock or Disqualified Stock (to the extent provided for when the Indebtedness, Preferred Stock or Disqualified Stock on which such interest or dividend is paid was originally issued) will not be considered an Incurrence of Indebtedness. The terms "Incurrence", "Incurred" and "Incurring" have meanings correlative with the foregoing.

"*Indebtedness*" means, with respect to any Person at any date of determination (without duplication):

(1) all indebtedness of such Person for borrowed money;

(2) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments;

(3) all obligations of such Person in respect of letters of credit, bankers' acceptances or other similar instruments;

(4) all obligations of such Person to pay the deferred and unpaid purchase price of property or services, except Trade Payables;

(5) all Capitalized Lease Obligations and Attributable Indebtedness;

(6) all Indebtedness of other Persons secured by a Lien on any asset of such Person, whether or not such Indebtedness is assumed by such Person; *provided* that the amount of such Indebtedness will be the

lesser of (A) the Fair Market Value of such asset at such date of determination and (B) the amount of such Indebtedness;

(7) all Indebtedness of other Persons guaranteed by such Person to the extent such Indebtedness is guaranteed by such Person;

(8) to the extent not otherwise included in this definition, Hedging Obligations; and

(9) all Disqualified Stock issued by such Person and all Preferred Stock issued by any Restricted Subsidiary of such Person valued at the greater of its voluntary or involuntary liquidation preference and its maximum fixed repurchase or redemption price plus accrued dividends.

The amount of Indebtedness of any Person at any time will be the outstanding balance at such time of all unconditional obligations as described above and, with respect to contingent obligations, the maximum liability upon the occurrence of the contingency giving rise to the obligation; *provided*:

(A) that the amount outstanding at any time of any Indebtedness issued with original issue discount is the face amount of such Indebtedness less the remaining unamortized portion of the original issue discount of such Indebtedness at such time as determined in conformity with GAAP;

(B) that money borrowed and set aside at the time of the Incurrence of any Indebtedness in order to prefund the payment of the interest on such Indebtedness will not be deemed to be "*Indebtedness*" so long as such money is held to secure the payment of such interest; and

(C) the amount of Indebtedness with respect to any Hedging Obligation shall be equal to the net amount payable if the Commodity Agreement, Currency Agreement or Interest Rate Agreement giving rise to such Hedging Obligation terminated at that time due to default by such Person.

"*Intercompany Loan*" means the loan or loans in U.S. dollars between the Parent Guarantor, as borrower, and Golden Mountain, as lender, pursuant to one or more intercompany loan agreements to be entered into on the Original Issue Date, for an amount equal to at least the net proceeds of the offering of the Notes, or any similar intercompany loan entered into between the Parent Guarantor or any of its Restricted Subsidiaries and Golden Mountain in connection with the sale of Additional Notes.

"Intercreditor Agreement" has the meaning set forth under "— Security".

"*Interest Rate Agreement*" means any interest rate protection agreement, interest rate future agreement, interest rate option agreement, interest rate swap agreement, interest rate cap agreement, interest rate collar agreement, interest rate hedge agreement, option or future contract or other similar agreement or arrangement.

"*Investment*" means:

(i) any direct or indirect advance, loan or other extension of credit to another Person;

(ii) any capital contribution to another Person (by means of any transfer of cash or other property to others or any payment for property or services for the account or use of others);

(iii) any purchase or acquisition of Capital Stock (or options, warrants or other rights to acquire such Capital Stock), Indebtedness, bonds, notes, debentures or other similar instruments or securities issued by another Person;

(iv) any guarantee of any obligation of another Person to the extent such obligation is outstanding and to the extent guaranteed by such Person; or

(v) all other items that would be classified as investments (including purchases of assets outside the ordinary course of business) on a statement of financial position of such Person prepared in accordance with GAAP.

For the purposes of the provisions of the "— Certain Covenants — Designation of Restricted and Unrestricted Subsidiaries" and "— Certain Covenants — Limitation on Restricted Payments" covenants: (i) the Parent Guarantor will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Parent Guarantor's proportionate interest in the assets (net of the Parent Guarantor's proportionate interest in the liabilities owed to any Person other than the Parent Guarantor or a Restricted Subsidiary and that are not guaranteed by the Parent Guarantor or a Restricted Subsidiary) of a Restricted Subsidiary that is designated an Unrestricted Subsidiary at the time of such designation, (ii) any

property transferred to or from any Person will be valued at its Fair Market Value at the time of such transfer, as determined in good faith by the Board of Directors and (iii) if the Parent Guarantor or any Restricted Subsidiary issues, sells or otherwise disposes of any Capital Stock of a Restricted Subsidiary such that, after giving effect thereto, such Person is no longer a Restricted Subsidiary, any Investment by the Parent Guarantor or any Restricted Subsidiary in such Person remaining after giving effect thereto will be deemed to be a new Investment at that time.

"*Investment Grade*" means a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories, by S&P or any of its successors or assigns, or a rating of "Aaa", or "Aa", "A" or "Baa", as modified by a "1", "2" or "3" indication, or an equivalent rating representing one of the four highest rating categories, by Moody's or any of its successors or assigns, or a rating of "AAA", "AA", "A" or "BBB", as modified by a "+" or "-" indication, or an equivalent rating representing one of the four highest rating categories of any internationally recognized rating agency or agencies, as the case may be, which shall have been designated by the Parent Guarantor as having been substituted for S&P or Moody's or both, as the case may be.

"*Lien*" means any mortgage, pledge, fiduciary security, security interest, encumbrance, lien or charge of any kind (including any conditional sale or other title retention agreement or lease in the nature thereof or any agreement to create any mortgage, pledge, security interest, lien, charge, easement or encumbrance of any kind).

"*Moody's*" means Moody's Investors Service, Inc. and its affiliates and its successors.

"*Net Cash Proceeds*" means:

(a) with respect to any Asset Sale, the proceeds of such Asset Sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of:

  (1) brokerage commissions and other fees and expenses (including fees and expenses of counsel and investment banks) related to such Asset Sale;

  (2) provisions for all taxes (whether or not such taxes will actually be paid or are payable) as a result of such Asset Sale without regard to the consolidated results of operations of the Parent Guarantor and its Restricted Subsidiaries, taken as a whole;

  (3) payments made to repay Indebtedness or any other obligation outstanding at the time of such Asset Sale that either (x) is secured by a Lien on the property or assets sold or (y) is required to be paid as a result of such sale; and

  (4) appropriate amounts to be provided by the Parent Guarantor or any Restricted Subsidiary as a reserve against any liabilities associated with such Asset Sale, including pension and other post-employment benefit liabilities, liabilities related to environmental matters and liabilities under any indemnification obligations associated with such Asset Sale, all as determined in conformity with GAAP; and

(b) with respect to any issuance or sale of Capital Stock of the Parent Guarantor, the proceeds of such issuance or sale in the form of cash or Temporary Cash Investments, including payments in respect of deferred payment obligations (to the extent corresponding to the principal, but not interest, component thereof) when received in the form of cash or Temporary Cash Investments and proceeds from the conversion of other property received when converted to cash or Temporary Cash Investments, net of attorneys' fees, accountants' fees, underwriters' or placement agents' fees, discounts or commissions and brokerage, consultant and other fees incurred in connection with such issuance or sale and net of taxes paid or payable as a result thereof.

In the case of an Asset Sale relating to an Event of Loss, the proceeds of such Event of Loss received by the Parent Guarantor or any of its Restricted Subsidiaries shall be included in the foregoing definition of "Net Cash Proceeds". "Net Cash Proceeds" shall exclude all distributions or other payments required to be made to holders of minority interests or pursuant to joint venture arrangements.

"*Offer to Purchase*" means an offer to purchase the Notes by the Issuer or the Parent Guarantor from the Holders commenced by the Issuer or the Parent Guarantor mailing a notice by first class mail, postage prepaid, to the Trustee and each Holder at its last address appearing in the Note register stating:

(1) the provision of the Indenture pursuant to which the offer is being made and that all Notes validly tendered will be accepted for payment on a pro rata basis;

(2) the purchase price and the date of purchase (which will be a Business Day no earlier than 30 days nor later than 60 days from the date such notice is mailed) (the "Offer to Purchase Payment Date");

(3) that any Note not tendered will continue to accrue interest pursuant to its terms;

(4) that, unless the Issuer or the Parent Guarantor defaults in the payment of the purchase price, any Note accepted for payment pursuant to the Offer to Purchase will cease to accrue interest on and after the Offer to Purchase Payment Date;

(5) that Holders electing to have a Note purchased pursuant to the Offer to Purchase will be required to surrender the Note, together with the form entitled "Option of the Holder to Elect Purchase" on the reverse side of the Note completed, to the Paying Agent at the address specified in the notice prior to the close of business on the Business Day immediately preceding the Offer to Purchase Payment Date;

(6) that Holders will be entitled to withdraw their election if the Paying Agent receives, not later than the close of business on the third Business Day immediately preceding the Offer to Purchase Payment Date, a facsimile transmission or letter setting forth the name of such Holder, the principal amount of Notes delivered for purchase and a statement that such Holder is withdrawing his election to have such Notes purchased; and

(7) that Holders whose Notes are being purchased only in part will be issued new Notes equal in principal amount to the unpurchased portion of the Notes surrendered; *provided* that each new Note issued will be in a principal amount of US$200,000 or integral multiples of US$1,000 in excess thereof.

One Business Day prior to the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor will deposit with the Paying Agent immediately available and cleared funds sufficient to pay the purchase price of all Notes or portions thereof to be accepted by the Issuer or the Parent Guarantor for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Issuer or the Parent Guarantor will (a) accept for payment on a pro rata basis Notes or portions thereof tendered pursuant to an Offer to Purchase; and (b) deliver, or cause to be delivered, to the Trustee all Notes or portions thereof so accepted together with an Officer's Certificate specifying the Notes or portions thereof accepted for payment by the Issuer or the Parent Guarantor. The Paying Agent will as soon as practicable mail to the Holders of Notes so accepted payment in an amount equal to the purchase price, and the Trustee will as soon as practicable authenticate and mail to such Holders a new Note equal in principal amount to any unpurchased portion of the Note surrendered; *provided* that each new Note issued will be in a principal amount of US$200,000 or integral multiples of US$1,000 in excess thereof. The Issuer or the Parent Guarantor will publicly announce the results of an Offer to Purchase as soon as practicable after the Offer to Purchase Payment Date.

The materials used in connection with an Offer to Purchase are required to contain or incorporate by reference information concerning the business of the Parent Guarantor and its Subsidiaries which the Issuer or the Parent Guarantor in good faith believes will assist such Holders to make an informed decision with respect to the Offer to Purchase, including a brief description of the events requiring the Issuer or the Parent Guarantor to make the Offer to Purchase, and any other information required by applicable law to be included therein. The offer is required to contain all instructions and materials necessary to enable such Holders to tender Notes pursuant to the Offer to Purchase. To the extent that the provisions of any securities laws or regulations conflict with the requirements of the Indenture governing the relevant Offer to Purchase, the Parent Guarantor and the Issuer will comply with the applicable securities laws and regulations and shall not be deemed to have breached their obligations under the Notes, the Indenture and the Guarantees by virtue of their compliance with such securities laws or regulations.

The Parent Guarantor and the Issuer will not be required to make an Offer to Purchase if (1) a third party makes such Offer to Purchase in the manner, at the times and otherwise in compliance with the requirements set forth in the Indenture applicable to such Offer to Purchase and such third party purchases all Notes validly tendered and not withdrawn under such Offer to Purchase or (2) notice of redemption for all outstanding Notes has been given pursuant to the Indenture as described above under the caption "— Optional Redemption", unless and until there is a default in payment of the applicable redemption price.

"*Officer*" means the managing director or the equivalent of the Issuer, in the case of the Issuer, or one of the executive officers of the Parent Guarantor, in the case of the Parent Guarantor, or, in the case of a Subsidiary Guarantor, one of the directors or executive officers of such Subsidiary Guarantor.

"*Officer's Certificate*" means a certificate signed by an Officer.

"*Old Notes*" means the Issuer's US$270,000,000 9.00% Senior Notes due 2019.

"*Old Notes Indenture*" means the indenture, dated April 24, 2014, among the Issuer, the Parent Guarantor, PT Sinar Pantja Djaja and Citicorp Investment Bank (Singapore) Limited.

"*Old Notes Original Issue Date*" means April 24, 2014.

"*Opinion of Counsel*" means a written opinion from legal counsel acceptable to the Trustee that meets the requirements of the Indenture; *provided* that legal counsel shall be entitled to rely on certificates of the Parent Guarantor and any Subsidiary of the Parent Guarantor as to matters of fact.

"*Original Issue Date*" means the date on which the Notes are originally issued under the Indenture.

"*Parent Guarantee*" means any guarantee of the obligations of the Issuer under the Indenture and the Notes by the Parent Guarantor.

"*Permitted Business*" means any business conducted or proposed to be conducted (as described in the Offering Memorandum) by the Parent Guarantor and its Restricted Subsidiaries on the Original Issue Date and any other business reasonably related, ancillary or complementary to any such business.

"*Permitted Holders*" means any or all of the following:

(1) Mr. Iwan Setiawan Lukminto and Mr. Iwan Kurniawan Lukminto;

(2) any estate, trust or immediate family member of any Person specified in clause (1) of this definition or the legal representative of any such Person or any of the foregoing;

(3) any Affiliate (other than an Affiliate as defined in clause (ii) of the definition of "Affiliate") of the Persons specified in clause (1) of this definition; and

(4) any Person both the Capital Stock and the Voting Stock of which (or in the case of a trust, the beneficial interests in which) are more than 80% owned by any combination of the Persons specified in clauses (1), (2) and (3) of this definition.

"*Permitted Investment*" means:

(1) any Investment in (a) the Parent Guarantor, the Issuer or a Restricted Subsidiary that is, directly or indirectly, primarily engaged in a Permitted Business or (b) a Person which will, upon the making of such Investment, become a Restricted Subsidiary that is primarily engaged in a Permitted Business or be merged or consolidated with or into or transfer or convey all or substantially all its assets to the Parent Guarantor or a Restricted Subsidiary that is primarily engaged in a Permitted Business;

(2) cash or Temporary Cash Investments;

(3) payroll, travel, entertainment, relocation and similar advances to cover matters that are expected at the time of such advances ultimately to be treated as expenses in accordance with GAAP;

(4) stock, obligations or securities received in satisfaction of judgments;

(5) an Investment in an Unrestricted Subsidiary consisting solely of an Investment in another Unrestricted Subsidiary;

(6) any Investment pursuant to a Hedging Obligation designed solely to protect the Parent Guarantor or any Restricted Subsidiary against fluctuations in interest rates, foreign currency exchange rates or commodity prices and not for speculation;

(7) receivables, trade credits or other current assets owing to the Parent Guarantor or any Restricted Subsidiary, if created or acquired in the ordinary course of business and payable or dischargeable in

accordance with customary trade terms, including such concessionary trade terms as the Parent Guarantor or any Restricted Subsidiary considers reasonable under the circumstances;

(8) any securities or other Investments received as consideration in, or retained in connection with, sales or other dispositions of property or assets, including Asset Dispositions made in compliance with the covenant described under the caption "— Certain Covenants — Limitation on Asset Sales;"

(9) pledges or deposits (x) with respect to leases or utilities provided to third parties in the ordinary course of business or (y) otherwise described in the definition of "Permitted Liens" or made in connection with Liens permitted under the covenant described under the caption "— Certain Covenants — Limitation on Liens;"

(10) deposits made in order to comply with statutory or regulatory obligations to maintain deposits for workers, compensation claims and other purposes specified by statute or regulation from time to time in the ordinary course of a Permitted Business;

(11) Investments received in compromise or resolution of obligations of trade creditors or customers that were incurred in the ordinary course of business of the Parent Guarantor or any Restricted Subsidiary, including pursuant to any plan of reorganization or similar arrangement upon the bankruptcy or insolvency of any trade creditor or customer or as a result of foreclosure of or transfer of title with respect to any secured Investment and any Investments obtained in exchange for any such Investments;

(12) advances or extensions of credit to customers, suppliers, contractors or distributors for the acquisition of assets, consumables or services or construction of property and equipment in the ordinary course of business that are recorded as deposits or prepaid expenses on the Parent Guarantor's consolidated statement of financial position;

(13) repurchases of the Notes;

(14) loans or advances to, or guarantees of obligations of, directors, commissioners, officers or employees of the Parent Guarantor or a Restricted Subsidiary in the ordinary course of business in an aggregate amount not to exceed US$2.0 million (or the Dollar Equivalent thereof) at any time outstanding;

(15) deposits made to secure the performance of tenders, bids, leases, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business;

(16) deposits made in order to secure the performance of the Parent Guarantor or any of its Restricted Subsidiaries and prepayments made in connection with the acquisition of real property by the Parent Guarantor or any Restricted Subsidiary, in each case, in the ordinary course of business;

(17) any guarantee of Indebtedness of the Parent Guarantor or a Restricted Subsidiary Incurred in accordance with the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness";

(18) Investments existing, or made pursuant to legally binding commitments in existence, at the Original Issue Date and described in the Offering Memorandum and any Investment that amends, extends, renews, replaces or refinances an Investment existing on such date; *provided* that such new Investment is on terms and conditions no less favorable to the Parent Guarantor or the applicable Restricted Subsidiary than the Investment being amended, extended, renewed, replaced or refinanced; and

(19) other Investments in any Person having an aggregate Fair Market Value (measured on the date each such Investment was made and without giving effect to subsequent changes in value), when taken together with all other Investments made pursuant to this clause (19) since the Original Issue Date, not to exceed US$25.0 million (or the Dollar Equivalent thereof).

"*Permitted Liens*" means:

(1) Liens for taxes, assessments, governmental charges or claims that are being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or other appropriate provision, if any, as will be required in conformity with GAAP will have been made;

(2) statutory and common law Liens of landlords and carriers, warehousemen, mechanics, suppliers, materialmen, repairmen, employees or other similar Liens arising in the ordinary course of business and with respect to amounts not yet delinquent or being contested in good faith by appropriate legal or administrative proceedings promptly instituted and diligently conducted and for which a reserve or

other appropriate provision, if any, as required in conformity with GAAP will have been made and Liens arising solely by virtue of any statutory or common law provisions relating to attorney's Liens;

(3) Liens incurred or deposits made to secure the performance of tenders, bids, leases, statutory or regulatory obligations, bankers' acceptances, surety and appeal bonds, government contracts, performance and return-of-money bonds and other obligations of a similar nature incurred in the ordinary course of business (exclusive of obligations for the payment of borrowed money);

(4) leases or subleases granted to others that do not materially interfere with the ordinary course of business of the Parent Guarantor or its Restricted Subsidiaries, taken as a whole;

(5) any interest or title of a lessor in the property subject to any operating lease;

(6) Liens on property of, or on shares of Capital Stock or Indebtedness of, any Person existing at the time such Person becomes, or becomes a part of, any Restricted Subsidiary; provided that such Liens do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property or assets acquired; provided further that such Liens were not created in contemplation of or in connection with the transactions or series of transactions pursuant to which such Person became a Restricted Subsidiary;

(7) Liens in favor of the Parent Guarantor, the Issuer or any Subsidiary Guarantor;

(8) Liens arising from attachment or the rendering of a final judgment or order against the Parent Guarantor or any Restricted Subsidiary that does not give rise to an Event of Default;

(9) Liens existing on the Original Issue Date;

(10) Liens securing Indebtedness which is Incurred to refinance secured Indebtedness which is permitted to be Incurred under clause (b)(5) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness;" provided that such Liens do not extend to or cover any property or assets of the Parent Guarantor or any Restricted Subsidiary other than the property or assets securing the Indebtedness being refinanced;

(11) Liens (including extensions and renewals thereof) upon real or personal property, assets, machinery, plant or equipment acquired, developed, installed, improved or expanded after the Original Issue Date (including through the acquisition of Capital Stock of any Person that owns such real or personal property, assets, machinery, plant or equipment which will, upon such acquisition, become a Restricted Subsidiary and including any interest or title of a lessor under Capitalized Lease Obligations); provided that (a) such Lien is created solely for the purpose of securing Indebtedness Incurred of the type permitted by clause (b)(10) of the covenant described under the caption "— Limitation on Indebtedness", (b) such Lien is created prior to, at the time of or within 180 days after the later of the acquisition or the completion of development, construction, installation, improvement or expansion of such property, (c) the principal amount of Indebtedness secured by such Lien does not exceed 100% of the cost (including adjustment of purchase price or similar obligations) of such property, development, construction, installation, improvement or expansion and (d) such Lien shall not extend to or cover any property or assets other than such item of real or personal property, assets, machinery, plant or equipment and any improvements on such item;

(12) Liens securing Indebtedness under Hedging Obligations permitted by clause (b)(6) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness;"

(13) Liens on deposits made in order to comply with statutory obligations to maintain deposits for workers' compensation claims, unemployment insurance and other purposes specified by statute made in the ordinary course of business and not securing Indebtedness of the Parent Guarantor or any Restricted Subsidiary;

(14) Liens under the Security Documents securing the Old Notes (including any additional Old Notes) and the Notes (including any Additional Notes) or any Guarantee;

(15) Liens securing reimbursement obligations with respect to letters of credit that encumber documents and other property relating to such letters of credit and the products and proceeds thereof;

(16) Liens securing rights of setoff in favor of a bank imposed by law and incurred in the ordinary course of business on deposit accounts maintained with such bank and cash and Temporary Cash Investments in such accounts;

(17) (x) Liens on property or assets securing Indebtedness used or to be used to defease or satisfy and discharge the Notes; *provided* that (a) the Incurrence of such Indebtedness was not prohibited by the Indenture and (b) such defeasance or satisfaction and discharge is not prohibited by the Indenture and

(y) Liens on cash and Temporary Cash Investments arising in connection with the defeasance, discharge or redemption of Indebtedness;

(18) Liens securing Indebtedness permitted to be Incurred under clause (b)(1) of the covenant described under the caption "— Certain Covenants — Limitation on Indebtedness";

(19) Liens on (i) Capital Stock of a Finance Subsidiary (other than the Issuer) and any intercompany loans or advances from such Finance Subsidiary to the Parent Guarantor or any Restricted Subsidiary, (ii) Capital Stock of a Wholly-Owned Subsidiary of a Finance Subsidiary and on any intercompany loans or advances made by such Wholly-Owned Subsidiary to the Parent Guarantor or any Restricted Subsidiary; and (iii) any interest reserve, debt service reserve, debt service accrual or similar account used to service interest payments or debt obligations with respect to such Indebtedness or any escrow account holding all or any part of the proceeds of such Indebtedness, in each case securing Indebtedness of such Finance Subsidiary (and guarantees by the Parent Guarantor or Subsidiary Guarantors of such Indebtedness) permitted to be Incurred under the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness";

(20) Liens upon specific items of inventory or other goods and proceeds of any Person securing such Person's obligations in respect of bankers' acceptances issued or credited for the account of such Person to facilitate the purchase, shipment or storage of such inventory or other goods;

(21) Liens arising out of conditional sale, title retention, consignment or similar arrangements for the sale of goods entered into by the Parent Guarantor or any Restricted Subsidiary in the ordinary course of business;

(22) Liens Incurred in connection with any cash or treasury management program, or cash pooling, netting or set-off arrangements, in each case established in the ordinary course of business for the benefit of the Parent Guarantor or any Restricted Subsidiary;

(23) Liens in favor of customs and revenue authorities arising by operation of law to secure payment of customs duties in connection with importation or exportation of goods in the ordinary course of business;

(24) Liens on the Capital Stock of Unrestricted Subsidiaries or any Person that is not a Subsidiary of the Parent Guarantor solely to secure Indebtedness of such Unrestricted Subsidiaries or such Person, in each case that is non-recourse to the Parent Guarantor or any Restricted Subsidiary, unless the Parent Guarantor or such Restricted Subsidiary could have incurred such Indebtedness under the Indenture on the date of incurrence of such Lien;

(25) Liens with respect to minor survey exceptions, minor encumbrances, easements or reservations of, or rights of others for, licenses, rights of way, sewers, electric lines, telegraph and telephone lines and other similar purposes, or municipal ordinances, zoning ordinances or other restrictions as to the use of real property, not interfering in any material respect with the conduct of the business of the Parent Guarantor and its Restricted Subsidiaries;

(26) licenses or leases or subleases as licensor, lessor or sublessor of any of the Parent Guarantor's or the Restricted Subsidiaries' property, including intellectual property, in the ordinary course of business;

(27) Liens resulting from escrow arrangements entered into in connection with the disposition of assets;

(28) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Parent Guarantor or its Restricted Subsidiaries relating to such property or assets;

(29) any encumbrance or restriction, including customary rights of first refusal and tag, drag and similar rights with respect to Capital Stock of any joint venture pursuant to joint venture agreements entered into in the ordinary course of business;

(30) Liens on (i) the Collateral securing any Permitted Pari Passu Secured Indebtedness; (ii) any intercompany loans or advances made by Golden Mountain to the Parent Guarantor or any Restricted Subsidiary securing Permitted Pari Passu Secured Indebtedness; (iii) any interest reserve, debt service reserve, debt service accrual or similar account used to service interest payments or debt obligations with respect to such Permitted Pari Passu Secured Indebtedness or (iv) any escrow account holding all or any part of the proceeds of such Permitted Pari Passu Secured Indebtedness, in each case securing such Permitted Pari Passu Secured Indebtedness (and guarantees by the Parent Guarantor or Subsidiary Guarantors of such Indebtedness) permitted to be Incurred under the covenant described under the caption entitled "— Certain Covenants — Limitation on Indebtedness" and that complies with each of the requirements set forth under "— Security — Permitted Pari Passu Secured Indebtedness";

(31) Liens on inventories and accounts receivable to secure working capital facilities of the Parent Guarantor or any Restricted Subsidiary used for working capital; and

(32) Liens with respect to obligations that do not exceed US$25.0 million (or the Dollar Equivalent thereof) at any one time outstanding;

provided that, with respect to Liens on the property or assets of Golden Mountain, Permitted Liens will include only Liens described in paragraphs (1), (2), (3), (5), (7), (8), (9), (13), (14), (15), (16), (17), (19), (20), (21), (22), (23), (25), (26), (27), (28), (30) and (32) above, and *provided further* that for purposes of the Collateral, Permitted Liens shall mean Liens described in clauses (1), (9), (13), (14), (16), (17) and, solely in respect of the Collateral, (30) above only.

"*Person*" means any individual, corporation, partnership, limited liability company, joint venture, trust, unincorporated organization or government or any agency or political subdivision thereof.

"*Preferred Stock*" as applied to the Capital Stock of any Person means Capital Stock of any class or classes that by its terms is preferred as to the payment of dividends, or as to the distribution of assets upon any voluntary or involuntary liquidation or dissolution of such Person, over any other class of Capital Stock of such Person.

"*Rating Agencies*" means (i) S&P, (ii) Moody's and (iii) Fitch; *provided* that if S&P, Moody's or Fitch shall not make a rating of the Notes publicly available, one or more "nationally recognized statistical rating organizations", as the case may be, within the meaning of Section 3(a)(62) under the Exchange Act, as the Parent Guarantor may select, which will be substituted for any of S&P, Moody's or Fitch, as the case may be.

"*Rating Category*" means (i) with respect to S&P and Fitch, any of the following categories: "BB", "B", "CCC", "CC", "C" and "D" (or equivalent successor categories), (ii) with respect to Moody's, any of the following categories: "Ba", "B", "Caa", "Ca", "C" and "D" (or equivalent successor categories); and (iii) the equivalent of any such category of S&P, Fitch or Moody's used by another Rating Agency. In determining whether the rating of the Notes has decreased by one or more gradations, gradations within Rating Categories ("+" and "-" for S&P and Fitch; "1", "2" and "3" for Moody's; or the equivalent gradations for another Rating Agency) will be taken into account (e.g., with respect to S&P, a decline in a rating from "BB+" to "BB", as well as from "BB-" to "B+", will constitute a decrease of one gradation).

"*Rating Date*" means, in connection with actions contemplated under the caption "— Consolidation, Merger and Sale of Assets", that date which is 90 days prior to the earlier of (x) the occurrence of any such actions as set forth therein and (y) a public notice of the occurrence of any such actions.

"*Rating Decline*" means, in connection with actions contemplated under the caption "— Consolidation, Merger and Sale of Assets", the notification by any of the Rating Agencies that such proposed actions will result in any of the events listed below:

(a) in the event the Notes are rated by all three Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by any two of the three or all three Rating Agencies shall be below Investment Grade;

(b) in the event the Notes are rated by any two, but not all three, of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by either of such two Rating Agencies shall be below Investment Grade;

(c) in the event the Notes are rated by only one of the Rating Agencies on the Rating Date as Investment Grade, the rating of the Notes by such Rating Agency will be below Investment Grade; or

(d) in the event the Notes are rated below Investment Grade by all Rating Agencies on the Rating Date, the rating of the Notes by any Rating Agency will be decreased by one or more gradations (including gradations within Rating Categories as well as between Rating Categories),

provided that a Rating Agency will be deemed to have not changed its rating of the Notes to below Investment Grade or to have decreased its rating of the Notes if such Rating Agency states publicly in writing that (i) its change in rating of the Notes is the result of a rating downgrade applicable to the Government of Indonesia or generally applicable to companies in the Parent Guarantor's industry or companies located or operating in Indonesia and (ii) is not as a result of such proposed action contemplated under the caption "— Consolidation, Merger and Sale of Assets".

"*Reference Period*" means, as of any Transaction Date, the period commencing on and including the first day of the Four Quarter Period with respect to such Transaction Date and ending on and including the Transaction Date.

"*Reference Treasury Dealer*" means each of any three investment banks of recognized standing that is a primary U.S. Government securities dealer in The City of New York, selected by the Issuer in good faith.

"*Reference Treasury Dealer Quotations*" means, with respect to each Reference Treasury Dealer and any redemption date, the average as determined by an investment banking firm of recognized international standing, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing by such Reference Treasury Dealer at 5:00 p.m. New York City time on the third Business Day preceding such redemption date.

"*Replacement Assets*" means, with respect to an Asset Sale, (1) properties and assets that replace the properties and assets that were the subject of such Asset Sale and properties or assets (other than current assets) that will be used in a Permitted Business, including in each case the Capital Stock of any Person that is primarily engaged in a Permitted Business holding such property or assets and will, upon the acquisition by the Parent Guarantor or any of its Restricted Subsidiaries of such Capital Stock, become a Restricted Subsidiary or (2) any other capital expenditure relating to properties or assets that are used in a Permitted Business.

"*Restricted Subsidiary*" means any Subsidiary of the Parent Guarantor other than an Unrestricted Subsidiary.

"*S&P*" means Standard & Poor's Ratings Services and its affiliates.

"*Sale and Leaseback Transaction*" means any direct or indirect arrangement relating to property (whether real, personal or mixed), now owned or hereafter acquired whereby the Parent Guarantor or any Restricted Subsidiary transfers such property to another Person and the Parent Guarantor or any Restricted Subsidiary leases it from such Person.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*Security Documents*" means collectively, the pledge or charge agreements and any other agreements or instruments that may evidence or create any security interest in favor of the Collateral Agent, the Trustee or any Holders in any or all of the Collateral.

"*Senior Indebtedness*" of the Parent Guarantor or any Restricted Subsidiary, as the case may be, means all Indebtedness of the Parent Guarantor or such Restricted Subsidiary, as relevant, whether outstanding on the Original Issue Date or thereafter created, except for Indebtedness which, in the instrument creating or evidencing the same, is expressly stated to be subordinated in right of payment to the Notes or, in respect of the Parent Guarantor, its Parent Guarantee or, in respect of any Restricted Subsidiary that is a Subsidiary Guarantor, its Subsidiary Guarantee; *provided* that Senior Indebtedness does not include (a) any obligation to the Parent Guarantor or any Restricted Subsidiary, (b) trade payables or (c) Indebtedness Incurred in violation of the Indenture.

"*Shareholder Subordinated Loan*" means any unsecured Indebtedness for borrowed money Incurred by the Parent Guarantor or any Subsidiary Guarantor from any Permitted Holder (but only so long as such Indebtedness is owed to such Permitted Holder) which (i) is expressly made subordinate to the prior payment in full of the Parent Guarantee or Subsidiary Guarantee, as the case may be, by its terms or by the terms of any agreement or instrument pursuant to which such Indebtedness is issued, created or remains outstanding, with respect to the payment of principal and any other payment obligations in respect of such Indebtedness, (ii) by its terms (and by the terms of any security into which it is convertible or for which it is exchangeable) does not mature and is not required to be repaid, redeemed, repurchased or otherwise retired, pursuant to a sinking fund obligation, event of default or otherwise, in whole or in part, on or prior to 366 days after the final Stated Maturity of the Notes, (iii) by its terms, does not provide for any cash payment of interest (or premium, if any) and (iv) by its terms, does not permit any payments of principal of (or premium, if any) or interest on or otherwise due in respect of such Indebtedness for so long as any Default exists.

"*Significant Subsidiary*" means (x) the Issuer, (y) Golden Mountain or (z) any other Restricted Subsidiary that would be a "significant subsidiary" as defined in Article 1, Rule 1-02 of Regulation S-X, promulgated under the Securities Act, as such regulation is in effect on the Original Issue Date; *provided* that in each instance in such definition in which the term "10 percent" is used, the term "5 percent" shall be substituted therefor.

"*Stated Maturity*" means, (1) with respect to any Indebtedness, the date specified in such debt security as the fixed date on which the final installment of principal of such Indebtedness is due and payable as set forth in the documentation governing such Indebtedness and (2) with respect to any scheduled installment of principal of or interest on any Indebtedness, the date specified as the fixed date on which such installment is due and payable as set forth in the documentation governing such Indebtedness.

"*Subordinated Indebtedness*" means any Indebtedness of the Issuer, the Parent Guarantor or any Subsidiary Guarantor which is contractually subordinated or junior in right of payment to the Notes, the Parent Guarantee or any Subsidiary Guarantee, as applicable, pursuant to a written agreement to such effect.

"*Subsidiary*" means, with respect to any Person, any corporation, association or other business entity (a) of which more than 50% of the voting power of the outstanding Voting Stock is owned, directly or indirectly, by such Person and one or more other Subsidiaries of such Person or (b) of which 50% of the outstanding Voting Stock is owned, directly or indirectly, by such Person and which is "controlled" and consolidated by such Person in accordance with GAAP; *provided* that with respect to clause (b) the occurrence of any event (other than the issuance or sale of Capital Stock) as a result of which such corporation, association or other business entity ceases to be "controlled" by such Person under GAAP and to constitute a Subsidiary of such Person shall be deemed to be a designation of such corporation, association or other business entity as an Unrestricted Subsidiary by such Person and be subject to the requirements under the first paragraph of "— Designation of Restricted and Unrestricted Subsidiaries" covenant.

"*Subsidiary Guarantee*" means any guarantee of the obligations of the Issuer under the Indenture and the Notes by any Subsidiary Guarantor.

"*Subsidiary Guarantor*" means any initial Subsidiary Guarantor named herein and any other Restricted Subsidiary which guarantees the payment of the Notes pursuant to the Indenture and the Notes; *provided* that Subsidiary Guarantor will not include any Person whose Subsidiary Guarantee has been released in accordance with the Indenture and the Notes.

"*Temporary Cash Investments*" means any of the following:

(1) direct obligations of the United States of America any state of the European Economic Area, the United Kingdom, Singapore or Hong Kong or any agency of the foregoing; *provided* that such country or state is rated "AA" (or such similar equivalent rating) or higher by at least two nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) (each such country or state a "Rated Country/State"), or obligations fully and unconditionally guaranteed by any Rated Country/State, in each case (unless such securities are deposited to defease or satisfy and discharge any Indebtedness) maturing within one year of the date of acquisition thereof;

(2) demand or time deposit accounts, certificates of deposit and money market deposits maturing within 180 days of the date of acquisition thereof issued by a bank or trust company which is organized under the laws of the United States of America or any state thereof, or any other Rated Country/State, and which bank or trust company has capital, surplus and undivided profits aggregating in excess of US$500 million (or the Dollar Equivalent thereof) and has outstanding debt which is rated "A" (or such similar equivalent rating) or higher by at least one nationally recognized statistical rating organization (as defined in Section 3(a)(62) of the Exchange Act) or any money market fund sponsored by a registered broker dealer or mutual fund distributor;

(3) repurchase obligations with a term of not more than 30 days for underlying securities of the types described in clause (1) above entered into with a bank or trust company meeting the qualifications described in clause (2) above;

(4) commercial paper, maturing within 180 days of the date of acquisition thereof, issued by a corporation (other than an Affiliate of the Parent Guarantor) organized and in existence under the laws of the United States of America, any state thereof or any foreign country recognized by the United States of America with a rating at the time as of which any investment therein is made of "P-1" (or higher) according to Moody's or "A-1" (or higher) according to S&P;

(5) securities maturing within one year of the date of acquisition thereof, issued or fully and unconditionally guaranteed by any state, commonwealth or territory of the United States of America, or by any political subdivision or taxing authority thereof, and rated at least "A" by S&P or Moody's;

(6) any mutual or money market fund that has at least 95% of its assets continuously invested in investments of the types described in clauses (1) through (5) above; and

(7) demand or time deposit accounts, certificates of deposit, overnight or call deposits and money market deposits with (i) PT Bank Rakyat Indonesia (Persero) Tbk, PT Bank Central Asia Tbk, Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank), PT Bank International Indonesia Tbk, PT Bank Danamon Indonesia Tbk, PT Bank Bukopin Tbk, PT Bank UOB Indonesia and PT Bank Negara

Indonesia (Persero) Tbk, PT Bank Chinatrust Indonesia, PT Bank BRI Syariah, PT Bank Mandiri (Persero) Tbk, PT Mega Tbk, Deutsche Bank AG, PT Indonesia Exim Bank, PT Sumitomo Indonesia, Citibank N.A., PT Bank Pembangunan Daerah, Java Barat dan Banten Tbk, PT Hongkong and Shanghai Banking Corporation Ltd; (ii) any other bank, financial institution or trust company organized under the laws of the Republic of Indonesia whose long-term debt rating by Moody's or S&P is rated as high or higher than any of those banks listed in clause (i) of this paragraph or (iii) any other bank, financial institution or trust company organized under the laws of the Republic of Indonesia; *provided* that, in the case of clause (iii), such deposits do not exceed US$5.0 million (or the Dollar Equivalent thereof) with any single bank or US$15.0 million (or the Dollar Equivalent thereof) in the aggregate, at any date of determination thereafter.

"*Total Assets*" means, as of any date of determination, the total consolidated assets of the Parent Guarantor and its Restricted Subsidiaries measured in accordance with GAAP as of the last day of the most recently ended fiscal quarter prior to such date for which consolidated financial statements (which may be internal financial statements) of the Parent Guarantor are available; *provided* that "Total Assets" will be calculated after giving pro forma effect to reflect (without duplication) (a) the cumulative value of all assets, real or personal property, machinery, plant and equipment, the acquisition, development, installation, expansion, construction or improvement of which requires or required the Incurrence of Indebtedness, as measured by the purchase price or cost therefor or budgeted cost provided in good faith by the Parent Guarantor or any Restricted Subsidiary to the bank or financial institutional lender providing such Indebtedness (but only to the extent that such cumulative value is not reflected in such total consolidated assets as of the last day of such fiscal quarter) and (b) any asset acquisitions and asset dispositions (including giving pro forma effect to the application of proceeds of any asset disposition) that have been made since the last day of such fiscal quarter and on or prior to such date of determination.

"*Trade Payables*" means, with respect to any Person, any accounts payable or any other indebtedness or monetary obligation to trade creditors created, assumed or guaranteed by such Person or any of its Subsidiaries arising in the ordinary course of business in connection with the acquisition of goods or services and payable within 365 days.

"*Transaction Date*" means, with respect to (i) the Incurrence of any Indebtedness, the date such Indebtedness is to be Incurred, (ii) any Restricted Payment, the date such Restricted Payment is to be made, and (iii) the incurrence or assumption of any Lien, the date such Lien is to be incurred or assumed.

"*Unrestricted Subsidiary*" means (1) any Subsidiary of the Parent Guarantor that at the time of determination will be designated an Unrestricted Subsidiary by the Board of Directors in the manner provided in the Indenture; and (2) any Subsidiary of an Unrestricted Subsidiary.

"*U.S. Government Obligations*" means securities that are (1) direct obligations of the United States of America for the payment of which its full faith and credit is pledged or (2) obligations of a Person controlled or supervised by and acting as an agency or instrumentality of the United States of America the payment of which is unconditionally guaranteed as a full faith and credit obligation by the United States of America, which, in either case, are not callable or redeemable at the option of the holder thereof at any time prior to the Stated Maturity of the Notes, and will also include a depository receipt issued by a bank or trust company as custodian with respect to any such U.S. Government Obligation or a specific payment of interest on or principal of any such U.S. Government Obligation held by such custodian for the account of the holder of a depository receipt; *provided* that (except as required by law) such custodian is not authorized to make any deduction from the amount payable to the holder of such depository receipt from any amount received by the custodian in respect of the U.S. Government Obligation or the specific payment of interest on or principal of the U.S. Government Obligation evidenced by such depository receipt.

"*Voting Stock*" means, with respect to any Person, Capital Stock of any class or kind ordinarily having the power to vote for the election of directors, managers or other voting members of the governing body of such Person.

"*Wholly Owned*" means, with respect to any Subsidiary of any Person, the ownership of 100% of the outstanding Capital Stock of such Subsidiary (other than any director's qualifying shares or Investments by foreign nationals mandated by applicable law) by such Person or one or more Wholly Owned Subsidiaries of such Person.

TAXATION

The discussion below is not intended to constitute a complete analysis of all tax consequences relating to ownership of the Notes. Prospective purchasers of the Notes should consult their own tax advisers concerning the tax consequences of their particular situations. This description is based on laws, regulations and interpretations as now in effect and available as of the date of this Offering Memorandum. The laws, regulations and interpretations, however, may change at any time, and any change could be retroactive to the date of issuance of the Notes. These laws and regulations are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below.

Indonesian Taxation

The following is a summary of the principal Indonesian tax consequences relevant to prospective holders of the Notes that are not tax resident in Indonesia and have no permanent establishment in Indonesia. The summary does not address any laws other than the tax laws of Indonesia in force and as they are applied in practice as of the date of this Offering Memorandum. The summary represents a general guide only and should not be relied upon by individual or corporate holders of the Notes. It is recommended that holders of the Notes seek independent tax advice relevant to their facts and circumstances.

General

Generally, an individual is considered a non-resident of Indonesia if the individual:

- is not domiciled in Indonesia,
- is not present in Indonesia for more than 183 days within a 12-month period, and
- is not present in Indonesia during a tax year with the intention of residing in Indonesia.

A company will be considered a non-resident of Indonesia if it is not established or domiciled in Indonesia. Non-resident individuals and non-resident companies are further classified into those that have a permanent establishment in Indonesia, and those that do not. Those that have a permanent establishment in Indonesia will generally be subject to the same taxation rules as a tax resident. Therefore this section assumes, unless otherwise indicated, that a non-resident individual and a non-resident company do not have a permanent establishment in Indonesia.

In determining the tax residency of an individual or company and the allocation of taxing rights on income between two countries, consideration will also be given to the provisions of any applicable tax treaty which Indonesia has concluded with other jurisdictions. In this section, both a non-resident individual and a non-resident company will be referred to as "Non-resident Taxpayers".

Subject to the provisions of an applicable tax treaty, Non-resident Taxpayers who derive income sourced in Indonesia from (among other things):

- the sale of certain assets situated in Indonesia; and
- interest, or payments in the nature of interest, such as premiums,

are generally subject to a withholding tax on that income at the final rate of 20.0%.

For the sale of certain Indonesian assets by Non-resident Taxpayers with no permanent establishment in Indonesia, the 20.0% withholding tax is imposed on the estimated net income.

Taxation on Interest and Premium

Payments or accruals of principal under the Notes by the Issuer should not be subject to withholding tax in Indonesia.

The amount of any payments or accruals by the Parent Guarantor and/or Subsidiary Guarantors, which are Indonesian tax residents, under a Guarantee that is attributable to an interest or premium payment (which amounts are generally treated as interest) payable on the Notes to a Non-resident Taxpayer will be subject to withholding tax in Indonesia at the rate of 20.0% pursuant to Article 26 of the Income Tax Law No. 36 Year 2008, unless reduced by an applicable tax treaty.

The 20.0% withholding tax is a final tax. A lower rate of withholding tax applicable to Non-resident Taxpayers who reside in a tax treaty country is subject to satisfying the eligibility and reporting requirements for the applicable tax treaty. See "— Agreements for the Avoidance of Double Taxation".

To the extent that the Parent Guarantor and/or Subsidiary Guarantors is or are required to pay additional amounts or any excess of the principal in accordance with the terms of a Guarantee, these amounts will be subject to withholding tax in the manner described above. For a description of the circumstances under which the Parent Guarantor and/or Subsidiary Guarantors may be required to pay additional amounts with respect to the Indonesian taxation on premiums on payments made under a Guarantee of the Notes, see "Description of the Notes".

Payments or accruals of interest made or considered to be made by the Company to Golden Mountain under the Intercompany Loan will be subject to withholding tax in Indonesia. As described above, the statutory rate of such withholding tax is 20.0%, subject to reduction under an applicable tax treaty.

In this regard, the term "interest" as used in the Singapore-Indonesia Tax Treaty means income from debt-claims of every kind, whether or not secured by a mortgage and whether or not carrying a right to participate in the debtor's profits and in particular, income from government securities and income from bonds or debentures including premiums and prizes attaching to such securities bonds or debentures. The Singapore-Indonesia Tax Treaty provides for a reduced withholding tax rate of 10.0% on interest (if the recipient has no permanent establishment in Indonesia), subject to satisfying the eligibility and reporting requirements of the tax treaty described in "— Agreements for the Avoidance of Double Taxation".

Taxation on Capital Gains

Income derived by Non-resident Taxpayers from the disposal of Notes to other Non-resident Taxpayers should generally not be subject to Indonesian income tax. However, if such gains from disposal of the Notes are derived by a Non-resident Taxpayer with a permanent establishment in Indonesia, then the capital gain is taxable in Indonesia and subject to income tax up to a maximum rate of 30.0% for individuals or 25.0% for companies as long as the capital gain is attributable to a permanent establishment in Indonesia. For Non-resident Taxpayers that are companies with a permanent establishment in Indonesia an additional deemed distribution tax applies at a rate of 20.0% to after-tax profits, subject to applicable tax treaties and fulfilling the requirements to claim tax treaty benefits see "— Agreements for the Avoidance of Double Taxation".

Other Indonesian Taxes

There are no Indonesian estate, inheritance, succession, or gift taxes generally applicable to the acquisition, ownership or disposition of the Notes by Non-resident Taxpayers. There are no Indonesian registration or similar taxes or duties payable by the holders of the Notes.

Agreements for the Avoidance of Double Taxation

Indonesia has concluded tax treaties with a number of countries including Australia, Belgium, Canada, China, France, Germany, Japan, the Netherlands, Singapore, Sweden, Switzerland, the United Kingdom and the United States of America.

Where a tax treaty exists and the eligibility requirements of that treaty are satisfied, a reduced rate of withholding tax may be applicable in the case of interest (or payments in the nature of interest such as premium) paid by the Parent Guarantor or the Subsidiary Guarantors.

To obtain the benefit of an applicable tax treaty for certain types of income such as interest, a Non-resident Taxpayer must be the actual owner of the economic benefits of the income (referred to as the beneficial owner of the income) and comply with the eligibility requirements of the applicable tax treaty and the specific requirements in Indonesia. See "— Application of Tax Treaties under Indonesian Tax Regulations" and "— Certificate of Domicile" for further details.

Application of Tax Treaties under Indonesian Tax Regulations. A withholding agent is currently allowed to withhold Indonesian tax at a reduced rate in accordance with a tax treaty, *provided* that:

(a) the Non-resident Taxpayer is not an Indonesian tax resident;

(b) the administrative requirements have been fulfilled; and

(c) there is no tax treaty misuse by the Non-resident Taxpayer.

If the above requirements are not met, then a withholding agent would be required to withhold Indonesian tax in accordance with Indonesian tax regulations, i.e., withholding tax at the rate of 20.0%.

Under Indonesian tax regulations, misuse of a tax treaty can happen in the case of:

(a) a transaction that does not have economic substance and is carried out using a structure/scheme merely to enjoy tax treaty benefits;

(b) a transaction with a structure/scheme pursuant to which the legal form is different from the economic substance merely to enjoy tax treaty benefits; or

(c) a situation in which the recipient of the income is not the actual owner of the economic benefits of the income (i.e., the recipient is not the beneficial owner). Beneficial owner requirements are typically only applicable for recipients of interest, dividend, and royalty income.

A Non-resident Taxpayer covered by a tax treaty should generally not be considered to be misusing the tax treaty, if the recipient:

(a) is an individual who is not acting as an agent or nominee;

(b) is an institution mentioned explicitly in the tax treaty or agreed to by the authority of Indonesia and the tax treaty partner country;

(c) is a company the shares of which are listed in any stock market (and are traded regularly) (that is not acting as an agent or nominee);

(d) is a pension fund that is established under the laws of the Indonesian treaty partner's country and is a tax resident of that country (and that is not acting as an agent or nominee);

(e) is a bank (that is not acting as an agent or nominee); or

(f) is a company that meets the following cumulative requirements (the beneficial ownership test):

  (i) the company was not established in the tax treaty partner country or the transaction was not structured merely to enjoy tax treaty benefits; and

  (ii) in relation to interest, dividends or royalties,

    (1) the company's business activities are managed by the company's own management, which has sufficient authority to undertake transactions;

    (2) the company has sufficient qualified employee(s);

    (3) the company has an active trade or business;

    (4) the income received from Indonesia is taxable in the recipient's country; and

    (5) the company does not use more than 50.0% of its total revenue to satisfy claims by other persons, such as interest, royalties, or other payments. The term "claims by other persons" means claims from third parties in the form of interest, royalties, service fees, or other payments which are intended to pass on the non-resident's income to the beneficial owner. These claims shall not include dividends and payments related to employment or expenses normally incurred as part of the business.

If there is misuse of a tax treaty, the following consequences, among others, would generally be applicable:

(a) the withholding agent would not be allowed to implement a reduced withholding tax rate stipulated in the tax treaty and would be required to withhold Indonesian tax in accordance with Indonesia's tax regulations, i.e., at a rate of 20.0%; and

(b) the Non-resident Taxpayer who misuses the tax treaty would not be permitted to apply for a refund for the overpayment of tax.

Certificate of Domicile ("COD"). The administrative requirements to be fulfilled by a Non-resident Taxpayer to enjoy the benefits of a tax treaty currently include:

(a) use of the COD form as stipulated in Attachment II or Attachment III of Director-General of Taxation ("DGT") Regulation No. Per-24/PJ/2010 (Revision of DGT Regulation No. 61/PJ./2009) dated April 30, 2010 (i.e., Form-DGT 1 or Form-DGT 2);

(b) full completion of Form –DGT 1 or Form-DGT 2 by the Non-resident Taxpayer;

(c) signature by the Non-resident Taxpayer;

(d) certification of page 1 of the form by the tax authority in the tax treaty partner country (or provision of a separate COD by the foreign tax authority as was used prior to the application of these new requirements); and

(e) completion of the relevant DGT-1/DGT-2 Form (or a separate COD) before the interest payment is made or accrued, whichever is earlier, and provision of the form to the Indonesian tax office together with the withholding tax return, by the 20th day of the month following the month in which the interest is paid or accrued.

If certification from the tax authority (as set out in point (d) above) in the tax treaty partner country cannot be obtained on page 1 of Form DGT-1 or Form DGT-2, the Non-resident Taxpayer may replace this with the separate COD issued by the competent tax authority of the tax treaty partner country. In such case, the separate COD issued by the competent tax authority is required to be attached to the Form DGT-1 or Form DGT-2, where applicable, that has been completed and signed by the Non-resident Taxpayer.

The certified first page of Form DGT-1 or Form DGT-2, or the separate COD used in lieu thereof, has a validity of one year and may be reused during this time for other payments from the same Indonesian party to that Non-resident Taxpayer. Page 2 of the form described in the preceding sentence must be issued with every transaction or every month for similar transactions within the same month.

A Non-resident Taxpayer should provide the original form described above to the withholding agent. The withholding agent is required to attach a copy of such form to its applicable monthly tax return.

If income is received or earned by a Non-resident Taxpayer, but Indonesian tax is not withheld pursuant to an applicable tax treaty, the withholding agent is still obligated to report the applicable COD to the applicable tax authority.

Stamp Duty

No Indonesian stamp duty should be due because the Notes are issued by a Singapore company.

Singapore Taxation

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, administrative guidelines and circulars issued by the Monetary Authority of Singapore ("MAS") in force as of the date of this Offering Memorandum and are subject to any changes in such laws, administrative guidelines or circulars, or the interpretation of those laws, administrative guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. These laws, administrative guidelines and circulars are also subject to various interpretations and the relevant tax authorities or the courts could later disagree with the explanations or conclusions set out below. Neither these statements nor any other statements in this Offering Memorandum are intended or are to be regarded as advice on the tax position of any holder of the Notes or of any person acquiring, selling or otherwise dealing with the Notes or on any tax implications arising from the acquisition, sale or other dealings in respect of the Notes. The statements made herein do not purport to be a comprehensive or exhaustive description of all the Singapore tax considerations that may be relevant to a decision to subscribe for, purchase, own or dispose of the Notes and do not purport to deal with the tax consequences applicable to all categories of investors, some of which (such as dealers in securities or financial institutions in Singapore that have been granted the relevant Financial Sector Incentive(s)) may be subject to special rules or tax rates. Prospective holders of the Notes are advised to consult their own tax advisers regarding the Singapore or other tax consequences of the acquisition, ownership of or disposal of the Notes, including, in particular, the effect of any foreign, state or local tax laws to which they are subject. It is emphasized that neither the Issuer nor any other persons involved in the offering of the Notes accepts responsibility for any Singapore tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

The statements below regarding taxation are only intended for prospective new investors in the Notes and do not deal with the tax consequences and implications applicable to holders of the Old Notes participating in the Tender Offer, in respect of which additional tax considerations may be applicable.

Interest and Other Payments

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore (the "ITA"), the following payments are deemed to be derived from Singapore:

(a) any interest, commission, fee or any other payment in connection with any loan or indebtedness or with any arrangement, management, guarantee, or service relating to any loan or indebtedness which is (i) borne, directly or indirectly, by a person resident in Singapore or a permanent establishment in Singapore (except in respect of any business carried on outside Singapore through a permanent establishment outside Singapore or any immovable property situated outside Singapore) or (ii) deductible against any income accruing in or derived from Singapore; or

(b) any income derived from loans where the funds provided by such loans are brought into or used in Singapore.

Such payments, where made to a person not known to the paying party to be a resident in Singapore for Singapore tax purposes, are generally subject to Singapore withholding tax. The withholding tax rate on such payments (other than those subject to the 15.0% final withholding tax described below) to non-resident persons (other than non-resident individuals) is currently 17.0%. The applicable withholding tax rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person that is not a resident in Singapore, other than from any trade, business, profession or vocation carried on or exercised by such person in Singapore, and is not effectively connected with a permanent establishment in Singapore, the payment is subject to a final withholding tax of 15.0%. The 15.0% withholding tax rate may be reduced by an applicable tax treaty.

However, certain Singapore-source investment income derived by individuals from financial instruments is exempt from tax, including:

(a) interest from debt securities derived on or after January 1, 2004;

(b) discount income (not including discount income arising from secondary trading) from debt securities derived on or after February 17, 2006; and

(c) prepayment fee, redemption premium and break cost from debt securities derived on or after February 15, 2007,

except where such income is derived through a partnership in Singapore or is derived from the carrying on of a trade, business or profession in Singapore.

In addition, as the issue of the Notes is jointly lead-managed by Citigroup Global Markets Singapore Pte. Ltd., and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch, and on the basis that each of them is a Financial Sector Incentive — Bond Market Company, Financial Sector Incentive — Standard Tier Company or Financial Sector Incentive — Capital Market Company (as defined in the ITA) at such time, and the Notes are issued as debt securities before December 31, 2018, the Notes would be, pursuant to the ITA and the MAS Circular FSD Cir 02/2013 entitled "Extension and Refinement of Tax Concessions for Promoting the Debt Market" issued by the MAS on June 28, 2013, qualifying debt securities ("QDS") for the purposes of the ITA, to which the following treatment shall apply:

(i) subject to certain prescribed conditions having been fulfilled (including the furnishing of a return on debt securities for the Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed and the inclusion by the Issuer in all offering documents relating to the Notes of a statement to the effect that where interest, discount income, prepayment fee, redemption premium or break cost from the Notes are derived by a person who is not resident in Singapore and who carries on any operation in Singapore through a permanent establishment in Singapore, the tax exemption for QDS shall not apply if the non-resident person acquires the Notes using the funds and profits of such person's operations through the Singapore permanent establishment), interest, discount income (not including discount income arising from secondary trading), prepayment fee, redemption premium and break cost (collectively, the "Qualifying Income") from the Notes paid by the Issuer and derived by a holder who is not resident in Singapore and who (aa) does not have a permanent establishment in Singapore or (bb) carries on any operations in Singapore through a permanent establishment in Singapore but the funds used by that person to acquire the Notes are not obtained from such person's operation through a permanent establishment in Singapore, are exempt from Singapore tax;

(ii) subject to certain conditions having been fulfilled (including the furnishing of a return on debt securities for the Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed), Qualifying Income from the Notes paid by the Issuer and derived by any company or a body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and

(iii) subject to:

(aa) the Issuer including in all offering documents relating to the Notes a statement to the effect that any person whose Qualifying Income derived from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(bb) the furnishing of a return on debt securities for the Notes in the prescribed format within such period as the relevant authorities may specify and such other particulars in connection with the Notes as the relevant authorities may require to the MAS and such other relevant authorities as may be prescribed,

payments of Qualifying Income derived from the Notes and made by the Issuer are not subject to Singapore withholding tax.

Notwithstanding the foregoing:

(A) if during the primary launch of the Notes, the Notes are issued to fewer than four persons and 50.0% or more of the issue of the Notes are beneficially held or funded, directly or indirectly, by related parties of the Issuer, the Notes would not qualify as QDS; and

(B) even if the Notes are QDS, if, at any time during the tenure of the Notes, 50.0% or more of the Notes which are outstanding at any time during the life of their issue are beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from the Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire the Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the Singapore tax exemption or concessionary rate of tax as described above.

The term "related party", in relation to a person, means any other person who, directly or indirectly, controls that person, or is controlled, directly or indirectly, by that person, or where a person and that other person, directly or indirectly, are under the control of a common person.

The terms "break cost", "prepayment fee" and "redemption premium" are defined in the ITA as follows:

- "break cost", in relation to debt securities and QDSs, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by any loss or liability incurred by the holder of the securities in connection with such redemption;
- "prepayment fee", in relation to debt securities and QDSs, means any fee payable by the issuer of the securities on the early redemption of the securities, the amount of which is determined by the terms of the issuance of the securities; and
- "redemption premium", in relation to debt securities and QDSs, means any premium payable by the issuer of the securities on the redemption of the securities upon their maturity.

References to "break cost", "prepayment fee" and "redemption premium" in this section have the same meaning as defined in the ITA.

Where interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) is derived from the Notes by any person who is not resident in Singapore and who carries on any operations in Singapore through a permanent establishment in Singapore, the tax exemption available for QDS under the ITA (as mentioned above) shall not apply if such person acquires the Notes using the funds and profits of such person's operations through a permanent establishment in Singapore. Any person whose interest, discount income, prepayment fee, redemption premium or break cost (i.e. the Qualifying Income) derived from the Notes is not exempt from tax is required to include such income in a return of income made under the ITA.

Gains on Sale of the Notes

Any gains considered to be in the nature of capital made from the sale of the Notes will not be taxable in Singapore. However, any gains derived by any person from the sale of the Notes which are gains from any trade, business, profession or vocation carried on by that person, if accruing in or derived from Singapore, may be taxable as such gains are considered revenue in nature.

Holders of the Notes who apply or who are required to apply Singapore Financial Reporting Standard 39 — Financial Instruments: Recognition and Measurement ("FRS 39") may for Singapore income tax purposes be required to recognize gains or losses (not being gains or losses in the nature of capital) on the Notes, irrespective of disposal, in accordance with FRS 39. Please see the section below on "Adoption of FRS 39 Treatment for Singapore Income Tax Purposes".

Adoption of FRS 39 Treatment for Singapore Income Tax Purposes

The IRAS has issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement" (the "FRS 39 Circular"). The ITA has since been amended to give effect to the FRS 39 Circular.

The FRS 39 Circular generally applies, subject to certain "opt-out" provisions, to taxpayers who are required to comply with FRS 39 for financial reporting purposes.

Holders of the Notes who may be subject to the tax treatment under the FRS 39 Circular should consult their own accounting and tax advisers regarding the Singapore income tax consequences of their acquisition, holding or disposal of the Notes.

Estate Duty

Singapore estate duty has been abolished with respect to all deaths occurring on or after February 15, 2008.

U.S. Federal Income Taxation

The following discussion, subject to the limitations and conditions set forth herein, describes certain U.S. federal income tax considerations to U.S. Holders (as defined below) in acquiring, owning and disposing of Notes. The discussion is only applicable to U.S. Holders that hold Notes as "capital assets" for U.S. federal income tax purposes (generally, property held for investment purposes), and who purchase Notes pursuant to this offering for cash at their "issue price" (generally, the first price at which a substantial amount of the Notes is sold to the public, excluding sales to bond houses, brokers, or similar persons or organizations acting in the capacity of underwriters, placement agents or wholesalers). This discussion assumes that the Notes will not be issued with more than a de minimis amount of original issue discount for U.S. federal income tax purposes.

This discussion does not address all aspects of U.S. federal income taxation that may be relevant to a U.S. Holder, in particular any holder subject to special treatment under U.S. federal income tax law (including, but not limited to, banks and other financial institutions, tax-exempt organizations, regulated investment companies, real estate investment trusts, insurance companies, dealers in securities or foreign currencies, traders who elect to mark their investment to market, U.S. expatriates, partnerships (or other entities or arrangements taxed as partnerships for U.S. federal income tax purposes) or other pass-through entities (or investors in such entities), U.S. Holders who have a functional currency other than the U.S. dollar or holders that hold Notes as part of a hedge, constructive sale, straddle, conversion or integrated transaction).

This discussion does not address any U.S. state, local, or non-U.S. tax consequences of the acquisition, ownership or disposition of Notes. In addition, this discussion does not address any consequences of the U.S. federal estate and gift tax, the alternative minimum tax or the Medicare tax on net investment income. The discussion below is based upon the provisions of the Internal Revenue Code of 1986, as amended (the "Code"), U.S. Treasury regulations, rulings and other pronouncements of the U.S. Internal Revenue Service (the "IRS") and judicial decisions as of the date hereof. Such authorities may be repealed, revoked or modified (with possible retroactive effect) so as to result in U.S. federal income tax consequences different from those discussed below.

Prospective investors are urged to consult their own independent tax advisers concerning the U.S. federal income tax consequences of the acquisition, ownership and disposition of Notes in light of their particular situations, as well as tax consequences arising under the laws of any state, local or non-U.S. taxing jurisdiction.

As used herein, the term "U.S. Holder" means a beneficial owner of Notes that is (i) an individual who is a citizen or resident of the United States for U.S. federal income tax purposes, (ii) a corporation, or other entity taxable as a corporation for U.S. federal income tax purposes, created or organized in or under the laws of the United States, any state thereof or the District of Columbia, (iii) an estate the income of which is subject to U.S. federal income taxation regardless of its source, or (iv) a trust (X) that is subject to the primary supervision of a court within the United States and the control of one or more U.S. persons or (Y) that has a valid election in effect under applicable U.S. Treasury regulations to be treated as a U.S. person.

If a partnership (including any entity classified as a partnership for U.S. federal income tax purposes) holds Notes, the U.S. federal income tax treatment of a partner in the partnership will generally depend upon the status of the partner and the activities of the partnership. A U.S. Holder that is a partner of a partnership holding Notes is urged to consult its tax adviser regarding the consequences of the acquisition, ownership and disposition of Notes.

The Issuer has made an election to be disregarded as an entity separate from the Parent Guarantor for U.S. federal income tax purposes. As a result, the Parent Guarantor will be treated as the issuer of the Notes for U.S. federal income tax purposes.

Possible Application of Rules Governing Contingent Payment Debt Instruments

The terms of the Notes provide for payments in excess of stated interest and principal under certain circumstances. For example, in the event of a Change of Control, we would generally be required to offer to repurchase the Notes at 101% of their principal amount plus accrued and unpaid interest (see "Description of the Notes — Repurchase of Notes Upon a Change of Control"). Under U.S. Treasury regulations governing contingent payment debt instruments ("CPDIs"), the possibility of a contingent payment on a Note may be disregarded if the likelihood of the contingent payment, as of the issue date, is "remote or incidental" or under certain other circumstances. We do not intend to treat the Notes as CPDIs. Our position is binding on a U.S. Holder unless such holder discloses that it is taking a contrary position in the manner required by applicable U.S. Treasury regulations. Our position is not, however, binding on the IRS, and if the IRS were to successfully challenge this position, a U.S. Holder might be required to use the accrual method, even if it were otherwise a cash method taxpayer, to take into account interest income on the Notes based upon a "comparable yield" (as defined in U.S. Treasury regulations) determined at the time of issuance of the Notes, with adjustments to such accruals when any contingent payments are made that differ from the payments based on the comparable yield. In addition, any income on the sale, exchange, retirement or other taxable disposition of the Notes would be treated as ordinary income rather than capital gain. The remainder of this discussion assumes that the Notes will not be considered CPDIs.

Taxation of Payments of Interest and Additional Amounts

The Notes are expected to be issued without original issue discount for U.S. federal income tax purposes. Interest payable on a Note will be included in the gross income of a U.S. Holder as ordinary interest income at the time it is treated as received or accrued, in accordance with the U.S. Holder's regular method of tax accounting.

If Singapore, Indonesian or other non-U.S. withholding taxes are imposed with respect to payments on the Notes (including withholding tax on payments of Additional Amounts), U.S. Holders will be treated as having actually received an amount equal to the amount of such taxes and as having paid such amount to the relevant taxing authority. As a result, the amount of income included in gross income by a U.S. Holder may be greater than the amount of cash actually received by the U.S. Holder. Subject to certain limitations, a U.S. Holder generally will be entitled to a credit against its U.S. federal income tax liability for non-U.S. income taxes withheld. Alternatively, a U.S. Holder may elect to claim a deduction for such taxes in computing its U.S. federal taxable income provided that the election applies to all foreign income taxes paid or accrued by the U.S. Holder for the taxable year.

Interest on the Notes and Additional Amounts generally will constitute foreign source income for U.S. federal income tax purposes, which is relevant in calculating a U.S. Holder's foreign tax credit limitation. The limitation on foreign taxes eligible for credit is calculated separately with respect to two specific classes of income. For this purpose, interest income on the Notes generally will be in the "passive category income" basket. The calculation of U.S. foreign tax credits and, in the case of a U.S. Holder that elects to deduct foreign taxes, the availability of deductions, involve the application of complex rules that depend on a U.S. Holder's particular circumstances. U.S. Holders should, therefore, consult their own tax advisers regarding the application of the U.S. foreign tax credit rules.

Sale, Exchange, Retirement and Other Taxable Disposition of the Notes

A U.S. Holder will generally recognize gain or loss on the sale, exchange, retirement or other taxable disposition of a Note in an amount equal to the difference between (i) the amount of cash and the fair market value of property received by such U.S. Holder on such disposition (less any amounts attributable to accrued but unpaid interest, which will be taxable as ordinary interest income to the extent not previously so taxed), and (ii) the U.S. Holder's adjusted tax basis in the Note. A U.S. Holder's adjusted tax basis in a Note will generally equal the acquisition cost of such Note to the U.S. Holder. Gain or loss with respect to a taxable disposition of a Note generally will be U.S. source capital gain or loss. Accordingly, in the event that gain with respect to a disposition of a Note is subject to Indonesian or Singapore tax as described above under "Taxation — Indonesian Taxation" and "Taxation — Singapore Taxation," a U.S. Holder may only be able to claim a U.S. foreign tax credit for the amount of Indonesian or Singapore tax to the extent such U.S. Holder has other income from foreign sources. Capital gain or loss will be long-term capital gain or loss if at the time of the sale, exchange, retirement or taxable disposition, the Note has been held for more than one year. Long-term capital gains of certain non-corporate U.S. Holders, including individuals, may be eligible for reduced rates of taxation. The deductibility of capital losses is subject to limitations.

Backup Withholding and Information Reporting

In general, payments of principal and interest, and payments of the proceeds of a sale, exchange retirement and other taxable disposition of Notes, paid within the United States or through certain U.S.-related financial intermediaries to a U.S. Holder, generally are subject to information reporting, and may be subject to backup withholding unless the U.S. Holder (i) is an exempt recipient or (ii) in the case of backup withholding (but not information reporting), provides an accurate taxpayer identification number and certifies that no loss of exemption from backup withholding has occurred.

Backup withholding is not an additional tax. The amount of any backup withholding from payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability, and may entitle the U.S. Holder to a refund, provided the required information is timely provided to the IRS.

Non-corporate U.S. Holders are required to report information to the IRS with respect to their investment in specified foreign financial assets (which may include the Notes) unless certain requirements are met. Investors who are individuals and fail to report required information could become subject to substantial penalties. Prospective investors are encouraged to consult with their own tax advisers regarding the possible implications of this reporting requirement on their investment in Notes.

PLAN OF DISTRIBUTION

Citigroup Global Markets Singapore Pte. Ltd. and The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch (collectively, the "Initial Purchasers") are acting as the initial purchasers of the offering of Notes. Subject to the terms and conditions stated in the purchase agreement dated the date of this Offering Memorandum (the "Purchase Agreement"), the Initial Purchasers have agreed to purchase, and the Issuer has agreed to sell to each of the Initial Purchasers, the principal amount of Notes set forth opposite the name of such Initial Purchaser.

Initial Purchasers	Principal Amount
Citigroup Global Markets Singapore Pte. Ltd.	US$175,000,000
The Hongkong and Shanghai Banking Corporation Limited, Singapore Branch	US$175,000,000
Total	**US$350,000,000**

The Purchase Agreement provides that the obligations of the Initial Purchasers to purchase the Notes are subject to approval of certain legal matters by counsel and to certain other conditions. The Initial Purchasers must purchase all of the Notes if they purchase any of the Notes. The initial offering price is set forth on the cover page of this Offering Memorandum. After the Notes are released for sale, the Initial Purchasers may change the offering price and other selling terms. The Initial Purchasers reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part. Delivery of the Notes is expected to occur on or about June 7, 2016.

The Issuer and the Guarantors have agreed to indemnify the Initial Purchasers against certain liabilities, including liabilities under the Securities Act, or to contribute to payments that the Initial Purchasers may be required to make in respect of any of such liabilities.

The Issuer and the Guarantors have been advised that the Initial Purchasers propose to resell the Notes at the offering price set forth on the cover page of this Offering Memorandum within the United States, through its U.S. broker-dealer affiliate, to qualified institutional buyers (as defined in Rule 144A) in reliance on Rule 144A and outside the United States in offshore transactions in reliance on Regulation S. See "Transfer Restrictions."

The Issuer and the Guarantors have agreed not to, for a period of 30 days after the date of this Offering Memorandum (i) offer for sale, sell, or otherwise dispose of (or enter into any transaction or device that is designed to, or would be expected to, result in the disposition by any person at any time in the future of) any debt securities substantially similar to the Notes or securities convertible into or exchangeable for such debt securities, or sell or grant options, rights or warrants with respect to such debt securities or securities convertible into or exchangeable for such debt securities, (ii) enter into any swap or other derivatives transaction that transfers to another, in whole or in part, any of the economic benefits or risks of ownership of such debt securities, (iii) file or cause to be filed a registration statement, including any amendments, with respect to the registration of debt securities substantially similar to the Notes or securities convertible, exercisable or exchangeable into debt securities or (iv) publicly announce an offering of any debt securities substantially similar to the Notes or securities convertible or exchangeable into such debt securities, in each case without the prior written consent of the Initial Purchaser.

The Notes have not been registered under the Securities Act and, unless so registered, may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. See "Transfer Restrictions."

The Notes will constitute a new class of securities with no established trading market. Approval-in-principle has been received for the listing of the Notes on the SGX-ST. The offering and settlement of the Notes is not conditioned upon obtaining the listing. The Issuer does not intend to apply for listing or quotation of the Notes on any national securities exchange in the United States or through Nasdaq. There can be no assurance that the prices at which the Notes will sell in the market after this offering will not be lower than the initial offering price or that an active trading market for the Notes after the completion of the offering will develop and continue after this offering. The Initial Purchasers have advised us that they currently intend to make a market in the Notes. They are not obligated to do so and may discontinue any market-making activities with respect to the Notes at any time without notice. In addition, market-making activity will be subject to the limits imposed by applicable law. Accordingly, there can be no assurance that the trading market for the Notes will have any liquidity.

In connection with this offering, Citigroup Global Markets Singapore Pte. Ltd., as stabilizing manager, or any person acting for it, may purchase and sell Notes in the open market. These transactions may, to the extent permitted by law, include short sales, stabilizing transactions and purchases to cover positions created by short sales. Short sales involve the sale of a greater amount of Notes than the Initial Purchasers are required to purchase in this offering. Stabilizing transactions consist of certain bids or purchases for the purpose of preventing or retarding a decline in the market price of the Notes while this offering is in progress. These activities, to the extent permitted by law, may stabilize, maintain or otherwise affect the market price of the Notes. These activities may be conducted in the over-the-counter market or otherwise. As a result, the price of the Notes may be higher than the price that otherwise might exist in the open market. If these activities are commenced, they may be discontinued at any time and must in any event be brought to an end after a limited time. These activities will be undertaken solely for the account of the stabilizing manager and not for and on behalf of the Issuer.

The Initial Purchasers and their respective affiliates are full service financial institutions engaged in various activities which may include securities trading, commercial and investment banking, financial advice, investment management, principal investment, hedging, financing and brokerage activities. The Initial Purchasers and their respective affiliates may have engaged in, and may in the future engage in transactions with and perform services for the Issuer, the Parent Guarantor and/or their affiliates. The Initial Purchasers and their respective affiliates have received, and in the future may receive, customary fees and commissions for these transactions. In the ordinary course of their various business activities, the Initial Purchasers and their respective affiliates may make or hold (on their own account, on behalf of clients or in their capacity of investment advisers) a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers and may at any time hold long and short positions in such securities (including the notes) and instruments and enter into other transactions, including credit derivatives (such as asset swaps, repackaging and credit default swaps) in relation thereto.

Delivery of the Notes is expected on or about June 7, 2016 which is the fourth business day following the date of this Offering Memorandum (such settlement cycle being referred to as "T+4"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in three business days, unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Notes on the date of pricing or the next succeeding business day will be required, because the Notes initially will settle in T+4, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement. Purchasers who wish to trade the Notes on the pricing date or the next succeeding business day should consult their own advisers.

Selling Restrictions

General

No action has been taken or will be taken in any jurisdiction by the Issuer, the Guarantors or the Initial Purchasers that would permit a public offering of Notes, or the possession, circulation or distribution of this Offering Memorandum or any other material relating to the Notes or this offering, in any jurisdiction where action for that purpose is required. Accordingly, the Notes may not be offered or sold, directly or indirectly, and neither this Offering Memorandum nor such other material may be distributed or published, in or from any country or jurisdiction except in compliance with any applicable rules and regulations of such country or jurisdiction.

United States

The Notes and the Guarantees have not been and will not be registered under the Securities Act or any state securities laws and, unless so registered, may not be offered or sold within the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act and applicable state securities laws. See "Transfer Restrictions" for a description of other restrictions on the transfer of Notes. Accordingly, the Notes are being offered and sold only (1) in the United States to "qualified institutional buyers" in reliance on Rule 144A and (2) outside the United States to investors in offshore transactions in reliance on Regulation S. Resales of the Notes are restricted as described under "Transfer Restrictions."

As used herein, the term "United States" has the meaning given to it in Regulation S.

United Kingdom

This Offering Memorandum is for distribution only to persons who (i) fall within Article 43(2)(b) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) have professional experience in matters relating to investments falling within Article 19(5) of the Financial Promotion Order, (iii) are persons falling within Article 49(2)(a) to (d) ("high net worth companies, unincorporated associations etc") of the Financial Promotion Order, (iv) are outside the United Kingdom, or (v) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Offering Memorandum is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Offering Memorandum relates is available only to relevant persons and will be engaged in only with relevant persons.

Each of the Initial Purchasers has represented, warranted and agreed that:

(1) it has only communicated or caused to be communicated, and will only communicate or cause to be communicated, any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (the "**FSMA**") received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantors; and

(2) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the United Kingdom.

European Economic Area

In relation to each Member State of the European Economic Area (the "**EEA**") which has implemented the Prospectus Directive (each, a "**Relevant Member State**"), each Initial Purchaser has agreed that with effect from and including the date on which the Prospectus Directive was implemented in that Relevant Member State (the "**Relevant Implementation Date**") it has not made and will not make an offer pursuant to this offering to the public in that Relevant Member State prior to the publication of a prospectus in relation to the notes which has been approved by the competent authority in that Relevant Member State or, where appropriate, approved in another Relevant Member State and notified to the competent authority in that Relevant Member State, all in accordance with the Prospectus Directive, except that with effect from and including the Relevant Implementation Date, offers of notes may be made to the public in that Relevant Member State at any time:

(a) to any legal entity which is a qualified investor as defined in the Prospectus Directive;

(b) to fewer than 100, or, if the Relevant Member State has implemented the relevant provision of the 2010 PD Amending Directive, 150, natural or legal persons (other than qualified investors as defined in the Prospectus Directive) in such Relevant Member States, subject to obtaining the prior consent of the representatives for any such offer; or

(c) in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of notes shall require the Issuer, the Guarantor or any initial purchaser to publish a prospectus pursuant to Article 3 of the Prospectus Directive. For the purposes of this provision, the expression an "offer of notes to the public" in relation to any notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the notes to be offered so as to enable an investor to decide to purchase or subscribe for the notes, as the same may be varied in that Relevant Member State by any measure implementing the Prospectus Directive in that Relevant Member State, and the expression "Prospectus Directive" means Directive 2003/71/EC (and amendments thereto, including the 2010 PD Amending Directive, to the extent implemented in the Relevant Member State), and includes any relevant implementing measure in the Relevant Member State and the expression "2010 PD Amending Directive" means Directive 2010/73/EU.

Hong Kong

The Notes may not be offered or sold in Hong Kong by means of any document other than (i) in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance (Cap. 32, Laws of Hong Kong), or (ii) to "professional investors" within the meaning of the Securities and

Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder, or (iii) in other circumstances which do not result in the document being a "prospectus" within the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32, Laws of Hong Kong) and no advertisement, invitation or document relating to the Notes may be issued or may be in the possession of any person for the purpose of issue (in each case whether in Hong Kong or elsewhere), which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to the Notes which are or are intended to be disposed of only to persons outside Hong Kong or only to "professional investors" within the meaning of the Securities and Futures Ordinance (Cap. 571, Laws of Hong Kong) and any rules made thereunder.

Singapore

This Offering Memorandum has not been registered as a prospectus with the Monetary Authority of Singapore. As such, each of the Initial Purchasers has represented, warranted and agreed, and each investor should note, as the case may be, that the Notes may not be offered or sold, or made the subject of an invitation for subscription or purchase, nor may the Offering Memorandum or any of the documents or materials in connection with the offer or sale or invitation for subscription or any Notes be circulated or distributed, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the "**SFA**"), (ii) to a relevant person pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275 of the SFA or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor;

securities (as defined in Section 239(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;
- where no consideration is or will be given for the transfer;
- where the transfer is by operation of law;
- as specified in Section 276(7) of the SFA; or
- as specified in Regulation 32 of the Securities and Futures (Offers and Investments) (Shares and Debentures) Regulations 2005 of Singapore.

Switzerland

The Notes may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland and will not be listed on the SIX Swiss Exchange or any other exchange or regulated trading facility in Switzerland. Neither this Offering Memorandum nor any other offering or marketing material relating to the notes constitutes (i) a prospectus as such term is understood pursuant to Article 652a or 1156 of the Swiss Code of Obligations or (ii) a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland, and neither this Offering Memorandum nor any other marketing material relating to the notes may be publicly distributed or otherwise made publicly available in Switzerland. In addition, this Offering Memorandum nor any other offering or marketing material relating to the notes may not comply with the Directive for Notes of Foreign Borrowers of the Swiss Bankers Association. The Notes are being offered in Switzerland by way of private placement, without any public advertisement and only to investors who do not purchase the notes with the intention to distribute them to the public. The investors will be individually approached directly from time to time. This Offering Memorandum, as well as any other offering or marketing material relating to the notes, is personal and confidential and does not constitute an offer to any

other person. This Offering Memorandum, as well as any other offering or marketing material relating to the notes, may only be used by those investors to whom it has been handed out in connection with the offering and may neither directly nor indirectly be distributed or made available to other persons without the Issuer's express consent.

Indonesia

This offering does not constitute a public offering in Indonesia under Law No. 8 of 1995 on Capital Market. This Offering Memorandum may not be distributed in Indonesia and the Notes may not be offered to more than 100 Indonesian parties and/or sold to more than 50 Indonesian parties wherever they are domiciled, or to Indonesian citizens, in a manner which constitutes a public offering under the laws and regulations of Indonesia.

TRANSFER RESTRICTIONS

Because of the following restrictions, purchasers are advised to consult legal counsel prior to making any offer, sale, resale, pledge or other transfer of the Notes.

We have not registered the Notes under the Securities Act and the Notes may only be offered or sold (i) within the United States to "qualified institutional buyers" in reliance on Rule 144A under the Securities Act or (ii) outside the United States in offshore transactions in reliance on Regulation S under the Securities Act. Terms used above and otherwise in this section of this Offering Memorandum have the meanings given to them by Regulation S and Rule 144A.

Each purchaser of Notes will be deemed to have represented and agreed as follows:

(1) You understand and acknowledge that the Notes have not been and will not be registered under the Securities Act or any other applicable securities laws and that the Notes are being offered for resale in transactions not requiring registration under the Securities Act or any other securities laws, including resales pursuant to Rule 144A, and, unless so registered, may not be offered, sold or otherwise transferred except in compliance with the registration requirements of the Securities Act or any other applicable securities laws, pursuant to an exemption therefrom, or in a transaction not subject thereto, and in each case in compliance with the conditions for transfer set forth in paragraph (3) below.

You are not our "affiliate" (as defined in Rule 144 under the Securities Act), you are not acting on our behalf and you are either:

(a) a qualified institutional buyer and are aware that any sale of these Notes to you will be made in reliance on Rule 144A and such acquisition will be for your own account or for the account of another qualified institutional buyer; or

(b) purchasing Notes in an offshore transaction in accordance with Regulation S.

(2) You acknowledge that none of us, the Initial Purchasers or any person representing us or the Initial Purchasers has made any representation to you with respect to us or the offer or sale of any of the Notes, other than the information contained in this Offering Memorandum, which Offering Memorandum has been delivered to you. You represent that you are only relying on this Offering Memorandum in making your investment decision with respect to the Notes. You acknowledge that the Initial Purchasers, the Trustee and the Agents make no representation or warranty as to the accuracy or completeness of this Offering Memorandum. You have had access to such financial and other information concerning us and the Notes, including an opportunity to ask questions of, and request information from, us and the Initial Purchasers.

(3) You are purchasing Notes for your own account, or for one or more investor accounts for which you are acting as a fiduciary or agent, in each case for investment, and not with a view to, or for offer or sale in connection with, any distribution thereof in violation of the Securities Act, subject to any requirement of law that the disposition of your property or the property of such investor account or accounts be at all times within your or their control and subject to your or their ability to resell such Notes pursuant to Rule 144A, Regulation S or any other available exemption from registration available under the Securities Act. You agree on your own behalf and on behalf of any investor account for which you are purchasing the Notes, and each subsequent holder of these Notes by its acceptance thereof will agree, to offer, sell or otherwise transfer such Notes prior to (x) the date which is one year (or such shorter period of time as permitted by Rule 144(d) under the Securities Act or any successor provision thereunder) after the later of the date of the original issue of these Notes and the last date on which we or any of our affiliates were the owner of such Notes (or any predecessor thereto) or (y) such later date, if any, as may be required by applicable law (the "Resale Restriction Termination Date") only:

(a) to us or any of our affiliates;

(b) pursuant to a registration statement which has been declared effective under the Securities Act;

(c) for so long as the Notes are eligible for resale pursuant to Rule 144A, to a person you reasonably believe is a qualified institutional buyer that purchases for its own account or for the account of another qualified institutional buyer to whom you give notice that the transfer is being made in reliance on Rule 144A;

(d) outside the United States in offshore transactions meeting the requirements of Rule 904 under the Securities Act; or

(e) pursuant to any other available exemption from the registration requirements of the Securities Act;

subject in each of the foregoing cases to any requirement of law that the disposition of the seller's property or the property of an investor account or accounts be within the seller or account's control, and in compliance with any applicable state securities laws.

You acknowledge that we, the Trustee and the Registrar reserve the right prior to any offer, sale or other transfer of the Notes pursuant to clause (e) above prior to the Resale Restriction Termination Date of the Notes to require the delivery of an opinion of counsel, certifications and/or other information satisfactory to us, the Trustee and the Registrar.

(4) You acknowledge that each Note will contain a legend substantially in the following form:

"THIS NOTE AND THE GUARANTEES IN RESPECT HEREOF HAVE NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE "SECURITIES ACT"), AND, ACCORDINGLY, MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. BY ITS ACQUISITION HEREOF OR OF A BENEFICIAL INTEREST HEREIN, THE HOLDER (1) REPRESENTS THAT (A) IT IS A "QUALIFIED INSTITUTIONAL BUYER" (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT) (A "QIB") OR (B) IT IS NOT IN THE UNITED STATES, IS NOT ACQUIRING THIS NOTE FOR THE ACCOUNT OR BENEFIT OF A PERSON WITHIN THE UNITED STATES AND IS ACQUIRING THIS NOTE IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH REGULATION S UNDER THE SECURITIES ACT, (2) AGREES THAT IT WILL NOT, WITHIN THE TIME PERIOD REFERRED TO UNDER RULE 144 UNDER THE SECURITIES ACT AS IN EFFECT ON THE DATE OF THE TRANSFER OF THIS NOTE, RESELL OR OTHERWISE TRANSFER THIS NOTE EXCEPT (A) TO THE ISSUER, THE GUARANTORS OR ANY OF THEIR RESPECTIVE AFFILIATES THEREOF, (B) TO A PERSON WHOM THE HOLDER REASONABLY BELIEVES IS A QIB PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QIB IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (C) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (D) PURSUANT TO THE EXEMPTION FROM REGISTRATION PROVIDED BY RULE 144 UNDER THE SECURITIES ACT, (E) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT OR (F) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT AND, IN EACH CASE, IN ACCORDANCE WITH APPLICABLE STATE SECURITIES LAWS, AND (3) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS NOTE OR AN INTEREST HEREIN IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. AS USED HEREIN, THE TERMS "OFFSHORE TRANSACTION" AND "UNITED STATES" HAVE THE MEANINGS GIVEN TO THEM BY RULE 902 OF REGULATION S UNDER THE SECURITIES ACT. THE INDENTURE CONTAINS A PROVISION REQUIRING THE TRUSTEE TO REFUSE TO REGISTER ANY TRANSFER OF THIS NOTE IN VIOLATION OF THE FOREGOING RESTRICTIONS."

If you purchase Notes, you will also be deemed to acknowledge that the foregoing restrictions apply to holders of beneficial interests in these Notes as well as to holders of these Notes.

(5) You acknowledge that the Registrar will not be required to accept for registration or transfer any Notes acquired by you, except upon presentation of evidence satisfactory to us and the Registrar that the restrictions set forth herein have been complied with.

(6) You acknowledge that:

(a) we, the Initial Purchasers, the Trustee, the Agents and others will rely upon the truth and accuracy of your acknowledgements, representations and agreements set forth herein and you agree that, if any of your acknowledgements, representations or agreements herein cease to be accurate and complete, you will notify us and the Initial Purchasers promptly in writing; and

(b) if you are acquiring any Notes as fiduciary or agent for one or more investor accounts, you represent with respect to each such account that:

(i) you have sole investment discretion; and

(ii) you have full power to make the foregoing acknowledgements, representations and agreements.

(7) You agree that you will give to each person to whom you transfer these Notes notice of any restrictions on the transfer of the Notes.

(8) You understand that no action has been taken in any jurisdiction (including the United States) by us or the Initial Purchasers that would permit a public offering of the Notes or the possession, circulation or distribution of this Offering Memorandum or any other material relating to us or the Notes in any jurisdiction where action for that purpose is required. Consequently, any transfer of the Notes will be subject to the selling restrictions set forth under "Plan of Distribution".

The Notes may not be sold or transferred to, and you as a purchaser, by your purchase and holding of the Notes, shall be deemed to have represented and covenanted that you are not acquiring the Notes for or on behalf of, and will not transfer the Notes to, any employee benefit plan that is subject to Title I of the United States Employee Retirement Income Security Act of 1974, as amended ("ERISA"), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code, and entities whose underlying assets are considered to include "plan assets" of such employee benefit plans, plans accounts or arrangements (pursuant to Section 3(42) of ERISA and regulations promulgated under ERISA by the U.S. Department of Labor), unless such purchase and holding will not constitute a non-exempt prohibited transaction under Title I of ERISA and the Code.

LEGAL MATTERS

Certain legal matters with respect to the Notes will be passed upon for us by Shearman & Sterling LLP as to matters of United States federal and New York law, Assegaf Hamzah & Partners as to matters of Indonesian law and Allen & Gledhill LLP as to matters of Singapore law. Certain legal matters will be passed upon for the Initial Purchasers by Milbank, Tweed, Hadley & McCloy LLP as to matters of United States federal and New York law and Hiswara, Bunjamin & Tandjung as to matters of Indonesian law.

INDEPENDENT AUDITORS

Our consolidated financial statements as of and for the years ended December 31, 2014 and 2015 have been audited by TSFR, independent public accountants and a member of BDO International Limited, in accordance with Standards on Auditing established by IAPI, as stated in their audit report appearing elsewhere in this Offering Memorandum. Our unaudited interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016 have been reviewed by TSFR in accordance with SRE 2410 established by the IAPI as stated in their review report appearing elsewhere in this Offering Memorandum. A review conducted in accordance with SRE 2410 established by the IAPI is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the IICPA and, consequently, does not enable TSFR to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, they do not express an audit opinion on our unaudited interim consolidated financial statements as of March 31, 2016 and for the three months ended March 31, 2015 and 2016.

We restated our unaudited consolidated financial statements as of and for the year ended December 31, 2013, presented as comparative information in our consolidated financial statements, to reflect the adjustments for the change in functional currency from Indonesian Rupiah to U.S. dollar and to reflect the application of PSAK 24; however, such restated financial statements have not been audited or reviewed. The financial information as of and for the year ended December 31, 2013 included in this Offering Memorandum, has been derived from such unaudited comparative consolidated financial statements.

RATINGS

The Notes have been assigned a rating of “BB-” by S&P, “B1” by Moody’s and “BB-” by Fitch. The credit ratings accorded the Notes are not a recommendation to purchase, hold or sell the Notes inasmuch as such ratings do not comment as to market price or suitability for a particular investor. There can be no assurance that the ratings will remain in effect for any given period or that the ratings will not be revised by the rating agencies in the future if, in their judgment, circumstances so warrant. See “Risk Factors — Risks Relating to the Notes, the Guarantees and the Collateral — The ratings assigned to the Notes may be lowered or withdrawn”.

SUMMARY OF CERTAIN DIFFERENCES BETWEEN INDONESIAN FAS AND U.S. GAAP

Our consolidated financial statements included in this Offering Memorandum are prepared and presented in accordance with Indonesian FAS. Certain differences exist between Indonesian FAS and U.S. GAAP, which might be material to the consolidated financial statements herein. The matters described below should not be expected to reveal all differences between Indonesian FAS and U.S. GAAP that are relevant to us.

Management has made no attempt to quantify the impact of those differences, nor has any attempt been made to identify all disclosure, presentation, or classification differences that would affect the manner in which transactions or events are presented in the consolidated financial statements. Had any such quantification or identification been undertaken by management, other potential significant accounting and disclosure differences may have come to its attention which are not summarized below. Accordingly, it should not be construed that the following summary of certain differences between Indonesian FAS and U.S. GAAP is complete.

Regulatory bodies that promulgate Indonesian FAS and U.S. GAAP have significant ongoing projects that could affect future comparisons such as this one. Further, no attempt has been made to identify future differences between Indonesian FAS and U.S. GAAP as a result of prescribed changes in accounting standards and regulations. Finally, no attempt has been made to identify all future differences between Indonesian FAS and U.S. GAAP that may affect the consolidated financial statements as a result of transactions or events that may occur in future.

Management believes that the application of U.S. GAAP to the consolidated financial statements could have a material and significant impact upon the consolidated financial statements reported under Indonesian FAS. In making an investment decision, investors must rely upon their own examination of us, terms of the offering, and the consolidated financial statements. Potential investors should consult their own professional advisors for an understanding of the differences between Indonesian FAS and U.S. GAAP, and how those differences might affect the consolidated financial statements included herein.

Consolidation and Non-controlling Interest

Under Indonesian FAS, An investor, regardless of the nature of its involvement with an entity (the investee), determines whether it is a parent by assessing whether it controls the investee. An investor controls an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Thus, an investor controls an investee if and only if the investor has all the following: (a) power over the investee; (b) exposure, or rights, to variable returns from its involvement with the investee; and (c) the ability to use its power over the investee to affect the amount of the investor's returns. An investor considers all facts and circumstances when assessing whether it controls an investee. The investor reassesses whether it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control listed. When preparing consolidated financial statements, an entity must use uniform accounting policies for reporting like transactions and other events in similar circumstances. Intragroup balances and transactions must be eliminated. Non-controlling interests in subsidiaries must be presented in the consolidated statement of financial position within equity, separately from the equity of the owners of the parent. Non-controlling interests are presented in the shareholders' equity section of the consolidated statement of financial position as equity but are presented separately from the parent's shareholders equity. Losses in a subsidiary may create a deficit balance in non-controlling interest. An entity attributes the profit or loss and each component of other comprehensive income to the owners of the parent and to the non-controlling interests. The entity also attributes total comprehensive income to the owners of the parent and to the non-controlling interests even if this results in the non-controlling interests having a deficit balance.

Under U.S. GAAP, control and consolidation is evaluated using two different models: initially under the variable interest model, and if an entity does not meet the criteria, under the voting interest model. Under the variable interest model, the party exposed to a majority of an entity's expected loss or entitled to a majority of the entity's anticipated residual returns consolidates the entity. Consolidation might be appropriate even when an entity holds less than 50% of the voting rights, including where an entity holds an option or warrant to buy enough voting shares to exercise control. In such cases, under U.S. GAAP, an entity is required to look at items such as the likelihood of exercise, if a controlling financial interest has been achieved through management and financial support agreements, which may be coupled with the ability to obtain over 50% of the voting shares, such as through conversion of notes or exercise of options.

Under U.S. GAAP, non-controlling interests are measured at fair value. In addition, no gains or losses are recognized in earnings for transactions between the parent company and the non-controlling interests, unless control is lost. Non-controlling interests are presented as part of equity in the consolidated statement of financial position as equity but are presented separately from the parent shareholders' equity. Losses in a subsidiary may create a deficit balance in non-controlling interest.

Inventories

Under Indonesian FAS, inventories are measured at the lower of: (i) cost, or their net realizable value. Cost comprises all costs of purchase, costs of conversion and other costs incurred in bringing the inventories to their present location and condition. Net realizable value is defined as the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale.

Under Indonesian FAS, the use of the LIFO method in determining the cost of inventory is not permitted.

Under Indonesian FAS, when the circumstances that previously caused inventories to be written down below cost no longer exist or when there is clear evidence of an increase in net realizable value because of changed economic circumstances, the amount of the write-down is reversed (the reversal is limited to the amount of the original write-down) so that the new carrying amount is the lower of the cost and the revised net realizable value.

Under U.S. GAAP, inventories are carried at the lower of cost or market value. Market value is defined as the current replacement cost (by purchase or by reproduction), *provided* that it meets both of the following conditions: (i) market value shall not exceed net realizable value, and (ii) market value shall not be less than net realizable value reduced by an allowance for an approximately normal profit margin.

Under U.S. GAAP, the use of the LIFO method in determining the cost of inventory is permitted. Under U.S. GAAP, inventories that were previously written-down below cost cannot be reversed.

Fixed Assets

Under Indonesian FAS, fixed assets are initially recognized at cost. Subsequent to initial recognition, an entity shall choose between the cost model and revaluation model as the accounting policy and apply the policy to all fixed assets under the same class. Under the revaluation model, fixed assets, the fair value of which can be reliably measured shall be recorded at a revalued amount, which is the fair value as of the date of the revaluation, less the accumulated depreciation and accumulated impairment losses subsequent to the revaluation date.

Under U.S. GAAP, fixed assets are carried at the entity's historical cost less accumulated depreciation and accumulated impairment losses. Revaluation of fixed assets is not permitted. Indonesian FAS requires that significant components of an item of fixed assets with different useful lives or different patterns of depreciation are depreciated separately ("components" approach).

Under U.S. GAAP, an item of fixed assets composed of significant parts is generally depreciated over a weighted-average useful life for the item as a whole. A components approach for depreciation is permitted but not required.

Indonesian FAS requires that subsequent expenditure on components is added to cost (and the replaced element derecognized). Day-to-day servicing costs are expensed. Costs of major periodic inspections should be capitalized and the previous inspection cost is derecognized.

Under U.S. GAAP, cost of routine maintenance is expensed as incurred. Major inspections and overhauls may be expensed as incurred (direct expensing method) or capitalized and amortized to the next major inspection or overhaul (built-in overhaul and deferral methods).

Impairment of other long-lived assets excluding goodwill

Under Indonesian FAS, asset values are reviewed for impairment whenever events or changes in circumstances indicate that their carrying value may not be fully recovered. An impairment loss is recognized whenever the carrying amount of an asset or its cash-generating unit exceeds its recoverable amount. The recoverable amount of a fixed asset or cash-generating unit is the higher of a) fair value less cost to sell or

b) value in use. Value in use represents the future cash flows discounted to present value by using a pretax, market-determined rate that reflects the current assessment of the time value of money and the risks specific to the asset or cash-generating group for which the cash flow estimates have not been adjusted. In addition, a subsequent increase in the recoverable amount of an asset carried at impaired cost is written back up when the circumstances that led to the loss cease to exist. The amount written back up should not exceed the amount that would have been recognized (net of amortization or depreciation) had no impairment losses been recognized in the prior periods.

Under U.S. GAAP long-lived assets held and used by an entity are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of the relevant asset may not be recoverable. In assessing the recoverability, an entity carries out a two-step approach to impairment: Step 1; the carrying amount is first compared with the undiscounted cash flows. If the carrying amount is lower than the undiscounted cash flows, no impairment loss is recognized; Step 2: if the carrying amount is higher than the undiscounted cash flows, an impairment loss is measured as the difference between the carrying amount and fair value.

Under U.S. GAAP, an impairment loss creates a new book basis and subsequent reversals of the impairment amount are prohibited.

Capitalization of borrowing costs

Under Indonesian FAS, borrowing costs directly attributable to the acquisition, construction or production of a qualifying asset should be capitalized as part of the acquisition cost of the qualifying asset. Borrowing costs are defined as interest and other costs that an entity incurs in connection with the borrowing of funds.

Qualifying assets are assets that necessarily require a substantial period of time to be developed or constructed for their intended use or sale. If the borrowing is specifically used for the purpose of acquiring a qualifying asset, the total borrowing costs capitalized should include all borrowing costs incurred in respect of such borrowing. The interest income arising from the temporary investment of any unused borrowings is offset against any capitalized interest expense. If borrowed funds are not used specifically for the purpose of acquiring qualifying assets, but are subsequently used to acquire qualifying assets, the amount of borrowing costs eligible for capitalization is determined by applying a capitalization rate to the expenditures on those assets. Capitalization of borrowing costs is suspended during extended periods in which the Company suspends active development of a qualifying asset.

Indonesian FAS allows capitalization once actual borrowing costs have been incurred and activities in preparing the qualifying asset for its intended use or sale are in progress.

Under U.S. GAAP, the scope of costs that are eligible for capitalization is narrower than that under Indonesian FAS, only interest costs are eligible for capitalization. The definition of interest cost includes interest recognized on obligations having explicit interest rates, interest imputed on certain types of payables and interest related to capital lease. With respect to obligations having explicit interest rates, interest cost includes amounts resulting from periodic amortization of discount or premium and issue costs on debt.

Under U.S. GAAP, the definition of a qualifying asset does not include the term substantial.

Under U.S. GAAP, the borrowing costs need not be directly linked to the construction of a qualifying asset, and no minimum construction period is specified. The interest income arising from the temporary investment of any unused borrowings is recognized directly to current operations. U.S. GAAP does not generally permit a deduction for income earned, unless particular tax-exempt borrowings are involved. When an entity borrows funds generally and uses them to obtain a qualifying asset, U.S. GAAP requires an entity to use judgment in determining the capitalization rate to apply to the expenditures on the asset — an entity selects the borrowings that it considers appropriate to meet the objective of capitalizing the interest costs incurred that otherwise could have been avoided.

U.S. GAAP requires interest cost capitalization when activities to get asset ready for intended use are in progress, expenditures have been made, and interest is being incurred. In cases involving qualifying assets financed with the proceeds of tax-exempt borrowings that are externally restricted, the capitalization begins at the date of the borrowing.

Exchange Differences on Foreign Currency Borrowings Obtained to Acquire Qualifying Assets

Indonesian FAS allows capitalization of foreign exchange gains and losses incurred on loans used to finance the construction of assets and resulting from a severe currency depreciation against which there is no practical means of hedging. Such exchange differences are capitalized to the carrying amount of the related asset under construction until the asset is substantially completed, provided that the adjusted carrying amount does not exceed the lower of the replacement cost and the amount recoverable from the sale or use of the assets.

U.S. GAAP does not allow capitalization of foreign exchange gains and losses on borrowings incurred to acquire qualifying assets.

Leases

Under Indonesian FAS, lease classification as an operating lease or a finance lease (i.e. the equivalent of a capital lease under U.S. GAAP) is based on: (i) the substance of the arrangement at the date of inception, (ii) whether the fulfillment of the arrangement is dependent on the use of a specific asset, and (iii) whether the arrangement conveys a right to use the asset. Leases that transfer substantially to the lessee all the risks and rewards incidental to ownership of the leased item are classified as finance leases; otherwise they shall be classified as operating leases. There are no form-driven quantitative threshold requirements.

Under U.S. GAAP, a lease can be classified as a capital lease or an operating lease. From the lessee's perspective, a lease is a capital lease if it meets any one of the following criteria: (i) ownership is transferred to the lessee by the end of the lease term, (ii) the lease contains a bargain purchase option, (iii) the lease term is at least 75.0% of the property's estimated remaining economic life, or (iv) the present value of the minimum lease payments at the beginning of the lease term is 90.0% or more of the fair value of the leased property to the lessor at date of inception, less any related investment tax credit. Certain leases may be classified as capital lease under U.S. GAAP based upon extensive form-driven requirements, including quantitative thresholds.

Debt issue costs

Under Indonesian FAS, debt issue costs are deducted from the carrying value of the financial liability and are not recorded as separate assets when the liability is not carried at fair value through income. They are accounted for as a debt discount and amortized using the effective interest method.

Under U.S. GAAP, debt issue costs are reported in the statement of financial position as a direct deduction from the financial liability and that amortization of debt issue costs are reported as interest expense. Debt issue costs incurred before the associated funding is received (i.e., the debt liability) should be reported on the statement of financial position as deferred charges until that debt liability amount is recorded.

Business Combinations

Under Indonesian FAS, a business combination has to be accounted for by the acquisition method, unless it is a combination involving entities or business under common control.

Under the acquisition method, the acquisition-related costs which are directly attributable to the purchase including professional fees are accounted for as expenses in the periods in which the costs are incurred and the services are received.

Under the acquisition method in Indonesian FAS, the acquirer shall recognize, separately from goodwill, the identifiable assets acquired, the liabilities assumed and any non-controlling interest in the acquiree as of the acquisition date. Recognition of identifiable assets acquired and liabilities assumed are measured at their acquisition-date fair value. If the initial accounting for a business combination is incomplete by the end of the reporting period in which the business combination occurs, the acquirer shall report in its financial statements provisional amounts for the items for which the accounting is incomplete. Adjustments to fair values assigned to identifiable assets and liabilities acquired on an acquisition of a business are only permitted during the measurement period which is the period after the acquisition date during which acquirer may adjust the provisional amounts recognized for a business combination. The measurement period shall not exceed one year from the acquisition date. Any adjustment arising after that period should be recognized as revenue or expense.

Under Indonesian FAS, contingent consideration is recognized as part of the consideration transferred in exchange of the acquiree and that the amount is measured at the acquisition-date fair value, which is classified as a liability (financial liability) or equity.

Under Indonesian FAS, the acquiree's contingent liabilities are recognized separately at the acquisition date provided their fair values can be measured reliably. The contingent liability is measured subsequently at the higher of the amount initially recognized less cumulative amortization recognized under the revenue guidance, if appropriate, or the best estimate of the amount required to settle (under the provisions guidance). Contingent assets are not recognized. there is no specific guidance on acquired contingencies.

Under Indonesian FAS, business combinations that qualify as transactions under common control are accounted for by applying the pooling-of-interests method. Any difference between the transfer price and carrying value of net asset acquired will now be presented as part of the acquirer's additional paid in capital.

Under U.S. GAAP, a business combination must be accounted for under the purchase method, unless it meets the conditions as being a transaction between entities under common control, in which case and entity must use the carryover basis. The pooling of interests method is not permitted under U.S. GAAP. Under U.S. GAAP, the cost of investment is allocated to the acquired entity's assets and liabilities based on fair values to the acquirer at the date of acquisition. Transaction costs are not included in the purchase price and are written off as incurred.

Under U.S. GAAP, assets and liabilities are measured at their fair value as at the date of acquisition. U.S. GAAP also provides detailed guidance on the measurement of assets and liabilities at fair value, Adjustments to fair values assigned to assets and liabilities acquired on an acquisition of a business must be finalized no later than 12 months from the acquisition date. Any adjustment arising after that period should be recognized in earnings.

U.S. GAAP requires that contingent consideration be recognized at the acquisition date at fair value as either an asset, liability or equity according to the applicable guidance. Contingent consideration classified as an asset or a liability is measured to fair value at each reporting date until the contingency is resolved. The changes in fair value are recognized in earnings unless the arrangement is a hedging instrument for which the changes to be initially recorded in other comprehensive income. Contingent consideration classified as equity is not re-measured to fair value at each reporting date, but instead its settlement is accounted for within equity.

Under U.S. GAAP, acquired liabilities and assets subject to contractual contingencies are recognized at fair value, if fair value can be determined during the acquisition measurement period or at the estimated loss/gain amount, if fair value cannot be determined.

Under U.S. GAAP, business combinations that qualify as transactions under common control are accounted for at predecessor cost, reflecting the transferor's carrying amount of the assets and liabilities transferred.

Foreign Currency translation

Under Indonesian FAS, an entity measures its assets, liabilities, income and expenses in its functional currency, which is the currency of the primary economic environment in which it operates. Primary and secondary indicators should be considered in the determination of the functional currency of an entity. If these indicators are mixed and the functional currency is not apparent, management uses its best judgment to determine the functional currency that most faithfully represents the economic result of the entity's operations by focusing on the currency of the economy that determines the pricing of transactions (not the currency in which transactions are denominated).

Under U.S. GAAP, an entity also measures its assets, liabilities, income and expenses in its functional currency, which is the currency of the primary economic environment in which it operates. However, the indicators used to determine the functional currency differ in some respects. There is no hierarchy of indicators to determine the functional currency of an entity. In those instances in which the indicators are mixed and the functional currency is not apparent, management uses its best judgment to determine the functional currency that most faithfully portrays the primary economic environment of the entity's operations.

Under U.S. GAAP, equity is required to be translated at historical rates.

Transactions with related parties

Under Indonesian FAS, when an instrument is issued to a related party, the financial liability initially should be recorded at fair value, which may not be the value of the consideration received. The difference between fair value and the consideration received (i.e., any additional amount lent or borrowed) is accounted for as a current-period expense, income, or as a capital transaction based on its substance.

Under U.S. GAAP, there is, no requirement to initially record the transaction at fair value. ASC 850 presumes that related party transactions are not at arm's length. And appropriate disclosures should be considered.

Employee Benefits Other than Share-Based Payments

Under Indonesian FAS, the projected unit credit method is required in all cases for actuarial method used for defined benefit plans.

Under Indonesian FAS, in calculating the expected return on plan assets, the calculation is limited to the "net interest" on the net defined benefit liability/asset calculated using the benefit obligation's discount rate.

Under Indonesian FAS, the actuarial gains and losses in net income must be recognized immediately in other comprehensive income. Gains and losses are not subsequently recognized in profit or loss.

Under Indonesian FAS, prior service costs from plan amendments are recognized immediately in profit or loss for vested and unvested benefits.

Under Indonesian FAS, gains or losses from settlement are recognized when they occur. Change in the defined benefit obligation from a curtailment is recognized at the earlier of when it occurs or when related restructuring costs or termination benefits are recognized.

Under U.S. GAAP, different methods are required for actuarial method used for defined benefit plans, depending on the characteristics of the plan's benefit formula.

Under U.S. GAAP, in calculating the expected return on plan assets, the calculation is based on either the fair value of plan assets or a "calculated value" that smoothes the effect of short-term market fluctuations over five years.

Under U.S. GAAP, the actuarial gains and losses in net income may be recognized in net income as they occur or deferred through a corridor approach.

Under U.S. GAAP, prior service costs from plan amendments are initially deferred in other comprehensive income and subsequently recognized in net income over the average remaining service period of active employees or, when all or almost all participants are inactive, over the average remaining life expectancy of those participants.

Under U.S. GAAP, settlement gains or losses are recognized when the obligation is settled. Curtailment losses are recognized when the curtailment is probable of occurring, while curtailment gains are recognized when the curtailment occurs.

Advertising

Under Indonesian FAS, costs of advertising are expensed as incurred. The guidance does not provide for deferrals until the first time the advertising takes place, nor is there an exception related to the capitalization of direct response advertising costs or programs. Prepayment for advertising may be recorded as an asset only when payment for the goods or services is made in advance of the entity's having the right to access the goods or receive the services.

Under U.S. GAAP, the costs of other than direct response advertising either should be expensed as incurred or deferred and then expensed the first time the advertising takes place. This is an accounting policy decision and should be applied consistently to similar types of advertising activities.

Internally developed intangibles

Under Indonesian FAS, costs associated with the creation of intangible assets are classified into research phase costs and development phase costs. Costs in the research phase are always expensed. Costs in the development phase are capitalized, if all of the following six criteria are demonstrated: a) The technical feasibility of completing the intangible asset; b) The intention to complete the intangible asset; c) The ability to use or sell the intangible asset d) How the intangible asset will generate probable future economic benefits (the

entity should demonstrate the existence of a market or, if for internal use, the usefulness of the intangible asset); d) The availability of adequate resources to complete the development and to use or sell it; e) The ability to measure reliably the expenditure attributable to the intangible asset during its development.

Under U.S. GAAP, generally, both research costs and development costs are expensed as incurred, making the recognition of internally generated intangible assets rare

Income Taxes

Under Indonesian FAS, there is no specific accounting standard which prescribes the accounting for uncertainty in income taxes, such as the likelihood of amendments to taxation obligations. The general practice for amendments to taxation obligations is that they are recorded when an assessment is received from the tax authorities or, for assessment amounts appealed against by the entity when: (i) the result of the appeal is determined, unless if there is significant uncertainty as to the outcome of such appeal, in which event the impact of the amendment to taxation obligations based on an assessment is recognized at the time of making such appeal, or (ii) the positive outcome of the entity's appeal is adjudged to be significantly uncertain (based on knowledge of developments in similar cases involving matters appealed by the entity, which is based on rulings by the tax authorities), in which event the impact of the amendment of taxation obligations based on the assessment of the amounts appealed is recognized.

Under U.S. GAAP, an entity is required to recognize and measure its uncertain tax positions, which requires a two-step process, separating recognition from measurement. A benefit is recognized when it is "more likely than not" to be sustained based on the technical merits of the position. The amount of benefit to be recognized is based on the largest amount of tax benefit that is more than 50.0% likely of being realized upon ultimate settlement.

Revenue Recognition

Under Indonesian FAS, revenue from the sale of goods or services should be recognized when all the following conditions have been satisfied: (i) the seller has transferred to the buyer the significant risks and rewards of ownership of the goods or services, (ii) the seller retains neither continuing managerial involvement (to the degree usually associated with ownership) nor effective control over the goods or services sold, (iii) the amount of revenue can be measured reliably, (iv) it is probable that the economic benefits associated with the transaction will flow to the seller, and (v) the costs incurred or to be incurred with respect to the transaction can be measured reliably.

Under U.S. GAAP, revenue is generally measured by the exchange values of the assets (goods or services) or liabilities involved, and recognition involves consideration of two factors: (a) whether revenue has been realized or is realizable, and (b) whether revenue has been earned. Revenue generally is realized or realizable and earned when all of the following criteria are met: (i) persuasive evidence of an arrangement (i.e. a final understanding between the parties as to the specific nature and terms of the agreed-upon transaction) exists, (ii) delivery has occurred or services have been rendered, (iii) the seller's price to the buyer is fixed or determinable, and (iv) collectability is reasonably assured.

Change in Accounting Policies

Under Indonesian FAS, changes in accounting policy shall be applied retrospectively (except for changes in accounting policy as a result of the adoption of a new accounting standard in which the new accounting standard does not require retrospective application) by restating the impacted amounts of the prior periods (the "restatement" approach), unless the amount cannot be reasonably determined, in which case, the changes can be applied prospectively.

U.S. GAAP allows the use of either the "restatement" approach or the "cumulative effect" approach in recognizing the impact of changes in accounting policy. The "cumulative effect" approach is used when the cumulative effect of applying changes in accounting policy to all prior periods can be determined, but it is impracticable to determine the period-specific effects of those changes on all prior periods presented; therefore, the cumulative effect of the changes should be applied to the carrying amounts of assets and liabilities as of the beginning of the earliest period to which the new accounting policy is applied, with an offsetting adjustment to be made to the opening balance of retained earnings (or other appropriate components of shareholders' equity or net assets in the statement of financial position) for that period.

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PT SRI REJEKI ISMAN Tbk

DAN ENTITAS ANAKNYA/*AND ITS SUBSIDIARIES*

LAPORAN KEUANGAN KONSOLIDASIAN/
CONSOLIDATED FINANCIAL STATEMENTS

31 MARET 2016 (TIDAK DIAUDIT),
31 DESEMBER 2015 DAN 2014 (DIAUDIT)
(DENGAN ANGKA PERBANDINGAN TAHUN 2013)/
31 MARCH 2016 (UNAUDITED),
31 DECEMBER 2015 AND 2014 (AUDITED)
(WITH COMPARATIVE FIGURE 2013)

DAN/*AND*

LAPORAN ATAS REVIU INFORMASI KEUANGAN KONSOLIDASIAN INTERIM/
REPORT ON REVIEW OF INTERIM CONSOLIDATED FINANCIAL INFORMATION

DAN/*AND*

LAPORAN AUDITOR INDEPENDEN
INDEPENDENT AUDITORS' REPORT

The original consolidated financial statements included herein are in the Indonesia Language

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
LAPORAN KEUANGAN KONSOLIDASIAN
31 MARET 2016 (TIDAK DIAUDIT),
31 DESEMBER 2015 DAN 2014 (DIAUDIT)
(DENGAN ANGKA PERBANDINGAN TAHUN 2013)

PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
CONSOLIDATED FINANCIAL STATEMENTS
31 MARCH 2016 (UNAUDITED),
31 DECEMBER 2015 AND 2014 (AUDITED)
(WITH COMPARATIVE FIGURE 2013)

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PT Sri Rejeki Isman Tbk

Integrated Vertical Textile Garment Company
Spinning-Weaving-Dyeing-Printing-Garment

SURAT PERNYATAAN DIREKSI
TENTANG TANGGUNG JAWAB ATAS
LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR
PADA TANGGAL 31MARET 2016 DAN 2015 DAN
TAHUN-TAHUN YANG BERAKHIR PADA TANGGAL
31 DESEMBER 2015, 2014 DAN 2013
PT SRI REJEKI ISMAN TBK DAN ENTITAS ANAK

DIRECTORS' STATEMENT OF
RELATING TO THE RESPONSIBILITY ON THE
CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE-MONTH PERIOD ENDED
31 MARCH 2016 AND 2015 AND
FOR THE YEARS ENDED
31 DECEMBER 2015, 2014 AND 2013
PT SRI REJEKI ISMAN TBK AND SUBSIDIARIES

Kami yang bertanda tangan di bawah ini: / *The undersigned:*

1.	Nama	Iwan Setiawan	1.	*Name*
	Alamat Kantor	Jl. K.H. Samanhudi No. 88, Jetis, Sukoharjo 57511, Jawa Tengah/*Central Java*		*Office Address*
	Alamat Domisili	Jl. Enggano No. 3, RT 003 RW 002, Stabelan, Banjarsari, Surakarta, Jawa Tengah/*Central Java*		*Domicile Address*
	Nomor Telepon	(62-271) 593 488		*Telephone*
	Jabatan	Direktur Utama/ *President Director*		*Position*
2.	Nama	Allan Moran Severino	2.	*Name*
	Alamat Kantor	Jl. K.H. Samanhudi No. 88, Jetis, Sukoharjo 57511, Jawa Tengah/*Central Java*		*Office Address*
	Alamat Domisili	Jl. Mawar Raya BJ-08, RT 003 RW 006, Madegondo, Grogol, Sukoharjo, Jawa Tengah/*Central Java*		*Domicile Address*
	Nomor Telepon	(62-271) 593 488		*Telephone*
	Jabatan	Direktur Keuangan/*Finance Director*		*Position*

Menyatakan bahwa: / *Declare as follows:*

1. Bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian PT Sri Rejeki Isman Tbk dan Entitas Anak. / *Responsible for the preparation and the presentation of the consolidated financial statements of PT Sri Rejeki Isman Tbk and subsidiaries.*

2. Laporan keuangan konsolidasian telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia. / *The consolidated financial statements have been prepared and presented in accordance with Indonesian Financial Accounting Standards.*

3. a. Semua informasi dalam laporan keuangan konsolidasian PT Sri Rejeki Isman Tbk dan Entitas Anak telah dimuat secara lengkap dan benar. / *All information contained in the consolidated financial statements of PT Sri Rejeki Isman Tbk and subsidiaries has been disclosed in a complete and truthful manner.*

   b. Laporan keuangan konsolidasian tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material. / *The consolidated financial statements do not contain any incorrect material information or fact, nor omit material information or fact.*

4. Bertanggung jawab atas sistem pengendalian intern dalam PT Sri Rejeki Isman Tbk dan Entitas Anak. / *Responsible for the internal control system of PT Sri Rejeki Isman Tbk and subsidiaries.*

Demikian pernyataan ini dibuat dengan sebenarnya. / *This declaration has been made in a truthful manner.*

Sukoharjo, 19 Mei 2016/ *19 May 2016*
Untuk dan atas nama Direksi/*On behalf of the Board of Directors*

METERAI TEMPEL E27E0ADF776490178 6000 ENAM RIBU RUPIAH

Iwan Setiawan
Direktur Utama/*President Director*

Allan Moran Severino
Direktur Keuangan/*Finance Director*

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Tanubrata Sutanto Fahmi & Rekan
Certified Public Accountants
License No 460/KM.1/2010

Prudential Tower, 17th Fl
Jalan Jend. Sudirman Kav. 79
Jakarta 12910 - Indonesia

The original report included herein is in Indonesian language

No. : 052/2.S176/MR.1/12.15
Hal : Informasi Keuangan Konsolidasian Interim 31 Maret 2016

No. : 052/2.S176/MR.1/12.15
Re : Interim Consolidated Financial Information 31 March 2016

Laporan atas Reviu Informasi Keuangan Konsolidasian Interim

Report on Review of Interim Financial Information

Pemegang Saham dan Dewan Komisaris
dan Direksi
PT Sri Rejeki Isman Tbk

The Shareholders and Boards of Commissioners and Directors
PT Sri Rejeki Isman Tbk

Pendahuluan

Kami telah mereviu laporan keuangan konsolidasian interim PT Sri Rejeki Isman Tbk ("Perusahaan") dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian interim tanggal 31 Maret 2016, serta laporan laba-rugi dan penghasilan komprehensif lain konsolidasian interim, laporan perubahan ekuitas konsolidasian interim, dan laporan arus kas konsolidasian interim untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan 2015, dan suatu ikhtisar kebijakan akuntansi signifikan dan catatan penjelasan lainnya. Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian interim ini sesuai dengan Standar Akuntansi Keuangan di Indonesia. Tanggung jawab kami adalah untuk menyatakan suatu kesimpulan atas laporan keuangan konsolidasian interim ini berdasarkan reviu kami.

Introduction

We have reviewed the accompanying interim consolidated financial statements of PT Sri Rejeki Isman Tbk (the "Company") and its Subsidiaries, which comprise the interim consolidated statement of financial position as of 31 March 2016, and the interim consolidated statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the three-month periods ended 31 March 2016 and 2015, and a summary of significant accounting policies and other explanatory notes. Management is responsible for the preparation and fair presentation of these interim consolidated financial statements in accordance with Indonesian Financial Accounting Standards. Our responsibility is to express a conclusion on these interim consolidated financial statements based on our review.

Ruang lingkup reviu

Kami melaksanakan reviu kami berdasarkan Standar Perikatan Reviu 2410 "Reviu atas Informasi Keuangan Interim yang Dilaksanakan oleh Auditor Independen Entitas", yang ditetapkan oleh Institut Akuntan Publik Indonesia. Suatu reviu atas informasi keuangan interim terdiri dari pengajuan pertanyaan, terutama kepada pihak yang bertanggung jawab atas bidang keuangan dan akuntansi, serta penerapan prosedur analitis dan prosedur reviu lainnya. Suatu reviu memiliki ruang lingkup yang secara substandial kurang daripada suatu audit yang dilaksanakan berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia dan sebagai konsekuensinya, tidak memungkinkan kami untuk memperoleh keyakinan bahwa kami akan mengetahui seluruh hal yang signifikan yang mungkin teridentifikasi dalam suatu audit. Oleh karena itu, kami tidak menyatakan suatu opini audit.

Scope of review

We conducted our review in accordance with Standard on Review Engagements 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity", established by the Indonesian Institute of Cerfified Public Accountants. A review of interim financial information consists of making inquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants and consequently, does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

TANUBRATA SUTANTO FAHMI & REKAN
Tanubrata Sutanto Fahmi & Rekan (Certified Public Accountants), an Indonesian partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of International BDO network of independent member firms.

Kesimpulan

Berdasarkan reviu kami, tidak ada hal-hal yang menjadi perhatian kami yang menyebabkan kami percaya bahwa laporan keuangan konsolidasian interim terlampir tidak menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Sri Rejeki Isman Tbk dan Entitas Anaknya tanggal 31 Maret 2016, serta kinerja keuangan dan arus kas konsolidasian untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan 2015, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Hal lain

Laporan ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan penawaran umum efek utang oleh Perusahaan yang dicatatkan di Bursa Efek Singapura, yang dijelaskan pada Catatan 4 laporan keuangan konsolidasian interim serta tidak ditujukan, dan tidak diperkenankan untuk digunakan, untuk tujuan lain.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the accompanying interim consolidated financial statements do not present fairly, in all material respects, the consolidated financial position of PT Sri Rejeki Isman Tbk and its Subsidiaries as of 31 March 2016, and their consolidated financial performance and their cash flows for the three-month periods ended 31 March 2016 and 2015 in accordance with Indonesian Financial Accounting Standards.

Other matter

This report has been prepared solely for inclusion in the offering documents in connection with the proposed public offering of the debt securities of the Company to be listed on Singapore Exchange, as discussed in Note 4 to the accompanying interim consolidated financial statements, and is not intended to be, and should not to be, used for any other purposes.

Kantor Akuntan Publik
TANUBRATA SUTANTO FAHMI & Rekan

Marina SE, Ak, CPA, CA
NIAP AP. 1084/
License No. AP. 1084

19 Mei 2016 / *19 May 2016*

OTK/am

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Jakarta 12910 - Indonesia

This report is originally issued in Indonesian language

No. : 629/2.S176/HS.2/12.15/R
Hal : Laporan Keuangan Konsolidasian
31 Desember 2015 dan 2014

No. : 629/2.S176/HS.2/12.15/R
Re : Consolidated Financial Statements
31 December 2015 and 2014

Laporan Auditor Independen

Independent Auditors' Report

Pemegang Saham, Dewan Komisaris dan Direksi
PT Sri Rejeki Isman Tbk

Kami telah mengaudit laporan keuangan konsolidasian PT Sri Rejeki Isman Tbk ("Perusahaan") dan entitas anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2015 dan 2014, serta laporan laba-rugi dan penghasilan komprehensif lain konsolidasian, laporan perubahan ekuitas konsolidasian, dan laporan arus konsolidasian kas konsolidasian untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2015 dan 2014, dan suatu ikhtisar kebijakan akuntansi signifikan dan informasi penjelasan lainnya.

Tanggung jawab manajemen atas laporan keuangan konsolidasian

Manajemen bertanggung jawab atas penyusunan dan penyajian wajar laporan keuangan konsolidasian tersebut sesuai dengan Standar Akuntansi Keuangan di Indonesia, dan atas pengendalian internal yang dianggap perlu oleh manajemen untuk memungkinkan penyusunan laporan keuangan konsolidasian yang bebas dari kesalahan penyajian material, baik yang disebabkan oleh kecurangan maupun kesalahan.

Tanggung jawab auditor

Tanggung jawab kami adalah untuk menyatakan suatu opini atas laporan keuangan konsolidasian tersebut berdasarkan audit kami. Kami melaksanakan audit kami berdasarkan Standar Audit yang ditetapkan oleh Institut Akuntan Publik Indonesia. Standar tersebut mengharuskan kami untuk mematuhi ketentuan etika serta merencanakan dan melaksanakan audit untuk memperoleh keyakinan yang memadai tentang apakah laporan keuangan konsolidasian tersebut bebas dari kesalahan penyajian material.

The Shareholders, Boards of Commissioners and Directors
PT Sri Rejeki Isman Tbk

We have audited the accompanying consolidated financial statements of PT Sri Rejeki Isman Tbk (the "Company") and its subsidiaries, which comprise the consolidated statements of financial position as of 31 December 2015 and 2014, and the consolidated statements of profit or loss and other comprehensive income, statements of changes in equity, and statements of cash flows for the years ended 31 December 2015 and 2014, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the consolidated financial statements

Management is responsible for the preparation and fair presentation of such consolidated financial statements in accordance with Indonesian Financial Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on such consolidated financial statements based on our audits. We conducted our audits in accordance with Standards on Auditing established by the Indonesian Institute of Certified Public Accountants. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether such consolidated financial statements are free from material misstatement.

Tanggung jawab auditor (Lanjutan)

Suatu audit melibatkan pelaksanaan prosedur untuk memperoleh bukti audit tentang angka-angka dan pengungkapan dalam laporan keuangan konsolidasian. Prosedur yang dipilih bergantung pada pertimbangan auditor, termasuk penilaian atas risiko kesalahan penyajian material dalam laporan keuangan konsolidasian, baik yang disebabkan oleh kecurangan maupun kesalahan. Dalam melakukan penilaian risiko tersebut, auditor mempertimbangkan pengendalian internal yang relevan dengan penyusunan dan penyajian wajar laporan keuangan konsolidasian entitas untuk merancang prosedur audit yang tepat sesuai dengan kondisinya, tetapi bukan untuk tujuan menyatakan opini atas keefektivitasan pengendalian internal entitas. Suatu audit juga mencakup pengevaluasian atas ketepatan kebijakan akuntansi yang digunakan dan kewajaran estimasi akuntansi yang dibuat oleh manajemen, serta pengevaluasian atas penyajian laporan keuangan konsolidasian secara keseluruhan.

Kami yakin bahwa bukti audit yang telah kami peroleh adalah cukup dan tepat untuk menyediakan suatu basis bagi opini audit kami.

Opini

Menurut opini kami, laporan keuangan konsolidasian terlampir menyajikan secara wajar, dalam semua hal yang material, posisi keuangan konsolidasian PT Sri Rejeki Isman Tbk dan entitas anaknya tanggal 31 Desember 2015 dan 2014, serta kinerja keuangan dan arus kas konsolidasian untuk tahun yang berakhir pada tanggal-tanggal 31 Desember 2015 dan 2014, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

Penekanan suatu hal

Kami telah menerbitkan laporan auditor independen No: 261/1-S176/HS-1/12.14 bertanggal 18 Maret 2015 atas laporan keuangan PT Sri Rejeki Isman Tbk dan entitas anaknya pada tanggal dan untuk tahun yang berakhir 31 Desember 2014 dengan pendapat wajar tanpa modifikasian dengan penekanan suatu hal mengenai mulai tanggal 1 Oktober 2014, Perusahaan dan entitas anaknya mengubah mata uang fungsional dari Indonesia Rupiah (IDR) ke Dolar Amerika Serikat (USD), dikarenakan tercapai perubahan pada transaksi, peristiwa, dan kondisi Perusahaan dan entitas anaknya. Perubahan mata uang fungsional Perusahaan dan entitas anaknya adalah sesuai dengan PSAK 10 (Revisi 2010) mengenai "Pengaruh Perubahan Kurs Valuta Asing" yang menyebabkan dilakukannya penyajian kembali laporan keuangan konsolidasian tanggal 31 Desember 2013, oleh Perusahaan dan entitas anaknya sebagaimana dipersyaratkan oleh Standar Akuntansi Keuangan di Indonesia, seperti diungkapkan dalam Catatan 5 atas laporan keuangan konsolidasian interim terlampir.

Auditor's responsibility (Continued)

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditors consider internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accouting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of PT Sri Rejeki Isman Tbk and its subsidiaries as of 31 December 2015 and 2014, and their consolidated financial performance and cash flows for the years ended 31 December 2015 and 2014, in accordance with Indonesian Financial Accounting Standards.

Emphasis of matter

Also, we have issued an independent auditor's report No: 261/1-S176/HS-1/12.14 dated 18 March 2015 on the consolidated financial statements of PT Sri Rejeki Isman Tbk and its subsidiaries as of 31 December 2014 and for the year ended, and expressed an unmodified opinion with emphasis of matter, which stated that starting 1 October 2014, the Company and its subsidiaries changed their functional currency from Indonesia Rupiah (IDR) to United States Dollar (USD), due to changes in underlying transactions, events and conditions. The change of the Company and its subsidiaries functional currency was in accordance with PSAK 10 (Revised 2010) "The Effects of Changes in Foreign Exchange Rates" which caused the restatement of the accompanying consolidated financial statements as of 31 December 2013 as required by Indonesian Financial Accounting Standards,as disclosed in Note 5 to the accompanying interim consolidated financial statements.

Hal lain-lain

Laporan keuangan konsolidasian PT Sri Rejeki Isman Tbk dan entitas anaknya tanggal 31 Desember 2013 sebelum translasi diaudit oleh auditor independen lain yang laporannya tertanggal 25 Maret 2014, dan kami telah melakukan prosedur reviu atas translasi laporan keuangan konsolidasian tahun 2013. Namun, kami tidak membuat perikatan untuk melakukan audit, atau menetapkan prosedur apapun terhadap laporan keuangan konsolidasian Perusahaan dan entitas anaknya tahun 2013 selain yang berkaitan dengan penyesuaian tersebut, dan oleh karena itu, kami tidak menyatakan pendapat atau bentuk keyakinan lain atau opini kami tidak dimodifikasi atas laporan keuangan konsolidasian tahun 2013 secara keseluruhan.

Sebelum laporan ini, kami telah menerbitkan laporan auditor independen No: 332/2.S176/HS.2/12.15 bertanggal 22 Maret 2016 atas laporan keuangan PT Sri Rejeki Isman Tbk dan entitas anaknya pada tanggal dan untuk tahun yang berakhir 31 Desember 2015 dengan pendapat wajar tanpa modifikasian.

Laporan ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan penawaran umum efek utang oleh Perusahaan yang dicatatkan di Bursa Efek Singapura, yang dijelaskan pada Catatan 4 laporan keuangan konsolidasian interim serta tidak ditujukan, dan tidak diperkenankan untuk digunakan, untuk tujuan lain.

Other matters

The consolidated financial statements of PT Sri Rejeki Isman Tbk and its subsidiaries as of 31 December 2013 before translation were audited by other independent auditor with the report dated 25 March 2014, and we have done the procedure of review for the translation of the consolidated financial statements for 2013. However, we do not made any engagement to audit or apply any procedures to the 2013 consolidated financial statements of the Company and its subsidiaries other than those associated with these adjustments, and accordingly, we do not express an opinion or any other form of assurance or our opinion is not modified in respect of the consolidated financial statements for 2013 taken as a whole.

Before this report, we have issued an independent auditors' report No: 332/2.S176/HS.2/12.15 dated 22 March 2016 on the consolidated financial statements of PT Sri Rejeki Isman Tbk and its subsidiaries as of 31 December 2015 and for the year ended, and expressed an unmodified opinion.

This report has been prepared solely for inclusion in the offering documents in connection with the proposed public offering of the debt securities of the Company to be listed on Singapore Exchange, as discussed in Note 4 to the accompanying interim consolidated financial statements, and is not intended to be, and should not to be, used for any other purposes.

Kantor Akuntan Publik
TANUBRATA SUTANTO FAHMI & Rekan

Herry Sunarto, SE, Ak, SH, MBA, MH, CPA, CA
NIAP AP. 0116/
License No. AP. 0116

18 Mei 2016 / *18 May 2016*

DTK/am

Ekshibit A | ***Exhibit A***

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
LAPORAN POSISI KEUANGAN KONSOLIDASIAN
PADA TANGGAL 31 MARET 2016 (TIDAK DIAUDIT),
31 DESEMBER 2015 DAN 2014 (DIAUDIT)
(DENGAN ANGKA PERBANDINGAN TAHUN 2013)
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
AS OF 31 MARCH 2016 (UNAUDITED),
31 DECEMBER 2015 AND 2014 (AUDITED)
(WITH COMPARATIVE FIGURE 2013)
(Expressed in United States Dollar, unless otherwise stated)

	Catatan/ *Notes*	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Desember/ *December* 2015 (Diaudit/ *Audited*)	31 Desember/ *December* 2014 *) (Diaudit/ *Audited*)	31 Desember/ *December* 2013 *) (Diaudit/ *Audited*)	
ASET						***ASSETS***
ASET LANCAR						***CURRENT ASSETS***
Kas dan setara kas	**6,38,39**	78.174.558	77.136.595	81.604.263	6.107.134	*Cash and cash equivalents*
Piutang usaha – Neto						*Trade receivables - Net*
Pihak ketiga	**7,38,39**	79.928.416	80.489.933	97.638.418	35.331.573	*Third parties*
Pihak berelasi	**7,12,38,39**	17.255.221	21.692.006	31.601.261	25.471.250	*Related parties*
Persediaan	**9**	133.131.261	135.788.325	109.569.858	119.668.358	*Inventories*
Uang muka pembelian persediaan	**10**	281.295	383.738	412.627	4.427.839	*Advances for purchases of inventories*
Pajak dibayar di muka	**17a**	2.939.544	2.324.458	-	-	*Prepaid taxes*
Aset lancar lainnya	**8,39**	5.666.687	5.322.710	5.417.268	1.146.465	*Other current assets*
Jumlah Aset Lancar		317.376.982	323.137.765	326.243.695	192.152.619	***Total Current Assets***
ASET TIDAK LANCAR						***NON-CURRENT ASSETS***
Piutang non-usaha dari pihak berelasi	**12,38,39**	-	-	7.007.510	7.487.294	*Non-trade receivable from related parties*
Penyertaan saham	**11,39**	27.561	27.561	27.561	28.128	*Investment in shares*
Uang muka jangka panjang untuk pembelian aset tetap						*Long-term advances for purchases of fixed assets*
Pihak ketiga	**10**	26.156.371	19.304.497	42.989.721	6.970.253	*Third parties*
Aset tetap – Neto	**13**	450.290.041	440.876.907	322.597.417	250.034.625	*Fixed assets - Net*
Aset pajak tangguhan – Neto	**17g**	-	-	-	677.899	*Deferred tax assets - Net*
Aset tidak lancar lainnya	**14**	-	-	-	1.311.201	*Other non-current assets*
Jumlah Aset Tidak Lancar		476.473.973	460.208.965	372.622.209	266.509.400	***Total Non-Current Assets***
JUMLAH ASET		793.850.955	783.346.730	698.865.904	458.662.019	***TOTAL ASSETS***

) Disajikan kembali - lihat Catatan 4/** ***As restated - see Note 4

Lihat Catatan atas Laporan Keuangan Konsolidasian pada Ekshibit E terlampir yang merupakan bagian tak terpisahkan dari Laporan Keuangan Konsolidasian secara keseluruhan

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

Ekshibit A/2 | ***Exhibit A/2***

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
LAPORAN POSISI KEUANGAN KONSOLIDASIAN
PADA TANGGAL 31 MARET 2016 (TIDAK DIAUDIT),
31 DESEMBER 2015 DAN 2014 (DIAUDIT)
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PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
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31 DECEMBER 2015 AND 2014 (AUDITED)
(WITH COMPARATIVE FIGURE 2013)
(Expressed in United States Dollar, unless otherwise stated)

	Catatan/ *Notes*	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Desember/ *December* 2015 (Diaudit/ *Audited*)	31 Desember/ *December* 2014 *) (Diaudit/ *Audited*)	31 Desember/ *December* 2013 *) (Diaudit/ *Audited*)	
LIABILITAS DAN EKUITAS						***LIABILITIES AND EQUITY***
LIABILITAS						***LIABILITIES***
LIABILITAS JANGKA PENDEK						***CURRENT LIABILITES***
Utang bank jangka pendek	**15,38,39**	33.845.201	38.273.334	31.674.477	100.930.140	*Short-term bank loans*
Utang usaha						*Trade payables*
Pihak ketiga	**16,38,39**	10.109.393	7.741.487	15.408.105	36.569.410	*Third parties*
Pihak berelasi	**12,16,38,39**	1.002.804	3.366.005	3.213.255	5.207.427	*Related parties*
Utang pajak	**17b,38**	8.647.510	8.100.466	4.840.187	8.054.362	*Taxes payable*
Beban akrual	**18,38,39**	7.650.035	6.861.669	7.792.082	4.325.665	*Accrued expenses*
Utang lancar lainnya	**23,38,39**	4.064.167	2.648.786	919.449	1.226.892	*Other current liabilities*
Liabilitas imbalan kerja jangka pendek	**22,39**	59.472	54.567	512.867	471.440	*Short-term employee benefit liability*
Liabilitas jangka panjang, yang jatuh tempo dalam satu periode:						*Current maturities of long-term debts:*
Utang bank jangka panjang	**19,38,39**	-	-	-	26.273.433	*Long-term bank loans*
Utang sewa pembiayaan	**24,38,39**	110.635	109.018	124.549	84.844	*Obligation under finance lease*
Jumlah Liabilitas Jangka Pendek		65.489.217	67.155.332	64.484.971	183.143.613	***Total Current Liabilities***
LIABILITAS JANGKA PANJANG						***NON-CURRENT LIABILITES***
Liabilitas jangka panjang, setelah dikurangi bagian yang jatuh tempo dalam satu periode:						*Long-term debts net of current maturities:*
Utang bank jangka panjang	**19,38,39**	109.340.841	114.765.366	82.974.215	72.795.234	*Long-term bank loans*
Utang sewa pembiayaan	**24,38,39**	-	13.604	151.101	165.839	*Obligation under finance lease*
Surat utang jangka menengah	**20,39**	30.000.000	30.000.000	30.000.000	-	*Medium-term notes*
Wesel bayar - Neto	**21,39**	268.811.433	268.473.045	267.119.492	-	*Notes payable – Net*
Liabilitas imbalan kerja jangka panjang	**25**	12.461.682	10.123.223	8.467.875	7.181.906	*Long-term employee benefits liability*
Liabilitas pajak tangguhan - Neto	**17g**	15.320.353	16.074.988	14.235.475	5.798.003	*Deferred tax liabilities - Net*
Jumlah Liabilitas Jangka Panjang		435.934.309	439.450.226	402.948.158	85.940.982	***Total Non-Current Liabilities***
JUMLAH LIABILITAS		501.423.526	506.605.558	467.433.129	269.084.595	***TOTAL LIABILITIES***

) Disajikan kembali – lihat Catatan 4/** ***As restated – see Note 4

Lihat Catatan atas Laporan Keuangan Konsolidasian pada Ekshibit E terlampir yang merupakan bagian tak terpisahkan dari Laporan Keuangan Konsolidasian secara keseluruhan

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

Ekshibit A/3 | ***Exhibit A/3***

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
LAPORAN POSISI KEUANGAN KONSOLIDASIAN
PADA TANGGAL 31 MARET 2016 (TIDAK DIAUDIT),
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(DENGAN ANGKA PERBANDINGAN TAHUN 2013)
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
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(WITH COMPARATIVE FIGURE 2013)
(Expressed in United States Dollar, unless otherwise stated)

	Catatan/ *Notes*	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Desember/ *December* 2015 (Diaudit/ *Audited*)	31 Desember/ *December* 2014 *) (Diaudit/ *Audited*)	31 Desember/ *December* 2013 *) (Diaudit/ *Audited*)	
EKUITAS						***EQUITY***
Ekuitas yang dapat diatribusikan kepada pemilik entitas induk						*Equity attributable to the owners of the parent entity*
Modal saham						*Share capital*
Modal dasar - 50.000.000.000 saham pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 dengan nilai nominal Rp 100 per saham						*Authorized – 50,000,000,000 shares as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 at par value per share of Rp 100*
Modal ditempatkan dan disetor penuh - 18.592.888.040 saham pada tanggal 31 Maret 2016, 31 Desember 2015 31 Desember 2014 dan 31 Desember 2013	**26**	152.250.966	152.250.966	152.250.966	152.538.256	*Issued and fully paid - 18,592,888,040 shares as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013*
Tambahan modal disetor	**27**	10.472.300	10.472.300	10.472.300	10.385.401	*Additional paid-in capital*
Akumulasi laba (rugi) aktuarial atas imbalan kerja		(1.871.518)	(732.430)	(354.626)	(202.047)	*Accumulated actuarial gain (loss) on employee benefits liabialities*
Saldo laba**)		139.116.638	122.290.270	74.631.966	37.349.723	*Retained earnings**)*
Selisih penjabaran mata uang pelaporan		(7.548.653)	(7.548.653)	(5.588.636)	(43.238.701)	*Cumulative translation adjustment*
Selisih penjabaran dari modal saham		-	-	-	32.733.871	*Exchange difference from capital stock*
Jumlah ekuitas yang dapat diatribusikan kepada pemilik entitas induk		292.419.733	276.732.453	231.411.970	189.566.503	*Total equity attributable to the owners of the parent entity*
Kepentingan non-pengendali	**28**	7.696	8.719	20.805	10.921	*Non-controlling interest*
Jumlah Ekuitas		292.427.429	276.741.172	231.432.775	189.577.424	***Total Equity***
JUMLAH LIABILITIAS DAN EKUITAS		793.850.955	783.346.730	698.865.904	458.662.019	***TOTAL LIABILITIES AND EQUITY***

) Disajikan kembali – lihat Catatan 4/*As restated – see Note 4

****)Perusahaan telah melakukan kuasi-reorganisasi pada tanggal 31 Desember 2005/**
The company has conducted quasi-reorganization as of 31 December 2005

Lihat Catatan atas Laporan Keuangan Konsolidasian pada Ekshibit E terlampir yang merupakan bagian tak terpisahkan dari Laporan Keuangan Konsolidasian secara keseluruhan

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

Ekshibit B | ***Exhibit B***

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHESIF LAIN KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR PADA TANGGAL 31 MARET 2016 DAN 2015 (TIDAK DIAUDIT) DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL 31 DESEMBER 2015 DAN 2014 (DIAUDIT)
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PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
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FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2016 AND 2015 (UNAUDITED) AND FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (AUDITED)
(WITH COMPARATIVE FIGURE 2013)
(Expressed in United States Dollar, unless otherwise stated)

	Catatan/ *Notes*	31 Maret/ *March* 2016 (Tiga bulan/ *Three-month)* (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 *) (Tiga bulan/ *Three-month)* (Tidak diaudit/ *Unaudited*)	31 Desember/ *December* 2015 (Satu tahun/ *One year*) (Diaudit/ *Audited*)	31 Desember/ *December* 2014 *) (Satu tahun/ *One year*) (Diaudit/ *Audited*)	31 Desember/ *December* 2013 *) (Satu tahun/ *One year*) (Diaudit/ *Audited*)	
Penjualan	**30**	168.685.276	166.746.329	631.342.874	589.089.425	546.960.954	*Sales*
Penjualan yang disalinghapuskan dengan pembelian terkait	**12**	-	(9.349.201)	(9.349.201)	(34.466.806)	(96.279.730)	*Sales for offset with related purchases*
PENJUALAN NETO		168.685.276	157.397.128	621.993.673	554.622.619	450.681.224	***NET SALES***
Beban pokok penjualan		133.148.141	133.802.734	497.927.426	466.670.516	449.607.750	*Cost of goods sold*
Pembelian yang disalinghapuskan dengan penjualan terkait	**12**	-	(9.349.201)	(9.349.201)	(34.466.806)	(96.279.730)	*Purchases for offset with related sales*
BEBAN POKOK PENJUALAN NETO	**31**	133.148.141	124.453.533	488.578.225	432.203.710	353.328.020	***NET COST OF GOODS SOLD***
LABA BRUTO		35.537.135	32.943.595	133.415.448	122.418.909	97.353.204	***GROSS PROFIT***
Beban penjualan	**32**	(2.858.607)	(3.326.055)	(13.484.403)	(10.879.662)	(9.708.918)	*Selling expenses*
Beban umum dan administrasi	**33**	(5.002.954)	(3.979.384)	(22.067.268)	(16.617.698)	(14.614.377)	*General and administrative expenses*
Laba (rugi) selisih kurs – Neto	**35**	327.333	734.857	(977.185)	(2.013.036)	(11.633.420)	*Gain (loss) on foreign exchange – Net*
Pendapatan operasi lainnya	**34**	535.493	-	1.269.928	1.422.799	2.682.260	*Other operating income*
Beban operasi lainnya		-	-	(67.442)	-	(124.320)	*Other operating expenses*
LABA DARI OPERASI		28.538.400	26.373.013	98.089.078	94.331.312	63.954.429	***INCOME FROM OPERATIONS***
Pendapatan keuangan		347.908	77.063	1.932.195	1.550.487	1.523.072	*Finance income*
Beban keuangan		(10.033.642)	(7.956.122)	(35.436.572)	(29.952.932)	(21.126.443)	*Finance charges*
LABA SEBELUM PAJAK PENGHASILAN		18.852.666	18.493.954	64.584.701	65.928.867	44.351.058	***INCOME BEFORE INCOME TAX***
BEBAN PAJAK PENGHASILAN	**17e,f**	(2.406.853)	(4.021.469)	(8.920.772)	(15.475.759)	(12.803.699)	***INCOME TAX EXPENSE***
PENYESUAIAN PROFORMA DARI TRANSAKSI KOMBINASI BISNIS ENTITAS SEPENGENDALI		-	-	-	-	(1.870.337)	***PROFORMA ADJUSTMENT ARISING FROM BUSINESS COMBINATION TRANSACTIONS OF ENTITIES UNDER COMMON CONTROL***
LABA PERIODE BERJALAN		16.445.813	14.472.485	55.663.929	50.453.108	29.677.022	***INCOME FOR THE PERIOD***

) Disajikan kembali – lihat Catatan 4/** ***As restated – see Note 4

Lihat Catatan atas Laporan Keuangan Konsolidasian pada Ekshibit E terlampir yang merupakan bagian tak terpisahkan dari Laporan Keuangan Konsolidasian secara keseluruhan

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

Ekshibit B/2 | ***Exhibit B/2***

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHESIF LAIN KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR PADA TANGGAL 31 MARET 2016 DAN 2015 (TIDAK DIAUDIT) DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL 31 DESEMBER 2015 DAN 2014 (DIAUDIT)
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(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
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FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2016 AND 2015 (UNAUDITED) AND FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (AUDITED)
(WITH COMPARATIVE FIGURE 2013)
(Expressed in United States Dollar, unless otherwise stated)

	Catatan/ *Notes*	31 Maret/ *March* 2016 (Tiga bulan/ *Three-month)* (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 *) (Tiga bulan/ *Three-month)* (Tidak diaudit/ *Unaudited*)	31 Desember/ *December* 2015 (Satu tahun/ *One year*) (Diaudit/ *Audited*)	31 Desember/ *December* 2014 *) (Satu tahun/ *One year*) (Diaudit/ *Audited*)	31 Desember/ *December* 2013 *) (Satu tahun/ *One year*) (Diaudit/ *Audited*)	
PENGHASILAN KOMPREHENSIF LAIN							***OTHER COMPREHENSIVE INCOME***
Item yang tidak akan direklasifikasi ke laba rugi periode berikutnya:							***Item that will not be reclassified to profit or loss in subsequent period:***
Keuntungan (kerugian) aktuarial		(1.139.088)	(157.417)	(377.804)	(354.626)	1.448.866	*Actuarial gain and (loss)*
Item yang akan direklasifikasi ke laba rugi periode berikutnya:							***Item that will be reclassified to profit or loss in subsequent period:***
Selisih penjabaran mata uang pelaporan		-	-	-	-	(31.037.769)	*Cumulative translation Adjustment*
JUMLAH PENGHASILAN KOMPREHENSIF PERIODE BERJALAN		15.306.725	14.315.068	55.286.125	50.098.482	88.119	***TOTAL COMPREHENSIVE INCOME FOR THE PERIOD***
Laba periode berjalan yang dapat diatribusikan kepada:							***Income for the period attributable to:***
Pemilik entitas induk		16.445.999	14.471.740	55.661.062	50.450.193	29.676.755	*Owners of the parent entity*
Kepentingan non-pengendali		(186)	745	2.867	2.915	267	*Non-controlling interest*
J u m l a h		16.445.813	14.472.485	55.663.929	50.453.108	29.677.022	***T o t a l***
Jumlah penghasilan komprehensif periode berjalan yang dapat diatribusikan kepada:							***Total comprehensive income for the period attributable to:***
Pemilik entitas induk		15.307.367	14.314.227	55.282.878	50.097.560	86.907	*Owners of the parent entity*
Kepentingan non-pengendali		(642)	841	3.247	922	1.212	*Non-controlling interest*
J u m l a h		15.306.725	14.315.068	55.286.125	50.098.482	88.119	***T o t a l***
LABA PER SAHAM DASAR	**36**	0,0009	0,0008	0,0030	0,0027	0,0019	***BASIC EARNINGS PER SHARE***

) Disajikan kembali - lihat Catatan 4/** ***As restated - see Note 4

Lihat Catatan atas Laporan Keuangan Konsolidasian pada Ekshibit E terlampir yang merupakan bagian tak terpisahkan dari Laporan Keuangan Konsolidasian secara keseluruhan

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
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DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL 31 DESEMBER 2015 DAN 2014 (DIAUDIT)
(DENGAN ANGKA PERBANDINGAN TAHUN 2013)
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PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
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FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2016 (UNAUDITED)
AND FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (AUDITED)
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(Expressed in United States Dollar, unless otherwise stated)

	Catatan/ *Notes*	Modal saham ditempatkan dan disetor penuh/ *Issued and fully paid capital*	Tambahan modal disetor/ *Additional paid-in capital*	Uang muka setoran modal/ *Advances for shares subscription*	Akumulasi laba (rugi) aktuarial atas imbalan kerja/ *Accumulated actuarial gain (loss) on employee benefits*	Saldo laba/*Retained earning*		Selisih penjabaran dari modal saham/ *Exchange difference from capital stock*	Selisih penjabaran mata uang pelaporan/ *Cumulative translation adjustment*	Modal proforma dari restrukturisasi sepengendali/ *Proforma capital arising from restructuring transaction of entities under common control*	Ekuitas yang dapat diatribusikan kepada pemilik entitas induk/ *Equity attributable to owners of the parent entity*	Kepentingan non-pengendali/ *Non-controlling interest*	Jumlah ekuitas/ *Total equity*	
						Telah ditentukan pengunaannya/ *Appropriated*	Belum ditentukan pengunaannya/ *Unappropriated*							
Saldo per 31 Desember 2012*)		29.989.659	8.284.446	46.166.516	(1.650.101)	-	57.543.629	5.879.670	(12.200.799)	10.833.299	144.846.319	-	144.846.319	***Balance as of 31 December 2012*)***
Penyesuaian saldo awal atas selisih penjabaran		(16.089.304)	(1.224.045)	(9.540.852)	-	-	-	26.854.201	-	-	-	-	-	*Adjustment to beginning balance due to translation*
Konversi uang muka setoran modal menjadi saham		36.625.664	-	(36.625.664)	-	-	-	-	-	-	-	-	-	*Conversion of advances for shares subscription to share capital*
Kapitalisasi tambahan modal disetor menjadi modal saham		6.572.368	(6.572.368)	-	-	-	-	-	-	-	-	-	-	*Capitalization of additional paid -in capital to share capital*
Pembagian dividen saham		49.870.661	-	-	-	-	(49.870.661)	-	-	-	-	-	-	*Distribution of stock dividend*
Perolehan dari penerbitan saham baru dalam rangka penawaran umum perdana saham (IPO)		45.569.208	59.486.481	-	-	-	-	-	-	-	105.055.689	-	105.055.689	*Proceeds from issuance of new share capital related to Initial Public Offering (IPO)*
Laba periode berjalan		-	-	-	-	-	31.547.092	-	-	-	31.547.092	267	31.547.359	*Income for the period*
Kepentingan nonpengendali di entitas anak yang diakuisisi		-	-	-	-	-	-	-	-	-	-	9.709	9.709	*Non -controlling interest in acquired subsidiary*
Pembalikan atas penyesuaian proforma dari transaksi kombinasi bisnis entitas sepengendali		-	-	-	-	-	-	-	-	(10.833.299)	(10.833.299)	-	(10.833.299)	*Reversal of porforma adjustment arising from business combination transaction of entities under common control*
Efek penyesuaian proforma		-	-	-	-	-	(1.870.337)	-	-	-	(1.870.337)	-	(1.870.337)	*Effects of porforma adjustment*
Selisih nilai transaksi kombinasi bisnis entitas sepengendali		-	(49.589.113)	-	-	-	-	-	-	-	(49.589.113)	-	(49.589.113)	*Difference arising from business combination transaction of entities under common control*
Penghasilan komprehensif lain - imbalan kerja		-	-	-	1.448.054	-	-	-	-	-	1.448.054	812	1.448.866	*Other comprehensive income - employee benefits*
Selisih kurs karena penjabaran laporan keuangan		-	-	-	-	-	-	-	(31.037.902)	-	(31.037.902)	133	(31.037.769)	*Difference in foreign currency translation*
Saldo per 31 Desember 2013*)		152.538.256	10.385.401	-	(202.047)	-	37.349.723	32.733.871	(43.238.701)	-	189.566.503	10.921	189.577.424	***Balance as of 31 December 2013*)***

) Disajikan kembali - lihat Catatan 4/ *As restated - see Note 4

Keuangan Konsolidasian secara keseluruhan

Ekshibit C/2

Financial Statements taken as a whole

Exhibit C/2

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR PADA TANGGAL 31 MARET 2016 (TIDAK DIAUDIT)
DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL 31 DESEMBER 2015 DAN 2014 (DIAUDIT)
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(WITH COMPARATIVE FIGURE 2013)
(Expressed in United States Dollar, unless otherwise stated)

	Catatan/ Notes	Modal saham ditempatkan dan disetor penuh/ *Issued and fully paid capital*	Tambahan modal disetor/ *Additional paid-in capital*	Akumulasi laba (rugi) aktuarial atas imbalan kerja/ *Accumulated actuarial gain (loss) on employee benefits*	Saldo laba/*Retained earnings*		Selisih penjabaran dari modal saham/ *Exchange difference from capital stock*	Selisih penjabaran mata uang pelaporan/ *Cumulative translation adjustment*	Ekuitas yang dapat diatribusikan kepada pemilik entitas induk/ *Equity attributable to owners of the parent entity*	Kepentingan non-pengendali/ *Non-controlling interest*	Jumlah ekuitas/ *Total equity*	
					Telah ditentukan penggunaannya/ *Appropriated*	Belum ditentukan penggunaannya/ *Unappropriated*						
Saldo per 31 Desember 2013*)		152.538.256	10.385.401	(202.047)	-	37.349.723	32.733.871	(43.238.701)	189.566.503	10.921	189.577.424	***Balance as of 31 December 2013*)***
Penyesuaian saldo awal atas selisih penjabaran		(287.290)	86.899	201.848	-	(10.122.931)	(32.733.871)	37.650.065	(5.205.280)	7.168	(5.198.112)	*Adjustment to beginning balance due to translation*
Laba periode berjalan		-	-	-	-	50.450.193	-	-	50.450.193	2.915	50.453.108	*Income for the period*
Penghasilan komprehensif lain		-	-	(354.427)	-	-	-	-	(354.427)	(199)	(354.626)	*Other comprehensive income*
Dividen tunai		-	-	-	-	(3.045.019)	-	-	(3.045.019)	-	(3.045.019)	*Cash dividend*
Pencadangan saldo laba		-	-	-	2.535.233	(2.535.233)	-	-	-	-	-	*Appropriation of retained earnings*
Saldo per 31 Desember 2014*)		152.250.966	10.472.300	(354.626)	2.535.233	72.096.733	-	(5.588.636)	231.411.970	20.805	231.432.775	***Balance as of 31 December 2014*)***
Penyesuaian saldo awal atas selisih penjabaran		-	-	379.913	-	(379)	-	(1.960.017)	(1.580.483)	(394.866)	(1.975.349)	*Adjustment to beginning balance due to translation*
Laba periode berjalan		-	-	-	-	55.661.062	-	-	55.661.062	2.867	55.663.929	*Income for the period*
Penghasilan komprehensif lain		-	-	(757.717)	-	-	-	-	(757.717)	379.913	(377.804)	*Other comprehensive income*
Dividen tunai	**37**	-	-	-	-	(8.002.379)	-	-	(8.002.379)	-	(8.002.379)	*Cash dividend*
Pencadangan saldo laba	**37**	-	-	-	8.951.342	(8.951.342)	-	-	-	-	-	*Appropriation of retained earnings*
Saldo per 31 Desember 2015		152.250.966	10.472.300	(732.430)	11.486.575	110.803.695	-	(7.548.653)	276.732.453	8.719	276.741.172	***Balance as of 31 December 2015***

) Disajikan kembali - lihat Catatan 4/ *As restated - see Note 4

Lihat Catatan atas Laporan Keuangan Konsolidasian pada Ekshibit E terlampir yang merupakan bagian tak terpisahkan dari Laporan Keuangan Konsolidasian secara keseluruhan

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

The original consolidated financial statements included herein are in the Indonesia Language

Ekshibit C/3

Exhibit C/3

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR PADA TANGGAL 31 MARET 2016 (TIDAK DIAUDIT)
DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL 31 DESEMBER 2015 DAN 2014 (DIAUDIT)
(DENGAN ANGKA PERBANDINGAN TAHUN 2013)
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2016 (UNAUDITED)
AND FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (AUDITED)
(WITH COMPARATIVE FIGURE 2013)
(Expressed in United States Dollar, unless otherwise stated)

	Catatan/ Notes	Modal saham ditempatkan dan disetor penuh/ *Issued and fully paid capital*	Tambahan modal disetor/ *Additional paid-in capital*	Akumulasi laba (rugi) aktuarial atas imbalan kerja/ *Accumulated actuarial gain (loss) on employee benefits*	Saldo laba/*Retained earnings*		*Cumulative translation adjustment*	*Equity attributable to owners of the parent entity*	Kepentingan non-pengendali/ *Non-controlling interest*	Jumlah ekuitas/ *Total equity*	
					Telah ditentukan pengunaannya/ *Appropriated*	Belum ditentukan pengunaannya/ *Unappropriated*					
Saldo per 31 Desember 2015		152.250.966	10.472.300	(732.430)	11.486.575	110.803.695	(7.548.653)	276.732.453	8.719	276.741.172	***Balance as of 31 December 2015***
Penyesuaian saldo awal atas selisih penjabaran		-	-	-	-	380.369	-	380.369	(837)	379.532	*Adjustment to beginning balance due to translation*
Laba periode berjalan		-	-	-	-	16.445.999	-	16.445.999	(186)	16.445.813	*Income for the period*
Penghasilan komprehensif lain		-	-	(1.139.088)	-	-	-	(1.139.088)	-	(1.139.088)	*Other comprehensive income*
Dividen tunai	**37**	-	-	-	-	-	-	-	-	-	*Cash dividend*
Pencadangan saldo laba	**37**	-	-	-	-	-	-	-	-	-	*Appropriation of retained earnings*
Saldo per 31 Maret 2016		152.250.966	10.472.300	(1.871.518)	11.486.575	127.630.063	(7.548.653)	292.419.733	7.696	292.427.429	***Balance as of 31 March 2016***

Lihat Catatan atas Laporan Keuangan Konsolidasian pada Ekshibit E terlampir yang merupakan bagian tak terpisahkan dari Laporan Keuangan Konsolidasian secara keseluruhan

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

Ekshibit D | ***Exhibit D***

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
LAPORAN ARUS KAS KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR PADA TANGGAL 31 MARET 2016 DAN 2015 (TIDAK DIAUDIT) DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL 31 DESEMBER 2015 DAN 2014 (DIAUDIT)
(DENGAN ANGKA PERBANDINGAN TAHUN 2013)
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE THREE-MONTH PERIODS ENDED 31 MARCH 2016 AND 2015 (UNAUDITED) AND FOR THE YEARS ENDED 31 DECEMBER 2015 AND 2014 (AUDITED)
(WITH COMPARATIVE FIGURE 2013)
(Expressed in United States Dollar, unless otherwise stated)

	31 Maret/ March 2016 (Tiga bulan/ Three-month) (Tidak diaudit/ Unaudited)	31 Maret/ March 2015 *) (Tiga bulan/ Three-month) (Tidak diaudit/ Unaudited)	31 Desember/ *December* 2015 (Satu tahun/ *One year*) (Diaudit/ *Audited*)	31 Desember/ *December* 2014 (Satu tahun/ *One year*) (Diaudit/ *Audited*)	31 Desember/ *December* 2013 (Satu tahun/ *One year*) (Diaudit/ *Audited*)	
ARUS KAS DARI AKTIVITAS OPERASI						***CASH FLOWS FROM OPERATING ACTIVITIES***
Penerimaan kas dari pelanggan	169.246.793	125.493.907	648.491.359	482.870.116	398.028.926	*Cash received from customers*
Penerimaan dari pendapatan operasi lainnya	535.493	-	1.269.928	1.422.799	2.679.820	*Cash received from other operating income*
Penerimaan dari pendapatan bunga	347.908	77.063	1.932.195	1.550.487	1.523.072	*Cash received from interest income*
Pembayaran kepada pemasok dan kontraktor	(121.289.430)	(87.299.199)	(485.518.067)	(391.362.583)	(334.242.943)	*Payments to suppliers and contractors*
Pembayaran untuk gaji dan imbalan kerja karyawan	(8.667.207)	(8.175.628)	(31.586.318)	(32.377.308)	(33.584.856)	*Payments for salaries and employee benefits*
Pembayaran bunga	(10.041.906)	(3.564.882)	(39.764.312)	(29.876.594)	(27.985.806)	*Interest paid*
Pembayaran pajak penghasilan	(502.043)	(1.946.554)	(12.073.801)	(8.382.510)	(10.351.961)	*Payments of income taxes*
Pembayaran untuk beban operasional	(5.168.530)	(3.785.663)	(23.906.925)	(15.268.786)	(11.182.138)	*Payments for operational expenses*
Kas neto diperoleh dari (digunakan untuk) aktivitas operasi	24.461.078	20.799.044	58.844.059	8.575.621	(15.115.886)	***Net cash provided by (used in) operating activities***
ARUS KAS DARI AKTIVITAS INVESTASI						***CASH FLOWS FROM INVESTING ACTIVITIES***
Penerimaan deviden	-	-	-	-	2.440	*Dividend received*
Pengeluaran modal	(14.870.933)	(4.445.323)	(86.364.894)	(98.980.456)	(80.235.732)	*Capital expenditure*
Pembayaran uang muka pembelian aset tetap	(6.851.874)	-	(19.304.497)	(36.019.468)	(5.112.626)	*Payment of advances for purchases of fixed assets*
Akuisisi pihak berelasi	-	-	-	-	(69.119.453)	*Acquisitions of a related party*
Kas neto digunakan untuk aktivitas investasi	(21.722.807)	(4.445.323)	(105.669.391)	(134.999.924)	(154.465.371)	***Net cash used in investing activities***
ARUS KAS DARI AKTIVITAS PENDANAAN						***CASH FLOWS FROM FINANCING ACTIVITIES***
Pembayaran deviden	-	-	(7.407.407)	(3.006.369)	-	*Dividend paid*
Penerimaan neto dari wesel bayar	-	-	-	271.154.492	-	*Proceeds of notes payable*
Penerimaan neto dari wesel MTN	-	-	-	30.000.000	-	*Proceed of MTN*
Penerimaan utang bank jangka pendek	2.673.495	3.233.865	39.857.557	21.144.452	37.991.623	*Proceeds of short-term bank loans*
Penerimaan utang bank jangka panjang	-	-	39.359.451	-	31.214.909	*Proceeds of long-term bank loans*
Penerimaan dari (pembayaran kepada) pihak berelasi dan pemegang saham	12.135.589	-	17.069.515	479.784	12.586.458	*Settlement from (payment to) related party and shareholder*
Kas yang dibatasi penggunaannya	(4.027.009)	(3.704.764)	(4.050.149)	(4.108.847)	-	*Restricted cash*
Pembayaran utang bank jangka pendek	(7.101.628)	(14.261.424)	(33.258.700)	(7.425.900)	(2.824.611)	*Payments of short-term bank loans*
Pembayaran utang bank jangka panjang	(5.424.525)	(4.736.351)	(7.568.300)	(106.140.587)	(32.770.502)	*Payments of long-term bank loans*
Pembayaran utang sewa pembiayaan	11.987	(42.894)	(1.687.528)	(323.421)	(419.020)	*Payments of obligation under finance lease*
Penerimaan neto dari penawaran umum perdana	-	-	-	-	122.241.494	*Net proceeds from Initial Public Offering*
Kas neto (digunakan untuk) diperoleh dari aktivitas pendanaan	(1.732.091)	(19.511.568)	42.314.439	201.773.604	168.020.351	***Net cash provided by (used in) financing activities***
KENAIKAN (PENURUNAN) KAS DAN SETARA KAS	1.006.180	(3.157.847)	(4.510.893)	75.349.301	(1.560.906)	***INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS***
Pengaruh neto perubahan nilai tukar pada kas dan setara kas	31.783	33.250	43.225	147.828	(318.268)	*Net effect of changes in exchange rates on cash and cash equivalents*
KAS DAN SETARA KAS AWAL PERIODE	77.136.595	81.604.263	81.604.263	6.107.134	7.986.308	***CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIODS***
KAS DAN SETARA KAS AKHIR PERIODE	78.174.558	78.479.666	77.136.595	81.604.263	6.107.134	***CASH AND CASH EQUIVALENTS AT END OF PERIODS***

Lihat Catatan atas Laporan Keuangan Konsolidasian pada Ekshibit E terlampir yang merupakan bagian tak terpisahkan dari Laporan Keuangan Konsolidasian secara keseluruhan

See accompanying Notes to the Consolidated Financial Statements on Exhibit E which are an integral part of the Consolidated Financial Statements taken as a whole

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR PADA TANGGAL
31 MARET 2016 (TIDAK DIAUDIT)
DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL
31 DESEMBER 2015 DAN 2014 (DIAUDIT)
(DENGAN ANGKA PERBANDINGAN TAHUN 2013)
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE-MONTH PERIODS ENDED
31 MARCH 2016 (UNAUDITED)
AND FOR THE YEARS ENDED
31 DECEMBER 2015 AND 2014 (AUDITED)
(WITH COMPARATIVE FIGURE 2013)
(Expressed in United States Dollar, unless otherwise stated)

1. UMUM

a. Pendirian Perusahaan

PT Sri Rejeki Isman ("Perusahaan") didirikan berdasarkan Akta No. 48 tanggal 22 Mei 1978 yang dibuat di hadapan Ruth Karliena, S.H., notaris di Surakarta. Akta Pendirian Perusahaan telah mendapat pengesahan dari Menteri Kehakiman Republik Indonesia dalam Surat Keputusan No. 02-1830-HT01.01.Th.82 tanggal 16 Oktober 1982 dan telah diumumkan dalam Berita Negara No. 95 Tambahan No. 1456 tanggal 28 November 1986. Akta Perusahaan telah mengalami beberapa kali perubahan, dengan perubahan terakhir melalui Akta No. 59 tanggal 28 Juli 2015 mengenai perubahan Anggaran Dasar Perseroaan dalam rangka menyesuaikan dengan Peraturan Otoritas Jasa Keuangan No. 32/POJK.04/2014 tentang rencana dan penyelenggaraan rapat umum pemegang saham perusahaan terbuka dan Peraturan Otoritas Jasa Keuangan No. 33/POJK.04/2014 tentang direksi dan dewan komisaris emiten atau perusahaan publik. Perubahan terakhir Anggaran Dasar telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-AH-01.03-0960078 dan AHU-AH-01.03-0960079 tanggal 27 Agustus 2015. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, akta perubahan tersebut belum diumumkan dalam Berita Negara Republik Indonesia.

Berdasarkan Anggaran Dasar Perusahaan, ruang lingkup kegiatan utama Perusahaan meliputi usaha-usaha dalam bidang industri pemintalan, penenunan, pencelupan, pencetakan, penyempurnaan tekstil dan pakaian jadi. Perusahaan memulai kegiatan komersialnya sejak tahun 1978.

Perusahaan berkedudukan di Jalan K.H. Samanhudi No. 88, Jetis, Sukoharjo, Jawa Tengah.

b. Penawaran Umum Efek Perusahaan

Berdasarkan Surat Otoritas Jasa Keuangan No. S-159/D.04/2013 tanggal 7 Juni 2013, Pernyataan Pendaftaran Perusahaan dalam rangka Penawaran Umum Perdana Saham telah dinyatakan efektif. Perusahaan telah mencatatkan seluruh sahamnya di Bursa Efek Indonesia (BEI). Sehubungan dengan pencatatan sahamnya di BEI, Perusahaan menerbitkan saham baru sebesar 5.600.000.000 lembar (Catatan 26).

1. GENERAL

a. The Company Establishment

PT Sri Rejeki Isman (the "Company") was established based on Notarial Deed No. 48 dated 22 May 1978 of Ruth Karliena, S.H., notary in Surakarta. The Deed of Establishment was approved by the Ministry of Justice of the Republic of Indonesia in its Decision Letter No. 02-1830-HT01.01.Th.82 dated 16 October 1982 and was published in the State Gazette No. 95 Supplement No. 1456 dated 28 November 1986. The Company's Notarial deed has been amended several times, with the latest amendment being made by Notarial Deed No. 59 dated 28 July 2015, regarding changes in Articles of Association in order to adapt to the OJK Regulation No. 32/POJK.04/2014 about the plans and the organization of the general meeting of shareholders of the public company and OJK Regulation No. 33/POJK.04/2014 concerning the directors and board commissioner issuers or public companies. The latest amendment was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-AH-01.03-0960078 and AHU-AH-01.03-0960079 dated 27 August 2015. Up to the date of completion of these consolidated financial statements, the deed has not been yet published in the State Gazette of the Republic of Indonesia.

In accordance with its Articles of Association, the scope of major activities of the Company consists of spinning, weaving, dyeing, printing, finishing of fabric and manufacturing of garments. The Company started its commercial operations in 1978.

The Company is domiciled at Jalan K.H. Samanhudi No. 88, Jetis, Sukoharjo, Central Java.

b. The Company's Public Offering

Based on letter No. S-159/D.04/2013 dated 7 June 2013 of the Financial Service Authority, the Company's Registration Statement on its IPO of shares was declared effective. All of the Company's shares are listed on the Indonesia Stock Exchange (IDX). In relation to the listing on the IDX, the Company issued 5,600,000,000 new shares (Note 26).

1. **UMUM** (Lanjutan)

c. **Dewan Komisaris dan Direksi, Sekretaris Perusahaan dan Karyawan**

Susunan Dewan Komisaris dan Direksi Perusahaan (manajemen utama) dan Sekretaris Perusahaan adalah sebagai berikut:

*1. **GENERAL** (Continued)*

*c. **Boards of Commissioners and Directors, Corporate Secretary and Employees***

The composition of the Company's Boards of Commissioners and Directors (the key management) and the Corporate Secretary in as follows:

31 Maret/*March* 2016,
31 Desember/*December* 2015, 2014

Dewan Komisaris		***Board of Commissioners***
Komisaris Utama	Hj. Susyana Lukminto	*President Commissioner*
Komisaris	Megawati	*Commissioner*
Komisaris Independen	Prof. Ir., Sudjarwadi, M. Eng., PhD	*Independent Commissioner*
Direksi		***Board of Directors***
Direktur Utama	Iwan Setiawan	*President Director*
Wakil Direktur Utama	Iwan Kurniawan Lukminto	*Vice President Director*
Direktur Keuangan	Allan Moran Severino	*Finance Director*
Direktur Pemasaran	Arief Halim	*Marketing Director*
Direktur Produksi	Phalguni Mukhopadhyay	*Production Director*
Direktur Operasional	Eddy Prasetyo Salim	*Operational Director*
Direktur Independen	M. Nasir Tamara Tamimi	*Independent Director*
Sekretaris Perusahaan	Welly Salam	*Corporate Secretary*

31 Desember/*December* 2013

Dewan Komisaris		***Board of Commissioners***
Komisaris Utama	H.M. Lukminto	*President Commissioner*
Komisaris	Hj. Susyana Lukminto	*Commissioner*
Komisaris Independen	Prof. Ir., Sudjarwadi, M. Eng., PhD	*Independent Commissioner*
Direksi		***Board of Directors***
Direktur Utama	Iwan Setiawan	*President Director*
Wakil Direktur Utama	Iwan Kurniawan Lukminto	*Vice President Director*
Direktur Keuangan	Allan Moran Severino	*Finance Director*
Direktur Pemasaran	Arief Halim	*Marketing Director*
Direktur Produksi	Phalguni Mukhopadhyay	*Production Director*
Direktur Operasional	Pramono	*Operational Director*
Direktur Independen	M. Nasir Tamara Tamimi	*Independent Director*
Sekretaris Perusahaan	Welly Salam	*Corporate Secretary*

Susunan Komite Audit pada tanggal 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut:

The composition of the Company's Audit Committee as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 is as follow:

31 Maret/*March* 2016
31 Desember/*December* 2015, 2014, 2013

Ketua	Prof. Ir., Sudjarwadi, M. Eng., PhD	*Chairman*
Anggota	Ida Bagus Oka Nila	*Member*
Anggota	Yose Rizal	*Member*

Pada tanggal 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, Perusahaan dan Entitas Anak memiliki masing-masing 17.274, 17.862, 17.821 dan 16.848 karyawan (tidak diaudit).

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, the Company and its Subsidiaries had a total number of 17,274, 17,862, 17,821 and 16,848 employees, respectively (unaudited).

1. **UMUM** (Lanjutan)

d. **Entitas Anak**

1. ***GENERAL*** *(Continued)*

d. ***Subsidiaries***

Entitas anak/ *Subsidiaries*	Tempat kedudukan/ *Domicile*	Ruang lingkup usaha/ *Scope of activities*	Tahun penyertaan saham/ *Start of investment*	Tahun dimulai kegiatan komersial/ *Start of commercial year*	Persentase kepemilikan/ *Percentage of ownership*	Jumlah aset sebelum eliminasi/ *Total assets before elimination*			
						31 Maret/ *March* 2016 (USD)	31 Desember/ *December* 2015 (USD)	31 Desember/ *December* 2014 (USD)	31 Desember/ *December* 2013 (USD)
Kepemilikan langsung/*Direct ownership*									
PT Sinar Pantja Djaja	Semarang	Perusahaan Pemintalan benang/ *Company spinning yarn*	2013	1972	99,90%	148.133.590	150.741.666	164.694.696	148.071.163
Golden Legacy Pte. Ltd.	Singapura/ Singapore	Perusahaan investasi/ *Investment Company*	2014	2014	100%	275.621.874	282.745.001	274.151.716	-
Kepemilikan tidak langsung/*Indirect ownership*									
Golden Mountain Textile and Trading Pte. Ltd	Singapura/ Singapore	Perusahaan investasi/ *Investment Company*	2014	2014	100%	280.593.875	283.571.783	279.100.764	-

Pada bulan November 2013, Perusahaan (selaku pembeli) dan PT Kapas Agung Abadi (KAA) serta Iwan Kurniawan Lukminto (selaku penjual), semua pihak sepengendali, menandatangani perjanjian jual beli saham terkait pengambilalihan saham milik KAA dan Iwan Kurniawan Lukminto di PT Sinar Pantja Djaja (SPD), masing-masing sejumlah 104.850.000 dan 11.533.500 lembar saham yang merepresentasikan 90,00% dan 9,90% dari jumlah modal saham ditempatkan dan disetor penuh SPD. Harga pengalihan yang akan disepakati oleh kedua belah pihak adalah sebesar Rp 6.213 per saham atau seluruhnya sebesar Rp 723.058.600.000. Sesuai dengan Pernyataan Standar Akuntansi Keuangan (PSAK) No. 38 (Revisi 2012), "Kombinasi Bisnis Entitas Sepengendali", transaksi akuisisi penyertaan modal saham pada SPD ini merupakan kombinasi bisnis entitas sepengendali.

Sesuai dengan PSAK No. 38 (Revisi 2012) yang mensyaratkan unsur-unsur laporan keuangan dari perusahaan yang direstrukturisasi harus disajikan sedemikian rupa seolah-olah perusahaan tersebut telah bergabung sejak awal terjadi sepengendalian, maka laporan keuangan konsolidasian Perusahaan dan Entitas Anaknya untuk tahun yang berakhir pada tanggal 31 Desember 2012 telah disajikan kembali. Sesuai dengan PSAK No. 38 (Revisi 2012), selisih antara jumlah imbalan yang dialihkan dan jumlah tercatat dari transaksi kombinasi entitas sepengendali sebesar Rp 604.604.478.181 dibukukan sebagai bagian dari akun "Tambahan modal disetor, neto" sebagai salah satu komponen Ekuitas dalam Laporan Posisi Keuangan Konsolidasian.

In November 2013, the Company (as the purchaser), PT Kapas Agung Abadi (KAA) and Iwan Kurniawan Lukminto (as the sellers), all parties under common control, signed a share purchase agreement related to the acquisition by the Company of 104,850,000 shares and 11,533,500 shares PT Sinar Pantja Djaja (SPD) shares belonging to KAA and Iwan Kurniawan Lukminto, respectively, representing 90.00% and 9.90%, respectively of the total issued and fully paid shares of SPD. The transfer price agreed upon by both parties is at Rp 6,213 per share or from a total of Rp 723,058,600,000. In accordance with Statement of Financial Accounting Standards (PSAK) No. 38 (Revised 2012), "Business Combinations for Entities Under Common Control", the acquisition transaction in equity shares of SPD is considered as a business combination under common control.

In accordance with PSAK No. 38 (Revised 2012), which requires the elements of financial statements of the restructured company to be presented as if the companies had been combined from the beginning the common control occurs, thus the Company and its Subsidiaries' consolidated financial statements for the year ended 31 December 2012 have been restated. In accordance with PSAK No. 38 (Revised 2012), the difference between the amount of the consideration transferred and the carrying amount from the business combination of entities under common control transaction amounted to Rp 604,604,478,181 which is recorded as part of "Additional paid-in capital, net" account and as part of component of Equity in the Consolidated Statement of Financial Position.

PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK
CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN
UNTUK PERIODE TIGA BULAN YANG BERAKHIR PADA TANGGAL
31 MARET 2016 (TIDAK DIAUDIT)
DAN UNTUK TAHUN YANG BERAKHIR PADA TANGGAL
31 DESEMBER 2015 DAN 2014 (DIAUDIT)
(DENGAN ANGKA PERBANDINGAN TAHUN 2013)
(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)

PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
AS OF AND FOR THE THREE-MONTH PERIODS ENDED
31 MARCH 2016 (UNAUDITED)
AND FOR THE YEARS ENDED
31 DECEMBER 2015 AND 2014 (AUDITED)
(WITH COMPARATIVE FIGURE 2013)
(Expressed in United States Dollar, unless otherwise stated)

1. **UMUM** (Lanjutan)

d. **Entitas Anak** (Lanjutan)

SPD adalah perusahaan yang bergerak dibidang pemintalan benang (*spinning*) dan berdomisili di Semarang.

Pada tanggal 3 Maret 2014, Perusahaan mendirikan Golden Legacy Pte. Ltd. (GL), melalui penyertaan dalam 1 lembar saham dengan nilai nominal USD 1 per saham atau sejumlah USD 1, yang mewakili 100% kepemilikan di GL. Entitas anak ini didirikan sebagai perusahaan dengan kewajiban terbatas dibawah hukum Singapura dengan nomor register 201405933C. Entitas anak ini berdomisili di Baterry Road 9, #15-01 Straits Trading Building, Singapore 049910.

Pada tanggal 3 Maret 2014, Perusahaan melalui GL mendirikan Golden Mountain Textile and Trading Pte. Ltd. (GMTT), melalui penyertaan 1 lembar saham dengan nilai USD 1 per saham atau sejumlah USD 1, yang mewakili 100% kepemilikan di GMTT. Entitas anak ini didirikan sebagai perusahaan dengan kewajiban terbatas dibawah hukum Singapura dengan nomor register: 201405933C. Entitas anak ini berdomisili di Baterry Road 9, #15-01 Straits Trading Building, Singapore 049910.

*1. **GENERAL** (Continued)*

*d. **Subsidiaries** (Continued)*

SPD is a company engaged in spinning yarn and domiciled in Semarang.

On 3 March 2014 the Company established Golden Legacy Pte. Ltd. (GL), with an investment in 1 share with a nominal value of USD 1 per share or a total of USD 1, representing 100% ownership in GL. The Subsidiary was established under the laws of Singapore as a private company with limited liability and its registration number is 201405933C. Its domicile is located at Baterry Road 9, #15-01 Straits Trading Building, Singapore 049910.

On 3 March 2014, the Company, through GL, established Golden Mountain Textile and Trading Pte. Ltd. (GMTT), with an investment in 1 share with a nominal value of USD 1 per share or a total of USD 1, representing 100% ownership in GMTT. The Subsidiary was established under the laws of Singapore as a private company with limited liability and its registration number is 201405933C. Its domicile is located at Baterry Road 9, #15-01 Straits Trading Building, Singapore 049910.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING**

a. **Dasar penyusunan laporan keuangan konsolidasian**

Laporan keuangan konsolidasian telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan ("SAK"), yang mencakup Pernyataan dan Interpretasi yang dikeluarkan oleh Dewan Standar Akuntansi Keuangan dari Ikatan Akuntan Indonesia ("DSAK") serta peraturan-peraturan serta Pedoman Penyajian dan Pengungkapan Laporan Keuangan yang diterbitkan oleh Otoritas Jasa Keuangan (OJK).

Kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian tersebut konsisten dengan kebijakan akuntansi yang diterapkan dalam penyusunan laporan keuangan konsolidasian Perusahaan dan Entitas Anaknya untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan tahun yang berakhir pada tanggal 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013.

Kecuali untuk laporan arus kas konsolidasian, laporan keuangan disusun berdasarkan basis akrual, dengan menggunakan dasar pengukuran biaya historis, kecuali untuk beberapa akun tertentu yang disajikan berdasarkan pengukuran lain sebagaimana diuraikan dalam kebijakan akuntansi masing-masing akun tersebut.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

*a. **Basis of preparation of the consolidated financial statements***

The consolidated financial statements have been prepared and presented in accordance with Financial Accounting Standards ("SAK"), which consist of the Statements and Interpretations issued by the Financial Accounting Standards Board ("DSAK") of the Indonesian Institute of Accountants and the Regulations and the Guidelines on Financial Statement Presentation and Disclosures issued by Financial Service Authority (OJK).

The accounting policies adopted in the preparation of the consolidated financial statements are consistent with those adopted in the preparation of the Company and its Subsidiaries' consolidated financial statements for the three-month periods ended 31 March 2016 and the years ended 31 December 2015, 31 December 2014 and 31 December 2013.

Except for the statements of cash flows, the consolidated financial statements have been prepared on the accrual basis, using the historical cost basis of accounting, except for certain accounts which are measured on the bases described in the related accounting policies for those accounts.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

a. **Dasar penyusunan laporan keuangan konsolidasian** (Lanjutan)

Laporan arus kas konsolidasian, menyajikan penerimaan dan pengeluaran kas yang diklasifikasikan menjadi aktivitas operasi, investasi dan pendanaan. Arus kas dari aktivitas operasi disajikan dengan menggunakan metode langsung.

Mata uang pelaporan yang digunakan dalam laporan keuangan konsolidasian adalah Dolar Amerika Serikat (USD), yang juga merupakan mata uang fungsional Perusahaan.

Sebelum tanggal 30 September 2014, Perusahaan mengukur, mencatat dan menyajikan laporan keuangan dalam mata uang Indonesia Rupiah. Karena perubahan atas transaksi, peristiwa dan kondisi yang mendasari operasi bisnis Perusahaan dimana transaksi dalam mata uang Dolar Amerika Serikat (USD) untuk tahun 2014 sangat mendominasi transaksi penjualan, aset maupun liabilitas Perusahaan, yang mana dominasi tersebut dimulai dari kuartal pertama hingga kuartal keempat dan perubahan tersebut signifikan. Dengan mempertimbangkan perubahan-perubahan yang terjadi tersebut, maka Manajemen memutuskan sejak tanggal 1 Oktober 2014 sebagai tanggal perubahan mata uang fungsional dari Rupiah menjadi USD. Hal-hal yang masuk kedalam laporan keuangan diukur dengan menggunakan mata uang fungsional baru tersebut.

Maka dari itu, Perusahaan telah menjabarkan posisi keuangan per tanggal 30 September 2014 dan performa keuangan sejak tanggal 1 Januari 2014 hingga 30 September 2014 dengan menggunakan Dolar Amerika Serikat sebagai mata uang penyajian termasuk laporan keuangan periode sebelumnya. Seluruh selisih penjabaran mata uang diakui sebagai komponen ekuitas yang terpisah dalam penghasilan komprehensif lainnya sebagai "Selisih Penjabaran Mata Uang". Selisih Penjabaran Mata Uang tidak akan direklasifikasi dari ekuitas ke laba-rugi hingga pelepasan operasi bisnis Perusahaan.

Sejak tanggal 1 Oktober 2014, Perusahaan mengukur seluruh akun-akun dalam laporan keuangan ke dalam Dolar AS dengan menggunakan nilai tukar pada tanggal perubahan. Hasil dari penjabaran atas akun-akun non-moneter diperlakukan dengan menggunakan nilai historisnya. Sebagai konsekuensinya, selisih nilai tukar yang timbul diakui langsung ke dalam laba-rugi (Catatan 5).

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

a. ***Basis of preparation of the consolidated financial statements*** *(Continued)*

The consolidated statements of cash flows present cash receipts and payments classified into operating, investing and financing activities. Cash flows from operating activities are presented using the direct method.

The reporting currency used in the preparation of the consolidated financial statements is the United States Dollar (USD), which is also the functional currency of the Company.

Through 30 September 2014, the Company measured, recorded and presented its financial statements in Indonesian Rupiah. Due to the change to the underlying transactions, events and conditions of the Company's business operations due to the transactions using United States Dollar (USD) currency for the year ended 2014 are significantly dominating the Company's sales transaction, assets and liabilities, the domination of USD is significantly increasing since the first quarter until the fourth quarter of the year 2014. By considering those events, the Management has decided to change its functional currency from Indonesian Rupiah to USD starting from 1 October 2014, the Company has performed evaluation of its functional currency. Items included in the financial statements of the Company are measured using the functional currency.

Accordingly, the Company has translated its financial position as of 30 September 2014 and results for the period from 1 January 2014 to 30 September 2014 into USD presentation currency including the prior periods financial statements. All the resulting exchanges differences during these periods had been recognized as a separate equity component in the other comprehensive income as "Cumulative Translation Adjustment". These are not reclassified from equity to profit or loss until the disposal of the Company's business operations.

Starting 1 October 2014, the Company remeasured all items in the financial statements into the USD functional currency using the exchange rate at the date of the change. The resulting translated amounts for non-monetary items are treated as their historical cost. Consequently, the resulting exchange differences had been recognized directly to the profit or loss (Note 5).

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

a. **Dasar penyusunan laporan keuangan konsolidasian** (Lanjutan)

Perubahan Kebijakan Akuntansi

Perubahan atas Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK")

Penerapan dari perubahan interpretasi standar akuntansi berikut, yang berlaku efektif sejak tanggal 1 Januari 2016, tidak menyebabkan perubahan signifikan atas kebijakan akuntansi Perusahaan dan Entitas anaknya dan tidak memberikan dampak yang material terhadap jumlah yang dilaporkan di laporan keuangan konsolidasian periode berjalan:

- PSAK 4 (Revisi 2015), "Laporan Keuangan Tersendiri"
- PSAK 5 (Revisi 2015), "Segmen Operasi"
- PSAK 7 (Revisi 2015), "Pengungkapan Pihak-pihak Berelasi"
- PSAK 15 (Revisi 2015), "Investasi pada Entitas Asosiasi dan Ventura Bersama"
- PSAK 16 (Revisi 2015), "Aset Tetap"
- PSAK 19 (Revisi 2015), "Aset Takberwujud"
- PSAK 22 (Revisi 2015), "Kombinasi Bisnis"
- PSAK 24 (Revisi 2015), "Imbalan Kerja"
- PSAK 25 (Revisi 2015), "Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan"
- PSAK 53 (Revisi 2015), "Pembayaran Berbasis Saham"
- PSAK 65 (Revisi 2015), "Laporan Keuangan Konsolidasian"
- PSAK 66 (Revisi 2015), "Pengaturan Bersama"
- PSAK 67 (Revisi 2015), "Pengungkapan Kepentingan dalam Entitas Lain"
- PSAK 68 (Revisi 2015), "Pengukuran Nilai Wajar"
- ISAK 30 (Revisi 2015), "Pungutan"

Perubahan-perubahan ini hanya mempengaruhi penyajian dan tidak memiliki dampak pada posisi keuangan atau kinerja Kelompok Usaha.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

a. ***Basis of preparation of the consolidated financial statements*** *(Continued)*

Changes in Accounting Policies

Changes to the statement of financial accounting standards ("PSAK") and interpretations of statements of financial accounting standards ("ISAK")

The adoption of the following revised interpretation of the accounting standards, which are effective from 1 January 2016, did not result in substantial changes to the Company's and Its subsidiaries accounting policies and had no material effect on the amounts reported for the current period consolidated financial statements:

- *PSAK 4 (Revised 2015), "Separate Financial Statements"*
- *PSAK 5 (Revised 2015), "Operating Segment"*
- *PSAK 7 (Revised 2015), "Related Party Disclosure"*
- *PSAK 15 (Revised 2015), "Investment in Associates and Joint Ventures"*
- *PSAK 16 (Revised 2015), "Property, Plant and Equipment"*
- *PSAK 19 (Revised 2015), "Intangible Assets"*
- *PSAK 22 (Revised 2015), "Business Combination"*
- *PSAK 24 (Revised 2015), "Employee Benefits"*
- *PSAK 25 (Revised 2015), "Accounting Policies, Changes in Accounting Estimates and Errors"*
- *PSAK 53 (Revised 2015), "Share-Based Payment"*
- *PSAK 65 (Revised 2015), "Consolidated Financial Statements"*
- *PSAK 66 (Revised 2015), "Joint Arrangements"*
- *PSAK 67 (Revised 2015), "Disclosure of Interests in Other Entities"*
- *PSAK 68 (Revised 2015), "Fair Value Measurements"*
- *ISAK 30 (Revised 2015), "Levies"*

The amendments affect presentation only and have no impact on the Group's consolidated financial position or performance.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

a. **Dasar penyusunan laporan keuangan konsolidasian** (Lanjutan)

Perubahan Kebijakan Akuntansi (Lanjutan)

Perubahan atas Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK") (Lanjutan)

Amandemen standar dan interpretasi berikut efektif untuk periode yang dimulai pada atau setelah 1 Januari 2017, dengan penerapan dini diperkenankan yaitu amandemen PSAK No. 1, "Penyajian Laporan Keuangan" tentang Prakarsa Pengungkapan dan ISAK No. 31, "Interpretasi atas Ruang Lingkup PSAK No. 13: Properti Investasi".

Standar dan amandemen standar berikut efektif untuk periode yang dimulai pada atau setelah tanggal 1 Januari 2018, dengan penerapan dini diperkenankan yaitu PSAK 69, "Agrikultur" dan amandemen PSAK 16, "Aset Tetap" tentang Agrikultur: Tanaman Produktif.

Sampai dengan tanggal penerbitan laporan keuangan, manajemen sedang mengevaluasi dampak dari standar dan interpretasi tersebut terhadap laporan keuangan.

b. **Prinsip konsolidasi**

Laporan keuangan konsolidasian meliputi akun-akun Induk Perusahaan dan seluruh entitas anak seperti yang dijelaskan di Catatan 1d. Pengendalian didapat ketika Grup terekspos atau memiliki hak atas imbal hasil variabel dari keterlibatannya dengan investee dan memiliki kemampuan untuk mempengaruhi imbal hasil tersebut melalui kekuasaannya atas investee. Dengan demikian, Grup mengendalikan investee jika dan hanya jika Grup memiliki:

- kekuasaan atas investee (contoh hak saat ini yang memberikan kemampuan kini untuk mengarahkan aktivitas relevan investee);
- eksposur atau hak atas imbal hasil variabel dari keterlibatannya dengan investee; dan
- kemampuan untuk menggunakan kekuasaannya atas investee untuk mempengaruhi jumlah imbal hasilnya.

Ketika Grup mempunyai hak suara kurang dari mayoritas atau hak serupa terhadap investee, Grup mempertimbangkan seluruh fakta dan keadaan dalam menilai apakah terdapat kekuasaan atas sebuah investee, termasuk:

- pengaturan kontraktual dengan pemilik hak suara lain investee;
- hak yang timbul dari pengaturan kontraktual lain; dan
- hak suara Grup dan hak suara potensial.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*a. **Basis of preparation of the consolidated financial statements** (Continued)*

Changes in Accounting Policies (Continued)

***Changes to the statement of financial accounting standards ("PSAK") and interpretations of statements of financial accounting standards ("ISAK")** (Continued)*

Amendments to standard and interpretation effective for periods beginning on or after 1 January 2017, with early application permitted are amendments to PSAK No. 1, "Presentation of Financial Statements" about Disclosure Initiative and ISAK No. 31, "Scope Interpretation of PSAK No. 13: Investment Property".

Standard and amendment to standard effective for periods beginning on or after 1 January 2018, with early application permitted are PSAK 69, "Agriculture" and amendments to PSAK 16, "Property, Plant and Equipment" about Agriculture: Bearer Plants.

As of the date of issuance of the financial statements, management is still evaluating the impact of the standards and interpretations on the financial statements.

*b. **Principles of consolidation***

The consolidated financial statements include the accounts of the Parent Company and all the subsidiaries mentioned in Note 1d. Control is achieved when the Group is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through power over the investee. Specifically, the Group controls an investee if and only if the Group has:

- *power over the investee (i.e. existing rights that give the current ability to direct the relevant activities of the investee);*
- *exposure, or rights, to variable returns from its involvement with the investee; and*
- *the ability to use its power over the investee to affect its returns.*

When the Group has less than majority of the voting rights or similar rights to an investee, the Group considers all relevant facts and circumstances in assessing whether it has power over an investee, including:

- *the contractual arrangement with the other vote holders of the investee;*
- *rights arising from other contractual arrangements; and*
- *the Group's voting rights and potential voting rights.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

b. **Prinsip konsolidasi** (Lanjutan)

Grup menilai kembali apakah terdapat atau tidak pengendalian terhadap investee jika fakta dan keadaan yang menunjukkan bahwa ada perubahan satu atau lebih dari tiga elemen pengendalian. Entitas anak dikonsolidasi secara penuh sejak tanggal pengendalian dialihkan ke Grup dan dihentikan untuk dikonsolidasi sejak tanggal pengendalian ditransfer keluar dari Grup. Aset, liabilitas, pendapatan dan beban dari entitas anak, yang diakuisisi atau dijual selama tahun berjalan, termasuk dalam laporan laba rugi dari tanggal Grup mendapatkan pengendalian sampai dengan tanggal Grup berhenti untuk mengendalikan entitas anak.

Laba rugi dan setiap komponen penghasilan komprehensif lain diatribusikan ke pemilik entitas induk dari Grup dan kepentingan non- pengendali, meskipun hal tersebut mengakibatkan kepentingan non-pengendali memiliki saldo defisit. Ketika diperlukan, penyesuaian dibuat pada laporan keuangan entitas anak agar kebijakan akuntansinya seragam dengan kebijakan akuntansi Grup. Seluruh aset dan liabilitas, ekuitas, pendapatan, beban dan arus kas dalam intra Grup terkait dengan transaksi antar entitas dalam Grup dieliminasi seluruhnya dalam konsolidasi.

Jika kehilangan pengendalian atas suatu entitas anak, maka Grup:

- menghentikan pengakuan aset (termasuk setiap goodwill) dan liabilitas entitas anak;
- menghentikan pengakuan jumlah tercatat setiap KNP;
- menghentikan pengakuan akumulasi selisih penjabaran, yang dicatat di ekuitas, bila ada;
- mengakui nilai wajar pembayaran yang diterima;
- mengakui setiap sisa investasi pada nilai wajarnya;
- mengakui setiap perbedaan yang dihasilkan sebagai keuntungan atau kerugian dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian; dan
- mereklasifikasi bagian induk atas komponen yang sebelumnya diakui sebagai penghasilan komprehensif ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian, atau mengalihkan secara langsung ke saldo laba.

Perubahan dalam bagian kepemilikan entitas induk pada entitas anak yang tidak mengakibatkan hilangnya pengendalian dicatat sebagai transaksi ekuitas. Ketika pengendalian atas entitas anak hilang, bagian kepemilikan yang tersisa di entitas tersebut diukur kembali pada nilai wajarnya dan keuntungan atau kerugian yang dihasilkan diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

b. ***Principles of consolidation*** *(Continued)*

The Group re-assesses whether or not it controls an investee if facts and circumstances indicate that there are changes to one or more of the three elements of control. Subsidiaries are fully consolidated from the date control is transferred to the Group and cease to be consolidated from the date control is transferred out of the Group. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of income from the date the Group gains control until the date the Group ceases to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Group and to the non-controlling interests, even if this results in the non-controlling interests having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with the Group's accounting policies. All intra-group assets and liabilities, equity, income expenses and cash flows relating to transactions between members of the Group are eliminated in full on consolidation.

In case of loss of control over a subsidiary, the Group:

- *derecognizes the assets (including goodwill) and liabilities of the subsidiary;*
- *derecognizes the carrying amount of any NCI;*
- *derecognizes the cumulative translation differences, recorded in equity, if any;*
- *recognizes the fair value of the consideration received;*
- *recognizes the fair value of any investment retained;*
- *recognizes the surplus or deficit in profit or loss in consolidated statement of profit or loss and other comprehensive income; and,*
- *reclassifies the parent's share of components previously recognized in comprehensive income to consolidated statement of profit or loss and other comprehensive income or retained earnings, as appropriate.*

Changes in the parent's ownership interest in a subsidiary that do not result in the loss of control are accounted for as equity transactions. When control over a previous subsidiary is lost, any remaining interest in the entity is remeasured at fair value and the resulting gain or loss is recognised in consolidated statement of profit or loss and other comprehensive income.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

b. **Prinsip konsolidasi** (Lanjutan)

Kepentingan non pengendali ("KNP") mencerminkan bagian atas laba rugi dan aset bersih dari entitas anak yang tidak dapat diatribusikan secara langsung maupun tidak langsung oleh Perusahaan, yang masing-masing disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dan dalam ekuitas pada laporan posisi keuangan konsolidasian, terpisah dari bagian yang dapat diatribusikan kepada pemilik entitas induk.

Kombinasi Bisnis

Ketika Grup melakukan akuisisi atas sebuah bisnis, Grup mengklasifikasikan dan menentukan aset keuangan yang diperoleh dan liabilitas keuangan yang diambil alih berdasarkan pada persyaratan kontraktual, kondisi ekonomi dan kondisi terkait lain yang ada pada tanggal akuisisi. Hal ini termasuk pengelompokan derivatif melekat dalam kontrak utama oleh pihak yang diakuisisi.

Kombinasi bisnis dicatat dengan menggunakan metode akuisisi (acquisition method). Biaya perolehan dari sebuah akuisisi diukur pada nilai agregat imbalan yang dialihkan, diukur pada nilai wajar pada tanggal akuisisi dan jumlah setiap KNP pada pihak yang diakuisisi. Untuk setiap kombinasi bisnis, pihak pengakuisisi mengukur KNP pada entitas yang diakuisisi baik pada nilai wajar ataupun pada proporsi kepemilikan KNP atas aset bersih yang teridentifikasi dari entitas yang diakuisisi. Biaya-biaya akuisisi yang timbul dibebankan langsung dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

Jika imbalan tersebut kurang dari nilai wajar aset bersih entitas anak yang diakuisisi, selisih tersebut diakui sebagai keuntungan dari pembelian dengan diskon pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Sebelum mengakui keuntungan dari pembelian dengan diskon, Perusahaan menilai kembali apakah telah mengidentifikasi dengan tepat seluruh aset yang diperoleh dan liabilitas yang diambil-alih serta mengakui setiap aset atau liabilitas tambahan yang dapat diidentifikasi dalam pengkajian kembali tersebut. Perusahaan selanjutnya mengkaji kembali prosedur yang digunakan untuk mengukur jumlah yang dipersyaratkan untuk diakui pada tanggal akuisisi untuk seluruh hal- hal berikut ini:

a. aset teridentifikasi yang diperoleh dan liabilitas yang diambil-alih;
b. kepentingan non-pengendali pada pihak yang diakuisisi, jika ada;
c. untuk kombinasi bisnis yang dilakukan secara bertahap, kepentingan ekuitas pihak pengakuisisi yang dimiliki sebelumnya pada pihak yang diakuisisi; dan
d. imbalan yang dialihkan.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

b. ***Principles of consolidation*** *(Continued)*

Non-controlling interest ("NCI") represents the portion of the profit or loss and net assets of the subsidiary attributable to equity interests that are not owned directly or indirectly by the Company, which is presented in the consolidated statement of profit or loss and other comprehensive income and under the equity section of the consolidated statement of financial position, respectively, separately from the corresponding portion attributable to the equity holders of the parent company.

Business Combination

When the Group acquires a business, it assesses the financial assets acquired and liabilities assumed for appropriate classification and designation in accordance with the contractual terms, economic circumstances and pertinent conditions as at the acquisition date. This includes the separation of embedded derivatives in host contracts by the acquiree.

Business combinations are accounted for using the acquisition method. The cost of an acquisition is measured as the aggregate of the consideration transferred, measured at acquisition date fair value and the amount of any NCI in the acquiree. For each business combination, the acquirer measures the NCI in the acquiree either at fair value or at the proportionate share of the acquiree's identifiable net assets. Transaction costs incurred are directly expensed in the consolidated statement of profit or loss and other comprehensive income.

If the consideration is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized as a gain from a bargain purchase in the consolidated statement of profit or loss and other comprehensive income. Prior to recognizing the gain from the bargain purchase, the Company reassesses whether it has correctly identified all of the assets acquired and liabilities taken over and recognizes any additional assets or liabilities that may be identified in the reassessment. The Company further reviews the procedures used to measure the amount required to be recognized at the acquisition date for all of the following:

a. identifiable assets acquired and liabilities taken over;
b. non-controlling interests of the acquired party, if any;
c. for business combinations achieved in stages, the acquirer's previously held equity interests in the acquired party, and
d. consideration transferred.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

b. **Prinsip konsolidasi** (Lanjutan)

Kombinasi Bisnis (Lanjutan)

Tujuan dari kajian kembali ini untuk meyakinkan bahwa pengukuran tersebut telah mencerminkan dengan tepat semua informasi yang tersedia pada tanggal akuisisi.

Imbalan kontinjensi yang dialihkan oleh pihak pengakuisisi diakui pada nilai wajar tanggal akuisisi. Perubahan nilai wajar atas imbalan kontinjensi setelah tanggal akuisisi yang diklasifikasikan sebagai aset atau liabilitas, akan diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian atau penghasilan komprehensif lain sesuai dengan PSAK No. 55 (Revisi 2014). Jika diklasifikasikan sebagai ekuitas, imbalan kontinjensi tidak diukur kembali dan penyelesaian selanjutnya diperhitungkan dalam ekuitas.

Dalam suatu kombinasi bisnis yang dilakukan secara bertahap, pihak pengakuisisi mengukur kembali kepentingan ekuitas yang dimiliki sebelumnya pada pihak yang diakuisisi pada nilai wajar tanggal akuisisi dan mengakui keuntungan atau kerugian yang dihasilkan melalui laporan laba atau rugi.

Pada tanggal akuisisi, goodwill awalnya diukur pada biaya perolehan yang merupakan selisih lebih nilai agregat dari imbalan yang dialihkan dan jumlah setiap KNP atas selisih jumlah dari aset teridentifikasi yang diperoleh dan liabilitas yang diambil alih. Jika imbalan tersebut kurang dari nilai wajar aset bersih entitas anak yang diakuisisi, selisih tersebut diakui sebagai laba atau rugi.

Setelah pengakuan awal, goodwill diukur pada jumlah tercatat dikurangi akumulasi kerugian penurunan nilai. Untuk tujuan uji penurunan nilai, goodwill yang diperoleh dari suatu kombinasi bisnis, sejak tanggal akuisisi dialokasikan kepada setiap Unit-Penghasil Kas ("UPK") dari Grup yang diharapkan akan bermanfaat dari sinergi kombinasi tersebut, terlepas dari apakah aset atau liabilitas lain dari pihak yang diakuisisi ditetapkan atas UPK tersebut.

Jika goodwill telah dialokasikan pada suatu UPK dan operasi tertentu atas UPK tersebut dihentikan, maka goodwill yang diasosiasikan dengan operasi yang dihentikan tersebut termasuk dalam jumlah tercatat operasi tersebut ketika menentukan keuntungan atau kerugian dari penjualan operasi. Goodwill yang dilepaskan tersebut diukur berdasarkan nilai relatif operasi yang dihentikan dan porsi UPK yang ditahan.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

b. ***Principles of consolidation*** *(Continued)*

Business Combination (Continued)

The purpose of the review is to ensure that the remeasurement accurately reflects all the information available at the acquisition date.

Any contingent consideration to be transferred by the acquirer will be recognized at fair value at the acquisition date. Subsequent changes to the fair value of the contingent consideration which is deemed to be an asset or liability will be recognized in accordance with PSAK No. 55 (Revised 2014) either in consolidated statement of profit or loss and other comprehensive income or as other comprehensive income. If the contingent consideration is classified as equity, it should not be remeasured until it is finally settled within equity.

In a business combination achieved in stages, the acquisition date fair value of the acquirer's previously held equity interest in the acquiree is remeasured to fair value at the acquisition date through profit or loss.

At acquisition date, goodwill is initially measured at cost being the excess of the aggregate of the consideration transferred and the amount recognized for NCI over the net identifiable assets acquired and liabilities assumed. If this consideration is lower than the fair value of the net assets of the subsidiary acquired, the difference is recognized in profit or loss.

After initial recognition, goodwill is measured at cost less any accumulated impairment losses. For the purpose of impairment testing, goodwill acquired in a business combination is allocated from the acquisition date, to each of the Group's Cash-Generating Units ("CGU") that are expected to benefit from the combination, irrespective of whether other assets or liabilities of the acquirer are assigned to those CGUs.

Where goodwill forms part of a CGU and part of the operation within that CGU is disposed of, the goodwill associated with the operation disposed of is included in the carrying amount of the operation when determining the gain or loss on disposal of the operation. Goodwill disposed of in this circumstance is measured based on the relative values of the operation disposed of and the portion of the CGU retained.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

c. **Mata uang asing**

Transaksi yang terjadi pada Kelompok Usaha dalam mata uang selain mata uang lingkungan ekonomi utama di mana entitas Kelompok Usaha tersebut beroperasi (mata uang fungsional) diakui dengan menggunakan kurs ketika transaksi tersebut terjadi. Aset dan liabilitas moneter dalam mata uang asing ditranslasikan dengan menggunakan kurs pada tanggal pelaporan. Perbedaan nilai tukar yang terjadi ketika mentranslasikan ulang aset dan liabilitas moneter yang belum diselesaikan diakui langsung dalam laba rugi, kecuali pinjaman dalam mata uang asing yang digunakan sebagai lindung nilai terhadap investasi neto pada operasi luar negeri, yang mana perbedaan nilai tukar ini diakui dalam penghasilan komprehensif lain dan diakumulasi dalam cadangan nilai tukar asing bersama dengan perbedaan nilai tukar yang terjadi karena pentranslasian ulang operasi luar negeri.

Keuntungan dan kerugian nilai tukar yang terjadi karena pentranslasian ulang aset keuangan moneter tersedia untuk dijual diperlakukan sebagai komponen terpisah dari perubahan nilai wajar dan di akui dalam laba rugi. Keuntungan dan kerugian nilai tukar atas aset keuangan non-moneter tersedia untuk di jual membentuk secara keseluruhan keuntungan atau kerugian yang di akui terkait instrumen keuangan tersebut.

Pada tahap konsolidasi, hasil dari aktivitas usaha di luar negeri ditranslasikan dalam unit mata uang dengan menggunakan kurs yang mendekati saat transaksi tersebut terjadi. Seluruh aset dan liabilitas yang terjadi dari aktivitas usaha di luar negeri, termasuk goodwill yang terjadi karena pengakuisisian operasi tersebut, ditranslasikan dengan menggunakan kurs pada tanggal pelaporan. Perbedaan nilai tukar yang terjadi ketika mentranslasikan aset neto awal pada kurs awal dan hasil operasi usaha luar negeri pada kurs aktual diakui dalam penghasilan komprehensif lain dan diakumulasi dalam cadangan nilai tukar mata uang asing.

Keuntungan atau kerugian dari perbedaan nilai tukar diakui dalam laporan keuangan tersendiri milik entitas Kelompok Usaha atas translasian item moneter jangka panjang yang membentuk investasi neto milik Kelompok Usaha pada operasi luar negeri yang direklasifikasikan pada penghasilan komprehensif lain dan diakumulasikan dalam cadangan nilai tukar mata uang asing dalam konsolidasi.

Ketika aktivitas usaha luar negri dilepaskan, kumulatif perbedaan nilai tukar di akui dalam cadangan nilai tukar asing terkait dengan operasi tersebut sampai dengan tanggal pelepasan dialihkan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian sebagai bagian dari keuntungan atau kerugian pelepasan.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

c. ***Foreign currency***

Transactions entered into by Group in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates ruling when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates ruling at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognised immediately in profit or loss, except for foreign currency borrowings qualifying as a hedge of a net investment in a foreign operation, in which case exchange differences are recognised in other comprehensive income and accumulated in the foreign exchange reserve along with the exchange differences arising on the retranslation of the foreign operation.

Exchange gains and losses arising on the retranslation of monetary available for sale financial assets are treated as a separate component of the change in fair value and recognised in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognised in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into currency unit at rates approximating to those ruling when the transactions took place. All assets and liabilities of overseas operations, including goodwill arising on the acquisition of those operations, are translated at the rate ruling at the reporting date. Exchange differences arising on translating the opening net assets at opening rate and the results of overseas operations at actual rate are recognised in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognised profit or loss in Group entities' separate financial statements on the translation of long-term monetary items forming part of the Group's net investment in the overseas operation concerned are reclassified to other comprehensive income and accumulated in the foreign exchange reserve on consolidation.

On disposal of a foreign operation, the cumulative exchange differences recognised in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the consolidated statement of profit or loss and other comprehensive income as part of the profit or loss on disposal.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

c. **Mata uang asing** (Lanjutan)

Pada tanggal 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, nilai tukar yang digunakan adalah sebagai berikut:

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

c. ***Foreign currency*** *(Continued)*

The exchange rates used as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 were as follows:

	31 Maret/March 2016	**31 Des/*Dec* 2015**	**31 Des/*Dec* 2014**	**31 Des/*Dec* 2013**	
1 Euro Eropa	1,132101	1,092402	1,216500	1,380051	*1 European Euro*
1 Franc Swiss	1,035468	1,011330	1,011482	1,126571	*1 Swiss Franc*
1 Indonesia Rupiah	0,000075	0,000072	0,000080	0,000082	*1 Indonesian Rupiah*
1 Yuan China	0,154770	0,153998	0,163425	0,164018	*1 Chinese Yuan*
100 Yen Jepang	0,890196	0,830186	0,838013	0,953063	*100 Japan Yen*
1 Dolar Hongkong	0,128964	0,129020	0,128913	0,128962	*1 Hongkong Dollar*
1 Dolar Singapura	0,740441	0,706864	0,757404	0,789892	*1 Singapore Dollar*

Transaksi dalam mata uang asing lainnya dianggap tidak signifikan.

Transactions in other foreign currencies are considered not significant.

Transaksi dan penjabaran mata uang asing

Foreign currency transactions and translations

(i) Fungsional dan presentasi item mata uang dalam laporan keuangan dari masing-masing entitas Kelompok Usaha diukur dengan menggunakan mata uang dari lingkungan ekonomi primer dimana entitas beroperasi ("mata uang fungsional"). Laporan keuangan konsolidasian disajikan dalam USD, yang merupakan mata uang fungsional dan penyajian entitas.

(i) Functional and presentation currency items included in the financial statements of each of the Group's entity are measured using the currency of the primary economic environment in which the entity operates (the "functional currency"). The consolidated financial statements are presented in USD, which is the functional and presentation currency of the entity.

(ii) Transaksi dan saldo

Transaksi dalam mata uang selain USD dijabarkan ke USD dengan kurs yang berlaku pada tanggal transaksi. Pada tanggal pelaporan, aset dan kewajiban dalam mata uang selain USD dijabarkan dengan kurs yang berlaku pada tanggal tersebut. Keuntungan dan kerugian yang dihasilkan dari penyelesaian transaksi tersebut dan dari penjabaran dengan kurs akhir periode aset dan kewajiban moneter dalam mata uang selain USD moneter valuta asing diakui dalam laba rugi.

(ii) Transactions and balances

Transactions denominated in currencies other than USD are translated into USD at the exchange rate prevailing at the dates of the transactions. At the reporting date, monetary assets and liabilities in currencies other than USD are translated at the exchange rates prevailing at that date. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in currencies other than USD are recognized in profit or loss.

d. **Pengakuan pendapatan dan beban**

Pendapatan diakui bila besar kemungkinan manfaat ekonomi akan diperoleh oleh Perusahaan dan Entitas Anaknya dan jumlahnya dapat diukur secara andal. Pendapatan diukur pada nilai wajar pembayaran yang diterima, tidak termasuk diskon, rabat dan Pajak Pertambahan Nilai ("PPN").

d. ***Revenue and expenses recognition***

Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and its Subsidiaries and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received, excluding discounts, rebates and Value-Added Tax ("VAT").

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

d. **Pengakuan pendapatan dan beban** (Lanjutan)

Perusahaan dan Entitas Anaknya mengevaluasi penetapan pendapatan terhadap kriteria spesifik untuk menentukan apakah Perusahaan dan Entitas Anaknya bertindak sebagai prinsipal atau agen. Perusahaan dan Entitas Anaknya bertindak sebagai prinsipal jika menanggung dampak manfaat dan risiko signifikan terkait dengan penjualan barang sehingga pendapatan harus dilaporkan dengan menggunakan dasar bruto. Jika Perusahaan dan Entitas Anaknya bertindak sebagai agen tanpa menanggung dampak manfaat dan risiko signifikan atas kepemilikan barang, pendapatan harus dilaporkan dengan menggunakan dasar neto.

Kriteria spesifik berikut juga harus dipenuhi sebelum pendapatan diakui:

Penjualan barang

Pendapatan dari penjualan barang yang timbul dari pengiriman fisik produk-produk Perusahaan dan Entitas Anaknya diakui bila risiko dan manfaat yang signifikan telah dipindahkan kepada pembeli, yang umumnya bersamaan waktunya dengan pengiriman dan penerimaannya.

Pendapatan/beban bunga

Untuk semua instrumen keuangan yang diukur pada biaya perolehan diamortisasi, pendapatan atau beban bunga dicatat dengan menggunakan metode Suku Bunga Efektif ("SBE"), yaitu suku bunga yang secara tepat mendiskontokan estimasi pembayaran atau penerimaan kas di masa datang selama perkiraan umur dari instrumen keuangan, atau jika lebih tepat, digunakan periode yang lebih singkat, untuk nilai tercatat neto dari aset atau liabilitas keuangan.

Beban diakui pada saat terjadinya.

e. **Transaksi dengan pihak-pihak berelasi**

Pihak berelasi adalah orang atau entitas yang terkait dengan entitas pelapor:

- Orang atau anggota keluarga terdekat mempunyai relasi dengan Perusahaan dan Entitas Anaknya jika mereka:

  (i) memiliki pengendalian atau pengendalian bersama atas Perusahaan dan Entitas Anaknya;

  (ii) memiliki pengaruh signifikan atas Perusahaan dan Entitas Anaknya; atau

  (iii) merupakan personil manajemen utama Perusahaan dan Entitas Anaknya atau Entitas Induk dari Perusahaan.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

d. ***Revenue and expenses recognition*** *(Continued)*

The Company and its Subsidiaries assess their revenue arrangements against specific criteria in order to determine if they are acting as principals or agents. The Company and its Subsidiaries are acting as a principals if they take the significant risks and rewards related to the sale of goods so that the revenue should be reported on a gross basis. If the Company and its Subsidiaries are acting as agents without assuming the significant risks and rewards of ownership of the goods, the revenue should be reported on a net basis.

The following specific recognition criteria must also be fulfilled before revenue is recognized:

Sale of goods

Revenue from sales arising from physical delivery of the Company and its Subsidiaries' products is recognized at the time the significant risks and rewards of ownership of the goods have passed to the buyer, which generally coincides with their delivery and acceptance.

Interest income/expense

For all financial instruments measured at amortized cost, interest income or expense is recorded using the Effective Interest Rate ("EIR"), which is the rate that exactly discounts the estimated future cash payments or receipts through the expected life of the financial instrument or a shorter period, where appropriate, to the net carrying amount of the financial asset or liability.

Expenses are recognized when they are incurred.

e. ***Transactions with related parties***

A related party represents a person or an entity who is related to the reporting entity.

- *An individual or family member is related to the Company and its Subsidiaries if it:*

  (i) has control or joint control over the Company and its Subsidiaries;

  (ii) has significant influence over the Company and its Subsidiaries; or

  (iii) is a member of the key management personnel of the Company and its Subsidiaries or the parent of the Company.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

e. **Transaksi dengan pihak-pihak berelasi** (Lanjutan)

- Suatu pihak dianggap berelasi dengan Perusahaan dan Entitas Anaknya jika:

a. langsung, atau tidak langsung yang melalui satu atau lebih perantara, suatu pihak (i) mengendalikan, atau dikendalikan oleh, atau berada di bawah pengendalian bersama dengan, Perusahaan dan Entitas Anaknya; (ii) memiliki kepentingan dalam Perusahaan yang memberikan pengaruh signifikan atas Perusahaan dan Entitas Anaknya; atau (iii) memiliki pengendalian bersama atas Perusahaan dan Entitas Anaknya;

b. suatu pihak adalah entitas asosiasi Perusahaan dan Entitas Anaknya;

c. suatu pihak adalah ventura bersama dimana Perusahaan dan Entitas Anaknya sebagai *venturer*;

d. suatu pihak adalah anggota dari personil manajemen utama Perusahaan dan Entitas Anaknya;

e. suatu pihak adalah anggota keluarga dekat dari individu yang diuraikan dalam butir (a) atau (d);

f. suatu pihak adalah Entitas yang dikendalikan, dikendalikan bersama atau dipengaruhi signifikan oleh atau di mana hak suara signifikan dimiliki oleh, langsung maupun tidak langsung, individu seperti diuraikan dalam butir (d) atau (e); atau,

g. Entitas, atau anggota dari kelompok yang mana entitas merupakan bagian dari kelompok tersebut, menyediakan jasa personil manajemen kunci kepada entitas pelapor atau kepada entitas induk dari entitas pelapor.

Rincian saldo dan transaksi yang signifikan dengan pihak-pihak berelasi disajikan dalam Catatan 12.

f. **Kas dan setara kas**

Kas dan setara kas terdiri dari kas, bank serta deposito berjangka dengan jatuh tempo kurang dari 3 (tiga) bulan dan tidak digunakan sebagai jaminan atas pinjaman dan tidak dibatasi penggunaannya.

g. **Persediaan**

Persediaan dinyatakan sebesar nilai yang lebih rendah antara biaya perolehan dan nilai realisasi neto.

Biaya perolehan persediaan ditentukan dengan menggunakan metode biaya rata-rata tertimbang yang meliputi seluruh biaya-biaya yang terjadi untuk memperoleh persediaan tersebut sampai ke lokasi dan kondisinya saat ini. Persediaan barang jadi dan pekerjaan dalam proses mencakup alokasi atas biaya overhead tetap dan variabel yang terkait dengan produksi selain mencakup biaya bahan baku dan tenaga kerja.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

e. ***Transactions with related parties*** *(Continued)*

- *A party is considered to be related to the Company and its Subsidiaries if:*

a. directly, or indirectly through one or more intermediaries, the party (i) controls, is controlled by, or is under common control with, the Company and its Subsidiaries; (ii) has an interest in the Company and the Subsidiaries that gives it significant influence over the Company; or, (iii) has joint control over the Company and its Subsidiaries;

b. the party is an associate of the Company and its Subsidiaries;

c. the party is a joint venture in which the Company and its Subsidiaries is a venturer;

d. the party is a member of the key management personnel of the Company and its Subsidiaries;

e. the party is a close member of the family of any individual referred to in (a) or (d);

f. the party is an Entity that is controlled, jointly controlled or significantly influenced by or for which significant voting power in such Entity resides with, directly or indirectly, any individual referred to in (d) or (e); or,

g. The entity, or any member of a group of whch it is a part, provides key management personnel services, to the reporting entity or to the parent of the reporting entity.

The details of the accounts and the significant transactions entered into with related parties are presented in Note 12.

f. ***Cash and cash equivalents***

Cash and cash equivalents consist of cash on hand and in banks and short-term deposits with maturities within 3 (three) months or less and not pledged as collateral and are not restricted.

g. ***Inventories***

Inventories are stated at the lower of cost or net realizable value.

Cost is based on the weighted-average method and consists of all costs of purchases, costs of conversion and appropriate overheads incurred in bringing the inventory to its present location and condition. Finished goods and work in process consist of fixed and variable overhead costs related to production activities, in addition to cost of raw materials and labor.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

g. **Persediaan** (Lanjutan)

Nilai realisasi neto adalah estimasi harga penjualan dalam kegiatan operasi normal dikurangi estimasi biaya penyelesaian dan estimasi biaya yang diperlukan hingga persediaan dapat dijual.

Perusahaan dan Entitas Anaknya menentukan penyisihan untuk keusangan dan/atau penurunan nilai persediaan berdasarkan hasil penelaahan atas kondisi fisik dan penilaian masing-masing persediaan pada akhir tahun.

h. **Aset tetap**

Aset tetap dinyatakan sebesar biaya perolehan dikurangi akumulasi penyusutan dan rugi penurunan nilai, jika ada. Biaya perolehan aset tetap meliputi: (a) harga pembelian, (b) biaya-biaya yang dapat diatribusikan secara langsung untuk membawa aset ke lokasi dan kondisinya sekarang, dan (c) estimasi awal biaya pembongkaran dan pemindahan dan restorasi lokasi aset (jika ada). Setiap bagian dari aset tetap dengan biaya perolehan yang signifikan terhadap total biaya perolehan aset, disusutkan secara terpisah.

Pada setiap akhir periode pelaporan, nilai residu, umur manfaat dan metode penyusutan aset tetap ditelaah oleh manajemen dan jika perlu disesuaikan secara prospektif.

Pada saat pemeliharaan dan perbaikan yang signifikan dilakukan, biaya tersebut diakui ke dalam nilai tercatat aset tetap sebagai suatu penggantian jika memenuhi kriteria pengakuan. Semua biaya pemeliharaan dan perbaikan lainnya yang tidak memenuhi kriteria pengakuan dibebankan langsung pada operasi berjalan.

Penyusutan dihitung dari bulan aset tersebut digunakan dengan menggunakan metode garis lurus selama umur manfaat aset tetap yang diestimasi sebagai berikut:

	Tahun/*Years*	
Bangunan	8 – 20	*Buildings*
Mesin dan instalasi	15 – 16	*Machineries and installations*
Kendaraan dan alat-alat berat	4 – 8	*Vehicles and heavy equipment*
Peralatan kantor	4 – 10	*Office equipment*

Tanah dicatat sebesar biaya perolehan dan tidak disusutkan.

Aset sewaan disusutkan berdasarkan taksiran masa manfaat yang sama dengan aset kepemilikan langsung.

Aset tetap dihentikan pengakuannya pada saat dilepaskan atau saat tidak ada manfaat ekonomis di masa depan yang diharapkan dari penggunaan atau pelepasannya. Laba atau rugi yang muncul dari penghentian pengakuan aset tetap (dihitung sebagai selisih antara jumlah neto hasil pelepasan dan nilai tercatat aset) dimasukkan pada laporan laba rugi dan penghasilan komprehensif lain pada tahun aset tersebut dihentikan pengakuannya.

Aset dalam pembangunan meliputi akumulasi biaya material dan biaya lain yang berkaitan dengan aset tetap dalam pembangunan sampai aset tersebut selesai dan siap digunakan. Akumulasi biaya ini dipindahkan ke masing-masing akun aset tetap pada saat selesai dikerjakan dan siap digunakan sesuai dengan tujuannya.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

g. ***Inventories*** *(Continued)*

Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and the estimated cost necessary to make the sale.

The Company and its Subsidiaries provide allowance for obsolescence and/or decline in market value of inventories based on a review of the physical condition and the valuation of each inventory item at year end.

h. ***Fixed assets***

Fixed assets are stated at cost less accumulated depreciation and impairment loss, if any. The cost of fixed assets includes: (a) purchase price, (b) any costs directly attributable to bringing the asset to its present location and condition, and (c) the initial estimate of the cost of dismantling and removing the item and restoring the site on which it is located (if any). Each part of an item of fixed assets with a cost that is significant in relation to the total cost of the item is depreciated separately.

At the end of each reporting period, the residual values, useful lives and methods of depreciation of fixed assets are reviewed by management and adjusted prospectively, if appropriate.

When significant repairs and maintenance are performed, their costs are recognized in the carrying amount of the fixed assets as a replacement if the recognition criteria are satisfied. All other repairs and maintenance costs that do not meet the recognition criteria are charged directly to current operations.

Depreciation is calculated from the month the assets are placed in service on a straight-line method over the estimated useful lives of the assets as follows:

Land is stated at cost and not amortized.

Assets under finance lease are depreciated based on the same estimated useful lives of similar assets acquired under direct ownership.

An item of fixed assets is derecognized upon disposal or when no future economic benefits are expected from its use or disposal. Any gain or loss arising on derecognition of the asset (calculated as the difference between the net disposal proceeds and the carrying amount of the asset) is included in the statements of profit or loss and other comprehensive income in the year the asset is derecognized.

Construction in progress represents the accumulated cost of materials and other costs related to the asset under construction. When the construction of the asset is completed and the constructed asset is ready for its intended use, these costs are reclassified to the appropriate fixed asset account.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

i. **Penurunan nilai aset non-keuangan (tidak termasuk persediaan, properti investasi dan aset pajak tangguhan)**

Pengujian penurunan nilai goodwill dan aset tak berwujud lainnya dengan menggunakan masa manfaat ekonomi tidak terbatas dilakukan setiap tahun pada akhir periode pelaporan keuangan. Aset nonkeuangan lain dikenakan uji penurunan nilai ketika telah terjadi atau ada perubahan dalam keadaan yang mengindikasikan bahwa nilai tercatat tidak terpulihkan. Apabila nilai tercatat aset melebihi jumlah terpulihkan (yaitu mana yang lebih tinggi antara nilai pakai dan nilai wajar dikurangi biaya untuk menjual), maka aset tersebut diturunkan nilainya.

Apabila tidak mungkin untuk mengestimasi nilai terpulihkan dari aset, maka uji penurunan nilai dilakukan pada kelompok terkecil aset dimana aset tersebut merupakan bagian dari kelompok tersebut yang arus kas nya dapat diidentifikasi secara terpisah; yakni unit penghasil kas. Goodwill dialokasikan pada pengakuan awal pada masing- masing unit penghasil kas Kelompok Usaha yang diharapkan menghasilkan manfaat dari kombinasi bisnis yang menghasilkan goodwill tersebut.

Beban penurunan nilai termasuk dalam laba rugi, kecuali jika beban tersebut membalikkan keuntungan yang diakui sebelumnya dalam penghasilan komprehensif lain. Kerugian penurunan nilai yang diakui untuk goodwill tidak dapat dibalik.

j. **Aset sewaan**

Apabila secara substansial seluruh risiko dan manfaat yang terkait dengan kepemilikan aset sewaan telah dialihkan kepada Kelompok Usaha (“sewa pembiayaan”), maka aset tersebut diperlakukan seolah-olah sebagai pembelian biasa. Jumlah awal pengakuan diakui sebagai aset adalah mana yang lebih rendah antara nilai wajar properti yang disewakan dan nilai kini pembayaran minimum sewa terutang selama masa sewa. Komitmen sewa disajikan sebagai liabilitas. Pembayaran sewa dianalisis antara modal dan bunga. Elemen bunga dibebankan pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian selama masa sewa dan diperhitungkan sehingga mencerminkan proporsi konstan liabilitas sewa. Elemen modal mengurangi saldo terutang lessor.

Apabila secara substansial seluruh risiko dan manfaat terkait kepemilikan aset tidak dialihkan kepada Kelompok Usaha (“sewa operasi”), maka total utang sewa dibebankan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian dengan metode garis lurus selama masa sewa. Manfaat agregat insentif sewa diakui sebagai pengurang beban sewa selama masa sewa dengan metode garis lurus.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

i. ***Impairment of non-financial assets (excluding inventories, investment properties and deferred tax assets)***

Impairment tests on goodwill and other intangible assets with indefinite useful economic lives are undertaken annually at the financial year end. Other non-financial assets are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount (i.e. the higher of value in use and fair value less costs to sell), the asset is written down accordingly.

Where it is not possible to estimate the recoverable amount of an individual asset, the impairment test is carried out on the smallest group of assets to which it belongs for which there are separately identifiable cash flows; its cash generating units ('CGUs'). Goodwill is allocated on initial recognition to each of the Group's CGUs that are expected to benefit from a business combination that gives rise to the goodwill.

Impairment charges are included in profit or loss, except to the extent they reverse gains previously recognised in other comprehensive income. An impairment loss recognised for goodwill is not reversed.

j. ***Leased assets***

Where substantially all of the risks and rewards incidental to ownership of a leased asset have been transferred to the Group (a "finance lease"), the asset is treated as if it had been purchased outright. The amount initially recognised as an asset is the lower of the fair value of the leased property and the present value of the minimum lease payments payable over the term of the lease. The corresponding lease commitment is shown as a liability. Lease payments are analysed between capital and interest. The interest element is charged to the consolidated statement of profit or loss and other comprehensive income over the period of the lease and is calculated so that it represents a constant proportion of the lease liability. The capital element reduces the balance owed to the lessor.

Where substantially all of the risks and rewards incidental to ownership are not transferred to the Group (an "operating lease"), the total rentals payable under the lease are charged to the consolidated statement of profit or loss and other comprehensive income on a straight-line basis over the lease term. The aggregate benefit of lease incentives is recognised as a reduction of the rental expense over the lease term on a straight-line basis.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

k. **Perpajakan**

Beban pajak terdiri dari pajak kini dan pajak tangguhan. Pajak diakui dalam laporan laba rugi, kecuali jika berkaitan dengan item yang diakui dalam penghasilan komprehensif lain atau secara langsung dalam ekuitas. Dalam kasus ini, pajak diakui dalam penghasilan komprehensif lain atau langsung dalam ekuitas.

Pajak kini

Beban pajak penghasilan kini di hitung dengan dasar hukum pajak yang berlaku pada tanggal pelaporan. Aset atau liabilitas pajak penghasilan kini terdiri dari kewajiban kepada atau klaim dari otoritas pajak yang berhubungan dengan periode pelaporan kini atau sebelumnya, yang belum di bayar pada akhir periode tanggal pelaporan. Pajak penghasilan diperhitungkan berdasarkan tarif pajak dan hukum pajak yang berlaku pada periode fiskal terkait, berdasarkan laba kena pajak untuk periode tersebut. Seluruh perubahan pada aset atau liabilitas pajak kini diakui sebagai komponen biaya pajak penghasilan dalam laporan laba rugi.

Pajak tangguhan

Aset dan liabilitas pajak tangguhan diakui ketika jumlah tercatat dari aset atau liabilitas dalam laporan posisi keuangan konsolidasian berbeda dari dasar perpajakannya, kecuali jika perbedaan itu terjadi karena:

- Pengakuan awal goodwill
- Pengakuan awal aset atau liabilitas pada saat transaksi yang bukan merupakan kombinasi bisnis dan pada saat transaksi terjadi tidak mempengaruhi akuntansi atau laba kena pajak, dan
- Investasi pada Entitas Anak dan pengendalian bersama entitas dimana Kelompok Usaha mampu mengendalikan waktu pembalikan perbedaan dan kemungkinan besar bahwa perbedaan tersebut tidak akan dibalik pada masa yang akan datang.

Pengakuan dari aset pajak tangguhan terbatas pada saat dimana terdapat kemungkinan besar bahwa laba kena pajak akan tersedia terhadap perbedaan yang dapat digunakan.

Dalam hal aset pajak tangguhan yang terjadi karena properti investasi diukur pada nilai wajar, maka asumsi bahwa pemulihan akan terjadi melalui penjualan daripada penggunaan yang masih belum dibantah.

Jumlah aset atau liabilitas ditentukan dengan menggunakan tarif pajak pada saat tanggal pelaporan dan di harapkan akan digunakan ketika liabilitas pajak tangguhan/ (aset) telah diselesaikan/(dipulihkan).

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

k. ***Taxation***

The tax expense comprises current and deferred tax. Tax is recognized in profit or loss, except to the extent that it relates to items recognized in other comprehensive income or directly in equity. In this case, the tax is also recognized in other comprehensive income or directly in equity, respectively.

Current tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantively enacted at the reporting date. Current income tax assets and/or liabilities comprise those obligations to, or claims from, tax authorities relating to the current or prior reporting period, that are unpaid at the end of each reporting period date. They are calculated according to the tax rates and tax laws applicable to the fiscal periods to which they relate, based on the taxable profit for the period. All changes to current tax assets or liabilities are recognized as a component of income tax expense in profit or loss.

Deferred tax

Deferred tax assets and liabilities are recognised where the carrying amount of an asset or liability in the consolidated statement of financial position differs from its tax base, except for differences arising on:

- *The initial recognition of goodwill*
- *The initial recognition of an asset or liability in a transaction which is not a business combination and at the time of the transaction affects neither accounting or taxable profit, and*
- *Investments in subsidiaries and jointly controlled entities where the Group is able to control the timing of the reversal of the difference and it is probable that the difference will not reverse in the foreseeable future.*

Recognition of deferred tax assets is restricted to those instances where it is probable that taxable profit will be available against which the difference can be utilised.

In respect of deferred tax assets arising from investment property measured at fair value, the presumption that recovery will be through sale rather than use has not been rebutted.

The amount of the asset or liability is determined using tax rates that have been enacted or substantively enacted by the reporting date and are expected to apply when the deferred tax liabilities/(assets) are settled/(recovered).

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

k. **Perpajakan** (Lanjutan)

Aset dan liabilitas pajak tangguhan di saling hapus ketika Kelompok Usaha memiliki hak hukum untuk saling hapus aset dan liabilitas pajak kini yang berhubungan dengan pungutan oleh otoritas pajak yang sama atas:

- Kelompok Usaha yang dikenakan pajak adalah sama, atau
- Kelompok entitas yang berbeda yang bertujuan untuk menyelesaikan aset pajak kini secara neto, atau untuk merealisasikan aset dan menyelesaikan liabilitas, pada periode masa depan dimana jumlah aset atau liabilitas pajak tangguhan signifikan diharapkan untuk di selesaikan atau di pulihkan.

l. **Liabilitas imbalan kerja karyawan**

Program iuran pasti

Iuran untuk progam iuran pasti untuk program pensiun di bebankan pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada tahun dimana iuran tersebut terkait.

Program imbalan pasti

Surplus dan defisit program imbalan pasti diukur pada:

- Nilai wajar dari aset yang direncanakan pada tanggal pelaporan, dikurangi
- Liabilitas program yang dihitung dengan menggunakan metode *projected unit credit* yang di diskonto ke nilai kini dengan menggunakan imbal hasil obligasi perusahaan yang berkualitas tinggi yang tersedia yang memiliki tanggal jatuh tempo yang mendekati persyaratan liabilitas; ditambah
- Biaya servis masa lalu yang tidak diakui, di kurangi
- Dampak persyaratan pendanaan minimum yang disetujui dengan skema waliamanat.

Pengukuran kembali kewajiban pasti neto diakui langsung dalam ekuitas. Pengukuran kembali tersebut termasuk:

- Keuntungan dan kerugian aktuaris
- Imbalan atas aset program (tidak termasuk bunga)
- Aset dengan efek batas tertinggi (tidak termasuk bunga)

Biaya jasa di akui dalam laporan laba rugi, dan termasuk biaya jasa kini dan masa lalu, serta keuntungan dan kerugian kurtailmen.

Beban bunga neto (pendapatan) diakui dalam laporan laba rugi dan dihitung dengan menerapkan tingkat diskonto untuk mengukur kewajiban imbalan pasti (aset) pada awal periode tahunan hingga pembayaran manfaat selama periode.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

k. ***Taxation*** *(Continued)*

Deferred tax assets and liabilities are offset when the Group has a legally enforceable right to offset current tax assets and liabilities and the deferred tax assets and liabilities relate to taxes levied by the same tax authority on either:

- *The same taxable group company, or*
- *Different group entities which intend either to settle current tax assets and liabilities on a net basis, or to realise the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.*

l. ***Employee benefits liability***

Defined contribution schemes

Contributions to defined contribution pension schemes are charged to the consolidated statement of profit or loss and other comprehensive income in the year to which they relate.

Defined benefit schemes

Defined benefit scheme surpluses and deficits are measured at:

- *The fair value of plan assets at the reporting date; less*
- *Plan liabilities calculated using the projected unit credit method discounted to its present value using yields available on high quality corporate bonds that have maturity dates approximating to the terms of the liabilities; plus*
- *Unrecognised past service costs; less*
- *The effect of minimum funding requirements agreed with scheme trustees.*

Remeasurements of the net defined obligation are recognised directly within equity. The remeasurements include:

- *Actuarial gains and losses*
- *Return on plan assets (interest exclusive)*
- *Any asset ceiling effects (interest exclusive).*

Service costs are recognised in profit or loss, and include current and past service costs as well as gains and losses on curtailments.

Net interest expense (income) is recognised in profit or loss, and is calculated by applying the discount rate used to measure the defined benefit obligation (asset) at the beginning of the annual period to the balance of the net defined benefit obligation (asset), considering the effects of contributions and benefit payments during the period.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

l. **Liabilitas imbalan kerja karyawan** (Lanjutan)

Program imbalan pasti (Lanjutan)

Keuntungan atau kerugian yang timbul dari perubahan manfaat program atau kurtailmen diakui secara langsung dalam laba rugi.

Penyelesaian program manfaat pasti diakui dalam periode dimana penyelesaian tersebut terjadi.

Manfaat jasa jangka panjang lain

Imbalan kerja lain yang diharapkan untuk diselesaikan secara keseluruhan dalam 12 bulan setelah akhir perode pelaporan disajikan sebagai liabilitas jangka pendek.

Imbalan kerja lain yang tidak diharapkan untuk diselesaikan secara keseluruhan dalam 12 bulan setelah akhir periode pelaporan disajikan sebagai liabilitas jangka panjang dan dihitung dengan menggunakan metode *projected unit credit* dan kemudian didiskonto dengan menggunakan imbal hasil surat utang perusahaan berkualitas tinggi yang tersedia dengan tanggal jatuh tempo mendekati sisa periode yang diharapkan untuk diselesaikan.

m. **Kuasi-reorganisasi**

Pada tanggal 31 Desember 2005, Perusahaan mengalami defisit sebesar Rp 1.259.986.518.857. Agar Perusahaan dapat memulai awal yang baik dengan laporan posisi keuangan menunjukkan nilai wajar dan tanpa dibebani dengan defisit, maka Perusahaan melakukan kuasi-reorganisasi.

Kuasi-reorganisasi merupakan prosedur akuntansi yang mengatur Perusahaan merestrukturisasi ekuitasnya dengan menghilangkan defisit dan menilai kembali seluruh aset dan liabilitasnya. Kuasi-reorganisasi dilakukan karena Perusahaan mempunyai keyakinan yang cukup bahwa setelah kuasi-reorganisasi Perusahaan akan dapat mempertahankan status kelangsungan usahanya dan berkembang dengan baik.

n. **Aset keuangan**

Kelompok Usaha mengklasifikasikan aset keuangannya ke dalam kategori yang di jelaskan di bawah ini, tergantung pada tujuan pengakuisisian aset. Kelompok Usaha tidak mengklasifikasikan aset keuangannya sebagai dimiliki hingga jatuh tempo.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

l. ***Employee benefits liability*** *(Continued)*

Defined benefit schemes (Continued)

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognised immediately in profit or loss.

Settlements of defined benefit schemes are recognised in the period in which the settlement occurs.

Other long-term service benefits

Other employee benefits that are expected to be settled wholly within 12 months after the end of the reporting period are presented as current liabilities.

Other employee benefits that are not expected to be settled wholly within 12 months after the end of the reporting period are presented as non-current liabilities and calculated using the projected unit credit method and then discounted using yields available on high quality corporate bonds that have maturity dates approximating to the expected remaining period to settlement.

m. ***Quasi-reorganization***

As of 31 December 2005, the Company incurred deficit amounting to Rp 1,259,986,518,857. In order to achieve a fresh start" performance, with the statements of financial position stated at fair value and without being burdened by deficit, the Company carried out a quasi-reorganization.

A quasi-reorganization is an accounting procedure which allows the Company to restructure its equity by eliminating its deficit and readjusting all of its recorded assets and liabilities. The quasi-reorganization was undertaken since the Company's management believed that the Company would keep its going concern status and improve its financial position after the quasi-reorganization.

n. ***Financial assets***

The Group classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. The Group has not classified any of its financial assets as held to maturity.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

n. **Aset keuangan** (Lanjutan)

Selain daripada aset keuangan untuk tujuan nilai lindung, kebijakan akuntansi Kelompok Usaha di kategorikan sebagai berikut:

Nilai wajar melalui laporan laba rugi

Kategori ini meliputi hanya derivatif *in-the-money* (lihat bab 'liabilitas keuangan' untuk derivatif *out-of-the-money*). Derivatif tersebut dibawa dalam laporan posisi keuangan pada nilai wajar dengan perubahan nilai wajar diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian pada baris pendapatan atau beban keuangan. Selain daripada instrumen keuangan derivatif yang digunakan sebagai instrumen lindung nilai, Kelompok Usaha tidak memiliki aset yang dimiliki untuk dijual maupun secara suka rela mengklasifikasikan aset keuangan pada nilai wajar melalui laporan laba rugi.

Pinjaman dan Piutang

Pinjaman dan piutang merupakan aset keuangan non-derivatif dengan pembayaran tetap atau yang telah ditentukan yang tidak memiliki kuotasi di pasar aktif. Aset tersebut pada dasarnya terjadi melalui cadangan barang dan jasa kepada pelanggan (misalnya, piutang usaha), namun juga memasukkan jenis aset moneter kontraktual lain. Pengakuan awal aset tersebut pada nilai wajar ditambahkan dengan biaya transaksi yang langsung diatribusikan pada akuisisi atau penerbitannya, dan selanjutnya dicatat pada biaya amortisasi dengan menggunakan metode tingkat suku bunga efektif, dikurangi dengan cadangan untuk penurunan nilai.

Cadangan penurunan nilai diakui ketika ada bukti objektif (seperti kesulitan keuangan signifikan pada pihak lawan atau gagal bayar atau penundaan pembayaran signifikan) bahwa Kelompok Usaha tidak dapat menagih seluruh jumlah yang jatuh tempo berdasarkan persyaratan piutang, jumlah cadangan berbeda antara jumlah tercatat neto dan nilai kini arus kas masa depan yang diharapkan dari piutang yang mengalami penurunan nilai tersebut. Untuk piutang usaha, yang dilaporkan secara neto, cadangan seperti ini dicatat dalam akun pencadangan terpisah dengan kerugian diakui dalam beban administrasi dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Ketika terkonfirmasi bahwa piutang usaha tidak dapat ditagih, nilai tercatat bruto dari aset tersebut dihapuskan terhadap cadangannya.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

n. ***Financial assets*** *(Continued)*

Other than financial assets in a qualifying hedging relationship, the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only in-the-money derivatives (see "Financial liabilities" section for out- of-money derivatives). They are carried in the statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income in the finance income or expense line. Other than derivative financial instruments which are not designated as hedging instruments, the Group does not have any assets held for trading nor does it voluntarily classify any financial assets as being at fair value through profit or loss.

Loans and receivables

These assets are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They arise principally through the provision of goods and services to customers (e.g. trade receivables), but also incorporate other types of contractual monetary asset. They are initially recognised at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortised cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognised when there is objective evidence (such as significant financial difficulties on the part of the counterparty or default or significant delay in payment) that the Group will be unable to collect all of the amounts due under the terms receivable, the amount of such a provision being the difference between the net carrying amount and the present value of the future expected cash flows associated with the impaired receivable. For trade receivables, which are reported net, such provisions are recorded in a separate allowance account with the loss being recognised within administrative expenses in the consolidated statement of profit or loss and other comprehensive income. On confirmation that the trade receivable will not be collectable, the gross carrying value of the asset is written off against the associated provision.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

n. **Aset keuangan** (Lanjutan)

Pinjaman dan Piutang (Lanjutan)

Dari waktu ke waktu, Kelompok Usaha memilih untuk menegosiasikan kembali persyaratan jatuh tempo piutang usaha dari pelanggan yang memiliki transaksi historis yang baik. Negosiasi ulang seperti ini dapat mengubah jangka waktu pembayaran daripada perubahan jumlah terutang dan, sebagai akibatnya, arus kas baru yang diharapkan terdiskonto pada tingkat suku bunga efektif dan perbedaan yang dihasilkan untuk nilai wajar diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian (laba operasi).

Pinjaman dan piutang Kelompok Usaha meliputi piutang usaha dan piutang lainnya dan kas dan setara kas dalam laporan posisi keuangan konsolidasi.

Kas dan setara kas, piutang usaha, piutang lain-lain dan aset tidak lancar lainnya - kas yang dibatasi penggunaannya termasuk dalam kategori ini.

Tersedia untuk dijual

Aset keuangan non-derivatif yang tidak termasuk dalam kategori di atas di klasifikasikan sebagai tersedia untuk di jual dan secara prinsip merupakan strategi investasi milik entitas Kelompok Usaha yang bukan merupakan Entitas Anak, entitas asosiasi dan entitas yang dikendalikan bersama. Aset keuangan non-derivatif tersebut dicatat pada nilai wajar dengan perubahan pada nilai wajar, selain daripada yang terjadi karena fluktuasi kurs nilai tukar dan bunga dihitung dengan menggunakan tingkat suku bunga efektif yang diakui dalam penghasilan komprehensif lain dan di akumulasi dalam cadangan tersedia untuk dijual. Perbedaan nilai tukar pada investasi yang di denominasi dalam mata uang asing dan bunga di hitung dengan menggunakan metode tingkat suku bunga efektif dan diakui di laporan laba rugi.

Apabila terdapat penurunan signifikan atau berkelanjutan pada nilai wajar aset keuangan tersedia untuk dijual (yang merupakan bukti objektif terjadinya penurunan nilai), maka jumlah penuh penurunan nilai, termasuk jumlah yang sebelumnya telah diakui dalam laporan penghasilan komprehensif lain, diakui dalam laporan laba rugi.

Pembelian dan penjualan aset keuangan tersedia untuk dijual diakui pada tanggal penyelesaian dengan perubahan nilai wajar antara tanggal transaksi dan tanggal penyelesaian akan diakui dalam cadangan tersedia untuk dijual.

Ketika penjualan terjadi, kumulatif laba atau rugi yang telah diakui dalam penghasilan komprehensif lain di reklasifikasikan dari cadangan tersedia untuk dijual ke laporan laba rugi.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

n. ***Financial assets*** *(Continued)*

Loans and receivables (Continued)

From time to time, the Group elects to renegotiate the terms of trade receivables due from customers with which it has previously had a good trading history. Such renegotiations will lead to changes in the timing of payments rather than changes to the amounts owed and, in consequence, the new expected cash flows are discounted at the original effective interest rate and any resulting difference to the carrying value is recognised in the consolidated statement of profit or loss and other comprehensive income (operating profit).

The Group's loans and receivables comprise trade and other receivables and cash and cash equivalents in the consolidated statement of financial position.

The Company's cash and cash equivalents, trade receivables, other receivables and other non-current assets - restricted cash are included in this category.

Available-for-sale

Non-derivative financial assets not included in the above categories are classified as available -for- sale and comprise principally the Group's strategic investments in entities not qualifying as subsidiaries, associates or jointly controlled entities. They are carried at fair value with changes in fair value, other than those arising due to exchange rate fluctuations and interest calculated using the effective interest rate, recognised in other comprehensive income and accumulated in the available-for-sale reserve. Exchange differences on investments denominated in a foreign currency and interest calculated using the effective interest rate method are recognised in profit or loss.

Where there is a significant or prolonged decline in the fair value of an available for sale financial asset (which constitutes objective evidence of impairment), the full amount of the impairment, including any amount previously recognised in other comprehensive income, is recognised in profit or loss.

Purchases and sales of available for sale financial assets are recognised on settlement date with any change in fair value between trade date and settlement date being recognised in the available-for-sale reserve.

On sale, the cumulative gain or loss recognised in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

o. **Liabilitas keuangan**

Kelompok Usaha mengklasifikasikan liabilitas keuangannya ke dalam satu atau dua kategori, tergantung pada tujuan liabilitas tersebut diakuisisi.

Selain daripada liabilitas keuangan untuk tujuan nilai lindung (lihat penjelasan dibawah ini), kebijakan akuntansi milik Kelompok Usaha untuk setiap kategori di jelaskan sebagai berikut:

Nilai wajar melalui laporan laba rugi

Kategori ini hanya terdiri dari instrumen derivatif *out-of-the-money* (lihat "Aset keuangan" di dalam derivatif uang). Instrumen tersebut dinilai didalam laporan posisi keuangan konsolidasian pada nilai wajar dengan perubahan nilai wajar yang diakui di dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian. Kelompok usaha tidak mempunyai atau mengeluarkan instrumen derivatif untuk tujuan spekulasi melainkan untuk tujuan lindung nilai. Selain instrumen derivatif tersebut, Kelompok Usaha tidak memiliki liabilitas untuk diperdagangkan maupun ditujukan bagi semua liabilitas keuangan yang dikelompokkan sebagai nilai wajar melalui laporan laba rugi.

Liabilitas keuangan lain

Liabilitas keuangan lain termasuk hal-hal berikut:

Pinjaman bank dan saham preferen Kelompok Usaha pada awalnya diakui pada nilai wajar neto dari biaya transaksi yang langsung diatribusikan pada penerbitan instrumen. Liabilitas dengan bunga seperti itu selanjutnya diukur pada biaya amortisasi dengan menggunakan metode tingkat suku bunga efektif, yang memastikan bahwa beban bunga selama periode sampai dengan pembayaran kembali menggunakan kurs konstan pada saldo liabilitas yang dicatat dalam laporan posisi keuangan konsolidasian. Untuk tujuan dari setiap liabilitas keuangan, beban bunga termasuk biaya transaksi awal dan premi terutang pada saat penebusan, serta bunga atau kupon terutang pada saat liabilitas masih belum diselesaikan.

- Komponen liabilitas meliputi pinjaman konversi yang diukur seperti yang dijelaskan di bawah ini.
- Utang usaha dan liabilitas moneter jangka pendek lain yang awalnya diakui pada nilai wajar dan selanjutnya dicatat pada biaya perolehan diamortisasi dengan menggunakan metode suku bunga efektif.

Utang bank jangka pendek, utang usaha, beban akrual, utang lancar lainnya, utang bank jangka panjang dan utang sewa pembiayaan Perusahaan termasuk dalam kategori ini.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

o. ***Financial liabilities***

The Group classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship (see below), the Group's accounting policy for each category is as follows:

Fair value through profit or loss

This category comprises only out-of-the-money derivatives (see "Financial assets" for in the money derivatives). They are carried in the consolidated statement of financial position at fair value with changes in fair value recognised in the consolidated statement of profit or loss and other comprehensive income. The Group does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Group does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.

Other financial liabilities

Other financial liabilities include the following items:

Bank borrowings and the Group's perpetual preference shares are initially recognised at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortised cost using the effective interest rate method, which ensures that any interest expense over the period to repayment is at a constant rate on the balance of the liability carried in the consolidated statement of financial position. For the purposes of each financial liability, interest expense includes initial transaction costs and any premium payable on redemption, as well as any interest or coupon payable while the liability is outstanding.

- *Liability components of convertible loan notes are measured as described further below.*
- *Trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest method.*

Short-term bank loans, trade payables, accrued expenses, other current liabilities, long-term bank loans and obligation under finance lease, are included in this category.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

p. **Provisi**

Kelompok usaha mengakui provisi untuk liabilitas waktu tidak pasti atau jumlah termasuk sewa, klaim garansi, penyewaan yang disia-siakan, atau perkara hukum. Provisi diukur pada estimasi pengeluaran yang disyaratkan untuk menyelesaikan kewajiban pada tanggal pelaporan, didiskontokan pada tarif sebelum pajak yang mencerminkan penilaian market saat ini atas nilai uang dan risiko tertentu terhadap liabilitas. Dalam hal penyewaan yang disia-siakan, provisi memperhitungkan potensi bahwa properti mungkin disewakan untuk beberapa atau seluruh sisa masa sewa.

q. **Biaya pinjaman**

Bunga yang timbul dari pinjaman bank yang digunakan untuk membiayai pembangunan kantor pusat baru milik Kelompok Usaha dikapitalisasi sebagai bagian dari biaya, dikurangi penerimaan bunga neto atas penarikan kas yang belum dibebankan. Kelompok Usaha tidak dikenakan beban bunga lain yang dapat dikapitalisasikan.

r. **Pelaporan segmen**

Segmen adalah bagian khusus dari Perusahaan dan Entitas Anaknya yang terlibat baik dalam menyediakan produk (segmen usaha), maupun dalam menyediakan produk dalam lingkungan ekonomi tertentu (segmen geografis), yang merupakan subjek risiko dan manfaat yang berbeda dari segmen-segmen lainnya.

Jumlah setiap unsur segmen dilaporkan merupakan ukuran yang dilaporkan kepada pengambil keputusan operasional untuk tujuan pengambilan keputusan untuk mengalokasikan sumber daya kepada segmen dan menilai kinerjanya.

Pendapatan, beban, hasil aset dan liabilitas segmen termasuk item-item yang dapat diatribusikan langsung kepada suatu segmen serta hal-hal yang dapat dialokasikan dengan dasar yang sesuai kepada segmen tersebut.

s. **Dividen**

Dividen diakui ketika secara hukum menjadi terutang. Dalam hal dividen interim atas ekuitas pemegang saham, maka dividen diumumkan oleh direksi. Dalam hal dividen final, maka dividen disetujui oleh pemegang saham dalam Rapat Umum Pemegang Saham.

Dividen diklasifikasikan sebagai liabilitas keuangan diperlakukan sebagai biaya keuangan dan diakui atas dasar akrual ketika kewajiban muncul pada tanggal pelaporan.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

p. ***Provision***

The group has recognised provisions for liabilities of uncertain timing or amount including those for onerous leases, warranty claims, leasehold dilapidations and legal disputes. The provision is measured at the best estimate of the expenditure required to settle the obligation at the reporting date, discounted at a pre-tax rate reflecting current market assessments of the time value of money and risks specific to the liability. In the case of leasehold dilapidations, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.

q. ***Borrowing costs***

Interest incurred on the bank loan used to fund the construction of the Group's new head office is being capitalised as part of its cost, net of interest received on cash drawn down yet to be expended. The Group does not incur any other interest costs that qualify for capitalisation.

r. ***Segment reporting***

A segment is a distinguishable component of the Company and its Subsidiaries that is engaged either in providing certain products (business segment), or in providing products within a particular economic environment (geographical segment), which is subject to risks and rewards that are different from those of other segments.

The amount of each segment item reported is the measure reported to the chief operating decision-maker for the purposes of making decisions about allocating resources to the segment and assessing its performance.

Segment revenue, expenses, results assets and liabilities include items directly attributable to a segment as well as those that can be allocated on a reasonable basis to that segment.

s. ***Dividends***

Dividends are recognised when they become legally payable. In the case of interim dividends to equity shareholders, this is when declared by the directors. In the case of final dividends, this is when approved by the shareholders at the AGM.

Dividends which are classified as a financial liability, are treated as finance costs and are recognised on an accruals basis when an obligation exists at the reporting date.

2. **IKHTISAR KEBIJAKAN AKUNTANSI PENTING** (Lanjutan)

t. **Modal saham**

Instrumen keuangan yang diterbitkan oleh Kelompok Usaha di klasifikasikan sebagai ekuitas hanya sebatas ketika instrumen keuangan tersebut tidak memenuhi definisi aset atau liabilitas keuangan.

Saham biasa Kelompok Usaha diklasifikasikan sebagai instrumen ekuitas.

u. **Laba per saham dasar**

Berdasarkan PSAK No. 56, "Laba per Saham", laba per saham dasar dihitung dengan membagi laba yang diatribusikan kepada pemegang ekuitas Entitas Induk dengan menghitung total rata-rata tertimbang saham biasa yang beredar dalam tahun yang bersangkutan.

Jika jumlah saham biasa atau instrumen yang berpotensi saham biasa yang beredar meningkat sebagai akibat dari kapitalisasi, penerbitan saham bonus atau pemecahan saham, atau menurun sebagai akibat dari penggabungan saham, maka penghitungan laba per saham dasar dan dilusian untuk seluruh periode yang disajikan disesuaikan secara retrospektif. Jika perubahan tersebut terjadi setelah periode pelaporan tetapi sebelum laporan keuangan diotorisasi untuk terbit, maka penghitungan per saham periode untuk periode berjalan dan setiap periode sajian sebelumnya disajikan berdasarkan jumlah saham yang baru.

Pada 31 Maret 2016, 31 Desember 2015, 2014 dan 2013, Perusahaan dan Entitas Anaknya tidak mempunyai efek berpotensi saham biasa yang bersifat dilutif; oleh karena itu, laba per saham dilusian tidak dihitung dan disajikan pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

t. ***Share capital***

Financial instruments issued by the Group are classified as equity only to the extent that they do not meet the definition of a financial liability or financial asset.

The Group's ordinary shares are classified as equity instruments.

u. ***Earnings per share***

In accordance with PSAK No. 56, "Earnings per Share", basic earnings per share amount are calculated by dividing the profit attributable to equity holders of the Parent Entity by the weighted average number of ordinary shares outstanding during the year.

If the number of ordinary or potential ordinary shares outstanding increases as a result of a capitalization, bonus issue or share split, or decreases as a result of a reverse share split, the calculation of basic and diluted earnings per share for all periods presented shall be adjusted retrospectively. If these changes occur after the reporting period but before the financial statements are authorized for issue, the per share calculations for those and any prior-period financial statements presented shall be based on the new number of shares.

As of 31 March 2016, 31 December 2015, 2014 and 2013, the Company and its Subsidiaries had no outstanding potential dilutive ordinary shares; accordingly, no diluted earnings per share amount is calculated and presented in the consolidated statements profit or loss and other comprehensive income.

3. **PENGGUNAAN PERTIMBANGAN, ESTIMASI DAN ASUMSI SIGNIFIKAN OLEH MANAJEMEN**

Penyusunan laporan keuangan konsolidasian Perusahaan dan Entitas Anaknya mengharuskan manajemen untuk membuat pertimbangan, estimasi dan asumsi yang mempengaruhi jumlah yang dilaporkan dari pendapatan, beban, aset dan liabilitas, dan pengungkapan atas liabilitas kontijensi, pada akhir periode pelaporan. Namun, ketidakpastian mengenai asumsi dan estimasi tersebut dapat mengakibatkan penyesuaian material di periode yang akan datang terhadap nilai tercatat aset atau liabilitas yang terkait.

3. ***MANAGEMENT'S USE OF JUDGMENTS, ESTIMATES AND SIGNIFICANT ASSUMPTIONS***

The preparation of the Company and its Subsidiaries' consolidated financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of revenues, expenses, assets and liabilities, and the disclosure of contingent liabilities, at the end of the reporting period. However, uncertainty about these assumptions and estimates could result in outcomes in future periods that require material adjustment to the carrying amounts of the assets or liabilities affected.

3. **PENGGUNAAN PERTIMBANGAN, ESTIMASI DAN ASUMSI SIGNIFIKAN OLEH MANAJEMEN** (Lanjutan)

Pertimbangan

Pertimbangan berikut ini dibuat oleh manajemen dalam rangka penerapan kebijakan akuntansi Perusahaan yang memiliki pengaruh paling signifikan atas jumlah yang diakui dalam laporan keuangan konsolidasian:

Klasifikasi aset keuangan dan liabilitas keuangan

Perusahaan dan Entitas Anaknya menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan bila definisi yang ditetapkan PSAK No. 50 (Revisi 2014) dipenuhi. Dengan demikian, aset keuangan dan liabilitas keuangan diakui sesuai dengan kebijakan akuntansi Perusahaan seperti diungkapkan pada Catatan 2n dan 2o.

Penentuan mata uang fungsional

Mata uang fungsional dari Perusahaan adalah Dolar Amerika Serikat (USD) dan Entitas Anaknya: PT Sinar Pantja Djaja, Golden Legacy Pte. Ltd. dan Golden Mountain Textile and Trading Pte. Ltd. adalah Dolar Amerika Serikat yang mana merupakan mata uang dari lingkungan ekonomi primer dimana entitas beroperasi. Mata uang tersebut adalah mata uang yang mempengaruhi pendapatan dan beban Perusahaan dan Entitas Anaknya dari barang yang dijual.

Estimasi dan asumsi

Asumsi utama mengenai masa depan dan sumber utama lainnya untuk estimasi ketidakpastian pada akhir periode pelaporan yang memiliki risiko signifikan yang menyebabkan penyesuaian material terhadap nilai tercatat aset dan liabilitas dalam tahun pelaporan berikutnya dijabarkan sebagai berikut:

Imbalan kerja

Penentuan liabilitas serta biaya pensiun dan imbalan kerja Perusahaan dan Entitas Anaknya bergantung pada pemilihan asumsi yang digunakan oleh aktuaris independen dalam menghitung jumlah-jumlah tersebut Asumsi tersebut termasuk antara lain, tingkat diskonto, tingkat kenaikan gaji tahunan, tingkat pengunduran diri karyawan tahunan, tingkat kecacatan, umur pensiun dan tingkat kematian. Hasil aktual yang berbeda dari asumsi yang ditetapkan Perusahaan dan Entitas Anaknya yang memiliki pengaruh lebih dari 10% liabilitas imbalan kerja pasti, ditangguhkan dan diamortisasi secara garis lurus selama rata-rata sisa masa kerja karyawan. Sementara Perusahaan dan Entitas Anaknya berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Perusahaan dan Entitas Anaknya dapat mempengaruhi secara material liabilitas diestimasi atas pensiun dan imbalan kerja serta beban imbalan kerja karyawan neto. Penjelasan lebih lanjut diungkapkan dalam Catatan 2l dan 25.

3. ***MANAGEMENT'S USE OF JUDGMENTS, ESTIMATES AND SIGNIFICANT ASSUMPTIONS*** *(Continued)*

Judgments

The following judgments are made by management in the process of applying the Company's accounting policies that have the most significant effects on the amounts recognized in the consolidated financial statements:

Classification of financial assets and financial liabilities

The Company and its Subsidiaries determine the classification of certain assets and liabilities as financial assets and financial liabilities by judging if they meet the definition set forth in PSAK No. 50 (Revised 2014). Accordingly, the financial assets and financial liabilities are accounted for in accordance with the Company's accounting policies disclosed in Notes 2n and 2o.

Determination of functional currency

The functional currency of the Company is the United States Dollar (USD) and the functional currency of its Subsidiaries is the United States Dollar for PT Sinar Pantja Djaja, Golden Legacy Pte. Ltd. and Golden Mountain Textile and Trading Pte. Ltd. which is the currency of the primary economic environment in which they operate. It is the currency that mainly influences the Company and its Subsidiaries' revenue and cost of goods sold.

Estimates and assumptions

The key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year are discussed below:

Employee benefits

The determination of the Company and its Subsidiaries' obligations for, and cost of, pension and employee benefits is dependent on their selection of certain assumptions used by the independent actuary in calculating such amounts. Those assumptions include, among others, discount rates, annual salary increase, annual employee tum-over rate, disability rate, retirement age and mortality rate. Actual results that differ from the Company and its Subsidiaries assumptions whose effects are more than 10% of the defined benefit obligations are deferred and amortized on the straight-line basis over the expected average remaining service years of the qualified employees. While the Company and its Subsidiaries' believes that their assumptions are reasonable and appropriate, significant differences in the Company and its Subsidiaries' actual results or significant changes in the their assumptions may materially affect the estimated liability for pension and employee benefits and net employee benefits expense. Further details are disclosed in Notes 2l and 25.

3. **PENGGUNAAN PERTIMBANGAN, ESTIMASI DAN ASUMSI SIGNIFIKAN OLEH MANAJEMEN** (Lanjutan)

Estimasi dan asumsi (Lanjutan)

Penyusutan aset tetap

Biaya perolehan aset tetap disusutkan dengan menggunakan metode garis lurus berdasarkan taksiran masa manfaat ekonomisnya. Manajemen mengestimasi masa manfaat ekonomis aset tetap antara 4 sampai dengan 20 tahun. Ini adalah umur yang secara umum diharapkan dalam industri di mana Perusahaan dan Entitas Anaknya menjalankan bisnisnya. Perubahan tingkat pemakaian dan perkembangan teknologi dapat mempengaruhi masa manfaat ekonomis dan nilai sisa aset, dan karenanya biaya penyusutan masa depan mungkin direvisi. Penjelasan lebih lanjut diungkapkan dalam Catatan 2h dan 13.

Instrumen keuangan

Perusahaan dan Entitas Anaknya mencatat aset dan liabilitas keuangan tertentu pada nilai wajar, yang mengharuskan penggunaan estimasi akuntansi. Sementara komponen signifikan dalam pengukuran nilai wajar ditentukan menggunakan bukti obyektif yang dapat diverifikasi, jumlah perubahan nilai wajar dapat berbeda bila Perusahaan dan Entitas Anaknya menggunakan metodologi penilaian yang berbeda. Perubahan nilai wajar aset dan liabilitas keuangan tersebut dapat mempengaruhi secara langsung laba atau rugi Perusahaan dan Entitas Anaknya. Penjelasan lebih lanjut diungkapkan dalam Catatan 2n, 2o dan 39.

Pajak penghasilan

Pertimbangan signifikan dilakukan dalam menentukan provisi atas pajak penghasilan badan. Terdapat transaksi dan perhitungan tertentu yang penentuan pajak akhirnya tidak pasti dalam kegiatan usaha normal. Perusahaan dan Entitas Anaknya mengakui liabilitas atas pajak penghasilan badan berdasarkan estimasi apakah akan terdapat tambahan pajak penghasilan badan. Penjelasan lebih rinci diungkapkan dalam Catatan 2k dan 17.

Cadangan keusangan dan penurunan nilai persediaan

Cadangan keusangan dan penurunan nilai persediaan (jika ada) diestimasi berdasarkan fakta dan keadaan yang tersedia, termasuk namun tidak terbatas kepada, kondisi fisik persediaan yang dimiliki, harga jual pasar, estimasi biaya penyelesaian dan estimasi biaya yang timbul untuk penjualan. Provisi dievaluasi kembali dan disesuaikan jika terdapat tambahan informasi yang mempengaruhi jumlah yang diestimasi. Penjelasan lebih lanjut diungkapkan dalam Catatan 2g dan 9.

3. ***MANAGEMENT'S USE OF JUDGMENTS, ESTIMATES AND SIGNIFICANT ASSUMPTIONS*** *(Continued)*

Estimates and assumptions *(Continued)*

Depreciation of fixed assets

The costs of fixed assets are depreciated on a straight-line basis over their estimated useful lives. Management properly estimates the useful lives of these fixed assets to be within 4 to 20 years. These are common life expectancies applied in the industry where the Company and its Subsidiaries conduct their business. Changes in the expected level of usage and technological development could impact the economic useful lives and the residual values of these assets, and therefore, future depreciation charges could be revised. Further details are disclosed in Notes 2h and 13.

Financial instruments

The Company and its Subsidiaries carry certain financial assets and liabilities at fair values, which requires the use of accounting estimates. While significant components of fair value measurement were determined using verifiable objective evidences, the amount of changes in fair values would differ if the Company and its Subsidiaries utilized different valuation methodology. Any changes in fair values of these financial assets and liabilities would affect directly the Company and its Subsidiaries' profit or loss. Further details are disclosed in Notes 2n, 2o and 39.

Income tax

Significant judgment is involved in determining the provision for corporate income tax. There are certain transactions and computation for which the ultimate tax determination is uncertain during the ordinary course of business. The Company and its Subsidiaries recognize liabilities for expected corporate income tax issues based on estimates of whether additional corporate income tax will be due. Further details are disclosed in Notes 2k and 17.

Allowance for obsolescence and decline in market value of inventories

Allowance for obsolescence and decline in market value of inventories (if any) is estimated based on the best available facts and circumstances, including but not limited to, the inventories' own physical conditions, their market selling prices, estimated costs of completion and estimated costs to sell them. The provisions are re-evaluated and adjusted as additional information received affects the amount estimated. Further details are disclosed in Notes 2g and 9.

3. **PENGGUNAAN PERTIMBANGAN, ESTIMASI DAN ASUMSI SIGNIFIKAN OLEH MANAJEMEN** (Lanjutan)

Estimasi dan asumsi (Lanjutan)

Penurunan nilai aset non-keuangan

Penurunan nilai terjadi apabila nilai tercatat sebuah aset melebihi nilai yang dapat dipulihkan, yaitu nilai yang lebih besar antara nilai wajar dikurangi dengan biaya penjualan dan nilai pakainya. Perhitungan nilai wajar dikurangi dengan biaya penjualan didasarkan pada data yang tersedia dari transaksi penjualan wajar yang mengikat untuk aset yang mirip atau harga pasar terpantau dikurangi biaya tambahan pelepasan aset. Dalam mengevaluasi nilai pakai aset, arus kas estimasi masa depan didiskontokan ke nilai kini dengan memakai suku bunga sebelum pajak yang merefleksikan penilaian pasar terkini dari nilai waktu uang dan risiko spesifik aset tersebut. Pada model ini, nilai yang terpulihkan sangat sensitif terhadap tarif diskonto yang digunakan, termasuk juga arus kas masuk di masa yang akan datang dan tarif pertumbuhan yang digunakan untuk tujuan ekstrapolasi. Penjelasan lebih lanjut diungkapkan dalam Catatan 2i.

Estimasi cadangan untuk penurunan nilai atas piutang

Apabila terdapat bukti obyektif bahwa penurunan nilai telah terjadi atas piutang usaha, Perusahaan dan Entitas Anaknya mengestimasi cadangan untuk penurunan nilai atas piutang usaha yang secara khusus diidentifikasi ragu-ragu untuk ditagih. Tingkat cadangan ditelaah oleh manajemen dengan dasar faktor-faktor yang mempengaruhi tingkat tertagihnya piutang tersebut. Dalam kasus ini, Perusahaan dan Entitas Anaknya menggunakan pertimbangan berdasarkan fakta-fakta terbaik yang tersedia dan situasi-situasi, termasuk tetapi tidak terbatas pada, lama hubungan Perusahaan dan dengan pelanggan dan status kredit pelanggan berdasarkan laporan dari pihak ketiga dan faktor-faktor pasar yang telah diketahui, untuk mengakui pencadangan spesifik untuk pelanggan terhadap jumlah yang jatuh tempo untuk menurunkan piutang Perusahaan dan Entitas Anaknya ke jumlah yang diharapkan dapat ditagih.

Pencadangan secara spesifik ini ditelaah dan disesuaikan jika terdapat informasi tambahan yang diterima yang mempengaruhi jumlah yang diestimasikan.

Sebagai tambahan atas cadangan terhadap piutang yang secara individual signifikan, Perusahaan dan Entitas Anaknya juga meneliti cadangan penurunan nilai secara kolektif terhadap risiko kredit pelanggan mereka yang dikelompokkan berdasarkan karakteristik kredit yang sama, yang meskipun tidak diidentifikasi secara spesifik memerlukan cadangan tertentu, memiliki risiko yang lebih besar tidak tertagih dibandingkan dengan piutang yang diberikan kepada pelanggan.

Cadangan secara kolektif ini dihitung berdasarkan pengalaman kerugian historis dengan menggunakan faktor yang bervariasi seperti kinerja historis dari pelanggan dalam kelompok kolektif, penurunan kinerja pasar dimana pelanggan beroperasi, dan kelemahan struktural yang diidentifikasi atau penurunan kinerja arus kas dari pelanggan. Penjelasan lebih lanjut diungkapkan dalam Catatan 2n dan 7.

*3. **MANAGEMENT'S USE OF JUDGMENTS, ESTIMATES AND SIGNIFICANT ASSUMPTIONS** (Continued)*

***Estimates and assumptions** (Continued)*

Impairment of non-financial assets

An impairment exists when the carrying value of an asset exceeds its recoverable amount, which is the higher of its fair value less costs to sell and its value in use. The fair value less costs to sell calculation is based on available data from binding sales transactions in an arm's length transaction of similar assets or observable market prices less incremental costs for disposing the asset. In assessing the value in use, the estimated net future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. The recoverable amount is most sensitive to the discount rate used for the expected future cash inflows and the growth rate used for extrapolation purposes. Further details are disclosed in Note 2i.

Estimating allowance for impairment of trade receivables

If there is an objective evidence that an impairment has been incurred on trade receivables, the Company and its Subsidiaries estimate the allowance for impairment related to their trade receivables that are specifically identified as doubtful of collection. The level of the allowance is evaluated by management on the basis of factors that affect the collectibility of the accounts. In these cases, the Company and its Subsidiaries use judgment based on the best available facts and circumstances, including but not limited to, the length of the Company's relationship with the customers and the customers' credit status based on third-party credit reports and known market factors, to record specific allowance for customers against amounts due in order to reduce the Company and its Subsidiaries receivables to amounts that they expect to collect.

The specific allowance is re-evaluated and adjusted as additional information received affects the amounts estimated.

In addition to specific allowance against individually significant receivables, the Company and its Subsidiaries also assess a collective impairment allowance against credit exposure of its customers which are grouped based on common credit characteristic, which group, although not specifically identified as requiring a specific allowance, has a greater risk of default than when the receivables were originally granted to the customers.

This collective allowance is calculated based on historical loss experience using various factors, such as historical performance of the customers within the collective group, deterioration in the markets in which the customers operate, and identified structural weaknesses or deterioration in the cash flows of customers. Further details are disclosed in Notes 2n and 7.

4. PENYAJIAN KEMBALI LAPORAN KEUANGAN

Kelompok Usaha telah menyajikan kembali laporan keuangan untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2015, untuk tahun yang berakhir pada tanggal 31 Desember 2014 dan 31 Desember 2013. Penyajian kembali ini dikarenakan:

a. Rencana Perusahaan untuk melakukan penawan umum efek utang yang dicatatkan di Bursa Efek Singapur.

b. Penerapan PSAK No. 24 (Revisi 2013)

Efektif mulai tanggal 1 Januari 2015, Kelompok Usaha telah menerapkan secara retrospektif PSAK 24 (Revisi 2013), "Imbalan Kerja", yang diadopsi dari International Accounting Standard ("IAS") 19.

Dampak dari penyajian kembali terhadap laporan posisi keuangan konsolidasian pada tanggal dan untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2015, untuk tahun yang berakhir pada tanggal 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut:

4. RESTATEMENT OF THE FINANCIAL STATEMENTS

The Group restated its consolidated financial statements as of and for the three-month period ended 31 March 2015 and, as of and for the years ended 31 December 2014 and 31 December 2013. This restatement of the Group record for:

a. The Company's plan for offering of the debt securitites to be listed on Singapore Exchange.

b. Adoption of PSAK No. 24 (Revised 2013)

Effective from 1 January 2015, the Group has applied PSAK No. 24 (Revised 2013) "Employee Benefits" retrospectively, which adopted from International Accounting Standard ("IAS") 19.

The restatement effect of the consolidated financial statements as of and for the three-month period ended 31 March 2015 and, as of and for the years ended 31 December 2014 and 31 December 2013 are as follows:

31 Maret 2015	**Disajikan sebelumnya/ *As previously reported* (USD)**	**Penyesuaian/ *Adjustment* (USD)**	**Disajikan kembali/ *As restated* (USD)**	***31 March 2015***
Laporan posisi keuangan konsolidasian				***Consolidated statements of financial position***
Liabilitas imbalan kerja jangka panjang	7.112.232	1.769.480	8.881.712	*Long-term employee benefits liability*
Liabilitas pajak tangguhan – Neto	14.235.680	107.473	14.343.153	*Deferred tax liabilities – Net*
Akumulasi rugi atas imbalan kerja	-	(157.418)	(157.418)	*Accumulated actuarial loss on employee benefits*
Saldo laba	90.874.146	685.533	91.559.679	*Retained earnings*
Kepentingan non-pengendali	20.293	(934)	19.359	*Non-controlling interest*
Laporan laba rugi dan penghasilan komprehensif lain konsolidasian				***Consolidated statements of profit or loss and other comprehensive income***
Beban pokok penjualan - Neto	124.461.930	(8.397)	124.453.533	*Cost of good sold - Net*
Beban umum dan administrasi	3.676.279	303.105	3.979.384	*General and administrative expenses*
Beban pajak penghasilan	3.945.480	75.989	4.021.469	*Income tax expense*
Beban komprehensif lain	559.873	(402.456)	157.418	*Other comprehensive income*

31 Desember 2014	**Disajikan sebelumnya/ *As previously reported* (USD)**	**Penyesuaian/ *Adjustment* (USD)**	**Disajikan kembali/ *As restated* (USD)**	***31 December 2014***
Laporan posisi keuangan konsolidasian				***Consolidated statements of financial position***
Liabilitas imbalan kerja jangka panjang	7.007.921	1.459.954	8.467.875	*Long-term employee benefits liability*
Liabilitas pajak tangguhan – Neto	14.111.577	123.898	14.235.475	*Deferred tax liabilities – Net*
Akumulasi rugi atas imbalan kerja	-	(354.626)	(354.626)	*Accumulated actuarial loss on employee benefits*
Saldo laba	76.030.964	(1.398.998)	74.631.966	*Retained earnings*
Kepentingan non-pengendali	21.093	(288)	20.805	*Non-controlling interest*
Selisih penjabaran mata uang pelaporan	(5.758.696)	170.060	(5.588.636)	*Cumulative translation adjustment*
Laporan laba rugi dan penghasilan komprehensif lain konsolidasian				***Consolidated statements of profit or loss and other comprehensive income***
Beban umum dan administrasi	(16.587.372)	(30.326)	(16.617.698)	*General and administrative expenses*
Beban pajak penghasilan	(15.440.846)	(34.913)	(15.475.759)	*Income tax expense*
Penghasilan komprehensif lain	(5.758.696)	5.404.070	(354.626)	*Other comprehensive income*

4. **PENYAJIAN KEMBALI LAPORAN KEUANGAN** (Lanjutan)

b. Penerapan PSAK No. 24 (Revisi 2013) (Lanjutan)

4. ***RESTATEMENT OF THE FINANCIAL STATEMENTS*** *(Continued)*

b. Adoption of PSAK No. 24 (Revised 2013) (Continued)

31 Desember 2013	**Disajikan sebelumnya/ *As previously reported* (IDR)**	**Penyesuaian/ *Adjustment* (IDR)**	**Disajikan kembali/ *As restated* (IDR)**	***31 December 2013***
Laporan posisi keuangan Konsolidasian				***Consolidated statements of financial position***
Aset pajak tangguhan – Neto	8.613.359.979	(350.445.507)	8.262.914.472	*Deferred tax asset - Net*
Liabilitas imbalan kerja jangka panjang	75.753.329.483	11.786.922.660	87.540.252.143	*Long-term employee benefits liability*
Liabilitas pajak tangguhan – Neto	73.969.036.860	(3.297.176.172)	70.671.860.688	*Deferred tax liabilities - Net*
Tambahan modal disetor	126.424.881.280	162.774.438	126.587.655.718	*Additional paid-in capital*
Akumulasi rugi atas imbalan kerja	-	(336.458.680)	(336.458.680)	*Accumulated actuarial loss on employee benefits*
Saldo laba	333.785.013.983	(8.676.073.540)	325.108.940.443	*Retained earnings*
Kepentingan non-pengendali	101.712.722	8.565.787	110.278.509	*Non-controlling interest*
Laporan laba rugi dan penghasilan komprehensif lain konsolidasian				***Consolidated statements of profit or loss and other comprehensive income***
Beban umum dan administrasi	(154.012.626.031)	1.131.623.808	(152.881.002.223)	*General and administrative expenses*
Beban pajak penghasilan	(133.656.587.487)	(282.905.952)	(133.939.493.439)	*Income tax expense*
Penghasilan komprehensif lain	-	15.156.581.708	15.156.581.708	*Other comprehensive income*

5. **PENERAPAN PSAK 10 (REVISI 2010) "PENGARUH PERUBAHAN KURS VALUTA ASING"**

Berdasarkan hasil evaluasi manajemen, sejak 1 Oktober 2014, pendapatan, beban dan aktivitas pendanaan, secara substansial didominasi di dalam mata uang Dolar Amerika Serikat. Dengan demikian, mata uang fungsional Perusahaan berubah dari Indonesia Rupiah ke Dolar Amerika Serikat.

Sesuai dengan ketentuan PSAK 10, ketika ada perubahan dalam mata uang fungsional entitas, Perusahaan yang menerapkan prosedur penerjemahan berlaku untuk mata uang fungsional baru prospektif sejak tanggal perubahan yang efektif 1 Oktober 2014. Oleh karena itu, Perusahaan telah menerjemahkan laporan keuangan pada tanggal dan untuk periode yang berakhir 30 September 2014 dan laporan keuangan periode sebelumnya yang dikeluarkan dalam mata uang Rupiah Indonesia untuk mata uang penyajian USD dengan menggunakan prosedur berikut:

- Sebuah aset dan kewajiban untuk setiap laporan posisi keuangan yang disajikan (yaitu termasuk perbandingan), akan dijabarkan dengan kurs penutupan pada tanggal yang laporan posisi keuangan;
- Pendapatan dan biaya untuk setiap laporan laba rugi dan penghasilan komprehensif lain atau laporan laba rugi terpisah disajikan (yaitu termasuk perbandingan) harus dijabarkan dengan menggunakan kurs pada tanggal transaksi; dan
- Semua selisih kurs yang dihasilkan harus diakui dalam penghasilan komprehensif lain.

5. ***ADOPTION OF PSAK 10 (REVISED 2010) "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"***

Based on the assesment of the management, starting 1 October 2014, revenue, expenses and funding activities, are substantially denominated in United States Dollar. Thus, the Company's functional currency changed from Indonesia Rupiah to United States Dollar.

In accordance with the provision of PSAK 10, when there is a change in an entity's functional currency, the entity shall apply the translation procedures applicable to the new functional currency prospectively from the date of the change which is effective 1 October 2014. Hence, the Company has translated its financial statements as of and for the period ended 30 September 2014 and prior periods' financial statements issued in Indonesian Rupiah to USD presentation currency using the following procedures:

- *Assets and liabilities for each statement of financial position presented (ie including comparative) shall be translated at the closing rate at the date of that statement of financial position;*
- *Income and expenses for each statement of profit or loss and other comprehensive income or separate income statement presented (ie including comparatives) shall be translated at exchange rates at the dates of the transactions; and*
- *All resulting exchange differences shall be recognized in other comprehensive income.*

5. **PENERAPAN PSAK 10 (REVISI 2010) "PENGARUH PERUBAHAN KURS VALUTA ASING"** (Lanjutan)

Berikut ini adalah translasi dan pengukuran kembali laporan keuangan konsolidasian Grup dari Rupiah setelah penyajian kembali ke Dolar Amerika Serikat (USD) pada tanggal 31 Desember 2014 dan untuk tahun yang berakhir pada tanggal tersebut dan translasi laporan keuangan konsolidasian Grup dari Rupiah setelah penyajian kembali ke USD pada tanggal 31 Desember 2013 dan untuk tahun yang berakhir pada tanggal tersebut:

5. ***ADOPTION OF PSAK 10 (REVISED 2010) "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"*** *(Continued)*

The following is the translation and remeasurement of the Group's consolidated financial statements from Rupiah after restatement into United States (USD) as of 31 December 2014 and for the year then ended and translation of the Group's financial statement from rupiah after restatement into USD as of 31 December 2013 and for the years then ended:

	31 Desember/*December* 2014 (Diaudit/*Audited*)		
	Sebelum translasi dan pengukuran kembali/ *Before translation and remeasurement* (IDR)	**Setelah translasi dan pengukuran kembali/ *After translation and remeasurement* (USD)**	
Laporan Posisi Keuangan Konsolidasian			***Consolidated Statements of Financial Position***
ASET LANCAR			***CURRENT ASSETS***
Kas dan setara kas	1.015.157.029.747	81.604.263	*Cash and cash equivalents*
Piutang usaha - Neto			*Trade receivables - Net*
Pihak ketiga	1.214.621.914.804	97.638.418	*Third parties*
Pihak berelasi	436.232.328.045	31.601.261	*Related parties*
Persediaan	1.327.759.389.254	109.569.858	*Inventories*
Uang muka pembelian persediaan	5.133.084.578	412.627	*Advances for purchases of inventories*
Aset lancar lainnya	66.584.702.274	5.417.268	*Other current assets*
Jumlah Aset Lancar	4.065.488.448.702	326.243.695	***Total Current Assets***
ASET TIDAK LANCAR			***NON-CURRENT ASSETS***
Piutang non-usaha dari pihak berelasi	69.746.768.790	7.007.510	*Non-trade receivables from related parties*
Penyertaan saham	342.856.954	27.561	*Investment in shares of stock*
Uang muka jangka panjang untuk pembelian aset tetap			*Long-term advances for purchases of fixed assets*
Pihak ketiga	536.397.337.142	42.989.721	*Third parties*
Aset tetap - Neto	4.263.869.395.032	322.597.417	*Fixed assets - Net*
Jumlah Aset Tidak Lancar	4.870.356.357.918	372.622.209	***Total Non-Current Assets***
JUMLAH ASET	8.935.844.806.620	698.865.904	***TOTAL ASSETS***

5. **PENERAPAN PSAK 10 (REVISI 2010) "PENGARUH PERUBAHAN KURS VALUTA ASING"** (Lanjutan)

5. ***ADOPTION OF PSAK 10 (REVISED 2010) "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"*** *(Continued)*

	31 Desember/*December* 2014 (Diaudit/*Audited*)		
	Sebelum translasi dan pengukuran kembali/ *Before translation and remeasurement* (IDR)	**Setelah translasi dan pengukuran kembali/ *After translation and remeasurement* (USD)**	
Laporan Posisi Keuangan Konsolidasian			***Consolidated Statements of Financial Position***
LIABILITAS			***LIABILITIES***
LIABILITAS JANGKA PENDEK			***CURRENT LIABILITES***
Utang bank jangka pendek	394.030.483.735	31.674.477	*Short-term bank loans*
Utang usaha			*Trade payables*
Pihak ketiga	208.392.345.155	15.408.105	*Third parties*
Pihak berelasi	39.972.880.576	3.213.255	*Related parties*
Utang pajak	60.211.943.933	4.840.187	*Taxes payable*
Beban akrual	96.933.420.288	7.792.082	*Accrued expenses*
Utang lancar lainnya	22.332.979.645	919.449	*Other current liabilities*
Liabilitas imbalan kerja jangka pendek	6.380.070.732	512.867	*Short-term employee benefits liability*
Liabilitas jangka panjang yang jatuh tempo dalam satu tahun:			*Current maturities of long-term debts:*
Utang sewa pembiayaan	1.549.387.897	124.549	*Obligation under finance lease*
Jumlah Liabilitas Jangka Pendek	829.803.511.961	64.484.971	***Total Current Liabilities***
LIABILITAS JANGKA PANJANG			***NON-CURRENT LIABILITES***
Liabilitas jangka panjang setelah dikurangi bagian yang jatuh tempo dalam satu periode:			*Long-term debts net of current maturities:*
Utang bank jangka panjang	1.032.199.233.627	82.974.215	*Long-term bank loans*
Utang sewa pembiayaan	1.879.690.378	151.101	*Obligation under finance lease*
Surat utang jangka menengah	373.200.000.000	30.000.000	*Medium-term notes*
Wesel bayar - Neto	3.322.966.480.480	267.119.492	*Notes payable - Net*
Liabilitas imbalan kerja jangka panjang	105.340.370.680	8.467.875	*Long-term employee benefits liability*
Liabilitas pajak tangguhan - Neto	389.670.782.225	14.235.475	*Deferred tax liabilities - Net*
Jumlah Liabilitas Jangka Panjang	5.225.256.557.390	402.948.158	***Total Non-Current Liabilities***
JUMLAH LIABILITAS	6.055.060.069.351	467.433.129	***TOTAL LIABILITIES***

5. **PENERAPAN PSAK 10 (REVISI 2010) "PENGARUH PERUBAHAN KURS VALUTA ASING"** (Lanjutan)

5. ***ADOPTION OF PSAK 10 (REVISED 2010) "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"*** *(Continued)*

	31 Desember/*December* 2014 (Diaudit/*Audited*)		
	Sebelum translasi dan Pengukuran kembali/ *Before translation and Remeasurement* (IDR)	**Setelah translasi dan pengukuran kembali/ *After translation and remeasurement* (USD)**	
Laporan Posisi Keuangan Konsolidasian			***Consolidated Statements of Financial Position***
EKUITAS			***EQUITY***
Ekuitas yang dapat atribusikan kepada pemilik entitas induk			*Equity attributable to the Owners of the parent entity*
Modal saham			*Share capital*
Modal dasar - 50.000.000.000 saham pada tanggal 31 Desember 2014 dengan nilai nominal Rp 100 per saham			*Authorized – 50,000,000,000 shares as of 31 December 2014 at par value per share of Rp 100*
Modal ditempatkan dan disetor penuh - 18.592.888.040 saham pada tanggal 31 Desember 2014	1.859.288.804.000	152.250.966	*Issued and fully paid - 18,592,888,040 shares as of 31 December 2014*
Tambahan modal disetor	70.998.485.744	10.472.300	*Additional paid-in capital*
Akumulasi rugi aktuarial atas imbalan kerja	(4.536.997.459)	(354.626)	*Accumulated actuarial loss on employee benefits liabialities*
Saldo laba *)	954.822.940.583	74.631.966	*Retained earnings *)*
Selisih penjabaran mata uang pelaporan	-	(5.588.636)	*Cumulative translation adjustment*
Jumlah ekuitas yang dapat atribusikan kepada pemilik entitas induk	2.880.573.232.868	231.411.970	*Total equity attributable to the owners of the parent entity*
Kepentingan non-pengendali	211.504.401	20.805	*Non-controlling interest*
Jumlah Ekuitas	2.880.784.737.269	231.432.775	***Total Equity***
JUMLAH LIABILITIAS DAN EKUITAS	8.935.844.806.620	698.865.904	***TOTAL LIABILITIES AND EQUITY***

*) Perusahaan telah melakukan kuasi-reorganisasi pada tanggal 31 Desember 2005/
The company has conducted quasi-reorganization as of 31 December 2005

5. **PENERAPAN PSAK 10 (REVISI 2010) "PENGARUH PERUBAHAN KURS VALUTA ASING"** (Lanjutan)

5. ***ADOPTION OF PSAK 10 (REVISED 2010) "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"*** *(Continued)*

	31 Desember/*December* 2013 (Diaudit/*Audited*)		
	Sebelum translasi/ *Before translation* (IDR)	**Setelah translasi/ *After translation* (USD)**	
Laporan Posisi Keuangan Konsolidasian			***Consolidated Statements of Financial Position***
ASET LANCAR			***CURRENT ASSETS***
Kas dan setara kas	74.439.850.359	6.107.134	*Cash and cash equivalents*
Piutang usaha - Neto			*Trade receivables - Net*
Pihak ketiga	430.656.536.350	35.331.573	*Third parties*
Pihak berelasi	310.469.067.039	25.471.250	*Related parties*
Persediaan	1.458.637.608.356	119.668.358	*Inventories*
Uang muka pembelian persediaan	53.970.932.507	4.427.839	*Advances for purchases of inventories*
Aset lancar lainnya	13.974.263.642	1.146.465	*Other current assets*
Jumlah Aset Lancar	2.342.148.258.253	192.152.619	***Total Current Assets***
ASET TIDAK LANCAR			***NON-CURRENT ASSETS***
Piutang non-usaha dari pihak berelasi	91.262.629.279	7.487.294	*Non-trade receivables from related parties*
Penyertaan saham	342.856.954	28.128	*Investment in shares of stock*
Uang muka jangka panjang untuk pembelian aset tetap			*Long-term advances for purchases of fixed assets*
Pihak ketiga	84.960.417.111	6.970.253	*Third parties*
Aset tetap - Neto	3.047.672.048.583	250.034.625	*Fixed assets - Net*
Aset pajak tangguhan - Neto	8.262.914.472	677.899	*Deferred tax asset - Net*
Aset tidak lancar lainnya	15.982.224.450	1.311.201	*Other non-current assets*
Jumlah Aset Tidak Lancar	3.248.483.090.849	266.509.400	***Total Non-Current Assets***
JUMLAH ASET	5.590.631.349.102	458.662.019	***TOTAL ASSETS***

5. **PENERAPAN PSAK 10 (REVISI 2010) "PENGARUH PERUBAHAN KURS VALUTA ASING"** (Lanjutan)

5. ***ADOPTION OF PSAK 10 (REVISED 2010) "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"*** *(Continued)*

	31 Desember/*December* 2013 (Diaudit/*Audited*)		
	Sebelum translasi/ *Before translation* (IDR)	**Setelah translasi/ *After translation* (USD)**	
Laporan Posisi Keuangan Konsolidasian			***Consolidated Statements of Financial Position***
LIABILITAS			***LIABILITIES***
LIABILITAS JANGKA PENDEK			***CURRENT LIABILITES***
Utang bank jangka pendek	1.230.237.474.531	100.930.140	*Short-term bank loans*
Utang usaha			*Trade payables*
Pihak ketiga	445.744.537.579	36.569.410	*Third parties*
Pihak berelasi	63.473.331.774	5.207.427	*Related parties*
Utang pajak	98.174.619.651	8.054.362	*Taxes payable*
Beban akrual	52.725.532.389	4.325.665	*Accrued expenses*
Utang lancar lainnya	14.954.591.703	1.226.892	*Other current liabilities*
Liabilitas imbalan kerja jangka pendek	5.746.375.860	471.440	*Short-term employee benefits liability*
Liabilitas jangka panjang yang jatuh tempo dalam satu tahun:			*Current maturities of long-term debts:*
Utang bank jangka panjang	320.246.873.923	26.273.433	*Long-term bank loans*
Utang sewa pembiayaan	1.034.160.000	84.844	*Obligation under finance lease*
Jumlah Liabilitas Jangka Pendek	2.232.337.497.410	183.143.613	***Total Current Liabilities***
LIABILITAS JANGKA PANJANG			***NON-CURRENT LIABILITES***
Liabilitas jangka panjang setelah dikurangi bagian yang jatuh tempo dalam satu periode:			*Long-term debts net of current maturities:*
Utang bank jangka panjang	887.301.106.531	72.795.234	*Long-term bank loans*
Utang sewa pembiayaan	2.021.412.340	165.839	*Obligation under finance lease*
Liabilitas imbalan kerja jangka panjang	87.540.252.143	7.181.906	*Long-term employee benefits liability*
Liabilitas pajak tangguhan – Neto	70.671.860.688	5.798.003	*Deferred tax liabilities - Net*
Jumlah Liabilitas Jangka Panjang	1.047.534.631.702	85.940.982	***Total Non-Current Liabilities***
JUMLAH LIABILITAS	3.279.872.129.112	269.084.595	***TOTAL LIABILITIES***

5. **PENERAPAN PSAK 10 (REVISI 2010) "PENGARUH PERUBAHAN KURS VALUTA ASING"** (Lanjutan)

5. ***ADOPTION OF PSAK 10 (REVISED 2010) "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"*** *(Continued)*

	31 Desember/*December* 2013 (Diaudit/*Audited*)		
	Sebelum translasi/ *Before translation* (IDR)	**Setelah translasi/ *After translation* (USD)**	
Laporan Posisi Keuangan Konsolidasian			***Consolidated Statements of Financial Position***
EKUITAS			***EQUITY***
Ekuitas yang dapat atribusikan kepada pemilik entitas induk			*Equity attributable to the Owners of the parent entity*
Modal saham			
Modal dasar - 50.000.000.000 saham pada tanggal 31 Desember 2013 dengan nilai nominal Rp 100 per saham			*Share capital Authorized – 50,000,000,000 shares as of 31 December 2013 at par value per share of Rp 100*
Modal ditempatkan dan disetor penuh - 18.592.888.040 saham pada tanggal 31 Desember 2013	1.859.288.804.000	152.538.256	*Issued and fully paid - 18,592,888,040 shares as of 31 December 2013*
Tambahan modal disetor	126.587.655.718	10.385.401	*Additional paid-in capital*
Akumulasi laba (rugi) aktuarial atas imbalan kerja	(336.458.680)	(202.047)	*Accumulated actuarial gain (loss) on employee benefits liabialities*
Saldo laba *)	325.108.940.443	37.349.723	*Retained earnings *)*
Selisih penjabaran mata uang pelaporan	-	(43.238.701)	*Cumulative translation adjustment*
Selisih penjabaran dari modal saham	-	32.733.871	*Exchange difference from capital stock*
Jumlah ekuitas yang dapat atribusikan kepada pemilik entitas induk	2.310.648.941.481	189.566.503	*Total equity attributable to the owners of the parent entity*
Kepentingan non-pengendali	110.278.509	10.921	*Non-controlling interest*
Jumlah Ekuitas	2.310.759.219.990	189.577.424	***Total Equity***
JUMLAH LIABILITIAS DAN EKUITAS	5.590.631.349.102	458.662.019	***TOTAL LIABILITIES AND EQUITY***

*) Perusahaan telah melakukan kuasi-reorganisasi pada tanggal 31 Desember 2005/
The company has conducted quasi-reorganization as of 31 December 2005

5. **PENERAPAN PSAK 10 (REVISI 2010) "PENGARUH PERUBAHAN KURS VALUTA ASING"** (Lanjutan)

5. ***ADOPTION OF PSAK 10 (REVISED 2010) "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"*** *(Continued)*

	31 Desember/*December* 2014 (Diaudit/*Audited*)		
	Sebelum translasi dan pengukuran kembali/ *Before translation and remeasurement* (IDR)	**Setelah translasi dan pengukuran kembali/ *After translation and remeasurement* (USD)**	
Laporan Laba Rugi dan Penghasilan Komprehensif Lain Konsolidasian			***Consolidated Statements of Profit or Loss and Other Comprehensive Income***
Penjualan	7.178.150.754.851	589.089.425	*Sales*
Penjualan yang disalinghapuskan dengan pembelian terkait	(409.086.515.761)	(34.466.806)	*Sales for offset with related purchases*
PENJUALAN NETO	6.769.064.239.090	554.622.619	***NET SALES***
Beban pokok penjualan	5.639.310.093.482	466.670.516	*Cost of goods sold*
Pembelian yang disalinghapuskan dengan penjualan terkait	(409.086.515.761)	(34.466.806)	*Purchases for offset with related sales*
BEBAN POKOK PENJUALAN NETO	5.230.223.577.721	432.203.710	***NET COST OF GOODS SOLD***
LABA BRUTO	1.538.840.661.369	122.418.909	***GROSS PROFIT***
Beban penjualan	(160.476.784.247)	(10.879.662)	*Selling expenses*
Beban umum dan administrasi	(205.340.797.302)	(16.617.698)	*General and administrative expenses*
Rugi selisih kurs, neto	(220.894.207.692)	(2.013.036)	*Loss on foreign exchange, net*
Pendapatan operasi lainnya	23.943.473.497	1.422.799	*Other operating income*
LABA DARI OPERASI	976.072.345.625	94.331.312	***INCOME FROM OPERATIONS***
Pendapatan keuangan	1.978.714.132	1.550.487	*Finance income*
Beban keuangan	(355.359.148.037)	(29.952.932)	*Finance charges*
LABA SEBELUM PAJAK PENGHASILAN	622.691.911.720	65.928.867	***INCOME BEFORE INCOME TAX***
BEBAN PAJAK PENGHASILAN	(179.395.219.569)	(15.475.759)	***INCOME TAX EXPENSE***
LABA TAHUN BERJALAN	443.296.692.151	50.453.108	***INCOME FOR THE YEAR***
BEBAN KOMPREHENSIF LAIN			***OTHER COMPREHENSIVE EXPENSES***
Item yang tidak akan direklasifikasi ke laba rugi periode berikutnya:			***Item that will not be reclassified to profit or loss in subsequent period:***
Keuntungan (kerugian) aktuarial	(4.209.055.994)	(354.626)	*Actuarial gain and (loss)*
Item yang akan direklasifikasi ke laba rugi periode berikutnya:			***Item that will be reclassified to profit or loss in subsequent period:***
Selisih penjabaran mata uang pelaporan	-	-	*Cumulative translation Adjustment*
JUMLAH PENGHASILAN KOMPREHENSIF TAHUN BERJALAN	439.087.636.157	50.098.482	***TOTAL COMPREHENSIVE INCOME FOR THE YEAR***

5. **PENERAPAN PSAK 10 (REVISI 2010) "PENGARUH PERUBAHAN KURS VALUTA ASING"** (Lanjutan)

5. ***ADOPTION OF PSAK 10 (REVISED 2010) "THE EFFECTS OF CHANGES IN FOREIGN EXCHANGE RATES"*** *(Continued)*

	31 Desember/*December* 2013 (Diaudit/*Audited*)		
	Sebelum translasi/ *Before translation* (IDR)	**Setelah translasi/ *After translation* (USD)**	
Laporan Laba Rugi dan Penghasilan Komprehensif Lain Konsolidasian			***Consolidated Statements of Profit or Loss and Other Comprehensive Income***
Penjualan	5.721.758.543.615	546.960.954	*Sales*
Penjualan yang disalinghapuskan dengan pembelian terkait	(1.007.182.253.432)	(96.279.730)	*Sales for offset with related purchases*
PENJUALAN NETO	4.714.576.290.183	450.681.224	***NET SALES***
Beban pokok penjualan	4.703.346.675.911	449.607.750	*Cost of goods sold*
Pembelian yang disalinghapuskan dengan penjualan terkait	(1.007.182.253.432)	(96.279.730)	*Purchases for offset with related sales*
BEBAN POKOK PENJUALAN NETO	3.696.164.422.479	353.328.020	***NET COST OF GOODS SOLD***
LABA BRUTO	1.018.411.867.704	97.353.204	***GROSS PROFIT***
Beban penjualan	(101.564.994.059)	(9.708.918)	*Selling expenses*
Beban umum dan administrasi	(152.881.002.223)	(14.614.377)	*General and administrative expenses*
Rugi selisih kurs - Neto	(121.697.202.299)	(11.633.420)	*Loss on foreign exchange – Net*
Pendapatan operasi lainnya	28.059.121.463	2.682.260	*Other operating income*
Beban operasi lainnya	(1.300.504.481)	(124.320)	*Other operating expenses*
LABA DARI OPERASI	669.027.286.105	63.954.429	***INCOME FROM OPERATIONS***
Pendapatan keuangan	15.932.853.444	1.523.072	*Finance income*
Beban keuangan	(221.003.716.654)	(21.126.443)	*Finance charges*
LABA SEBELUM PAJAK PENGHASILAN	463.956.422.895	44.351.058	***INCOME BEFORE INCOME TAX***
BEBAN PAJAK PENGHASILAN	(133.939.493.439)	(12.803.699)	***INCOME TAX EXPENSE***
PENYESUAIAN PROFORMA DARI TRANSAKSI KOMBINASI BISNIS ENTITAS SEPENGENDALI	(19.565.597.691)	(1.870.337)	***PROFORMA ADJUSTMENT ARISING FROM BUSINESS COMBINATION TRANSACTIONS OF ENTITIES UNDER COMMON CONTROL***
LABA TAHUN BERJALAN	310.451.331.765	29.677.022	***INCOME FOR THE YEAR***
BEBAN KOMPREHENSIF LAIN			***OTHER COMPREHENSIVE EXPENSES***
Item yang tidak akan direklasifikasi ke laba rugi periode berikutnya:			***Item that will not be reclassified to profit or loss in subsequent period:***
Keuntungan (kerugian) aktuarial	15.156.581.708	1.448.866	*Actuarial gain and (loss)*
Item yang akan direklasifikasi ke laba rugi periode berikutnya:			***Item that will be reclassified to profit or loss in subsequent period:***
Selisih penjabaran mata uang pelaporan	-	(31.037.769)	*Cumulative translation Adjustment*
JUMLAH PENGHASILAN KOMPREHENSIF TAHUN BERJALAN	325.607.913.473	88.119	***TOTAL COMPREHENSIVE INCOME FOR THE YEAR***

6. KAS DAN SETARA KAS / *6. CASH AND CASH EQUIVALENTS*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
K a s					***Cash on hand***
Dolar Amerika Serikat	9.577	32.301	24.570	142.799	*United States Dollar*
Rupiah	5.778	26.180	26.104	23.841	*Rupiah*
Dolar Singapura	4.909	4.524	164	287	*Singapore Dollar*
Yuan China	1.984	2.467	1.184	-	*Chinese Yuan*
Dolar Hongkong	-	-	3	57	*Hongkong Dollar*
Euro Eropa	-	-	-	884	*European Euro*
Jumlah kas	22.248	65.472	52.025	167.868	***Total cash on hand***
Kas di bank					***Cash in banks***
Rupiah					***Rupiah***
PT Bank Central Asia Tbk	890.115	784.206	921.333	439.201	*PT Bank Central Asia Tbk*
PT Bank Rakyat Indonesia (Persero) Tbk	91.991	69.520	47.962	43.384	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Danamon Indonesia Tbk	59.087	56.809	28.163	11.642	*PT Bank Danamon Indonesia Tbk*
Lembaga Pembiayaan Ekspor Indonesia	25.514	6.499	166	30.605	*Lembaga Pembiayaan Ekspor Indonesia*
PT Bank Chinatrust Indonesia	9.916	424	6.182	577	*PT Bank Chinatrust Indonesia*
PT Hongkong and Shanghai Banking Corporation Ltd	3.039	9.422	-	-	*PT Hongkong and Shanghai Banking Corporation Ltd*
PT Bank UOB Indonesia	973	943	1.089	4.526	*PT Bank UOB Indonesia*
PT Bank BRI Syariah	878	844	932	690	*PT Bank BRI Syariah*
PT Bank Bukopin Tbk	681	735	750	34.503	*PT Bank Bukopin Tbk*
PT Bank Negara Indonesia (Persero) Tbk	488	382	-	36	*PT Bank Negara Indonesia (Persero) Tbk*
PT Bank Mandiri (Persero) Tbk	-	-	562.730	-	*PT Bank Mandiri (Persero) Tbk*
PT Bank Agris	-	-	-	25.847	*PT Bank Agris*
PT Bank Internasional Indonesia Tbk	-	-	-	17.649	*PT Bank Internasional Indonesia Tbk*
PT Bank CIMB Niaga Tbk	-	-	-	94	*PT Bank CIMB Niaga Tbk*
Sub-jumlah	1.082.682	929.784	1.569.307	608.754	***Sub-total***
Dolar Amerika Serikat					***United States Dollar***
Lembaga Pembiayaan Ekspor Indonesia	1.980.780	494.485	180.250	161.079	*Lembaga Pembiayaan Ekspor Indonesia*
PT Bank Central Asia Tbk	1.299.053	1.232.899	2.373.850	2.097.798	*PT Bank Central Asia Tbk*
PT Bank Rakyat Indonesia (Persero) Tbk	985.373	2.862.842	2.141.833	2.092.330	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Mega Tbk	900.952	998	959	-	*PT Bank Mega Tbk*
PT Bank Danamon Indonesia Tbk	172.585	172.551	3.293.040	89.057	*PT Bank Danamon Indonesia Tbk*
PT Hongkong and Shanghai Banking Corporation Ltd	130.978	210.221	-	205	*PT Hongkong and Shanghai Banking Corporation Ltd*
Deutsche Bank AG.	59.297	63.022	48.630	-	*Deutsche Bank AG.*
Citibank N.A.	35.508	35.508	1.104	-	*Citibank N.A.*
PT Bank Bukopin Tbk	20.049	20.060	404.983	12.228	*PT Bank Bukopin Tbk*
PT Bank Chinatrust Indonesia	19.315	21.623	6.100	35.523	*PT Bank Chinatrust Indonesia*
PT Bank Sumitomo Indonesia	2.496	2.501	2.511	6.885	*PT Bank Sumitomo Indonesia*
PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk	822	826	844	563.893	*PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk*
PT Bank Mandiri (Persero) Tbk	361	491	-	-	*PT Bank Mandiri (Persero) Tbk*
PT Bank CIMB Niaga Tbk	-	-	-	22.882	*PT Bank CIMB Niaga Tbk*
PT Bank Internasional Indonesia Tbk	-	-	-	1.911	*PT Bank Internasional Indonesia Tbk*
Sub-jumlah	5.607.569	5.118.027	8.454.104	5.083.791	***Sub-total***

6. **KAS DAN SETARA KAS** (Lanjutan) / 6. ***CASH AND CASH EQUIVALENTS*** *(Continued)*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Euro Eropa					***European Euro***
PT Bank Rakyat Indonesia (Persero) Tbk	90.448	3.966	13.177	6.721	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Hongkong and Shanghai Banking Corporation Ltd	5.524	5.332	-	-	*PT Hongkong and Shanghai Banking Corporation Ltd*
Sub-jumlah	95.972	9.298	13.177	6.721	***Sub-total***
Jumlah kas di bank	6.786.223	6.057.109	10.036.588	5.699.266	***Total cash in banks***
Deposito berjangka					***Time deposits***
Dolar Amerika Serikat					***United States Dollar***
PT Bank Rakyat Indonesia (Persero) Tbk	61.100.000	61.100.000	49.009.084	-	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Bukopin Tbk	249.135	249.135	240.000	240.000	*PT Bank Bukopin Tbk*
PT Bank Mandiri (Persero) Tbk	-	-	22.266.566	-	*PT Bank Mandiri (Persero) Tbk*
Sub-jumlah	61.349.135	61.349.135	71.515.650	240.000	***Sub-total***
Rupiah					***Rupiah***
PT Bank Rakyat Indonesia (Persero) Tbk	394.095	379.268	-	-	*PT Bank Rakyat Indonesia (Persero) Tbk*
Euro Eropa					***European Euro***
PT Hongkong and Shanghai Banking Corporation Ltd	9.622.857	9.285.611	-	-	*PT Hongkong and Shanghai Banking Corporation Ltd*
Jumlah deposito berjangka	71.366.087	71.014.014	71.515.650	240.000	***Total time deposits***
Jumlah kas dan setara kas	78.174.558	77.136.595	81.604.263	6.107.134	***Total cash and cash equivalents***

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, tidak ada kas dan setara kas Perusahaan dan Entitas Anaknya yang ditempatkan pada pihak berelasi.

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, none of the Company and its Subsidiaries' cash and cash equivalents are held by related parties.

Kisaran tingkat suku bunga tahunan deposito berjangka adalah sebagai berikut:

The ranges of the annual interest rates of time deposits are as follows:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Dolar Amerika Serikat	1,50% - 3,00%	1,50% - 8,00%	1% - 2,5%	0,93% - 1,04%	*United States Dollar*
Rupiah	6,00% - 8,00%	9,00%	5,75% - 9,5%	-	*Rupiah*
Euro Eropa	0,75%	0,75%	-	-	*European Euro*

7. PIUTANG USAHA / *TRADE RECEIVABLES*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Rupiah					*Rupiah*
Pihak ketiga	18.434.965	18.660.629	49.256.400	18.339.459	*Third parties*
Pihak berelasi (Catatan 12)	14.647.868	14.726.282	31.601.261	25.471.250	*Related parties (Note 12)*
Dolar Amerika Serikat					*United States Dollar*
Pihak ketiga	61.058.550	61.385.315	45.837.353	16.004.468	*Third parties*
Pihak berelasi (Catatan 12)	2.607.353	6.965.724	-	-	*Related parties (Note 12)*
Euro Eropa					*European Euro*
Pihak ketiga	486.201	495.289	2.595.965	1.040.003	*Third parties*
J u m l a h	97.234.937	102.233.239	129.290.979	60.855.180	*T o t a l*
Cadangan penurunan nilai	(51.300)	(51.300)	(51.300)	(52.357)	*Allowance for impairment*
N e t o	97.183.637 `	102.181.939	129.239.679	60.802.823	***N e t***

Analisa umur piutang usaha pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut:

The aging analysis of trade receivables as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 is as follows:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Lancar	63.764.404	65.339.667	81.810.637	27.924.932	***Current***
Jatuh tempo:					***Overdue:***
1 – 30 hari	23.164.374	26.417.941	27.024.929	16.660.332	*1 – 30 days*
31 – 60 hari	4.445.778	4.428.116	11.806.646	5.286.301	*31 – 60 days*
61 – 90 hari	3.098.639	3.237.013	2.646.284	4.320.870	*61 – 90 days*
Lebih dari 90 hari	2.761.742	2.810.502	6.002.483	6.662.745	*Over 90 days*
J u m l a h	97.234.937	102.233.239	129.290.979	60.855.180	***T o t a l***
Dikurangi: cadangan penurunan Nilai	(51.300)	(51.300)	(51.300)	(52.357)	*Less: allowance for impairment*
N e t o	97.183.637	102.181.939	129.239.679	60.802.823	***N e t***

Manajemen berkeyakinan bahwa cadangan yang dibentuk cukup untuk menutup risiko kemungkinan tidak tertagihnya piutang usaha.

Management believes that the allowance for impairment is adequate to cover the possible risk of uncollectible trade receivables.

Mutasi cadangan penurunan nilai:

Movements in the allowance for impairment:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Saldo awal	51.300	51.300	52.357	65.994	*Beginning balance*
Penambahan penyisihan penurunan nilai	-	-	-	-	*Additional allowance for impairment*
Pemulihan penyisihan penurunan nilai	-	-	-	-	*Recovery of allowance for impairment*
Selisih kurs karena penjabaran laporan keuangan	-	-	(1.057)	(13.637)	*Difference in foreign currency translation*
Saldo akhir	51.300	51.300	51.300	52.357	***Ending balance***

7. **PIUTANG USAHA** (Lanjutan)

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, piutang usaha Perusahaan digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 15 dan 19).

7. ***TRADE RECEIVABLES*** *(Continued)*

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, trade receivables were used as collateral for short-term and long-term bank loans (Notes 15 and 19).

8. **ASET LANCAR LAINNYA** / *8. OTHER CURRENT ASSETS*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Piutang lain-lain	1.639.678	1.272.561	1.265.090	1.026.712	*Other receivables*
Kas yang dibatasi pengunaannya	4.027.009	4.050.149	4.152.178	119.753	*Restricted cash*
J u m l a h	5.666.687	5.322.710	5.417.268	1.146.465	***T o t a l***

Piutang lain-lain merupakan piutang karyawan dan piutang non-usaha dari pihak ketiga yang bukan merupakan piutang usaha.

Other receivables represent employee receivables and non-trade receivables from third parties.

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, kas yang dibatasi pengunaannya merupakan kelebihan pembayaran bunga utang bank jangka panjang yang dianggap sebagai pembayaran bunga diterima di muka oleh bank dan cadangan pembayaran bunga atas wesel bayar (*Debt Service Accrual Account)* (Catatan 21).

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, restricted cash represents overpayment of interest on long-term bank loans which is considered as prepaid interest by the bank, payment guarantee of interest on notes payable (Debt Service Accrual Account) (Note 21).

Manajemen berkeyakinan bahwa seluruh piutang lain-lain dapat ditagih secara penuh dan tidak diperlukan pencadangan penurunan nilai piutang.

Management believes that all other receivables are collectible in full and no allowance for impairment is necessary.

9. **PERSEDIAAN** / *9. INVENTORIES*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Barang jadi	18.475.367	26.644.040	19.268.105	14.733.736	*Finished goods*
Barang dalam proses	46.345.663	54.529.576	49.941.572	55.458.349	*Work in process*
Bahan baku	64.617.880	50.917.854	37.650.649	47.017.812	*Raw materials*
Bahan pembantu	3.949.936	3.954.440	2.913.309	2.666.434	*Indirect materials*
J u m l a h	133.388.846	136.045.910	109.773.635	119.876.331	***T o t a l***
Cadangan atas penurunan nilai pasar dan keusangan persediaan	(257.585)	(257.585)	(203.777)	(207.973)	*Allowance for impairment in market value and obsolescence of inventories*
N e t o	133.131.261	135.788.325	109.569.858	119.668.358	***N e t***

9. **PERSEDIAAN** (Lanjutan)

Manajemen berkeyakinan bahwa cadangan atas penurunan nilai pasar dan keusangan persediaan yang dibentuk cukup.

Persediaan diasuransikan terhadap risiko kerugian atas kebakaran dan risiko lainnya berdasarkan paket polis dengan nilai pertanggungan gabungan masing-masing sebesar USD 112.748.421 (setara dengan Rp 1.525.598.879.398) dan USD 135.015.730 untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2016, USD 106.825.147 (setara dengan Rp 1.430.598.879.398) dan USD 135.015.730 untuk tahun yang berakhir pada tanggal 31 Desember 2015, sebesar USD 143.812.478 (setara dengan Rp 1.706.910.303.344) untuk tahun yang berakhir pada tanggal 31 Desember 2014 dan USD 99.939.100 (setara dengan Rp 1.218.157.686.200) untuk tahun yang berakhir pada tanggal 31 Desember 2013, yang menurut pendapat manajemen cukup untuk menutup kemungkinan kerugian yang timbul dari risiko yang dipertanggungkan. Manajemen berpendapat bahwa nilai pertanggungjawaban tersebut adalah memadai karena Perusahaan mempunyai sistem keamanan yang dapat meminimalisir kemungkinan yang timbul dari risiko kebakaran dan pencurian.

Perusahaan menggunakan PT Asuransi Jasa Indonesia (USD 130.015.730 dan Rp 250.000.000.000), PT Tugu Pratama Indonesia (Rp 818.157.686.200), PT Asuransi Purna Arta Nugraha (USD 5.000.000), PT Mitra Dhana Atmharaksha (Rp 20.000.000.000), PT Asuransi Wahana Tata (Rp 60.000.000.000), PT Asuransi Mitra Maparya (Rp 10.000.000.000), PT Bringin Sejahtera Makmur (Rp 20.000.000.000), PT Asuransi Adira Dinamika (Rp 257.441.193.198) dan PT Asuransi ASEI Indonesia (Rp 90.000.000.000) untuk mengasuransikan persediaannya.

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, persediaan Perusahaan dan Entitas Anaknya digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 15 dan 19).

*9. **INVENTORIES** (Continued)*

Management believes that the allowance for decline in market value and obsolescence of inventories is adequate.

Inventories are covered by insurance against losses from fire and other risks under blanket policies with a total coverage of USD 112,748,421 (equivalent to Rp 1,525,598,879,398) and USD 135,015,730 for the three-month periods ended 31 March 2016, USD 106,825,147 (equivalent to Rp 1,430,598,879,398) andUSD 135,015,730 for the year ended 31 December 2015, USD 143,812,478 (equivalent to Rp 1,706,910,303,344) for the year ended 31 December 2014 and USD 99,939,100 (equivalent to Rp 1,218,157,686,200) for the year ended 31 December 2013 which, in management's opinion, is adequate to cover possible losses that may arise from such risks. Management believes that the amount of coverage is adequate since the Company has a security system which can minimize the risks of fire and theft.

The Company uses PT Asuransi Jasa Indonesia (USD 130,015,730 and Rp 250,000,000,000), PT Tugu Pratama Indonesia (Rp 818,157,686,200), PT Asuransi Purna Arta Nugraha (USD 5,000,000), PT Mitra Dhana Atmharaksha (Rp 20,000,000,000), PT Asuransi Wahana Tata (Rp 60,000,000,000), PT Asuransi Mitra Maparya (Rp 10,000,000,000), PT Bringin Sejahtera Makmur (Rp 20,000,000,000), PT Asuransi Adira Dinamika (Rp 257,441,193,198) and PT Asuransi ASEI Indonesia (Rp 90,000,000,000) for insurance the inventories.

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, the Company and its Subsidiaries' inventories were used as collateral for short-term and long-term bank loans (Notes 15 and 19).

10. **UANG MUKA PEMBELIAN PERSEDIAAN/ ASET TETAP** / *10. **ADVANCES FOR PURCHASES OF INVENTORIES/ FIXED ASSETS***

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Bagian lancar					***Current portion***
Uang muka pembelian persediaan - Pihak ketiga	34.148	75.006	140.760	4.408.692	*Advances for purchases of inventories – Third parties*
Biaya dibayar di muka	247.147	308.732	271.867	19.147	*Prepaid expenses*
	281.295	383.738	412.627	4.427.839	
Bagian tidak lancar					***Non-current portion***
Uang muka pembelian aset tetap - Pihak ketiga	26.156.371	19.304.497	42.989.721	6.970.253	*Advances for purchases of fixed asssets – Third parties*

Uang muka pembelian (bagian lancar) merupakan uang muka yang dibayarkan kepada berbagai pemasok, terutama untuk pembelian bahan baku.

Uang muka pembelian (bagian tidak lancar) merupakan uang muka yang dibayarkan kepada pemasok sehubungan dengan pembelian mesin.

Advances for purchases (current portion) represent the advances paid to suppliers, mainly for the purchase of raw materials.

Advances for purchases (non-current portion) represent the advances paid to suppliers in relation to the purchase of machine.

11. PENYERTAAN SAHAM / *INVESTMENT IN SHARES*

Akun ini merupakan penyertaan atas 2,469% saham pada PT Sarana Surakarta Ventura ("SSV") (dahulu PT Bengawan Solo Ventura). SSV didirikan atas instruksi dari Gubernur Jawa Tengah.

This account represents 2.469% equity interest in PT Sarana Surakarta Ventura ("SSV") (formerly PT Bengawan Solo Ventura). SSV was established based on the instructions of the Governor of Central Java.

Mutasi jumlah penyertaan saham Perusahaan di saham SSV, untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan tahun yang berakhir pada tanggal 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut:

The movements in the Company's investment in shares of stock of SSV, for the three-month periods ended 31 March 2016 and the years ended 31 December 2015, 31 December 2014 and 31 December 2013 were as follows:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Saldo awal	27.561	27.561	16.408	22.056	*Beginning balance*
Akumulasi penambahan dari dividen saham	-	-	11.720	11.720	*Accumulated additions from stock dividends*
Selisih penjabaran	-	-	(567)	(5.648)	*Exchange difference*
Saldo akhir	27.561	27.561	27.561	28.128	***Ending balance***

Pada tahun 2013, Perusahaan menerima dividen tunai dari SSV sebesar USD 2.440 (setara dengan Rp 25.519.908).

In 2013, the Company received cash dividend from SSV amounting to USD 2,440 (equivalent to Rp 25,519,908).

12. SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI / *BALANCES AND TRANSACTIONS WITH RELATED PARTIES*

Dalam kegiatan usaha normal, Perusahaan melakukan transaksi usaha dan keuangan dengan syarat-syarat yang telah disepakati dengan pihak berelasi, yang pada umumnya merupakan perusahaan-perusahaan yang berada dibawah pengendalian yang sama.

The Company, in its regular conduct of business, has engaged in business and financial transactions, which were conducted at agreed terms and conditions, with related parties, which are under common control of the ultimate parent.

(i) Saldo dengan pihak berelasi pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut:

(i) The related party balances as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 were as follows:

a. Piutang usaha (Catatan 7) / *a. Trade receivables (Note 7)*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Pihak berelasi lainnya					*Other related parties*
PT Sari Warna Asli Textile Industry	1.510.431	1.318.989	12.657.198	8.596.972	*PT Sari Warna Asli Textile Industry*
PT Adikencana Mahkotabuana	6.349.479	7.603.890	7.808.582	7.645.095	*PT Adikencana Mahkotabuana*
PT Senang Kharisma Textile	8.959.330	12.069.654	9.577.899	7.335.432	*PT Senang Kharisma Textile*
Sukoharjo Multi Indah Textile Mill	349.765	525.989	-	-	*Sukoharjo Multi Indah Textile Mill*
PT Yogyakarta Tekstil	73.788	173.484	524.385	-	*PT Yogyakarta Tekstil*
PT Jaya Perkasa Textile	12.428	-	-	-	*PT Jaya Perkasa Textile*
PT Djohar	-	-	762.222	1.521.569	*PT Djohar*
PT Dasar Rukun	-	-	60.804	-	*PT Dasar Rukun*
PT Sri Wahana Adityakarta	-	-	210.171	-	*PT Sri Wahana Adityakarta*
PT Sinar Central Sandang	-	-	-	372.182	*PT Sinar Central Sandang*
J u m l a h	17.255.221	21.692.006	31.601.261	25.471.250	***T o t a l***

12. **SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI** (Lanjutan) / *12. **BALANCES AND TRANSACTIONS WITH RELATED PARTIES** (Continued)*

(i) Saldo dengan pihak berelasi pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut: (Lanjutan) / *(i) The related party balances as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 were as follows: (Continued)*

a. Piutang usaha (Catatan 7) (Lanjutan) / *a. Trade receivables (Note 7) (Continued)*

Persentase terhadap jumlah aset konsolidasian	2,17%	2,77%	4,52%	5,55%	*Percentage to total consolidated Assets*

b. Piutang non-usaha / *b. Non-trade receivable*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
PT Kapas Agung Abadi	-	-	7.007.510	7.487.294	*PT Kapas Agung Abadi*
Persentase terhadap jumlah aset konsolidasian	-	-	1,00%	1,63%	*Percentage to total consolidated assets*

Piutang non-usaha kepada Iwan Setiawan sebesar USD 517.063 telah dilunasi pada tanggal 2 Januari 2013. / *Non-trade receivable from Iwan Setiawan amounting to USD 517,063 was settled on 2 January 2013.*

c. Utang usaha (Catatan 16) / *c. Trade payables (Note 16)*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Pihak berelasi lainnya					*Other related parties*
PT Dasar Rukun	872.769	835.700	-	5.207.427	*PT Dasar Rukun*
PT Sri Wahana Adityakarta	71.358	-	4.887	-	*PT Sri Wahana Adityakarta*
PT Sari Warna Asli Textile Industry	58.677	2.269.780	106.564	-	*PT Sari Warna Asli Textile Industry*
PT Yogyakarta Tekstil	-	-	-	-	*PT Yogyakarta Tekstil*
PT Sinar Central Sandang	-	-	42.428	-	*PT Sinar Central Sandang*
PT Adikencana Mahkotabuana	-	-	-	-	*PT Adikencana Mahkotabuana*
Sukoharjo Multi Indah Textile Mill	-	116.048	-	-	*Sukoharjo Multi Indah Texlite Mill*
PT Djohar	-	-	-	-	*PT Djohar*
PT Citra Busana Semesta	-	144.477	647.799	-	*PT Citra Busana Semesta*
PT Senang Kharisma Textile	-	-	2.411.577	-	*PT Senang Kharisma Textile*
J u m l a h	1.002.804	3.366.005	3.213.255	5.207.427	***T o t a l***
Persentase terhadap jumlah liabilitas konsolidasian	0,19%	0,66%	0,69%	1,94%	*Percentage to total consolidated Liabilities*

12. **SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI** (Lanjutan)

(ii) Transaksi dengan pihak berelasi pada periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan 31 Maret 2015 serta tahun yang berakhir pada tanggal 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut:

a. Penjualan (sebelum disalinghapuskan – lihat butir "c" di bawah) dan pendapatan jasa maklon.

12. ***BALANCES AND TRANSACTIONS WITH RELATED PARTIES*** *(Continued)*

(ii) Transactions with related parties in the three-month periods ended 31 March 2016 and 31 March 2015 and the years ended 31 December 2015, 31 December 2014 and 31 December 2013 were as follows:

a. Sales (before offsetting – see item "c" below) and toll manufacturing income.

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)**	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Pihak berelasi lainnya						*Other related parties*
PT Senang Kharisma Textile	2.317.749	5.494.968	40.306.831	30.282.036	32.771.173	*PT Senang Kharisma Textile*
PT Sari Warna Asli Textile Industry	1.240.007	4.136.904	35.892.274	14.729.291	62.058.578	*PT Sari Warna Asli Textile Industry*
PT Adikencana Mahkotabuana	1.168.575	2.118.628	22.017.046	7.542.302	10.194.611	*PT Adikencana Mahkotabuana*
PT Yogyakarta Tekstil	354.278	699.626	2.232.745	2.490.867	2.391.616	*PT Yogyakarta Tekstil*
PT Djohar	-	3.476.569	12.928.024	12.376.850	13.079.219	*PT Djohar*
Sukoharjo Multi Indah Textile Mill	-	-	4.343.475	-	-	*Sukoharjo Multi Indah Textile Mill*
PT Sinar Central Sandang	-	582.625	758.097	2.074.457	30.859	*PT Sinar Central Sandang*
PT Sri Wahana Adityakarta	-	-	8.432	-	-	*PT Sri Wahana Adityakarta*
PT Citra Busana Semesta	-	-	-	2.881.390	-	*PT Citra Busana Semesta*
J u m l a h	5.080.609	16.509.320	118.486.924	72.377.193	120.526.056	***T o t a l***
Persentase terhadap jumlah penjualan konsolidasian sebelum disalinghapuskan	3,01%	9,90%	18,77%	12,29%	22,04%	*Percentage to total sales before offsetting*

12. **SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI** (Lanjutan)

*12. **BALANCES AND TRANSACTIONS WITH RELATED PARTIES** (Continued)*

(ii) Transaksi dengan pihak berelasi pada periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan 31 Maret 2015 serta tahun yang berakhir pada tanggal 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut: (Lanjutan)

(ii) Transactions with related parties in the three-month periods ended 31 March 2016 and the years ended 31 December 2015, 31 December 2014 and 31 December 2013 were as follows: (Continued)

b. Pembelian (sebelum disalinghapuskan – lihat butir "c" di bawah) dan biaya jasa maklon.

b. Purchases (before offsetting – see item "c" below) and toll manufacturing expenses.

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)**	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Pihak berelasi lainnya						*Other related parties*
PT Sari Warna Asli Textile Industry (Catatan 31)	3.095.340	6.238.313	37.473.757	41.154.840	77.803.198	*PT Sari Warna Asli Textile Industry (Note 31)*
PT Senang Kharisma Textile	2.236.102	5.931.546	27.475.786	21.706.976	22.359.506	*PT Senang Kharisma Textile*
PT Adikencana Mahkotabuana	2.098.113	4.952.260	22.558.315	18.122.055	37.020.173	*PT Adikencana Mahkotabuana*
PT Sri Wahana Adityakarta	306.611	454.071	3.408.795	1.658.171	2.818.701	*PT Sri Wahana Adityakarta*
PT Djohar	-	3.059.221	15.454.010	11.189.797	14.403.461	*PT Djohar*
Sukoharjo Multi Indah Textile Mill	-	-	6.283.306	-	-	*Sukoharjo Multi Indah Textile Mill*
PT Yogyakarta Tekstil	-	870.258	3.678.423	3.182.288	2.885.538	*PT Yogyakarta Tekstil*
PT Sinar Central Sandang	-	42.651	636.771	155.656	21.529	*PT Sinar Central Sandang*
PT Dasar Rukun	-	695.121	925.125	2.543.513	8.262.643	*PT Dasar Rukun*
PT Citra Busana Semesta	-	-	144.477	-	-	*PT Citra Busana Semesta*
J u m l a h	7.736.166	22.243.441	118.038.765	99.713.296	165.574.749	***T o t a l***
Persentase terhadap jumlah pembelian konsolidasian sebelum disalinghapuskan	7,21%	23,94%	24,99%	30,09%	39,27%	*Percentage to total purchases before offsetting*

c. Penjualan diakui atas bahan yang dialihkan untuk pemrosesan lebih lanjut pada fasilitas produksi milik pihak berelasi dan pembelian diakui atas penyelesaian pemrosesan dan yang dikembalikan kepada Perusahaan dikurangi dari penjualan dan pembelian yang disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian sebagai berikut:

c. The sales recognized from transfer out of materials for further processing in related parties' production facilities and the purchases recognized upon the completion of the processing and the return thereof to the Company are deducted from the sales and purchases presented in the consolidated statements profit or loss and other comprehensive income. These are as follows:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)**	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Pihak berelasi lainnya						*Other related parties*
PT Senang Kharisma Textile	-	4.499.842	4.499.842	13.815.127	22.359.506	*PT Senang Kharisma Textile*
PT Sari Warna Asli Textile Industry	-	2.231.917	2.231.917	8.218.104	52.168.713	*PT Sari Warna Asli Textile Industry*
PT Djohar	-	1.823.625	1.823.625	7.916.411	13.079.219	*PT Djohar*
PT Adikencana Mahkotabuana	-	700.923	700.923	2.264.999	6.412.247	*PT Adikencana Mahkotabuana*
PT Yogyakarta Tekstil	-	43.592	43.592	2.092.891	2.238.518	*PT Yogyakarta Tekstil*
PT Sinar Central Sandang	-	49.302	49.302	159.274	21.527	*PT Sinar Central Sandang*
Jumlah penjualan dan pembelian yang saling dihapuskan	-	9.349.201	9.349.201	34.466.806	96.279.730	***Total sales and purchases which are offsetting***

12. **SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI** (Lanjutan)

12. ***BALANCES AND TRANSACTIONS WITH RELATED PARTIES*** *(Continued)*

(ii) Transaksi dengan pihak berelasi pada periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan tahun yang berakhir pada tanggal 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut: (Lanjutan)

(ii) Transactions with related parties in the three-month periods ended 31 March 2016 and the years ended 31 December 2015, 31 December 2014 and 31 December 2013 were as follows: (Continued)

d. Transaksi-transaksi lainnya dan/atau akun yang bersangkutan dengan pihak berelasi adalah sebagai berikut:

d. Other transactions and/or related accounts with related parties were as follows:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Pembelian aset tetap					*Purchases of fixed assets*
PT Sari Warna Asli Textile Industry	-	-	-	19.983	*PT Sari Warna Asli Textile Industry*
PT Dasar Rukun	-	-	-	2.190	*PT Dasar Rukun*

e. Kompensasi manajemen utama:

Manajemen utama termasuk direksi dan komisaris. Kompesansi yang dibayar atau terutang pada manajemen atas jasa pekerja adalah sebagai berikut:

e. Key management compensation:

Key management includes directors and commissioners. The compensation paid or payable to key management for employee service is shown below:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Gaji dan imbalan kerja	858.156	3.271.343	1.014.165	1.000.860	*Salaries and employee benefits*

Ringkasan hubungan dan sifat transaksi dengan pihak berelasi adalah sebagai berikut:

The summary of the relationship and nature of transactions with the related parties is as follows:

Pihak yang berelasi/ *Related parties*	**Hubungan/ *Relationship***	**Sifat transaksi/ *Nature of transactions***
Huddleston Enterprises Pte. Ltd.	Pemegang saham terakhir/ *Ultimate parent*	-
PT Sari Warna Asli Textile Industry	Perusahaan sepengendali/ *Entity under common control*	Pembelian dan penjualan yang mencakup bahan baku, barang setengah jadi, barang jadi, kimia dan lain-lain/*Purchases and sales of raw materials, work in process, finished goods, chemical, and others*
PT Sri Wahana Adityakarta	Perusahaan sepengendali/ *Entity under common control*	Penjualan lain-lain (baju seragam) setahun sekali dan pembelian bahan pembantu, pengepakan, minyak pelumas dan lain-lain/*Other sales (uniform) once in a year and purchases of raw materials, packing, lubricating oils, and others*

12. **SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI** (Lanjutan)

*12. **BALANCES AND TRANSACTIONS WITH RELATED PARTIES** (Continued)*

Ringkasan hubungan dan sifat transaksi dengan pihak berelasi adalah sebagai berikut:

The summary of the relationship and nature of transactions with the related parties is as follows:

Pihak yang berelasi/ ***Related parties***	**Hubungan/** ***Relationship***	**Sifat transaksi/** ***Nature of transactions***
PT Dasar Rukun	Perusahaan sepengendali/ *Entity under common control*	Pembelian dan penjualan benang untuk kegiatan produksi/ *Purchases and sales yarn of production activities*
PT Adikencana Mahkotabuana	Perusahaan sepengendali/ *Entity under common control*	Pembelian benang dan jual kapas untuk kegiatan produksi/ *Purchases of yarn and sales of fibre for production activities*
PT Senang Kharisma Textile	Perusahaan sepengendali/ *Entity under common control*	Penjualan benang dan beli kain tenun/*Sales of yarn and purchases of greige*
PT Djohar	Perusahaan sepengendali/ *Entity under common control*	Penjualan benang dan beli kain tenun untuk kegiatan produksi/*Sales of yarn and purchases of greige for production activity*
PT Yogyakarta Tekstil	Perusahaan sepengendali/ *Entity under common control*	Penjualan benang dan pembelian kain rajut untuk kegiatan produksi/*Sales of yarn and purchases of greige for production activity*
PT Kapas Agung Abadi	Perusahaan sepengendali/ *Entity under common control*	Piutang non-usaha/*Non-trade receivables*
PT Sinar Central Sandang	Perusahaan sepengendali/ *Entity under common control*	Pembelian benang dan jual kapas untuk kegiatan produksi/*Purchases of yarn and sales of fibre for production activity*
Sukoharjo Multi Indah Textile Mill	Perusahaan sepengendali/ *Entity under common control*	Pembelian kain tenun dan jual benang/*Purchases of greige and sales of yarn*
PT Citra Busana Semesta	Perusahaan sepengendali/ *Entity under common control*	Penjualan benang dan kapas untuk kegiatan produksi serta pembelian pakaian jadi/*Sales of yarn and raw materials for production activity and purchases of garment*
PT Jaya Perkasa Textile	Perusahaan sepengendali/ *Entity under common control*	Penjualan rangka besi bekas/*Sales of scrap metal frame*

13. **ASET TETAP** / *13. **FIXED ASSETS***

	31 Maret/*March* 2016 (Tidak diaudit/*Unaudited*)				
	Saldo awal/ *Beginning balance*	**Penambahan/ *Additions***	**Reklasifikasi/ *Reclassification***	**Saldo akhir/ *Ending balance***	
Harga perolehan					***Cost***
Pemilikan langsung					*Direct ownership*
Tanah	58.481.656	-	-	58.481.656	*Land*
Bangunan	57.166.390	1.884.441	-	59.050.831	*Buildings*
Mesin dan instalasi	456.637.751	12.493.480	486.287	469.617.518	*Machineries and installations*
Kendaraan dan alat-alat berat	652.092	-	-	652.092	*Vehicles and heavy equipment*
Peralatan kantor	1.451.045	6.725	-	1.457.770	*Office equipment*
Aset tetap dalam pelaksanaan	2.250.000	486.287	(486.287)	2.250.000	*Construction-in-progress*
	576.638.934	14.870.933	-	591.509.867	
Aset sewa pembiayaan					*Leased assets*
Mesin	1.659.819	-	-	1.659.819	*Machineries*
Kendaraan	518.723	-	-	518.723	*Vehicles*
Jumlah harga perolehan	578.817.476	14.870.933	-	593.688.409	*Total cost*
Akumulasi penyusutan					***Accumulated depreciation***
Pemilikan langsung					*Direct ownership*
Bangunan	23.476.005	455.311	-	23.931.316	*Buildings*
Mesin dan instalasi	112.586.559	4.922.969	-	117.509.528	*Machineries and installations*
Kendaraan dan alat-alat berat	395.823	26.334	-	422.157	*Vehicles and heavy equipment*
Peralatan kantor	923.718	19.971	-	943.689	*Office equipment*
	137.382.105	5.424.585	-	142.806.690	
Aset sewa pembiayaan					*Leased assets*
Mesin	421.629	23.479	-	445.108	*Machineries*
Kendaraan	136.835	9.735	-	146.570	*Vehicles*
Jumlah akumulasi penyusutan	137.940.569	5.457.799	-	143.398.368	*Total accumulated depreciation*
Nilai tercatat	440.876.907			450.290.041	***Carrying value***

13. **ASET TETAP** (Lanjutan) / *13. **FIXED ASSETS** (Continued)*

	31 Desember/*December* 2015 (Diaudit/*Audited*)				
	Saldo awal/ *Beginning balance*	**Penambahan/ *Additions***	**Reklasifikasi/ *Reclassification***	**Saldo akhir/ *Ending balance***	
Harga perolehan					***Cost***
Pemilikan langsung					*Direct ownership*
Tanah	58.481.656	-	-	58.481.656	*Land*
Bangunan	54.160.033	3.006.357	-	57.166.390	*Buildings*
Mesin dan instalasi	324.428.475	123.546.691	8.662.585	456.637.751	*Machineries and installations*
Kendaraan dan alat-alat berat	652.092	-	-	652.092	*Vehicles and heavy equipment*
Peralatan kantor	1.332.978	118.067	-	1.451.045	*Office equipment*
Aset tetap dalam pelaksanaan	-	10.912.585	(8.662.585)	2.250.000	*Construction-in-progress*
	439.055.234	137.583.700	-	576.638.934	
Aset sewa pembiayaan					*Leased assets*
Mesin	1.226.319	433.500	-	1.659.819	*Machineries*
Kendaraan	518.723	-	-	518.723	*Vehicles*
Jumlah harga perolehan	440.800.276	138.017.200	-	578.817.476	*Total cost*
Akumulasi penyusutan					***Accumulated depreciation***
Pemilikan langsung					*Direct ownership*
Bangunan	21.714.297	1.761.708	-	23.476.005	*Buildings*
Mesin dan instalasi	94.913.458	17.673.101	-	112.586.559	*Machineries and installations*
Kendaraan dan alat-alat berat	316.034	79.789	-	395.823	*Vehicles and heavy equipment*
Peralatan kantor	841.955	81.763	-	923.718	*Office equipment*
	117.785.744	19.596.361	-	137.382.105	
Aset sewa pembiayaan					*Leased assets*
Mesin	327.018	94.611	-	421.629	*Machineries*
Kendaraan	90.097	46.738	-	136.835	*Vehicles*
Jumlah akumulasi penyusutan	118.202.859	19.737.710	-	137.940.569	*Total accumulated depreciation*
Nilai tercatat	322.597.417			440.876.907	***Carrying value***

13. **ASET TETAP** (Lanjutan) / *13. **FIXED ASSETS** (Continued)*

	31 Desember/*December* 2014 (Diaudit/*Audited*)					
	Saldo awal/ *Beginning balance*	**Penambahan/ *Additions***	**Reklasifikasi/ *Reclassification***	**Penyesuaian translasi/ *Translation adjustment***	**Saldo akhir/ *Ending balance***	
Harga perolehan						***Cost***
Pemilikan langsung						*Direct ownership*
Tanah	33.810.338	42.701.170	-	(18.029.852)	58.481.656	*Land*
Bangunan	43.247.927	8.670.772	-	2.241.334	54.160.033	*Buildings*
Mesin dan instalasi	270.450.327	47.466.550	-	6.511.598	324.428.475	*Machineries and installations*
Kendaraan dan alat-alat Berat	567.432	66.835	-	17.825	652.092	*Vehicles and heavy equipment*
Peralatan kantor	1.258.914	75.129	-	(1.065)	1.332.978	*Office equipment*
	349.334.938	98.980.456	-	(9.260.160)	439.055.234	
Aset sewa pembiayaan						*Leased assets*
Mesin	1.228.633	-	-	(2.314)	1.226.319	*Machineries*
Kendaraan	438.694	-	-	80.029	518.723	*Vehicles*
Jumlah harga perolehan	351.002.265	98.980.456	-	(9.182.445)	440.800.276	*Total cost*
Akumulasi penyusutan						***Accumulated depreciation***
Pemilikan langsung						*Direct ownership*
Bangunan	19.430.229	1.305.239	-	978.829	21.714.297	*Buildings*
Mesin dan instalasi	80.266.557	12.473.088	-	2.173.813	94.913.458	*Machineries and installations*
Kendaraan dan alat-alat Berat	249.344	36.918	-	29.772	316.034	*Vehicles and heavy equipment*
Peralatan kantor	739.132	46.328	-	56.495	841.955	*Office equipment*
	100.685.262	13.861.573	-	3.238.909	117.785.744	
Aset sewa pembiayaan						*Leased assets*
Mesin	245.727	81.755	-	(464)	327.018	*Machineries*
Kendaraan	36.651	64.840	-	(11.394)	90.097	*Vehicles*
Jumlah akumulasi penyusutan	100.967.640	14.008.168	-	3.227.051	118.202.859	*Total accumulated depreciation*
Nilai tercatat	250.034.625				322.597.417	***Carrying value***

13. **ASET TETAP** (Lanjutan) / *13. **FIXED ASSETS** (Continued)*

	31 Desember/*December* 2013 (Diaudit/*Audited*)					
	Saldo awal/ *Beginning balance*	**Penambahan/ *Additions***	**Reklasifikasi/ *Reclassification***	**Penyesuaian translasi/ *Translation adjustment***	**Saldo akhir/ *Ending balance***	
Harga perolehan						***Cost***
Pemilikan langsung						*Direct ownership*
Tanah	15.234.359	21.724.337	-	(3.148.358)	33.810.338	*Land*
Bangunan	48.452.967	3.202.286	1.606.048	(10.013.374)	43.247.927	*Buildings*
Mesin dan instalasi	263.101.994	53.613.716	8.107.734	(54.373.117)	270.450.327	*Machineries and installations*
Kendaraan dan alat-alat berat	715.246	-	-	(147.814)	567.432	*Vehicles and heavy equipment*
Peralatan kantor	1.520.601	52.563	-	(314.250)	1.258.914	*Office equipment*
Aset tetap dalam pembangunan	1.090.643	8.848.534	(9.713.782)	(225.395)	-	*Construction-in-progress*
	330.115.810	87.441.436	-	(68.222.308)	349.334.938	
Aset sewa pembiayaan						*Leased assets*
Mesin	1.548.687	-	-	(320.054)	1.228.633	*Machineries*
Kendaraan	-	438.694	-	-	438.694	*Vehicles*
Jumlah harga perolehan	331.664.497	87.880.130	-	(68.542.362)	351.002.265	*Total cost*
Akumulasi penyusutan						***Accumulated depreciation***
Pemilikan langsung						*Direct ownership*
Bangunan	22.728.909	1.629.530	-	(4.928.210)	19.430.229	*Buildings*
Mesin dan instalasi	84.607.969	15.314.980	-	(19.656.392)	80.266.557	*Machineries and installations*
Kendaraan dan alat-alat berat	263.035	47.385	-	(61.076)	249.344	*Vehicles and heavy equipment*
Peralatan kantor	835.520	88.882	-	(185.270)	739.132	*Office equipment*
	108.435.433	17.080.777	-	(24.830.948)	100.685.262	
Aset sewa pembiayaan						*Leased assets*
Mesin	206.491	95.439	-	(56.203)	245.727	*Machineries*
Kendaraan	-	42.706	-	(6.055)	36.651	*Vehicles*
Jumlah akumulasi penyusutan	108.641.924	17.218.922	-	(24.893.206)	100.967.640	*Total accumulated depreciation*
Nilai tercatat	223.022.573				250.034.625	***Carrying value***

13. **ASET TETAP** (Lanjutan) / *13. **FIXED ASSETS** (Continued)*

Alokasi pembebanan penyusutan aset untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan tahun yang berakhir pada tanggal 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian adalah sebagai berikut:

The allocation of the depreciation expense for the three-month periods ended 31 March 2016 and the years ended 31 December 2015, 31 December 2014 and 31 December 2013 in the consolidated statements profit or loss and other comprehensive income was as follows:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Biaya produksi tidak langsung (Catatan 31)	5.385.796	19.529.420	11.431.913	16.762.333	*Factory overhead (Note 31)*
Beban umum dan administrasi (Catatan 33)	72.003	208.290	299.537	456.589	*General and administrative expenses (Note 33)*
Selisih penjabaran	-	-	2.276.718	-	*Exchange difference*
J u m l a h	5.457.799	19.737.710	14.008.168	17.218.922	***T o t a l***

Untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan tahun yang berakhir pada tanggal 31 Desember 2015, Perusahaan melakukan kapitalisasi biaya pinjaman sebagai bagian dari biaya perolehan asset tetap masing-masing sebesar USD 486.287 dan USD 8.662.585.

For the three-month period ended 31 March 2016 and the year ended 31 December 2015, the Company capitalized any borrowing costs as part of the costs of acquisition of fixed assets amounting to USD 486,287 and USD 8,662,585, respectively.

Untuk tahun yang berakhir pada tanggal 31 Desember 2014 dan 31 Desember 2013, Perusahaan tidak melakukan kapitalisasi biaya pinjaman.

For the years ended 31 December 2014 and 31 December 2013, the Company did not capitalize any borrowing costs.

Tanah Perusahaan dan Entitas Anaknya adalah dalam bentuk Hak Guna Bangunan (HGB) dengan sisa masa manfaat yang berakhir pada tanggal-tanggal yang berbeda sampai dengan tahun 2023. Manajemen berpendapat bahwa masa manfaat HGB tersebut dapat diperbaharui/diperpanjang pada saat jatuh tempo.

The titles of ownership of the Company and its Subsidiaries on its land are in the form of Usage Rights for Building (HGB) which have remaining terms expiring on various dates until 2023. Management is of the opinion that the terms of the said HGB can be renewed/extended upon expiration.

Pada 31 Maret 2016, 31 Desember 2015 dan 31 Desember 2014, tanah seluas 187.397 m^2 dan pada 31 Desember 2013 tanah seluas 145.162 m^2 belum atas nama Perusahaan.

As of 31 March 2016, 31 December 2015 and 31 December 2014, land covers 187,397 m^2 and as of 31 December 2013 land covers 145,162 m^2 not yet under Company name.

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, aset tetap berupa tanah, bangunan dan mesin-mesin Perusahaan dan Entitas Anaknya digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 15 dan 19).

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, the Company and its Subsidiaries' fixed assets consisting of land, building and machinery were used as collateral for short-term and long-term bank loans (Notes 15 and 19).

Manajemen berkeyakinan bahwa tidak terdapat penurunan nilai aset tetap pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013.

Management believes that there is no impairment in asset values as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, seluruh aset tetap Perusahaan dan Entitas Anaknya, kecuali tanah, diasuransikan terhadap risiko kerugian atas kebakaran dan risiko lainnya berdasarkan paket polis dengan nilai pertanggungan masing-masing sebesar USD 665.973.367 (setara dengan Rp 9.011.285.625.870), USD 509.144.238 (setara dengan Rp 6.818.444.363.344), USD 503.213.606 (setara dengan Rp 5.972.642.284.200), dan USD 499.778.498 (setara dengan Rp 6.091.800.107.107) yang menurut pendapat manajemen cukup untuk menutup kemungkinan kerugian yang timbul dari risiko yang dipertanggungkan.

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, all of the Company and its Subsidiaries' fixed assets, except for land, are covered by insurance against losses from fire and other risks under blanket policies with a total coverage of USD 665,973,367 (equivalent to Rp 9,011,285,625,870), USD 509,144,238 (equivalent to Rp 6,818,444,363,344), USD 503,213,606 (equivalent to Rp 5,972,642,284,200) and USD 499,778,498 (equivalent to Rp 6,091,800,107,107), respectively, which, in management's opinion, is adequate to cover possible losses that may arise from such risks.

13. **ASET TETAP** (Lanjutan)

Perusahaan menggunakan PT Asuransi Jasa Indonesia (Rp 48.603.900.000), PT Tugu Pratama Indonesia (Rp 4.945.750.422.526), PT Mitra Dhana Atmharaksha (Rp 895.370.938.000), PT Asuransi Wahana Tata (Rp 61.187.365.344), PT Asuransi Mitra Maparya (Rp 400.000.000.000), PT Bringin Sejahtera Makmur (Rp 924.390.000.000), PT Fairfax Insurance Indonesia (Rp 78.220.000.000), PT Asuransi Sinar Mas (Rp 4.000.000.000) dan PT Asuransi ASEI Indonesia (Rp 1.653.763.000.000) untuk mengasuransikan aset tetapnya.

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, tidak ada aset tetap yang tidak dipakai sementara atau dihentikan dari penggunaan aktif dan tidak diklasifikasikan sebagai tersedia untuk dijual.

*13. **FIXED ASSETS** (Continued)*

The Company use PT Asuransi Jasa Indonesia (Rp 48,603,900,000), PT Tugu Pratama Indonesia (Rp 4,945,750,422,526), PT Mitra Dhana Atmharaksha (Rp 895,370,938,000), PT Asuransi Wahana Tata (Rp 61,187,365,344), PT Asuransi Mitra Maparya (Rp 400,000,000,000), PT Bringin Sejahtera Makmur (Rp 924,390,000,000), PT Fairfax Insurance Indonesia (Rp 78,220,000,000), PT Asuransi Sinar Mas (Rp 4,000,000,000) and PT Asuransi ASEI Indonesia (Rp 1,653,763,000,000) for insurance the fixed assets.

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, there are no fixed assets that are temporarily out of use or retired from use but not classified as held for sale.

14. **ASET TIDAK LANCAR LAINNYA** / *14. **OTHER NON-CURRENT ASSETS***

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Biaya obligasi global yang ditangguhkan	-	-	-	1.311.201	*Deferred global bond issuance costs*

Pada 31 Desember 2013, jumlah biaya penerbitan wesel bayar yang ditangguhkan merupakan biaya yang terjadi atas penerbitan wesel bayar, yang diterbitkan pada tanggal 24 April 2014.

As of 31 December 2013, deferred notes payable issuance costs represent the costs incurred in preparation for the issuance of the notes, which were issued in 24 April 2014.

15. **UTANG BANK JANGKA PENDEK** / *15. **SHORT-TERM BANK LOANS***

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)	22.992.526	29.675.580	28.464.037	6.608.791	*Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)*
PT Bank Central Asia Tbk	7.901.250	3.301.250	-	-	*PT Bank Central Asia Tbk*
Deutsche Bank AG	2.951.425	2.842.508	-	-	*Deutsche Bank AG*
PT Hongkong and Shanghai Banking Corporation Ltd	-	2.453.996	-	-	*PT Hongkong and Shanghai Banking Corporation Ltd*
PT Bank Danamon Indonesia Tbk	-	-	3.210.440	5.000.000	*PT Bank Danamon Indonesia Tbk*
PT Bank Rakyat Indonesia (Persero) Tbk	-	-	-	85.629.496	*PT Bank Rakyat Indonesia (Persero) Tbk*
PT Bank Agris	-	-	-	3.691.853	*PT Bank Agris*
Jumlah utang bank jangka pendek	33.845.201	38.273.334	31.674.477	100.930.140	***Total short-term bank loans***

15. **UTANG BANK JANGKA PENDEK** (Lanjutan)

Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)

Berdasarkan perjanjian kredit tanggal 23 Agustus 2011 yang telah diperpanjang dengan surat dari Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank) pada tanggal 25 Februari 2014, Perusahaan memperoleh Kredit Investasi Ekspor dari Indonesia Eximbank untuk Fasilitas Kredit Modal Kerja Ekspor dengan maksimum kredit sebesar Rp 50.000.000.000. Pinjaman ini jatuh tempo pada tanggal 4 Maret 2015. Tingkat bunga pinjaman tersebut adalah 10% per tahun. Fasilitas tersebut digunakan untuk modal kerja terkait proyek Departemen Spinning VI dan VII dan dijamin dengan piutang usaha, persediaan, tanah dan bangunan Perusahaan dan jaminan pribadi dari Iwan Setiawan, pihak berelasi, (Catatan 7, 9 dan 13). Pada 31 Desember 2013, saldo terutang dari pinjaman ini masing-masing sebesar USD 4.102.060 (setara dengan Rp 50.000.000.000).

Pada tanggal 25 Februari 2014, Perusahaan telah masuk kedalam kontrak Fasilitas Pembiayaan Modal Kerja (KMKE) dengan Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank) berdasarkan Perjanjian No. PBD/SP3/07/2014. Maksimum kredit fasilitas ini adalah sebesar Rp 50.000.000.000 dan jatuh tempo sampai dengan 4 Maret 2015. Tingkat bunga pinjaman tersebut adalah sebesar 10% per tahun. Fasilitas pembiayaan ini digunakan untuk mendanai modal kerja terkait proyek pabrik Spinning VI dan VII. Fasilitas ini dijaminkan dengan piutang usaha, persediaan, tanah dan bangunan Perusahaan dan jaminan pribadi dari Alm. H.M. Lukminto dan Iwan Setiawan. Pada tanggal 31 Desember 2014 saldo terutang pinjaman ini sebesar USD 4.019.295 (setara dengan Rp 50.000.000.000).

Anak Perusahaan, PT Sinar Pantja Djaja (SPD) dan Indonesia Eximbank menandatangani perjanjian kredit. Perusahaan memperoleh fasilitas Kredit Modal Kerja Ekspor (KMKE) sebesar USD 10.000.000 dengan jangka waktu 1 tahun dan dikenakan bunga tahunan sebesar 6,5%. Pada tanggal 31 Desember 2013, saldo utang atas fasilitas ini adalah sebesar USD 2.506.731 (setara dengan Rp 30.554.548.547) sehubungan dengan fasilitas tersebut, SPD diharuskan memberikan jaminan berupa persediaan sebesar Rp 86.250.000.000 dan piutang sebesar Rp 86.250.000.000 (Catatan 9 dan 7). Pada April hingga Mei 2014, SPD telah melunasi seluruh utang bank jangka pendek atas Kredit Modal Kerja Ekspor (KMKE) sebesar USD 2.506.731.

*15. **SHORT-TERM BANK LOANS** (Continued)*

Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)

Based on a loan agreement dated 23 August 2011 which has been extended based on letter dated 25 February 2014 from Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank), the Company has obtained a Working Capital Export Credit Facility with credit limit amounting to Rp 50,000,000,000. The loan will mature on 4 March 2015. The loan bears interest at the rate of 10% per year. This loan is used for working capital in relation to the project of Spinning VI and VII Department and is secured by the Company's trade receivables, inventories, land and building and the personal guarantee of Iwan Setiawan, a related party (Notes 7, 9 and 13). As of 31 December 2013, the outstanding loan amounted to USD 4,102,060 (equivalent to Rp 50,000,000,000).

On 25 February 2014, the Company has entered into a contract for Working Capital Financing Facility (KMKE) with Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank) with Agreement No. PBD/SP3/07/2014. Maximum credit facility amounting to Rp 50,000,000,000 with maturity date until 4 March 2015. The loan interest rate is 10% per year. This financing facility used to fund working capital related with Spinning mill VI and VII projects. This facility is secured by trade receivables, inventories, land and buildings of the Company and the personal guarantee of H.M. Lukminto (deceased) and Iwan Setiawan. On 31 December 2014, the outstanding loan amounted to USD 4,019,295 (equivalent to Rp 50,000,000,000).

The Subsidiary, PT Sinar Pantja Djaja (SPD) and Indonesia Eximbank entered into a credit agreement. SPD obtained a Working Capital Export Credit Facility amounting to USD 10,000,000, the aforesaid facility is valid for a period of one year and the loans therefrom bear interest at the annual rate of 6.5%. As of 31 December 2013, the loan balance from the facility amounted to USD 2,506,731 (equivalent to Rp 30,554,548,547). In connection with this facility, SPD is required to provide collateral in the form of inventories amounting to Rp 86,250,000,000 and trade receivables amounting to Rp 86,250,000,000 (Notes 9 and 7). In April until May 2014, SPD made partial and full payments, respectively, of the short-term loans from the Working Capital Export Credit (KMKE) facility amounting to USD 2,506,731.

15. **UTANG BANK JANGKA PENDEK** (Lanjutan)

Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank) (Lanjutan)

Berdasarkan surat No. 334/ADDPK/2014 tanggal 27 Oktober 2014 dan surat No. PBD/SP3/67/2015 tanggal 20 Oktober 2015 Indonesia Eximbank menyetujui perubahan fasilitas Kredit Modal Kerja Ekspor (KMKE) menjadi USD 40.000.000 dan dikenakan bunga tahunan sebesar 6,5% dan jatuh tempo tanggal 28 Oktober 2016. Pada 31 Maret 2016, 31 Desember 2015 dan 31 Desember 2014, saldo utang atas fasilitas ini masing-masing sebesar USD 20.362.619 dan USD 2.629.907 (setara dengan Rp 34.914.645.332); USD 27.043.287 dan USD 2.632.293 (setara dengan Rp 36.312.481.695); USD 24.444.742. Sehubungan dengan fasilitas tersebut, SPD diharuskan memberikan jaminan berupa persediaan sebesar Rp 86.250.000.000, piutang usaha sebesar Rp 86.250.000.000, tanah, bangunan, mesin dan sarana pendukung lainnya sebesa Rp 590.000.000.000 dan jaminan pribadi dari Iwan Setiawan dan Iwan Kurniawan Lukminto.

PT Bank Central Asia Tbk (BCA)

Pada tanggal 9 Agustus 2011 dan berdasarkan perubahan perjanjian terakhir pada tanggal 21 Maret 2013 dari perjanjian fasilitas kredit, Perusahaan memperoleh fasilitas kredit dari PT Bank Central Asia Tbk dengan nilai fasilitas maksimum sebesar USD 20.000.000. Fasilitas kredit tersebut terdiri dari surat kredit berdokumen atas unjuk, berjangka dan *Usance Payable at Sight* (UPAS) serta akad *trust*. Fasilitas kredit tersebut tersedia sampai dengan tanggal 9 Mei 2014.

Pinjaman-pinjaman tersebut di atas mencakup beberapa persyaratan yang membatasi Perusahaan antara lain melakukan penyertaan baru, bertindak sebagai penjamin, mengubah Anggaran Dasar dan mengubah susunan pemegang saham Perusahaan, melakukan penggabungan usaha atau akuisisi atau menjadi perusahaan publik, mengajukan permohonan pailit, melakukan pembayaran bunga atas pinjaman kepada pemegang saham dan melunasi utang kepada pemegang saham sebelum utang ke PT Bank Rakyat Indonesia (Persero) Tbk dilunasi terlebih dahulu, memberikan pinjaman kepada pemegang saham dan melakukan pembagian dividen kepada para pemegang saham. Perusahaan juga diwajibkan untuk memelihara rasio-rasio keuangan tertentu.

Pada tanggal 28 Mei 2014, Perusahaan memperoleh perubahan limit fasilitas kredit dari PT Bank Central Asia Tbk yaitu fasilitas Kredit Investasi (KI) menjadi USD 20.800.000 dan fasilitas *Forward Line* menjadi USD 2.500.000. Fasilitas Kredit Investasi (KI) tersebut tersedia sampai dengan tanggal 28 Mei 2021.

*15. **SHORT-TERM BANK LOANS** (Continued)*

***Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)** (Continued)*

Based on No. 334/ADDPK/2014 dated 27 October 2014 and letter No. PBD/SP3/67/2015 dated 20 October 2015, Indonesia Eximbank agree to change Working Capital Export Credit Facility (KMKE) amounting USD 40,000,000 and the loan bears interest at the annual rate of 6.5% and maturity date of 28 October 2016. As of 31 March 2016, 31 December 2015 and 31 December 2014, the loan balances from the facility amounted to USD 20,362,619 and USD 2,629,907 (equivalent to Rp 34,914,645,332); USD 27,043,287 and USD 2,632,293 (equivalent to Rp 36,312,481,695); USD 24,444,742, respectively. In connection with this facility, SPD is required to provide collateral in the form of inventory amounting to Rp 86,250,000,000, trade receivables amounting to Rp 86,250,000,000, land, building, machines and other supporting tools amounting Rp 590,000,000,000 and personal guarantee from Iwan Setiawan and Iwan Kurniawan Lukminto.

PT Bank Central Asia Tbk (BCA)

On 9 August 2011 and based on the latest amendment dated 21 March 2013 of the credit facility agreement, the Company obtained a credit facility from PT Bank Central Asia Tbk with maximum facility amounting to USD 20,000,000. The credit facility consisted of sight, usance and Usance Payable at Sight (UPAS) letter of credit and trust receipt. The credit facility was available until 9 May 2014.

The facility agreement contained certain restrictions on the Company's transactions such as, among others, entering into new investment, providing guarantee, changing the Articles of Association and changing the composition of the Company's shareholders, entering into a merger or acquisition or going public, filing for bankruptcy, paying interest to shareholder and paying the shareholder's loan prior to paying the loan to PT Bank Rakyat Indonesia (Persero) Tbk first, giving loan to shareholder and distributing dividend to shareholders. The Company was also required to maintain certain financial ratios.

On 28 May 2014, the Company obtained changes a credit limit facility from PT Bank Central Asia Tbk: "Kredit Investasi (KI)" facility amounting to USD 20,800,000 and "Forward Line" facility amounting to USD 2,500,000. The "Kredit Investasi (KI)" facility was available until 28 May 2021.

15. **UTANG BANK JANGKA PENDEK** (Lanjutan)

PT Bank Central Asia Tbk (BCA) (Lanjutan)

Berdasarkan Akta No. 396 tanggal 25 Maret 2015, notaris Herry Hartanto Seputro, S.H., dan berdasarkan perubahan perjanjian terakhir No. 1010/GBK/2016 tanggal 3 Maret 2016, Perusahaan memperoleh fasilitas kredit sebagai berikut:

a. Fasilitas Kredit Multi. Fasilitas ini meliputi fasilitas *Letter of Credit* (L/C) (berupa *Sight*/*Usance*/UPAS), fasilitas *Trust Receipt* (TR), fasilitas Surat Kredit Berdokumen Dalam Negeri (SKBDN) dan fasilitas Negosiasi/Diskonto Dengan Kondisi Khusus dengan jumlah pokok maksimal USD 30.000.000. Untuk fasilitas SKBDN maksimal USD 10.000.000 dan fasilitas Negosiasi/Diskonto Dengan Kondisi Khusus maksimal USD 5.000.000. Tingkat bunga UPAS/TR adalah LIBOR 1 bulan + 2,75% per tahun dan tingkat bunga wesel ekspor adalah LIBOR 1 bulan + 1,50% per tahun. Fasilitas tersebut jatuh tempo pada 9 November 2016.

b. Fasilitas Kredit Investasi dengan jumlah pokok maksimal sebesar USD 20.800.000 untuk penerbitan *Letter of Credit* (L/C) berupa *Sight* dan *Usance*. Tingkat suku bunga 5,5% dan jatuh tempo pada 30 Juni 2016.

c. Fasilitas *Foreign Exchange* dengan jumlah maksimal USD 2.500.000 dan jatuh tempo pada 9 November 2016.

Pada 31 Maret 2016 dan 31 Desember 2015, saldo utang atas pinjaman ini sebesar USD 7.901.250 and USD 3.301.250.

Jaminan atas fasilitas tersebut adalah
a. tanah dan bangunan proyek Spinning XI dengan LT/LB 38.659m^2/±14.000m^2
b. tanah dan bangunan pabrik Spinning VIII LT/LB ±27.419m^2/±16.800m^2
c. mesin dan peralatan Spinning XI
d. persediaan sebesar Rp 170 Miliar
e. piutang usaha sebesar Rp 133,19 Miliar.

Berdasarkan surat pemberitahuan No. 10660/GBK/ 2015 tanggal 31 Agustus 2015, rasio–rasio *financial covenants*:

a. *Liabilities/Equity* maksimal 2,75x
b. *Current ratio* minimal 1x
c. *EBITDA/Interest* minimal 2,75x
d. *EBITDA/(Interest + Installment)* minimal 1,25x

*15. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank Central Asia Tbk (BCA)** (Continued)*

Based on Notarial Deed No. 396 dated 25 March 2015 notary of Herry Hartanto Seputro, S.H., and based on the latest amendment No. 1010/GBK/2016 dated 3 March 2016, the Company obtained the following credit facilities:

a. Multi Credit Facilities. Facilities include Letter of Credit (L/C) facilities (such as Sight/Usance/UPAS), Trust Receipt (TR) facilities, Surat Kredit Berdokumen Dalam Negeri (SKBDN) facilities and "Negosiasi/ Diskonto Dengan Kondisi Khusus" facilities with total principal maximum USD 30,000,000. For SKBDN facilities maximum USD 10,000,000 and "Negosiasi/ Diskonto Dengan Kondisi Khusus" facilities maximum USD 5,000,000. The interest rate of UPAS/TR is LIBOR 1 month + 2.75% interest rate per year and interest rate of export notes is LIBOR 1 month + 1.50% interest rate per year. The facility is due on 9 November 2016.

b. Investment Credit Facility with total principal maximum of USD 20,800,000 for publishing Letter of Credit (L/C) such as Sight and Usance. Interest rate 5.5% and due on 30 June 2016.

c. Facilities Foreign Exchange maximum USD 2,500,000 and due on 9 November 2016.

As of 31 March 2016 and 31 December 2015, the loan balances amounted to USD 7,901,250 and USD 3,301,250.

The facility is secured for
a. the land and the building of projects Spinning XI with LT/LB 38,659m^2/±14,000m^2
b. the land and the building of factory Spinning VIII LT/LB ±27,419m^2/±16,800m^2
c. engine and equipment Spinning XI
d. inventories amounting to Rp 170 Billion
e. trade receivables amounting to Rp 133.19 Billion.

Based on notification letter No. 10660/GBK/2015 dated 31 August 2015, ratio–ratio financial covenants:

a. Liabilities/Equity maximum 2.75x
b. Current ratio minimum 1x
c. EBITDA/Interest minimum 2.75x
d. EBITDA/(Interest + Installment) minimum 1.25x

15. **UTANG BANK JANGKA PENDEK** (Lanjutan)

Deutsche Bank AG

Pada tanggal 25 April 2014 dan berdasarkan perubahan perjanjian terakhir tanggal 5 Mei 2015, Perusahaan memperoleh fasilitas kredit yang digunakan untuk pembiayaan kebutuhan modal kerja. Fasilitas ini bersifat *uncommitted* dan akan tersedia sampai dengan 30 April 2016. Fasilitas tersebut adalah sebagai berikut:

a. Fasilitas *Overdraft*. Fasilitas cerukan dalam mata uang Dolar Amerika dan/atau mata uang alternative. Untuk mata uang Rupiah dikenakan bunga sebesar 10,50% per tahun dan mata uang Dolar Amerika Serikat dikenakan bunga sebesar 4,25% per tahun.

b. *Letters of Credit* dapat diterbitkan untuk pembayaran atas unjuk atau berjangka. Masa berlaku maksimum setiap L/C tidak lebih dari 180 hari dan setiap L/C berjangka tidak lebih dari 180 hari. L/C yang diterbitkan terbagi menjadi dua yaitu: L/C atas unjuk dimana komisi pembukaan L/C adalah 0,125% flat, minimal USD 150; L/C berjangka dengan cash margin nihil, komisi pembukaan 0,125% flat minimal USD 150, komisi penangguhan pembayaran 0,25% per 3 bulan minimal USD 250 dibayar di muka dan tidak dapat dikembalikan.

c. Akseptasi atau pembiayaan wesel untuk diskonto, pembelian dan/atau pembiayaan atas tagihan-tagihan, faktur-faktur dan/atau piutang-piutang dagang (termasuk wesel yang harus dibayarkan). Tingkat bunga yang ditetapkan sebesar 3,75% per tahun untuk jangka waktu sampai dengan 1 bulan dan 4% per tahun untuk jangka waktu antara 1 sampai dengan 3 bulan untuk wesel ekspor atas unjuk. Wesel ekspor berjangka, tingkat bunga sebesar 3,75% per tahun untuk mata uang Dolar Amerika Serikat untuk jangka waktu sampai dengan 1 bulan dan 4% per tahun untuk jangka waktu antara 1 bulan sampai dengan 3 bulan. Bunga atas keterlambatan pembayaran dikenakan sebesar 15% per tahun untuk mata uang Dolar Amerika Serikat dan sebesar 24% per tahun untuk mata uang Rupiah.

Jumlah pokok untuk Fasilitas Overdraft sebesar USD 3.000.000 dan *Letters of Credit* dapat diterbitkan untuk pembayaran atas unjuk atau berjangka serta Akseptasi atau pembiayaan wesel untuk diskonto, pembelian dan/atau pembiayaan atas tagihan-tagihan, faktur-faktur dan/atau piutang-piutang dagang (termasuk wesel yang harus dibayarkan) sebesar USD 7.000.000.

Jaminan atas fasilitas kredit adalah piutang dan persediaan perusahaan.

Pada 31 Maret 2016 dan 31 Desember 2015, saldo utang atas fasilitas ini adalah masing-masing sebesar USD 2.951.425 (setara dengan Rp 39.183.124.043) dan USD 2.842.508 (setara dengan Rp 39.212.392.666).

*15. **SHORT-TERM BANK LOANS** (Continued)*

Deutsche Bank AG

On 25 April 2014 and based on the latest amendment dated 5 May 2015, the Company obtained credit facility for working capital purposes. These facilities are uncommitted and will be available until 30 April 2016. These facilities are as follows:

a. Facilities Overdraft. Overdraft facilities denominated in United States Dollar and/or alternative currency. For Rupiah currency subject to the interest of 10.50% per year and United States Dollar charged interest of 4.25% per year.

b. Letters of Credit can be issued for payment for performance or futures. Maximum validity per L/C no more than 180 days and each of the L/C of measure no more than 180 days. L/C, published split into two: L/C with opening commission is 0.125% flat, minimum USD 150; L/C futures with cash margin is nil, the commission the opening of 0.125% flat commission, USD 150 minimum suspension of payment of 0.25% per 3 months at least USD 250 paid in advance and are not refundable.

c. Financing/money order acceptance speeches are to discount, purchase and/or financing over bills, invoices and/or trade receivables (including wesel must be paid). Interest rate set of 3.75% per year for a period of up to 1 month and 4% per year for a period of between 1 to 3 months to wesel export top performance. Wesel export futures, interest rate of 3.75% per year for United States Dollar currency for a period of up to 1 month and 4% per year for the period from 1 month up to 3 months. Interest on late payments charged by 15% per year for currency United States Dollar and 24% per year for currency Rupiah.

Total principal for Facilities Overdraft amounted USD 3,000,000 and letters of Credit can be issued for payment for performance or futures and Financing/money order acceptance speeches are to discount, purchase and/or financing over bills, invoices and/or trade receivables (including wesel must be paid) amounted USD 7,000,000.

Collateral for the credit facility is the company's accounts receivable and inventories.

As of 31 March 2016 and 31 December 2015 the loan balances amounted to USD 2,951,425 (equivalent to Rp 39,183,124,043) and USD 2,842,508 (equivalent to Rp 39,212,392,666), respectively.

15. **UTANG BANK JANGKA PENDEK** (Lanjutan)

The Hongkong and Shanghai Banking Corporation Limited (HSBC)

Berdasarkan perjanjian No. JAK/150222/U/150225 tanggal 17 Maret 2015 dan perubahan perjanjian terakhir No. JAK/150786/U/150728 tanggal 3 September 2015, SPD memperoleh fasilitas kredit yang digunakan untuk pembiayaan kebutuhan Modal Kerja SPD. Penggunaan fasilitas untuk pembelian suku cadang dan perlengkapan lain dari mesin-mesin debitur yang bukan merupakan investasi baru adalah diperbolehkan. Fasilitas terdiri dari: Fasilitas Kredit Berdokumen, Kredit Berdokumen Berjangka yang Dibayar atas Unjuk (UPAS) 1, Kredit Berdokumen Berjangka yang Dibayar atas Unjuk (UPAS) 2, Pinjaman Impor dan Pembiayaan Piutang dengan total tidak dapat melebihi USD 17.000.000.

Dengan maksimal pinjaman untuk masing-masing fasilitas: USD 17.000.000 untuk Fasilitas Kredit Berdokumen, Kredit Berdokumen Berjangka yang Dibayar atas Unjuk (UPAS) 1, Pinjaman Impor; USD 10.000.000 untuk Pembiayaan Piutang dan USD 1.000.000 untuk Kredit Berdokumen Berjangka yang Dibayar atas Unjuk (UPAS) 2. Pinjaman ini jatuh tempo pada tanggal 3 September 2016.

a. Fasilitas Kredit Berdokumen. Jangka waktu wesel pada saat dokumen diunjukkan. Bunga pada periode transit akan dibebankan secara harian sebesar 5% per tahun dibawah *Best Lending Rate* (*BL1*) dari bank (yang saat ini adalah sebesar 11,227% per tahun, dan akan berfluktuasi sesuai kebijakan bank).

b. Kredit Berdokumen Berjangka yang dibayar atas Unjuk (UPAS) 1. Jangka waktu wesel maksimal 180 hari. Fasilitas ini juga tersedia dalam mata uang USD dan Rupiah. Penggunaan dalam USD, bunga pada periode transit akan dibebankan secara harian sebesar 5% per tahun dibawah *Best Lending Rate (BL1*) dari bank (yang saat ini adalah sebesar 11,227% per tahun dan akan berfluktuasi sesuai kebijakan bank). Penggunaan dalam IDR, bunga pada periode transit akan dibebankan secara harian sebesar 2,75% per tahun dibawah *Best Lending Rate (BL1*) dari bank (yang saat ini adalah sebesar 14,60% per tahun dan akan berfluktuasi sesuai kebijakan bank).

c. Kredit Berdokumen Berjangka yang dibayar atas Unjuk (UPAS) 2. Jangka waktu wesel maksimal 180 hari. Fasilitas ini juga tersedia dalam mata uang USD dan Rupiah. Penggunaan dalam USD, bunga pada periode transit akan dibebankan secara harian sebesar 5% per tahun dibawah *Best Lending Rate (BL1*) dari bank (yang saat ini adalah sebesar 11,2528% per tahun dan akan berfluktuasi sesuai kebijakan bank). Penggunaan dalam IDR, bunga pada periode transit akan dibebankan secara harian sebesar 2,75% per tahun dibawah *Best Lending Rate (BL1*) dari bank (yang saat ini adalah sebesar 14,60% per tahun dan akan berfluktuasi sesuai kebijakan bank).

d. Pinjaman Impor. Jangka waktu pinjaman maksimal 180 hari dari tanggal jatuh tempo yang terkait. Fasilitas ini hanya dapat digunakan untuk pembayaran fasilitas kredit berdokumen. Bunga akan dibebankan secara harian sebesar 5% per tahun dibawah *Best Lending Rate (BL1*) dari bank (yang saat ini adalah sebesar 11,227% per tahun dan akan berfluktuasi sesuai kebijakan bank).

15. ***SHORT-TERM BANK LOANS*** *(Continued)*

The Hongkong and Shanghai Banking Corporation Limited (HSBC)

Based on agreement No. JAK/150222/U/150225 dated 17 March 2015 and the latest amendment No. JAK/150786/ U/150728 dated 3 September 2015, SPD obtained credit facility used to finance Working Capital needs of the SPD. Utilization for purchases of spareparts and other equipment of the borrower's machineries excluding new investment are allowed. Facilities such as: Documentary Credit Facility, Usance Payable At Sight (UPAS) 1, Usance Payable At Sight (UPAS) 2, Clean Import Loan and Receivable Financing with total cannot exceed USD 17,000,000.

The maximum loan of each facility: USD 17,000,000 for Documentary Credit Facility, Usance Payable At Sight (UPAS) 1, Clean Import Loan; USD 10,000,000 for Receivable Financing and USD 1,000,000 for Usance Payable At Sight (UPAS) 2. The loan will mature on 3 September 2016.

a. Documentary Credit Facility. Bill of exchange tenor is sight. Interest in transit will be charged on a daily basis at 5% per year below the Bank Best's Lending Rate (BL1) (currently at 11.227% per year, but subject to fluctuation at the bank's direction).

b. Usance Payable at Sight (UPAS) 1. Bill of exchange tenor is maximum 180 days. This facility is also available in USD and IDR currency. Utilisation in USD, interest in transit will be charged on a daily basis at 5% per year below the Bank Best's Lending Rate (BL1) (currently at 11.227% per year, but subject to fluctuation at the bank's direction). Utilisation in IDR, interest in transit will be charged on a daily basis at 2.75% per year below the Bank Best's Lending Rate (BL1) (currently at 14.60% per year, but subject to fluctuation at the bank's direction).

c. Usance Payable at Sight (UPAS) 2. Bill of exchange tenor is maximum 180 days. This facility is also available in USD and IDR currency. Utilisation in USD, interest in transit will be charged on a daily basis at 5% per year below the Bank Best's Lending Rate (BL1) (currently at 11.2528% per year, but subject to fluctuation at the bank's direction). Utilisation in IDR, interest in transit will be charged on a daily basis at 2.75% per year below the Bank Best's Lending Rate (BL1) (currently at 14.60% per year, but subject to fluctuation at the bank's direction).

d. Clean Import Loan. Loan tenor is maximum 180 days from the due date of the relevant bill. This facility only to retire documentary credit only. Interest on the clean import loan will be charged only on a daily basis at 5% per year below the Bank Best's Lending Rate (BL1) (currently at 11.227% per year, but subject to fluctuation at the bank's direction).

15. **UTANG BANK JANGKA PENDEK** (Lanjutan)

The Hongkong and Shanghai Banking Corporation Limited (HSBC) (Lanjutan)

e. Pembiayaan Piutang. Tujuan fasilitas ini adalah untuk membiayai piutang milik debitur terhadap para pembeli produknya, termasuk penjualan ekspor dan lokal. Fasilitas ini digunakan untuk pelunasan hutang fasilitas kredit berdokumen/kredit berdokumen berjangka dibayar atas unjuk/pinjaman impor. Jangka waktu pembiayaan maksimal 60 hari dari tanggal pencairan dilakukan. Total jangka waktu kredit berdokumen berjangka yang dibayar atas unjuk/pinjaman impor tidak dapat melebihi 180 hari. Bunga diskonto akan diperhitungkan secara 5,75% per tahun di bawah Best Lending Rate (BL1) dari bank (yang saat ini adalah sebesar 11,227% per tahun, dan akan berfluktuasi sesuai kebijakan bank). Pembelian secara diskonto maksimal senilai 80% dari setiap nilai nominal tagihan *(invoice)* diluar dari bunga dan komisi diskonto.

Saldo utang atas pinjaman ini sebesar nihil pada 31 Maret 2016 dan USD 508.524 dan USD 1.945.472 (setara dengan Rp 26.837.785.555) pada 31 Desember 2015.

Jaminan atas fasilitas-fasilitas di atas adalah jaminan fidusia atas barang persediaan senilai USD 17.000.000, jaminan fidusia atas piutang senilai USD 17.000.000 dan jaminan perorangan dari Tn. Iwan Setiawan senilai USD 17.000.000.

Rasio-rasio *financial covenants*:
1. Rasio *Gearing* Eksternal pada maksimal 2x
2. Rasio lancar pada minimal 1x
3. Rasio EBITDA/Bunga pada minimal 1,5x

PT Bank Danamon Indonesia Tbk (Danamon)

Pada tanggal 24 Juni 2011, SPD dan Danamon menandatangani perjanjian kredit. Berdasarkan perubahan perjanjian No. 121/PPWK/OTF/CBD/V/2014 pada tanggal 13 Mei 2014, Perusahaan memperoleh fasilitas *omnibus trade* sebesar USD 15.000.000 dengan *sub-limit sight/usance/local LC, TR, OAF, SBLC, BG, Discrepant Nego LC (DNL)* sebesar USD 15.000.000 dan pinjaman jangka pendek *(revolving)* sebesar USD 5.000.000.

Fasilitas tersebut di atas berlaku untuk jangka waktu satu tahun dan dikenakan bunga tahunan sebesar 6% (Danamon Prime Rate).

Pada 31 Desember 2014 dan 31 Desember 2013, saldo utang atas fasilitas ini adalah masing-masing sebesar USD 3.210.440 dan USD 5.000.000.

*15. **SHORT-TERM BANK LOANS** (Continued)*

The Hongkong and Shanghai Banking Corporation Limited (HSBC) *(Continued)*

e. Receivable Financing. The purpose of this facility is to finance borrower's receivables due from its customer, including local and export sales. This facility is used to retire documentary credit/usance paid at sight/clean import loan. Financing tenor is maximum 60 days from the loan disbursment. Total tenor of usance paid at sight/clean import loan cannot exceed 180 days. Discount interest will be calculated on a daily basis at 5.75% per year bellow the Bank's Best Lending (BL1) (currently 11.227% per year but subject to fluctuation at the bank's discretion). Maximum discounting is 80% of the each invoice(s) face value net of the discount interest and discounting commission.

The loan balances amounted to nil as of 31 March 2016 and USD 508,524 and USD 1,945,472 (equivalent to Rp 26,837,785,555) as of 31 December 2015.

As security for the foregoing facilities are fiduciary transfer of ownership over stocks for USD 17,000,000, fiduciary transfer of ownership over receivables for USD 17,000,000 and personal guarantee from Mr. Iwan Setiawan for USD 17,000,000.

Ratio-ratio financial covenants:
1. External Gearing Ratio at a maximum 2x
2. Current ratio at a minimum 1x
3. EBITDA/Interest at minimum 1.5x

PT Bank Danamon Indonesia Tbk (Danamon)

On 24 June 2011, SPD and Danamon entered into a credit agreement. Based on the latest amendment No. 121/PPWK/OTF/CBD/V/2014 dated 13 May 2014, the Company obtained an omnibus trade facility amounting to USD 15,000,000 with sub-limits for sight/usance/local LC, TR, OAF, SBLC, BG, Discrepant Nego LC (DNL) of USD 15,000,000 and short-term revolving loan of USD 5,000,000.

The aforesaid facility is valid for a period of one year and the loan therefrom bears interest at the annual rate of 6% (Danamon Prime Rate).

As of 31 December 2014 and 31 December 2013 the loan balances amounted to USD 3,210,440 and USD 5,000,000, respectively.

15. **UTANG BANK JANGKA PENDEK** (Lanjutan)

PT Bank Danamon Indonesia Tbk (Danamon) (Lanjutan)

Selain jaminan yang disebutkan di atas, SPD diwajibkan untuk memenuhi rasio-rasio keuangan tertentu:

a. Rasio utang terhadap ekuitas maksimal 1,50 kali
b. Rasio utang terhadap laba sebelum bunga, pajak, penyusutan dan amortisasi (EBITDA) maksimal 3,50 kali
c. Rasio EBITDA terhadap pembayaran pinjaman pokok utang dan bunga *(Debt Service Coverage Ratio)* minimal 1,30 kali.

Pada 31 Desember 2014, SPD tidak memenuhi seluruh rasio keuangan di atas; namun, hal tersebut telah diinformasikan dan dapat diterima oleh Danamon.

Pinjaman tersebut dilunasi tanggal 12 Februari 2015.

PT Bank Agris

Pada tanggal 19 September 2012, SPD dan PT Bank Agris menandatangani perjanjian kredit. Berdasarkan perubahan perjanjian terakhir tanggal 15 April 2014, SPD memperoleh fasilitas time revolving loan sebesar Rp 45.000.000.000. Pinjaman ini dikenakan suku bunga sebesar 13,00% per tahun. Pada 31 Desember 2013 saldo terutang dari pinjaman ini sebesar USD 3.691.853 (setara dengan Rp 45.000.000.000).

Sehubungan dengan fasilitas tersebut, SPD diharuskan memberikan jaminan berupa tanah, piutang usaha Perusahaan sebesar Rp 51.462.434.352, *Letter of Undertaking* dari Perusahaan dan jaminan personal dari Tn. Iwan Kurniawan Lukminto (Catatan 13 dan 7).

Pinjaman tersebut dilunasi tanggal 7 Agustus 2014.

*15. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank Danamon Indonesia Tbk (Danamon)** (Continued)*

Under the loan agreements with Danamon, the SPD must maintain certain financial ratios:

a. Debt to equity ratio at the maximum of 1.50 times
b. Ratio of debt to earnings before interest, taxes, depreciation and amortization (EBITDA) at the maximum of 3.50 times
c. Ratio of EBITDA to financing payment of principal and interest (Debt Service Coverage Ratio) at the minimum of 1.30 times.

As of 31 December 2014, SPD breached all of the financial covenants above; however, the breaches have been reported to and accepted by Danamon.

The loan has been paid on 12 February 2015.

PT Bank Agris

On 19 September 2012, SPD and PT Bank Agris entered into a credit agreement. Based on the latest amendment dated 15 April 2014, SPD obtained a time revolving loan facility amounting to Rp 45,000,000,000. The loan bears interest at the rate of 13.00% per annum. As of 31 December 2014 the outstanding loan amounted to USD 3,691,853 (equivalent to Rp 45,000,000,000).

In connection with the facility, SPD is required to provide collateral in the form of land, trade receivables of the Company amounting to Rp 51,462,434,352, Letter of Undertaking from the Company and personal guarantee from Mr. Iwan Kurniawan Lukminto (Notes 13 and 7).

The loan has been paid on 7 August 2014.

16. **UTANG USAHA** / *16. **TRADE PAYABLES***

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Pihak ketiga					*Third parties*
Dolar Amerika Serikat	6.590.406	4.933.509	13.121.115	32.621.592	*United States Dollar*
Euro Eropa	2.638.591	2.609.350	-	2.128.568	*European Euro*
Rupiah	873.660	192.700	2.286.990	1.802.325	*Rupiah*
Yen Jepang	6.736	5.928	-	16.925	*Japan Yen*
Pihak berelasi (Catatan 12)					*Related parties (Note 12)*
Rupiah	1.002.804	3.366.005	3.213.255	5.207.427	*Rupiah*
Jumlah utang usaha	11.112.197	11.107.492	18.621.360	41.776.837	***Total trade payables***

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, tidak terdapat jaminan yang diberikan oleh Perusahaan dan Entitas Anaknya atas utang usaha tersebut.

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, there is no collateral given by the Company and its Subsidiaries for trade payables.

17. PERPAJAKAN / *TAXATION*

a. Pajak dibayar di muka / *Prepaid taxes*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Pajak penghasilan					*Income tax*
Pasal 19	1.374.095	1.374.095	-	-	*Article 19*
Pasal 28A	950.363	950.363	-	-	*Article 28A*
Pajak pertambahan nilai - Bersih	615.086	-	-	-	*Value added tax - Net*
Jumlah pajak dibayar di muka	2.939.544	2.324.458	-	-	***Total prepaid taxes***

b. Utang pajak / *Taxes payable*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Pajak penghasilan					*Income tax*
Pasal 4(2)	90.000	33.249	-	13.828	*Article 4(2)*
Pasal 21	89.896	68.166	45.835	498.798	*Article 21*
Pasal 23	74.259	70.323	70.449	76.097	*Article 23*
Pasal 25	1.514.641	1.271.981	555.010	207.382	*Article 25*
Pasal 26	2.154.212	1.564.325	131.836	-	*Article 26*
Pasal 29					*Article 29*
Periode pajak 2016	700.015	-	-	-	*Fiscal period 2016*
Tahun pajak 2015	1.755.201	1.689.166	-	-	*Fiscal year 2015*
Tahun pajak 2014	-	-	123.971	-	*Fiscal year 2014*
Tahun pajak 2013	638	614	1.432.619	5.124.703	*Fiscal year 2013*
Tahun pajak 2012	438.671	422.167	468.151	477.791	*Fiscal year 2012*
Tahun pajak 2011	225.344	216.866	240.488	245.440	*Fiscal year 2011*
Tahun pajak 2010	348.313	335.209	371.720	379.375	*Fiscal year 2010*
Pajak Pertambahan Nilai - Neto	306.258	1.586.663	1.400.108	1.030.948	*Value Added Tax - Net*
Surat Tagihan Pajak (STP)	950.062	841.737	-	-	*Tax Collection Letters*
Jumlah utang pajak	8.647.510	8.100.466	4.840.187	8.054.362	***Total taxes payable***

Pada 31 Desember 2015, utang pajak pasal 29 untuk tahun pajak 2010, 2011, 2012 dan 2013 merupakan utang pajak SPD.

As of 31 December 2015, taxes payable article 29 for fiscal year 2010, 2011, 2012 and 2013 represent SPD taxes payable.

17. **PERPAJAKAN** (Lanjutan)

c. Perhitungan fiskal

Rekonsiliasi antara laba sebelum pajak penghasilan, seperti yang disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian, dengan taksiran penghasilan kena pajak untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan tahun yang berakhir pada tanggal 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut:

17. ***TAXATION*** *(Continued)*

c. Fiscal computation

The reconciliation between the income before income tax, as shown in the consolidated statements profit or loss and other comprehensive income, and the estimated taxable income for the three-month periods ended 31 March 2016 and the years ended 31 December 2015, 31 December 2014 and 31 December 2013 is as follows:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*) 31 Maret/	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*) 31 Maret/	31 Des/*Dec* 2015 (Diaudit/ *Audited*) 31 Des/*Dec*	31 Des/*Dec* 2014 (Diaudit/ *Audited*) 31 Des/*Dec*	31 Des/*Dec* 2013 (Diaudit/ *Audited*) 31 Des/*Dec*	
Laba sebelum pajak penghasilan per laporan laba rugi dan penghasilan komprehensif lain konsolidasian	187.409.237.947	179.588.599.497	568.611.026.266	622.691.911.720	463.956.422.895	*Income before income tax per consolidated statements of profit or loss and other comprehensive income*
Ditambah:						*Add:*
Rugi (laba) Entitas Anak sebelum beban pajak penghasilan - Neto	(10.797.284.268)	(15.887.961.653)	(68.174.753.872)	(68.501.182.945)	(9.436.149.905)	*Loss (gain) of Subsidiaries before corporate income tax expense - Net*
Laba perusahaan sebelum penghasilan pajak	176.611.953.679	163.700.637.844	500.436.272.394	554.190.728.775	454.520.272.990	*Income before income tax attributable to the Company*
Ditambah (dikurangi):						*Add (deduct):*
Beda temporer:						***Temporary differences:***
Penyisihan imbalan kerja - Neto	2.021.996.562	2.215.783.443	9.281.122.483	10.170.026.815	6.472.714.649	*Provision for employee benefits - Net*
Penyusutan aset sewa pembiayaan	176.735.334	175.748.347	998.387.265	702.993.390	1.445.131.488	*Depreciation of leased assets*
Penyusutan aset tetap	(52.577.228.365)	(84.359.722.748)	(157.958.121.332)	(282.899.880.215)	(126.412.719.181)	*Depreciation of fixed assets*
Penurunan nilai persediaan	-	-	-	-	10.279.314.744	*Impairment of inventory*
Jumlah beda temporer	(50.378.496.469)	(81.968.190.958)	(147.678.611.584)	(272.026.860.010)	(108.215.558.300)	***Total temporary differences***
Beda tetap:						***Permanent differences:***
Beban yang tidak dapat dikurangkan						*Non-deductible expenses*
Beban pajak	1.678.445.673	1.916.594.019	45.506.762.131	18.780.457.413	22.514.329.563	*Tax expenses*
Pengembangan usaha	1.338.586.667	1.151.244.395	5.369.410.428	12.184.541.711	3.764.021.955	*Business development*
Sumbangan	617.933.333	417.630.900	2.486.000.050	1.393.206.841	1.493.455.600	*Donation*
Pembayaran pokok utang sewa pembiayaan	(181.386.667)	(383.692.600)	(7.481.239.331)	(2.231.431.763)	(4.383.372.064)	*Installment payment of obligation under finance lease*
Lain-lain	706.334.548	713.386.996	(104.468.168.950)	436.074.060	2.623.785.845	*Others*
Pendapatan bunga yang dikenakan pajak final	(1.277.934.500)	(836.704.594)	(12.069.132.675)	(13.269.911.166)	(15.881.403.645)	*Interest income already subjected to final tax*
Jumlah beda tetap	2.881.979.054	2.978.459.116	(70.656.368.347)	17.292.937.096	10.130.817.254	***Total permanent differences***
Taksiran penghasilan kena pajak	129.115.436.264	84.710.906.002	282.101.292.463	299.456.805.861	356.435.531.944	***Estimated taxable income***
Taksiran beban pajak penghasilan Perusahaan	32.278.859.066	16.942.181.200	70.525.323.000	59.891.361.000	89.108.882.986	***Estimated income tax expenses Company***
Taksiran beban pajak kini penghasilan Perusahaan (dalam USD)	2.385.549	1.294.878	5.154.285	5.046.033	8.518.199	***Estimated current income tax expenses Company (in USD)***

Berdasarkan Surat Keterangan dari PT Adimitra Transferindo (Biro Administrasi Efek) untuk Penurunan Tarif PPh tertanggal 13 Januari 2014, Perusahaan memperoleh penurunan tarif pajak penghasilan menjadi 20% sebagaimana diatur Pasal 2 ayat (2) Peraturan Pemerintah No. 77 tahun 2013 tentang Penurunan Tarif Pajak Penghasilan bagi WPDN ("Wajib Pajak Badan Dalam Negeri") yang berbentuk perseroan terbuka yaitu berhak memperoleh penurunan tarif Pajak Penghasilan Wajib Pajak Dalam Negeri.

Based on Statement Letter PT Adimitra Transferindo (Biro Administrasi Efek) for annual income tax rate reduction on 13 January 2014, the Company obtained a reduction of Income Tax Rate Being 20 % as stipulated in Article 2 paragraph (2) of Government Regulation No. 77 year 2013 about annual income tax rate for WPDN ("Wajib Pajak Badan Dalam Negeri") in Company, is entitled to receive the reduction rate for corporate income tax.

17. **PERPAJAKAN** (Lanjutan) / 17. ***TAXATION*** *(Continued)*

c. Perhitungan fiskal (Lanjutan) / *c. Fiscal computation (Continued)*

Pada tahun 2015, tarif pajak penghasilan mengalami perubahan sebagaimana diatur Pasal 2 ayat (2) Peraturan Pemerintah No. 56 tahun 2015, dimana tarif pajak penghasilan menjadi 25%, dikarenakan terdapat pemegang saham publik yang memiliki saham Perusahaan lebih dari 5% dan melebihi 183 hari.

Sampai dengan dikeluarkannya laporan ini, Perusahaan masih dalam proses pengajuan pelaporan SPT Badan dalam mata uang USD.

In 2015, annual income tax rate has change a as stipulated in Article 2 paragraph (2) of Government Regulation No. 56 year 2015, where the income tax rate to 25%, because there are public shareholders who own the Company's shares more than 5% and more than 183 days.

Until the date of this report, the Company is still in the process of filing tax returns reporting in USD.

d. Perhitungan taksiran utang pajak penghasilan adalah sebagai berikut: / *d. The computation of estimated income tax payable is as follows:*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Beban pajak kini						*Current income tax expenses*
Perusahaan (25%)	2.385.549	-	5.154.285	-	-	*Company (25%)*
Perusahaan (20%)	-	1.294.878	-	5.046.033	8.518.199	*Company (20%)*
Entitas anak (25%)	193.660	246.254	1.785.692	122.302	604.594	*Subsidaries (25%)*
J u m l a h	2.579.209	1.541.132	6.939.977	5.168.335	9.122.793	*T o t a l*
Pajak dibayar di muka						*Prepayment of income tax*
Perusahaan	1.852.315	1.219.551	6.104.648	4.736.731	2.621.060	*Company*
Entitas anak	26.879	234.358	96.526	70.403	83.717	*Subsidaries*
Selisih penjabaran	-	-	-	-	1.293.313	*Exchange difference*
J u m l a h	1.879.194	1.453.909	6.201.174	4.807.134	3.998.090	*T o t a l*
Taksiran utang pajak penghasilan						*Estimated corporate income tax payable*
Perusahaan	533.234	75.327	(950.363)	309.302	4.689.538	*Company*
Selisih penjabaran	-	(56.420)	-	(231.615)	-	*Exchange difference*
Entitas anak	166.781	11.896	1.689.166	51.899	435.165	*Subsidaries*
Selisih penjabaran	-	(1.254)	-	(5.615)	-	*Exchange difference*
N e t o	700.015	29.549	738.803	123.971	5.124.703	***N e t***

e. Beban pajak / *e. Income tax expense*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Kini						***Current***
Perusahaan	2.385.549	1.294.878	5.154.285	5.046.033	8.518.199	*Company*
Ketetapan pajak kurang bayar dari tahun-tahun sebelumnya	-	-	-	-	1.188.741	*Assessments for tax underpayments from previous year*
Entitas anak	193.660	246.254	1.785.692	122.302	604.594	*Subsidiaries*
J u m l a h	2.579.209	1.541.132	6.939.977	5.168.335	10.311.534	*T o t a l*
Kini - 2014						***Current - 2014***
Entitas Anak	-	-	15.348	-	-	*Subsidiaries*
Tangguhan						***Deferred***
Perusahaan	(387.016)	1.434.492	2.666.087	5.798.364	2.690.922	Company
Entitas anak	214.660	86.783	(700.640)	752.534	(198.757)	*Subsidiaries*
J u m l a h	(172.356)	1.521.275	1.965.447	6.550.898	2.492.165	T o t a l
Efek perubahan tarif pajak	-	959.062	-	3.756.526	-	*Effect from change of income tax rate*
Jumlah beban pajak	2.406.853	4.021.469	8.920.772	15.475.759	12.803.699	***Total tax expenses***

17. **PERPAJAKAN** (Lanjutan) / 17. ***TAXATION*** *(Continued)*

f. Rekonsiliasi antara laba sebelum pajak penghasilan dikalikan dengan tarif pajak yang berlaku dan total beban pajak penghasilan.

f. The reconciliation between the income tax expense calculated by multiplying the income before income tax by the applicable tax rate and total income tax expense.

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Laba sebelum pajak penghasilan	18.852.666	18.493.954	64.584.701	65.928.867	44.351.058	*Income before income tax*
Efek perubahan kurs pajak	(9.310.471)	-	(27.216.310)	(13.465.145)	-	*Effect from change of tax rate*
	9.542.195	18.493.954	37.368.391	52.463.722	44.351.058	
Estimasi beban pajak dengan tarif pajak yang berlaku	2.385.549	3.698.791	9.342.098	10.492.744	11.087.765	*Estimated tax expense based on prevailing tax rate*
Perbedaan tetap neto dengan menggunakan tarif pajak yang berlaku	53.248	907.441	(954.042)	5.202.602	907.961	*Net permanent differences at the applicable tax rate*
Pendapatan bunga yang telah dikenakan pajak final	23.611	77.063	(225.305)	(228.568)	(380.768)	*Interest income already subjected to final tax*
Beban pajak atas SKPKB dari tahun-tahun sebelumnya	-	-	-	-	1.188.741	*Tax expenses on SKPKBs from previous year*
Beban pajak final entitas anak	-	-	15.348	-	-	*Final taxes expenses subsidiaries*
Efek perubahan tarif pajak	-	-	1.868.420	-	-	*Effect from change of income tax rate*
Selisih penjabaran	(55.555)	(661.826)	(1.125.747)	8.981	-	*Exchange difference*
Jumlah beban pajak penghasilan	2.406.853	4.021.469	8.920.772	15.475.759	12.803.699	***Total income tax expense***

g. Aset/(liabilitas) pajak tangguhan / *g. Deferred tax assets/(liabilities)*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Aset pajak tangguhan					*Deferred tax assets*
Liabilitas imbalan kerja karyawan	3.115.421	1.638.150	1.207.161	1.104.947	*Employee benefits liability*
Cadangan penurunan nilai piutang	12.825	12.825	12.825	13.089	*Allowance for impairment of receivables*
Cadangan penurunan nilai persediaan	-	-	-	210.832	*Allowance for impairment of inventories*
Liabilitas pajak tangguhan					*Deferred tax liabilities*
Aset tetap	(5.503.144)	(4.839.965)	(1.977.368)	(6.869.902)	*Fixed assets*
Transaksi sewa pembiayaan	(254.998)	(258.264)	(276.357)	(256.969)	*Finance lease transactions*
Liabilitas pajak tangguhan Perusahaan	(2.629.896)	(3.447.254)	(1.033.739)	(5.798.003)	*Deferred tax liabilities Company*
(Liabilitas) aset pajak tangguhan	(12.690.457)	(12.627.734)	(13.483.286)	677.899	*Deferred tax (liabilities) assets*
Selisih penjabaran	-	-	281.550	-	*Exchange difference*
(Liabilitas) aset pajak tangguhan Entitas Anak	(12.690.457)	(12.627.734)	(13.201.736)	677.899	*Deferred tax (liabilities) assets Subsidiaries*

17. **PERPAJAKAN** (Lanjutan)

h. Pada tahun 2013, Perusahaan menerima beberapa Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas pajak penghasilan badan untuk penghasilan tahun pajak 2010, 2011, 2012 dan untuk periode bulan April sampai dengan Juli 2013 dengan jumlah keseluruhan sebesar Rp 47,3 milyar. SKPKB tersebut telah dibayar oleh Perusahaan dan dibebankan ke pajak kini tahun 2013 sebesar Rp 9,9 milyar (termasuk denda) dan sisanya telah dibebankan pada tahun-tahun sebelumnya. Selain itu, Perusahaan juga menerima Surat Tagihan Pajak (STP) untuk pajak pertambahan nilai dan pajak penghasilan lainnya dengan jumlah keseluruhan sebesar Rp 10 milyar (termasuk denda). STP tersebut telah di bayarkan oleh Perusahaan tahun 2013 dan telah dibebankan pada laba rugi tahun berjalan.

i. Pada tanggal 12 Juli 2013 Perusahaan menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) pajak penghasilan pasal 25, pajak penghasilan pasal 23 dan pajak pertambahan nilai untuk tahun pajak 2007 masing-masing sebesar Rp 3.723.380.300, Rp 1.314.203.658 dan Rp 2.405.533.628. Perusahaan telah membayar sebesar Rp 2.296.904.575 pada tahun 2013, dibebankan ke laba rugi tahun 2013.

j. Pada tahun 2015, Perusahaan menerima Surat Tagihan Pajak (STP) untuk pajak pertambahan nilai dan pajak penghasilan lainnya dengan jumlah keseluruhan sebesar Rp 35.617.899.436 (termasuk denda). STP tersebut telah di bayarkan oleh Perusahaan sebesar Rp 24.006.137.649 dan telah dibebankan pada laba rugi tahun berjalan. Sisanya sebesar Rp 11.611.761.787 dibayarkan pada 2016 dan telah diakui dalam utang pajak.

k. Pada tanggal 8 Desember 2015, Perusahaan dan SPD melakukan pembayaran ke KPP masing-masing sebesar USD 750.270 (setara dengan Rp 10.376.178.736) dan USD 623.825 (setara dengan Rp 8.717.952.623) sebagai uang muka pajak terkait rencana Perusahaan untuk melakukan revaluasi aset tetap. Sampai dengan tanggal penyelesaian laporan keuangan konsolidasian ini, laporan revaluasi aset tetap tersebut masih belum selesai.

l. Pada Maret 2016, Perusahaan menerima Surat Tagihan Pajak (STP) untuk pajak pertambahan nilai dan pajak penghasilan lainnya dengan jumlah keseluruhan sebesar Rp 24.375.824.353 (termasuk denda). STP tersebut telah di bayarkan oleh Perusahaan sebesar Rp 11.762.804.391 dan telah dibebankan pada laba rugi tahun berjalan. Sisanya sebesar Rp 12.613.019.962 dibayarkan setelah Maret 2016 dan telah diakui dalam utang pajak.

*17. **TAXATION** (Continued)*

h. In 2013, the Company received several Tax Assessment Letters for Underpayment (SKPKB) for 2010, 2011, 2012 and for the period April to July 2013 with a total amount of Rp 47.3 billion. The above SKPKBs had been paid by the Company and charged to 2013 current tax expense amounted to Rp 9.9 billion (including penalties), and the remaining balance had been charged to previous years. In addition, the Company also received several Tax Collection Letters (STP) for value added tax and income taxes with a total amount of Rp 10 billion (including penalties). The above STPs had been paid by the Company in 2013 and charged to the current year profit and loss.

i. On 12 July 2013 the Company received Tax Assessment Letter for Underpayment (SKPKB) of income tax articles 25, art 23 and value added tax for fiscal year 2007 amounting to Rp 3,723,380,300, Rp 1,314,203,658 and Rp 2,405,533,628, respectively. The Company paid the amount of Rp 2,296,904,575 in 2013, which was charged to profit and loss in 2013.

j. In 2015, the Company received Tax Collection Letter (STP) for value added tax and income taxes with the total amount of Rp 35,617,899,436 (including penalties). The above STP had been paid by the Company amounted Rp 24,006,137,649 and charged to the current year profit and loss. The remaining Rp 11,611,761,787 paid during 2016 and has been recognized in current tax liabilities.

k. On 8 December 2015, the Company and SPD made a payment to the tax office amounting to USD 750,270 (equivalent to Rp 10,376,178,736) and USD 623,825 (equivalent to Rp 8,717,952,623), respectively, as prepaid taxes related to Company's plan for revaluation of fixed assets. Up to the date of completion of these consolidated financial statements, the report revaluation of fixed assets is still unfinished.

l. In March 2016, the Company received Tax Collection Letter (STP) for value added tax and income taxes with the total amount of Rp 24,375,824,353 (including penalties). The above STP had been paid by the Company amounted Rp 11,762,804,391 and charged to the current year profit and loss. The remaining Rp 12,613,019,962 paid after March 2016 and has been recognized in current tax liabilities.

18. BEBAN AKRUAL / *18. ACCRUED EXPENSES*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Bunga	4.474.480	4.334.845	4.643.867	685.205	*Interest*
Listrik, telepon dan air	3.071.948	2.356.056	2.865.669	2.075.241	*Electricity, telephone and water*
Jasa tenaga ahli	82.308	151.879	109.727	1.344.969	*Professional fees*
Jamsostek	21.299	18.889	20.207	64.503	*Jamsostek*
Denda pajak	-	-	150.006	-	*Tax penalty*
Lain-lain	-	-	2.606	155.747	*Others*
Jumlah beban akrual	7.650.035	6.861.669	7.792.082	4.325.665	***Total accrued expenses***

19. UTANG BANK JANGKA PANJANG / *19. LONG-TERM BANK LOANS*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Utang bank jangka panjang					*Long-term bank loans*
PT Bank Rakyat Indonesia (Persero) Tbk	105.574.646	111.140.864	82.974.215	28.118.836	*PT Bank Rakyat Indonesia (Persero) Tbk*
Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)	3.766.195	3.624.502	-	33.604.139	*Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)*
PT Bank Danamon Indonesia Tbk	-	-	-	23.672.161	*PT Bank Danamon Indonesia Tbk*
PT Bank UOB Indonesia	-	-	-	13.673.531	*PT Bank UOB Indonesia*
	109.340.841	114.765.366	82.974.215	99.068.667	
Dikurangi bagian yang jatuh tempo dalam satu tahun					*Less current maturities*
PT Bank Rakyat Indonesia (Persero) Tbk	-	-	-	(10.363.109)	*PT Bank Rakyat Indonesia (Persero) Tbk*
Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)	-	-	-	(8.427.327)	*Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)*
PT Bank Danamon Indonesia Tbk	-	-	-	(4.807.632)	*PT Bank Danamon Indonesia Tbk*
PT Bank UOB Indonesia	-	-	-	(2.675.365)	*PT Bank UOB Indonesia*
	-	-	-	(26.273.433)	
Bagian jangka panjang	109.340.841	114.765.366	82.974.215	72.795.234	***Non-current portion***

19. **UTANG BANK JANGKA PANJANG** (Lanjutan)

PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")

Pada tanggal 9 Februari 2007 dan berdasarkan perubahan perjanjian terakhir No. R.II.130-ADK/DKR-1/02/2016 pada tanggal 25 Februari 2016, Perusahaan memperoleh fasilitas kredit dari BRI sebagai berikut:

a. Kredit Modal Kerja (KMK) yang terdiri dari Kredit Modal Kerja (KMK) 1, 2 dan 3.
Kredit Modal Kerja (KMK) 1 dengan pagu kredit sebesar Rp 130.000.000.000. Saldo terutang atas pinjaman ini masing-masing sebesar USD 10.571.080 (setara dengan Rp 128.857.688.200) pada 31 Desember 2013 yang diklasifikasikan sebagai utang bank jangka pendek.
Kredit Modal Kerja (KMK) 2 dengan pagu kredit sebesar Rp 245.000.000.000. Saldo terutang atas pinjaman ini sebesar USD 19.973.925 (setara dengan Rp 243.454.495.267) pada 31 Desember 2013 yang diklasifikasikan sebagai utang bank jangka pendek.
Kredit Modal Kerja (KMK) 3 dengan pagu kredit sebesar Rp 160.000.000.000. Saldo terutang atas pinjaman ini masing-masing adalah USD 13.070.754 (setara dengan Rp 159.319.420.606) pada 31 Desember 2013 yang diklasifikasikan sebagai utang bank jangka pendek.

Pinjaman tersebut jatuh tempo pada tanggal 9 Februari 2014. Tingkat bunga pinjaman tersebut adalah 9% per tahun, dapat ditinjau setiap saat sesuai dengan suku bunga yang berlaku di bank. Fasilitas tersebut digunakan untuk membiayai modal kerja.

Perjanjian tersebut mengalami pengabungan dan perubahan pagu kredit menjadi: Kredit Modal Kerja (KMK) dengan pagu kredit sebesar Rp 510.500.000.000, yang jatuh tempo pada tanggal 9 Februari 2018. Saldo terutang atas pinjaman ini sebesar USD 30.389.864 (setara dengan Rp 403.455.834.464), USD 29.246.526 (setara dengan Rp 403.455.832.584) dan USD 39.674.462 (setara dengan Rp 493.550.303.657) pada tanggal 31 Maret 2016, 31 Desember 2015 dan 31 Desember 2014 diklasifikasikan sebagai utang bank jangka panjang. Tingkat bunga pinjaman tersebut adalah 11,5% per tahun, dapat ditinjau setiap saat sesuai dengan suku bunga yang berlaku di bank. Fasilitas tersebut digunakan untuk membiayai modal kerja.

b. Kredit Modal Kerja (KMK) Talangan Listrik dengan pagu kredit sebesar Rp 25.000.000.000 (PT Sri Rejeki Isman Rp 11.000.000.000, PT Sinar Pantja Djaja Rp 5.770.000.000, PT Adikencana Mahkotabuana Rp 2.000.000.000 dan PT Sari Warna Asli Textile Industry Rp 6.250.000.000). Saldo terutang atas pinjaman ini sebesar USD 1.883.097 (setara dengan Rp 24.999.997.519), USD 1.811.109 (setara dengan Rp 24.984.246.576) dan USD 2.009.007 (setara dengan Rp 24.992.044.405) pada 31 Maret 2016, 31 Desember 2015 dan 31 Desember 2014 yang diklasifikasikan sebagai utang bank jangka panjang dan USD 2.049.964 (setara dengan Rp 24.987.012.402) pada 31 Desember 2013 yang diklasifikasikan sebagai utang bank jangka pendek. Pinjaman tersebut jatuh tempo pada tanggal 9 Februari 2018. Tingkat bunga pinjaman 9% - 11,5% per tahun, dapat ditinjau setiap saat sesuai dengan suku bunga yang berlaku di bank. Fasilitas tersebut digunakan untuk membiayai kebutuhan modal, terutama untuk biaya listrik Perusahaan.

19. ***LONG-TERM BANK LOANS*** *(Continued)*

PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")

On 9 February 2007 and based on the last amendment No. R.II.130-ADK/DKR-1/02/2016 dated 25 February 2016, the Company obtained credit facilities from BRI as follows:

*a. Capital Credit Facility (KMK) which consists of Capital Credit Facility (KMK) 1, 2 and 3.
Capital Credit Facility (KMK) 1 with credit limit amounting to Rp 130,000,000,000. The outstanding loan amounted to USD 10,571,080 (equivalent to Rp 128,857,688,200) as of 31 December 2013 (part of short-term bank loans).*

Capital Credit Facility (KMK) 2 with credit limit amounting to Rp 245,000,000,000. The outstanding loan amounted to USD 19,973,925 (equivalent to Rp 243,454,495,267) as of 31 December 2013 (part of short-term bank loans).

Capital Credit Facility (KMK) 3 with credit limit amounting to Rp 160,000,000,000. The outstanding balance of this loan amounted to USD 13,070,754 (equivalent to Rp 159,319,420,606) as of 31 December 2013 (part of short-term bank loans).

The loan is due on 9 February 2014. The loan bears interest at 9% per year, subject to review at any time in accordance with the applicable interest rate in the bank. This facility is used for working capital purposes.

The agreement have combined and changes credit limit become: Capital Credit Facility (KMK) with credit limit amounting to Rp 510,500,000,000, is due on 9 February 2018. The outstanding loan amounted to USD 30,389,864 (equivalent to Rp 403,455,834,464), USD 29,246,526 (equivalent to Rp 403,455,832,584) and USD 39,674,462 (equivalent to Rp 493,550,303,657) as of 31 March 2016, 31 December 2015 and 31 December 2014 (part of long-term bank loans). The loan bears interest at 11.5% per year, to be reviewed at any time in accordance with the applicable interest rate in the bank. This facility is used for working capital purposes.

b. Working Capital Credit Facility (KMK) Electrical Bailout with additional credit amounting to Rp 25,000,000,000 (PT Sri Rejeki Isman Rp 11,000,000,000, PT Sinar Pantja Djaja Rp 5,770,000,000, PT Adikencana Mahkotabuana Rp 2,000,000,000 dan PT Sari Warna Asli Textile Industry Rp 6,250,000,000). The outstanding loan amounted to USD 1,883,097 (equivalent to Rp 24,999,997,519), USD 1,811,109 (equivalent to Rp 24,984,246,576) and USD 2,009,007 (equivalent to Rp 24,992,044,405) as of 31 March 2016, 31 December 2015 and 31 December 2014 (part of long-term bank loans) and USD 2,049,964 (equivalent to Rp 24,987,012,402) as of 31 December 2013 (part of short-term bank loans). The loan is due on 9 February 2018. The loan bears interest at the annual rate of 9% - 11.5%, to be reviewed at any time in accordance with the applicable interest rate in the bank. This facility is used for working capital purposes, specifically for the Company's electricity requirements.

19. **UTANG BANK JANGKA PANJANG** (Lanjutan)

PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")
(Lanjutan)

Pada tanggal 9 Februari 2007 dan berdasarkan perubahan perjanjian terakhir No. R.II.130-ADK/DKR-1/02/2016 pada tanggal 25 Februari 2016, Perusahaan memperoleh fasilitas kredit dari BRI sebagai berikut: (Lanjutan)

c. Kredit Modal Kerja Talangan Gaji pada tanggal 25 Februari 2016 dengan pagu kredit sebesar Rp 24.500.000.000. Saldo terutang atas pinjaman ini sebesar USD 1.813.614 (setara dengan Rp 24.077.539.464) dan USD 1.297.726 (setara dengan Rp 17.902.125.718) pada tanggal 31 Maret 2016 dan 31 Desember 2015 yang diklasifikasikan sebagai utang bank jangka panjang. Pinjaman tersebut jatuh tempo sampai 9 Februari 2018. Tingkat bunga pinjaman tersebut adalah 11,5% per tahun. Fasilitas tersebut digunakan untuk mendukung kebutuhan modal kerja dalam rangka pembayaran gaji karyawan.

d. Kredit Modal Kerja Impor (KMKI)/ Penangguhan Jaminan Impor (PJI) I pada tanggal 25 Februari 2016 dengan pagu kredit sebesar USD 54.250.000 (*discover* KMKI USD 43.250.000 dan tidak *discover* KMKI USD 11.000.000). Pinjaman tersebut jatuh tempo sampai tanggal 9 Februari 2018. Tingkat bunga pinjaman tersebut adalah 6% per tahun. Fasilitas tersebut digunakan untuk mendukung kebutuhan modal kerja dalam rangka transaksi impor. Saldo terutang atas pinjaman ini sebesar USD 18.801.260, USD 18.798.671 dan USD 41.314.332 masing-masing pada 31 Maret 2016, 31 Desember 2015 dan 31 Desember 2014 yang diklasifikasikan sebagai utang bank jangka panjang dan USD 39.963.565 pada 31 Desember 2013 yang diklasifikasikan sebagai utang bank jangka pendek.

e. Berdasarkan perpanjangan Kredit Modal Kerja Impor (KMKI)/ Penangguhan Jaminan Impor (PJI) II pada tanggal 25 Februari 2016 dengan pagu kredit sebesar USD 21.300.000. Pinjaman tersebut jatuh tempo sampai 9 Februari 2018. Tingkat bunga pinjaman tersebut adalah 6% per tahun. Fasilitas tersebut digunakan untuk mendukung kebutuhan modal kerja dalam rangka transaksi impor. Saldo terutang atas pinjaman ini sebesar USD 10.637.587, USD 7.629.939, dan (USD 23.586) pada 31 Maret 2016, 31 Desember 2015 dan 31 Desember 2014 yang diklasifikasikan sebagai utang bank jangka panjang dan USD 208 pada 31 Desember 2013 yang diklasifikasikan sebagai utang bank jangka pendek.

f. Bank Garansi dengan pagu kredit sebesar Rp 50.000.000.000 dan dapat digunakan semenjak 9 Februari 2016 sampai tanggal 9 Februari 2018. Provisi sebesar 0,5% dari nilai Bank Garansi yang digunakan.

g. *Standby Letter of Credit* dengan pagu kredit sebesar USD 3.770.000 dan tersedia sampai tanggal 9 Februari 2018.

h. *Fasilitas Trade Line (TL)* dengan pagu kredit sebesar USD 30.000.000 dan tersedia sampai tanggal 9 Februari 2018.

19. ***LONG-TERM BANK LOANS*** *(Continued)*

PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")
(Continued)

On 9 February 2007 and based on the last amendment No. R.II.130-ADK/DKR-1/02/2016 dated 25 February 2016, the Company obtained credit facilities from BRI as follows: (Continued)

c. Working Capital Loan for Payroll Bailout on 25 February 2016, with credit limit amounting to Rp 24,500,000,000. The outstanding loan amounted to USD 1,813,614 (equivalent to Rp 24,077,539,464) and USD 1,297,726 (equivalent to Rp 17,902,125,718) as of 31 March 2016 and 31 December 2015 (part of long-term bank loans). The loan is due on 9 February 2018. The loan bears interest at 11.5% per year. This facility is used for working capital purposes for payment salaries of employees.

d. Working Capital Credit Facility for Import (KMKI/ Deferred Import Guarantee (PJI) I on 25 February 2016 with credit limit amounting to USD 54,250,000 (discover KMKI USD 43,250,000 and uncover KMKI USD 11,000,000). The loan is due on 9 February 2018. The loan bear interest at 6% per year. This facility is used for working capital purposes for import transactions. The outstanding loan amounted to USD 18,801,260, USD 18,798,671 and USD 41,314,332 as of 31 March 2016, 31 December 2015 and 31 December 2014 (part of long-term bank loans), respectively, and USD 39,963,565 as of 31 December 2013 (part of short-term bank loans).

e. Based on extension Working Capital Credit Facility for Import (KMKI)/Deferred Import Guarantee (PJI) II on 25 February 2016 with credit limit amounting to USD 21,300,000. The loan is due on 9 February 2018. The loan bear interest at 6% per year. This facility is used for working capital purposes for import transactions. The outstanding loan amounted to USD 10,637,587, USD 7,629,939, and (USD 23,586) as of 31 March 2016, 31 December 2015 and 31 December 2014 (part of long-term bank loans) and USD 208 as of 31 December 2013 (part of short-term bank loans).

f. Bank Guarantee Facility with credit limit amounting to Rp 50,000,000,000 and availability is from 9 February 2016 until 9 February 2018. The provision is 0.5% from the value of the Bank Guarantee used.

g. Standby Letter of Credit Facility with credit limit amounting to USD 3,770,000 and available until 9 February 2018.

h. Trade Line (TL) Facility with credit limit amounting to USD 30,000,000 and available until 9 February 2018.

19. **UTANG BANK JANGKA PANJANG** (Lanjutan)

PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")
(Lanjutan)

Pada tanggal 9 Februari 2007 dan berdasarkan perubahan perjanjian terakhir No. R.II.130-ADK/DKR-1/02/2016 pada tanggal 25 Februari 2016, Perusahaan memperoleh fasilitas kredit dari BRI sebagai berikut: (Lanjutan)

i. *Commercial Line/Credit Line* dengan pagu kredit sebesar USD 15.000.000 dan tersedia sampai tanggal 9 Februari 2018.

j. *Forex Line* dengan pagu kredit sebesar USD 15.000.000 dan tersedia sampai tanggal 9 Februari 2018.

Pada tanggal 31 Maret 2016, 31 Desember 2015 dan 31 Desember 2014, pinjaman tersebut dijaminkan dengan piutang usaha (catatan 7), persediaan (catatan 9), aset tetap (catatan 13) dan jaminan perusahaan atas nama PT Kapas Agung Abadi.

Pada tanggal 31 Desember 2013, pinjaman tersebut dijaminkan dengan piutang usaha (catatan 7), persediaan (catatan 9), aset tetap (catatan 13) dan jaminan pribadi dari Alm. H.M. Lukminto dan Iwan Setiawan.

Pada tanggal 16 Januari 2008, Perusahaan memperoleh fasilitas Kredit Investasi (KI) II dengan pagu kredit sebesar Rp 254.748.000.000 yang digunakan untuk pembiayaan dalam rangka pengembangan usaha berupa pembelian mesin- mesin, pembangunan pembangkit tenaga listrik, pembangunan tambahan gedung pabrik, pengembangan sistem informasi manajemen, serta menyediakan fasilitas jaminan impor *(sight L/C* maupun *usance L/C)* dalam rangka pembelian impor mesin dan peralatan dengan pagu kredit sebesar Rp 195.500.000.000 yang merupakan sublimit dari fasilitas KI II. Pinjaman dari fasilitas tersebut jatuh tempo pada tanggal 31 Desember 2014. Tingkat bunga pinjaman berkisar antara 9% sampai dengan 12% pada 31 Desember 2013.

Fasilitas pinjaman tersebut telah ditarik seluruhnya pada tanggal 31 Desember 2009. Saldo pinjaman ini pada 31 Desember 2013 adalah sebesar USD 3.693.588 (setara dengan Rp 45.021.146.384). Pada tahun yang berakhir pada tanggal 31 Desember 2013, Perusahaan melakukan pembayaran atas pinjaman ini sebesar Rp 51.000.000.000.

Pada April 2014, Perusahaan melunasi pinjaman ini sebesar Rp 45.091.528.548.

Pada tanggal 15 April 2011, Perusahaan memperoleh fasilitas kredit sebagai berikut:

a. Kredit Investasi (KI) III dengan pagu kredit sebesar Rp 103.200.000.000 yang akan jatuh tempo pada tanggal 31 Desember 2017. Tingkat bunga pinjaman berkisar antara 9% sampai dengan 11% per tahun pada 31 Desember 2013. Fasilitas ini digunakan untuk membiayai pembelian mesin-mesin dalam rangka meningkatkan efisiensi produksi.

   Fasilitas pinjaman tersebut telah ditarik seluruhnya pada tahun 2011. Saldo pinjaman ini pada 31 Desember 2013 adalah sebesar USD 5.508.713 (setara dengan Rp 67.145.703.425). Pada tahun yang berakhir pada tanggal 31 Desember 2013, Perusahaan melakukan pembayaran sebesar Rp 18.000.000.000.

   Pada tanggal 28 April 2014, perusahaan telah melunasi seluruh utang Kredit Investasi (KI) III sebesar Rp 67.145.703.425.

*19. **LONG-TERM BANK LOANS** (Continued)*

PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")
(Continued)

On 9 February 2007 and based on the last amendment No. R.II.130-ADK/DKR-1/02/2016 dated 25 February 2016, the Company obtained credit facilities from BRI as follows: (Continued)

i. Commercial Line/Credit Line Facility with credit limit amounting to USD 15,000,000 and available until 9 February 2018.

j. Commercial Line/Credit Line Facility with credit limit amounting to USD 15,000,000 and available until 9 February 2018.

On 31 March 2016, 31 December 2015 and 31 December 2014, the loans are secured by trade receivables (note 7), inventories (note 9), fixed assets (note 13) and the corporate guarantee on behalf of the PT Kapas Agung Abadi.

On 31 December 2013, the loans are secured by the trade receivables (note 7), inventories (note 9), fixed assets (note 13) and the personal guarantee of H.M. Lukminto (deceased) and Iwan Setiawan

On 16 January 2008, the Company obtained Investment Credit (KI) facilities term II with credit limit amounting to Rp 254,748,000,000 which were used in financing the purchase of machinery, development of power plant, development of additional factory building, improvement of management information system, and providing deferred import guarantee facility, (sight L/C and usance L/C) in the importation of machines and equipment with credit limit amounting to Rp 195,500,000,000 which is a sub-line from KI II facility. The loan from the facilities was due on 31 December 2014. The loan bears interest at annual rates ranging from 9% to 12% in 31 December 2013.

The credit limit had been fully utilized as of 31 December 2009. The outstanding loan as of 31 December 2013 amounted to USD 3,693,588 (equivalent to Rp 45,021,146,384). For the year ended 31 December 2013, the Company made repayments of this loan amounting to Rp 51,000,000,000.

In April 2014, the Company paid of this loan amounting to Rp 45,091,528,548.

On 15 April 2011, the Company obtained the following credit facilities:

a. Investment Credit Facility (KI) III with credit limit amounting to Rp 103,200,000,000. The loan is due on 31 December 2017. The loan bears interest at rates ranging from 9% to 11% per year in 31 December 2013. This facility is used to finance the purchase of machinery to increase production efficiency.

   The credit limit was fully utilized in 2011. The outstanding loan as of 31 December 2013 amounted to USD 5,508,713 (equivalent to Rp 67,145,703,425). For the year ended 31 December 2013, the Company made repayments amounting to Rp 18,000,000,000.

   On 28 April 2014, the Company fully repaid the Investment Credit (KI) facility term III loan amounting to Rp 67,145,703,425.

19. **UTANG BANK JANGKA PANJANG** (Lanjutan)

PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")
(Lanjutan)

Pada tanggal 15 April 2011, Perusahaan memperoleh fasilitas kredit sebagai berikut: (Lanjutan)

b. Kredit Investasi (KI) IV dengan pagu kredit sebesar Rp 288.700.000.000 dan fasilitas Penangguhan Jaminan Impor (PJI) dengan pagu kredit sebesar Rp 266.000.000.000 yang merupakan sublimit dari fasilitas KI IV. Pinjaman ini jatuh tempo pada tanggal 31 Desember 2017. Tingkat bunga pinjaman tersebut berkisar antara 9% sampai dengan 11% per tahun pada 31 Desember 2013. Fasilitas tersebut digunakan untuk membiayai investasi pembangunan Departemen Spinning VI dan untuk jaminan impor. Pada tanggal 1 Agustus 2012, Perusahaan mengadakan Perubahan terhadap perjanjian kredit KI IV.

   Fasilitas pinjaman tersebut telah ditarik seluruhnya pada tanggal 31 Desember 2012. Saldo pinjaman ini pada 31 Desember 2013 adalah sebesar USD 18.363.182 (setara dengan Rp 223.828.826.138). Pada tahun yang berakhir pada tanggal 31 Desember 2013, Perusahaan melakukan pembayaran atas pinjaman ini sebesar Rp 57.740.000.000.

   Pada tanggal 28 April 2014, perusahaan telah melunasi seluruh utang Kredit Investasi (KI) IV sebesar Rp 223.828.826.138.

Pada tanggal 1 Agustus 2012, Perusahaan memperoleh fasilitas kredit sebagai berikut:

a. Kredit Investasi (KI) V dengan pagu kredit sebesar Rp 53.700.000.000. Fasilitas tersebut tersedia sampai dengan tanggal 1 Agustus 2018. Tingkat bunga pinjaman adalah 9,5% per tahun, dapat ditinjau setiap saat sesuai dengan suku bunga yang berlaku di bank. Fasilitas tersebut digunakan untuk membiayai pembelian mesin digital printing dan TFO (*Two for One Twister*).

   Fasilitas pinjaman tersebut telah ditarik sebesar USD 3.092.520 pada tanggal 29 Maret 2014. Saldo pinjaman ini pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah masing-masing sebesar nihil. Perusahaan melakukan pembayaran sebesar USD 3.092.520 pada tanggal 28 April 2014.

*19. **LONG-TERM BANK LOANS** (Continued)*

PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")
(Continued)

On 15 April 2011, the Company obtained the following credit facilities: (Continued)

b. Investment Credit Facility (KI) IV with credit limit amounting to Rp 288,700,000,000 and Deferred Import Guarantee (PJI) facility with credit limit amounting to Rp 266,000,000,000 which is a sub-lineP from KI IV facility. The loan is due on 31 December 2017. The loan bears interest at annual rates ranging from 9% to 11% in 31 December 2013. The loan is used to finance the construction of the Spinning Department VI and to cover imports. On 1 August 2012, the Company entered into an Addendum of Credit Agreement for KI IV.

   The credit limit has been fully utilized as of 31 December 2012. The outstanding loan as of 31 December 2013 amounted to USD 18,363,182 (equivalent to Rp 223,828,826,138). For the year ended 31 December 2013, the Company made repayments of this loan amounting to Rp 57,740,000,000. There was no repayment of this loan in 2012.

   On 28 April 2014, the Company fully repaid the Credit Investment (KI) facility term IV loan amounting to Rp 223,828,826,138.

On 1 August 2012, the Company obtained the following credit facilities:

a. Investment Credit Facility (KI) V with credit limit amounting to Rp 53,700,000,000. The facility is available until 1 August 2018. The loan from the facility will bears interest at the rate of 9.5% per year, to be reviewed at any time in accordance with the applicable interest rate in the bank. This facility will be used to finance the purchase of TFO (Two for One Twister) and digital printing machinery.

   The credit facility was utilized to the extent of USD 3,092,520 on 29 March 2014. The outstanding loan as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 amounted to nil, respectively. The Company fully repaid the loan amounting to USD 3,092,520 on 28 April 2014.

19. **UTANG BANK JANGKA PANJANG** (Lanjutan)

PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")
(Lanjutan)

Pada tanggal 1 Agustus 2012, Perusahaan memperoleh fasilitas kredit sebagai berikut: (Lanjutan)

b. Kredit Investasi (KI) VI dengan pagu kredit sebesar Rp 6.800.000.000. Pinjaman ini jatuh tempo pada tanggal 1 Agustus 2015. Tingkat bunga pinjaman adalah 9,5% per tahun, dapat ditinjau setiap saat sesuai dengan suku bunga yang berlaku di bank. Fasilitas tersebut digunakan untuk pembangunan gudang.

   Fasilitas pinjaman tersebut telah ditarik seluruhnya pada tanggal 31 Mei 2013. Saldo pinjaman ini pada 31 Desember 2013 adalah sebesar USD 553.353 (setara dengan Rp 6.744.817.232). Perusahaan melakukan pelunasan seluruh utang Kredit Investasi (KI) VI pada tanggal 28 April 2014 sebesar Rp 6.744.817.232.

Pada tanggal 25 Juni 2015, berdasarkan Perjanjian Kredit No. B.101-KC/VII/ADK/PK/06/2015, Perusahaan memperoleh fasilitas kredit dengan jumlah plafond sebesar USD 52.380.000. Pinjaman tersebut jatuh tempo sampai 25 Juni 2017. Tingkat suku bunga kredit sebesar 2,64% per tahun dan suku bunga keterlambatan pembayaran sebesar 50% dari suku bunga yang berlaku. Saldo pinjaman ini pada 31 Maret 2016 dan 31 Desember 2015 adalah masing-masing sebesar USD 42.049.224 dan USD 52.356.893.

Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)

Pada tanggal 14 Januari 2011, Perusahaan mengadakan perjanjian kredit dengan Indonesia Eximbank, dimana Perusahaan memperoleh fasilitas kredit:

a. Kredit Investasi Ekspor (KIE) dengan pagu kredit sebesar Rp 339.000.000.000. Pinjaman ini jatuh tempo pada tanggal 12 Januari 2018. Tingkat bunga pinjaman berkisar antara 10% sampai dengan 11% per tahun, dapat ditinjau setiap saat sesuai dengan suku bunga yang berlaku di bank. Fasilitas tersebut digunakan untuk membiayai pembangunan pabrik Departemen Spinning VI dan VII.

b. Fasilitas pembukaan *Letter of Credit* atau SKBDN (sublimit dari KIE) dengan pagu kredit sebesar Rp 289.000.000.000. Fasilitas tersebut digunakan untuk pembelian mesin dan peralatan terkait dengan pembiayaan pembangunan Departemen Spinning VI dan VII.

Pada tanggal 28 April 2014, perusahaan telah melunasi seluruh utang bank jangka panjang dan pendek atas fasilitas Kredit Investasi Ekspor (KIE) sebesar Rp 240.124.999.993.

*19. **LONG-TERM BANK LOANS** (Continued)*

PT Bank Rakyat Indonesia (Persero) Tbk ("BRI")
(Continued)

On 1 August 2012, the Company obtained the following credit facilities: (Continued)

b. Investment Credit Facility (KI) VI with credit limit amounting to Rp 6,800,000,000. The loan is due on 1 August 2015. The loan bears interest at the rate of 9.5% per year, to be reviewed at anytime in accordance with the applicable interest rate in the bank. This facility is used for building construction.

   The credit limit had been fully utilized as of 31 May 2013. The outstanding loan as of 31 December 2013 amounted to USD 553,353 (equivalent to Rp 6,744,817,232). The Company fully repaid the Credit Investment (KI) facility term VI loan on 28 April 2014 amounting to Rp 6,744,817,232.

On 25 June 2015, based on Credit Aggrement No. B.101-KC/VII/ADK/PK/06/2015, the Company obtained credit facilities amount of plafond is USD 52,380,000. This loan will be due in 25 June 2017. Interest rates by credit 2.64% per year and interest rates the delay in payment of 50% on interests rate prevailing. The outstanding loan as of 31 March 2016 and 31 December 2015 amounted to USD 42,049,224 and USD 52,356,893, respectively.

Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)

On 14 January 2011, the Company entered into a credit agreement with Indonesia Eximbank whereby the Company obtained the following credit facilities:

a. Investment Credit Export Facility (KIE) with credit limit amounting to Rp 339,000,000,000. The loan is due on 12 January 2018. The loan bears interest at the annual rate ranging from 10% to 11%, subject to review at any time in accordance with the applicable interest rate in the bank. This facility is used to finance the construction of the Spinning VI and VII Departments of the factory.

b. Letter of Credit Facility or SKBDN (sub-line of KIE) with credit limit amounting to Rp 289,000,000,000. This facility is used to finance the purchase of machinery and equipment related with the project of the Spinning VI and VII Departments.

On 28 April 2014, the Company fully repaid the long-term and short-term loans from the Investment Credit Export (KIE) facility amounting to Rp 240,124,999,993.

19. **UTANG BANK JANGKA PANJANG** (Lanjutan)

Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank) (Lanjutan)

Fasilitas pinjaman KIE tersebut telah ditarik seluruhnya pada tanggal 31 Desember 2011. Saldo pinjaman ini pada 31 Desember 2013 adalah sebesar USD 19.700.139 (setara dengan Rp 240.124.999.993). Pada tahun yang berakhir pada tanggal 31 Desember 2013, Perusahaan melakukan pembayaran atas pinjaman ini masing-masing sebesar Rp 56.500.000.000.

Berdasarkan Perjanjian No. 046/ADDPK/03/2015 dan No. 047/ADDPK/03/2015 pada tanggal 4 Maret 2015, Perusahaan dan Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank) melakukan perpanjangan fasilitas kredit sebagai berikut:

a. Fasilitas Kredit Modal Kerja Expor (KMKE), maksimum kredit sebesar Rp 50.000.000.000 dengan tingkat bunga pinjaman 10% per tahun.
b. Fasilitas Pembukaan *Letter of Credit* atau Surat Kredit Berdokumen Dalam Negeri (SKBDN) (*Sight/Usance/UPAS*) dan/atau Pembiayaan *Letter of Credit* atau Surat Kredit Berdokumen Dalam Negeri (SKBDN), maksimum kredit sebesar USD 14.000.000 dengan tingkat bunga pinjaman 6% per tahun.

Fasilitas ini dijaminkan dengan tanah, piutang usaha sebesar Rp 200.000.000.000 dan persediaan sebesar Rp 200.000.000.000. Pinjaman tersebut jatuh tempo sampai 3 Maret 2017. Saldo pinjaman ini pada 31 Maret 2016 dan 31 Desember 2015 adalah masing-masing sebesar USD 3.766.195 (setara dengan Rp 50.000.000.000) dan USD 3.624.502 (setara dengan Rp 50.000.000.000).

Perjanjian pinjaman tersebut di atas mencakup beberapa persyaratan yang membatasi Perusahaan antara lain melakukan penyertaan baru, bertindak sebagai penjamin, mengubah Anggaran Dasar dan melakukan penggabungan usaha atau akuisisi, mengajukan permohonan pailit sebelum utang kepada Eximbank dilunasi terlebih dahulu serta memberikan pinjaman kepada pemegang saham.

Pada tanggal 9 Agustus 2012, SPD mengadakan perjanjian kredit dengan Indonesia Eximbank, dimana SPD memperoleh fasilitas kredit Investasi Ekspor (KIE-I) sebesar USD 7.800.000 dan KIE-II sebesar USD 8.000.000. Fasilitas tersebut berlaku untuk jangka waktu lima tahun. Pinjaman ini dikenakan bunga sebesar 6,85% per tahun. Pada 31 Desember 2013, saldo terutang atas fasilitas ini adalah sebesar USD 13.904.000. Pada tanggal 28 April 2014, SPD telah melunasi seluruh fasilitas Kredit Investasi Ekspor (KIE) I dan II sebesar USD 13.904.000.

Sehubungan dengan fasilitas tersebut, Perusahaan diharuskan memberikan jaminan kepada Lembaga Pembiayaan Ekspor Indonesia berupa tanah, bangunan dan sarana pelengkap senilai Rp 17.700.000.000, mesin senilai Rp 206.200.000.000 dan jaminan personal dari Tn. Iwan Setiawan dan Tn. Iwan Kurniawan Lukminto (pihak berelasi).

*19. **LONG-TERM BANK LOANS** (Continued)*

***Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)** (Continued)*

The credit limit of the KIE facility has been fully utilized as of 31 December 2011. The outstanding loan as of 31 December 2013 amounted to USD 19,700,139 (equivalent to Rp 240,124,999,993). For the year ended 31 December 2013, the Company made repayments of this loan amounting to Rp 56,500,000,000.

Based on agreement No. 046/ADDPK/03/2015 and No. 047/ADDPK/03/2015 dated 4 March 2015, the Company and Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank) has entered into a contract:

a. Working Capital Export Credit Facility (KMKE), maximum credit amounting to Rp 50,000,000,000 with the loan interest rate is 10% per year.
b. Opening Letter of Credit or Surat Kredit Berdokumen Dalam Negeri (SKBDN) (Sight/Usance/UPAS) and/or Financing Letter of Credit or Surat Kredit Berdokumen Dalam Negeri (SKBDN), maximum credit amounting USD 14,000,000 with the loan interest rate is 6% per year.

This facility is secured by land, trade receivables amounted Rp 200,000,000,000 and inventories amounted Rp 200,000,000,000. The loan will be mature on 3 March 2017. The outstanding loan as of 31 March 2016 and 31 December 2015 amounted to USD 3,766,195 (equivalent to Rp 50,000,000,000) and USD 3,624,502 (equivalent to Rp 50,000,000,000), respectively.

The above loan agreement contain certain restrictions on the Company's transactions such as, among others, entering into new investment, providing guarantee, changing the Articles of Association, entering into a merger or acquisition, filing bankruptcy prior to paying the loan to Eximbank first and giving loan to shareholder.

On 9 August 2012, SPD and Indonesia Eximbank entered into a credit agreement whereby SPD obtained Export Investment Credit I (KIE-I) amounting to USD 7,800,000 and KIE-II amounting to USD 8,000,000. The facilities are available for a period of five years. The loans bear interest at the annual rate of 6.85%. As of 31 December 2013, the outstanding balances of the loans amounted to USD 13,904,000. On 28 April 2014, SPD fully repaid all loans from the Export Investment Credit facilities (KIE) I and II amounting to USD 13,904,000.

In connection with the facilities, the Company is required to provide collateral to Indonesia Eximbank in the form of land, building and supporting facilities amounting to Rp 17,700,000,000, machinery amounting to Rp 206,200,000,000 and personal guarantees from Mr. Iwan Setiawan and Mr. Iwan Kurniawan Lukminto (related party).

19. **UTANG BANK JANGKA PANJANG** (Lanjutan)

PT Bank Danamon Indonesia Tbk (Danamon)

Pada tanggal 24 Juni 2011, SPD dan Danamon menandatangani perjanjian kredit. Berdasarkan perubahan perjanjian terakhir pada tanggal 6 Februari 2013, Perusahaan memperoleh fasilitas Kredit Angsuran Berjangka I (KAB-I) *Non-revolving* sebesar USD 15.000.000 dan fasilitas KAB-II *Non-revolving* sebesar USD 5.000.000. Selain itu, Perusahaan juga memperoleh fasilitas KAB-IV *Non-revolving* sebesar Rp 123.500.000.000 dan fasilitas KAB-V *Non-revolving* sebesar Rp 19.000.000.000. Fasilitas tersebut di atas berlaku untuk jangka waktu lima tahun. Pinjaman ini dikenakan bunga tahunan sebesar Danamon Prime Rate, yang berkisar antara 7% sampai dengan 11,5% pada tahun 2013.

Pada 31 Desember 2013, saldo utang atas fasilitas KAB I, II dan IV adalah sebesar USD 22.251.937. Pada tanggal 28 April 2014, SPD telah melunasi seluruh utang atas fasilitas Kredit Angsuran Berjangka (KAB) I, II, dan IV sebesar USD 22.251.936.

Dan pada 31 Desember 2013 saldo utang atas fasilitas KAB-V adalah sebesar USD 1.420.224 (setara dengan Rp 17.311.111.111). Pada tanggal 28 April 2014, SPD telah melunasi seluruh utang atas fasilitas Kredit Angsuran Berjangka (KAB) V sebesar Rp 17.311.111.111.

Sehubungan dengan fasilitas tersebut di atas, Perusahaan diharuskan memberikan jaminan kepada Danamon dengan rincian sebagai berikut:

a. Jaminan personal dari Alm. H.M. Lukminto, Iwan Setiawan dan Iwan Kurniawan Lukminto sebesar nilai fasilitas.
b. 100% saham Perusahaan.
c. Piutang usaha dan persediaan yang dimiliki Perusahaan.
d. Aset tetap Perusahaan senilai Rp 880.400.000.000 yang terdiri dari tanah, bangunan, serta mesin dan peralatan.

Selain jaminan yang disebutkan di atas, Perusahaan diwajibkan untuk memenuhi rasio-rasio keuangan tertentu:

a. Rasio utang terhadap ekuitas maksimal 1,50 kali
b. Rasio utang terhadap laba sebelum bunga, pajak, penyusutan dan amortisasi (EBITDA) maksimal 3,50 kali
c. Rasio EBITDA terhadap pembayaran pinjaman pokok utang dan bunga (*Debt Service Coverage Ratio*) minimal 1,30 kali.

Pinjaman tersebut dilunasi tanggal 28 April 2014.

19. ***LONG-TERM BANK LOANS*** *(Continued)*

PT Bank Danamon Indonesia Tbk (Danamon)

On 24 June 2011, SPD and Danamon entered into a credit agreement. Based on the latest amendment dated 6 February 2013, the Company obtained Installment Loan I (KAB-I) Non-revolving facility amounting to USD 15,000,000 and KAB-II Non-revolving facility amounting to USD 5,000,000. Moreover, the Company also obtained KAB-IV Non-revolving facility amounting to Rp 123,500,000,000 and KAB-V Non-revolving facility amounting to Rp 19,000,000,000. The facilities are valid for periods of five years. Loans bear interest at the annual rates of Danamon Prime Rate, which ranged from 7% to 11.5% in 2013.

As of 31 December 2013, the loan balances from facilities KAB I, II and IV amounted to USD 22,251,937. On 28 April 2014, SPD fully repaid the Installment Loan facilities (KAB) I, II, and IV loans amounting to USD 22,251,936.

As of 31 December 2013 the loan balances from facility KAB-V amounted to USD 1,420,224 (equivalent to Rp 17,311,111,111). On 28 April 2014, SPD fully repaid the Installment Loan facility (KAB) V loan amounting to Rp 17,311,111,111.

In connection with the facilities, the Company is required to provide collateral to Danamon with the following details:

a. Personal guarantees from H.M. Lukminto (deceased), Iwan Setiawan and Iwan Kurniawan Lukminto equal to the total facility amount.
b. 100% of the Company's shares.
c. Trade receivables and inventories owned by the Company.
d. The Company's fixed assets amounting to Rp 880,400,000,000 which consist of land, building, and machinery and equipment

Under the loan agreements with Danamon, the Company must maintain certain financial ratios:

a. Debt to equity ratio at the maximum of 1.50 times
b. Ratio of debt to earnings before interest, taxes, depreciation and amortization (EBITDA) at the maximum of 3.50 times
c. Ratio of EBITDA to financing payment of principal and interest (Debt Service Coverage Ratio) at the minimum of 1.30 times.

The loan has been paid on 28 April 2014.

19. **UTANG BANK JANGKA PANJANG** (Lanjutan)

PT Bank UOB Indonesia (UOB)

Pada tanggal 17 April 2012, Perusahaan mengadakan perjanjian kredit dengan UOB, dimana Perusahaan memperoleh fasilitas kredit sebagai berikut:

a. Kredit Investasi Mesin dan Alat-alat Berat (KIMA) dengan pagu kredit sebesar Rp 153.000.000.000. Pinjaman jatuh tempo pada tanggal 17 Oktober 2017. Tingkat bunga pinjaman tersebut adalah 12,5% per tahun dan dapat ditinjau setiap saat sesuai dengan suku bunga yang berlaku di bank. Fasilitas tersebut digunakan untuk pembiayaan investasi mesin baru.

   Fasilitas pinjaman KIMA tersebut telah ditarik seluruhnya pada 31 Desember 2012. Saldo pinjaman pada 31 Desember 2013 adalah sebesar USD 10.460.251 (setara dengan Rp 127.500.000.000). Pada tahun yang berakhir pada tanggal 31 Desember 2013, Perusahaan melakukan pembayaran atas pinjaman ini masing-masing sebesar Rp 21.857.142.852.

b. Kredit Investasi Konstruksi (KISI) dengan pagu kredit sebesar Rp 47.000.000.000. Pinjaman ini jatuh tempo pada tanggal 17 Oktober 2019. Tingkat bunga pinjaman tersebut adalah 12,5% per tahun dan dapat ditinjau setiap saat sesuai dengan suku bunga yang berlaku di bank. Fasilitas tersebut digunakan untuk pembiayaan konstruksi pabrik spinning.

   Fasilitas pinjaman KISI tersebut telah ditarik seluruhnya pada tahun 2012. Saldo pinjaman ini pada 31 Desember 2013 adalah sebesar USD 3.213.280 (setara dengan Rp 39.166.666.660). Pada tahun yang berakhir pada tanggal 31 Desember 2013, Perusahaan melakukan pembayaran atas pinjaman ini masing-masing sebesar Rp 6.714.285.720 .

Fasilitas-fasilitas kredit dari BRI, Indonesia Eximbank, dan UOB tersebut dijamin dengan piutang usaha, persediaan dan aset tetap Perusahaan serta jaminan pribadi dari Tn. Iwan Setiawan, pihak berelasi (Catatan 7, 9, dan 13).

Fasilitas-fasilitas kredit tersebut mencakup persyaratan yang membatasi hak Perusahaan, seperti melakukan penyertaan saham baru, merger atau akuisisi atau penjualan aset, bertindak sebagai penjamin, mengubah anggaran dasar, susunan pemegang saham dan komposisi permodalan, mengajukan permohonan pailit, serta melakukan pembayaran bunga, melunasi utang, memberikan pinjaman dan membagikan dividen kepada pemegang saham.

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, Perusahaan telah memenuhi seluruh persyaratan tersebut.

*19. **LONG-TERM BANK LOANS** (Continued)*

PT Bank UOB Indonesia (UOB)

On 17 April 2012, the Company entered into a credit agreement with UOB whereby the Company obtained the following credit facilities:

a. Investment Credit Machine and Heavy Equipment Facility (KIMA) with credit limit amounting to Rp 153,000,000,000. The loan is due on 17 October 2017. Interest rate of this credit is 12.5% per year, to be reviewed at any time in accordance with the applicable interest rate in the bank. This facility is used for financing the purchase of new machinery.

   The credit limit had been fully utilized as of 31 December 2012. The outstanding loan as of 31 December 2013 amounted to USD 10,460,251 (equivalent to Rp 127,500,000,000). For the year ended 31 December 2013, the Company made repayments of this loan amounting to Rp 21,857,142,852.

b. Investment Credit Construction Facility (KISI) with credit limit amounting to Rp 47,000,000,000. The loan is due on 17 October 2019. Annual Interest rate of this credit is 12.5%, subject to reviewed at any time in accordance with the applicable interest rate in the bank. This facility is used for financing the spinning factory building construction .

   The credit limit of the KISI loan facility has been fully utilized in 2012. The outstanding loan balances as of 31 December 2013 amounted to USD 3,213,280 (equivalent to Rp 39,166,666,660). For the year ended 31 December 2013, the Company made repayments of this loan amounting to Rp 6,714,285,720.

The credit facilities from BRI, Indonesia Eximbank, and UOB are secured by the Company's trade receivables, inventories and fixed assets and the personal guarantee of Mr. Iwan Setiawan, related party (Notes 7, 9, and 13).

These credit facilties contain certain restrictions on the Company's activities such as entering into new investment in shares; merger or acquisition transactions or sales of assets; providing guarantee; changing the Articles of Association, the composition of the Company's shareholders and capital structure; filing for bankruptcy; paying interest and loan to shareholders; giving loan; and distributing dividend to shareholders.

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, the Company has complied with all requirements.

20. **SURAT UTANG JANGKA MENENGAH**

Berdasarkan akta Notaris Arry Supratno, S.H., No. 35 tanggal 14 November 2014, PT Sri Rejeki Isman mengeluarkan Surat Utang Jangka Menengah /*Medium-Term Notes* (MTN), yang dibeli oleh PT Bahana TCW Investment Management, sebesar USD 30.000.000. PT Bahana TCW Investment Management bertindak sebagai pengatur penerbitan dan PT Bank Mega Tbk bertindak sebagai agen pemantau. MTN tersebut jatuh tempo pada 27 Oktober 2017 dengan tingkat suku bunga 6% per tahun. Bunga MTN akan dibayarkan kepada pemegang MTN setiap 6 bulan.

Pembatasan-pembatasan dan kewajiban penerbit

a. Melakukan penjualan atau pengalihan aset tetap milik Perusahaan kepada pihak manapun, baik seluruhnya atau sebagian besar/melebihi 50% (lima puluh persen) dari seluruh aset tetap milik Perusahaan berdasarkan laporan keuangan terakhir yang telah diaudit, dalam satu transaksi atau gabungan transaksi dalam 1 (satu) tahun berjalan, kecuali penjualan atau pengalihan aset tetap yang telah usang karena pemakaian atau habis disusutkan.

b. Melakukan penggabungan atau peleburan atau pengambilalihan (akuisisi) kecuali penggabungan atau peleburan atau pengambilalihan yang dilakukan dengan:
   i. Perusahaan yang bidang usahanya sama;
   ii. Tidak mempunyai dampak negatif terhadap jalannya usaha Perusahaan;
   iii. Tidak mempengaruhi Perusahaan dalam melakukan pembayaran bunga MTN dan/atau pelunasan pokok MTN;
   iv. Semua syarat dan kondisi MTN dalam perjanjian dan dokumen lain yang berkaitan tetap berlaku dan mengikat sepenuhnya perusahaan penerus (*surviving company*), dan dalam hal Perusahaan bukan merupakan entitas penerus, maka seluruh kewajiban MTN telah dialihkan secara sah kepada perusahaan penerus, dan perusahaan penerus tersebut memiliki aset dan kemampuan yang memadai untuk menjamin pembayaran bunga MTN dan pelunasan pokok MTN, serta denda (jika ada).

c. Menjaminkan dan/atau menggadaikan baik sebagian maupun seluruh harta kekayaan Perusahaan baik yang telah ada maupun yang akan ada, kecuali agunan atau jaminan yang:
   i. Telah diberikan sebelum ditandatanganinya perjanjian dengan ketentuan bahwa apabila aset yang telah dijaminkan tersebut telah dilepaskan maka aset tersebut tidak dapat diikat lagi menjadi agunan.
   ii. Termasuk dalam agunan atau jaminan yang diijinkan sebagai berikut:
      - Jaminan yang diperlukan untuk mengikuti tender, menjamin pembayaran bea masuk atau untuk pembayaran sewa, selama dipergunakan dalam operasi Perusahaan sehari-hari.

*20. **MEDIUM-TERM NOTES***

Based on Notarial deed Arry Supratno, S.H., No. 35 dated 14 November 2014, PT Sri Rejeki Isman issues Medium-Term Notes (MTN), purchases by PT Bahana TCW Investment Management, amounting USD 30,000,000. PT Bahana TCW Investment Management acted as the arranger for the issuance and PT Bank Mega Tbk acted as the monitoring agent. MTN will due on 27 October 2017 with bears interest at the annual rate of 6%. Interest of MTN will be paid to holders of MTN every 6 months.

Publisher's restrictions and obligations

a. Sale or transfer of fixed assets owned by the Company to any party, either wholly or largely/ exceed 50% (fifty percent) of all fixed assets owned by the Company based on the latest audited financial report, in single transaction or combination of transactions within 1 (one) year period, unless the sale or transfer of fixed assets which have been obsolete or wholly depreciated.

b. Merger or consolidation or acquisition unless the merger or consolidation or acquisition is done by:

   i. The company's line of business are the same;
   ii. Not have a negative impact on the course of the Company's business;
   iii. Does not affect the Company in payment of MTN interest and/or principal MTN;

   iv. All terms and conditions of the agreement in the MTN agreement and other related documents remain valid and fully binding on the successor company (surviving company), and in the event the Company is not a successor entity, then all liabilities have been transferred legally MTN to the company's successor, and the successor company has assets and capabilities are sufficient to guarantee the interest payments and principal repayment MTN, as well as penalties (if any).

c. Pledge and/or mortgage either in part or whole assets of the Company either existing or will be owned, unless the guarantees that:

   i. Has been given before signing an agreement with the provision that if the pledged assets have been removed, and that the asset cannot be tied again become collateral.

   ii. Including in the collateral or guarantees that are allowed as follows:
      - *Collateral required to participate in the tender, guaranteeing payment of import duties or for lease payments, for use in day-to-day operations.*

20. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

Pembatasan-pembatasan dan kewajiban penerbit (Lanjutan)

c. Menjaminkan dan/atau menggadaikan baik sebagian maupun seluruh harta kekayaan Perusahaan baik yang telah ada maupun yang akan ada, kecuali agunan atau jaminan yang: (Lanjutan)

ii. Termasuk dalam agunan atau jaminan yang diijinkan sebagai berikut: (Lanjutan)
- Agunan yang timbul karena keputusan pengadilan yang telah mempunyai kekuatan hukum tetap.
- Agunan untuk pembiayaan perolehan aset melalui bentuk pinjaman sewa guna usaha (leasing) dimana aset tersebut akan menjadi objek agunan untuk pembiayaan tersebut.
- Agunan yang diberikan, sehubungan dengan penerusan kelanjutan hutang atau novasi yang diberikan dalam rangka beralihnya perjanjian hutang tersebut.

Dalam hal Agen Pemantau menyetujui permohonan Penerbit untuk menjaminkan sebagian atau seluruh harta kekayaan Perusahaan terhadap hutang-hutang yang ditarik oleh Perusahaan, maka jaminan-jaminan yang sama juga wajib diberikan kepada Pemegang MTN, untuk keperluan mana Perusahaan dan Agen Pemantau wajib membuat dan menandatangani perjanjian penjaminan dan pengikatan jaminan yang berkaitan dengan jaminan yang diserahkan.

d. Melakukan pengakhiran atas perjanjian-perjanjian yang penting yang mengikat Perusahaan yang dapat menimbulkan akibat negatif secara material atas kelangsungan usaha Perusahaan.

e. Memperoleh pinjaman dari bank atau lembaga keuangan atau pihak ketiga lainnya dan/atau menerbitkan surat hutang dalam bentuk apapun, kecuali:
i. Dana hasil pinjaman atau penerbitan surat hutang tersebut digunakan untuk melunasi jumlah terutang berdasarkan Perjanjian; atau
ii. Dapat dipenuhi risiko keuangan sebagaimana dimaksud dalam Pasal 9.2 huruf f Perjanjian; atau
iii. Utang dan *letter of credit* dengan jumlah maksimum USD 150.000.000 (seratus lima puluh juta Dolar Amerika Serikat) atau 25% (dua puluh lima persen) dari total aset; atau
iv. Utang yang telah ada pada tanggal Perjanjian sebagaimana dimuat dalam Laporan Keuangan Konsolidasian Interim tanggal 31 Maret 2015 (tidak diaudit) dan untuk periode tiga bulan yang berakhir pada tanggal tersebut beserta laporan reviu auditor independen;
v. *Subordinative loan* dari pemegang saham Perusahaan tanpa dibebani bunga;

*20. **MEDIUM-TERM NOTES** (Continued)*

Publisher's restrictions and obligations (Continued)

c. Pledge and/or mortgage either in part or whole assets of the Company either existing or will be owned, unless the guarantees that: (Continued)

ii. Including in the collateral or guarantees that are allowed as follows: (Continued)
- *Collateral arising from court decisions which have had permanent legal force.*
- *Collateral for financing the acquisition of assets through loans lease (leasing) in which the asset will be the object of collateral for the financing.*
- *Collateral provided, in connection with forwarding kelanjuatan debt or novation given in order to shift the debt agreement.*

In terms of monitoring agency approves the application publisher to pledge part or all of the assets of the Company's debts drawn by the Company, the same guarantees shall also be given to the MTN Holder, for which purpose the Company and monitoring agency shall prepare and sign a guarantee agreement and binding guarantees relating to guarantees given.

d. Termination of important agreements that bind the Company that could cause a material negative impact on the Company's business continuity.

e. Getting a loan from a bank or financial institution or other third parties and / or issuing debt in any form, except:

i. Proceeds from loans or debt issuance were used fatherly settle amount due by the Agreement; or

ii. Financial risks can be met as referred to in Article 9.2 f Agreement; or
iii. Debt and letter of credit with a maximum amount of USD 150,000,000 (one hundred and fifty million United States Dollars) or 25% (twenty five percent) of the total assets; or
iv. Debt existing at the date of the Agreement as contained in the Interim Consolidated Financial Statements dated 31 March 2015 (unaudited) and for the three-month period ended on that date together with the independent auditor's review report;
v. Subordinative loan from the Company's shareholders without the burden of interest;

20. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

Pembatasan-pembatasan dan kewajiban penerbit (Lanjutan)

f. Memberi pinjaman dan/atau melakukan investasi kepada pihak lain atau mengijinkan entitas anak memberikan pinjaman kepada pihak lain dalam jumlah lebih dari 20% (dua puluh persen) dari ekuitas penerbit, kecuali:
   i. Pinjaman yang telah ada sebelum ditandatanganinya Perjanjian;
   ii. Pinjaman yang diberikan berdasarkan kegiatan usaha Perusahaan yang ditentukan berdasarkan Anggaran Dasar;
   iii. Pinjaman kepada pegawai termasuk Direksi dan Komisaris untuk program kesejahteraan pegawai Emiten dengan ketentuan sesuai peraturan perusahaan Penerbit;

g. Mengubah bidang usaha Perusahaan.

h. Mengurangi modal dasar, modal ditempatkan dan modal disetor Perusahaan.

i. Mengikat diri sebagai penanggung hutang/penjamin terhadap pihak lain kecuali dalam rangka mendukung kegiatan usaha utama Perusahaan sesuai anggaran dasar.

j. Melakukan transaksi dengan pemegang saham Perusahaan dan/atau Afiliasi Perusahaan kecuali transaksi-transaksi yang mendukung kegiatan usaha utama Perusahaan sesuai dengan anggaran dasar dan memenuhi ketentuan peraturan perundang-undangan yang berlaku termasuk peraturan-peraturan di bidang pasar modal.

k. Memenuhi kewajiban-kewajiban keuangan:
   i. Memelihara perbandingan antara Aset lancar dengan Hutang lancar, sebesar tidak kurang dari 2:1 (dua banding satu)
   ii. Memelihara perbandingan antara hutang berbunga dengan total aset tidak lebih dari 60% (enam puluh persen)
   iii. Memelihara perbandingan antara EBITDA (laba bersih ditambah bunga, pajak, penyusutan, dan amortisasi) dengan beban bunga tidak kurang dari 2,5:1 (dua koma lima banding satu)

Pada 31 Desember 2014, Perusahaan belum mengakui beban akrual atas bunga selama dua bulan. Beban bunga MTN yang belum diakui tersebut memiliki efek yang tidak material terhadap laporan keuangan konsolidasian.

20. ***MEDIUM-TERM NOTES*** *(Continued)*

Publisher's restrictions and obligations (Continued)

f. Providing loans and/or make investments to others or allow Subsidiaries provide loans to other parties in the amount of more than 20% (twenty percent) of the equity of the issuer, except:
   i. Loans that have been there before the signing of the Agreement;
   ii. Loans granted by the Company's business activities are determined by the Articles of Association;
   iii. Loans to employees including Directors and Commissioners for employee welfare programs in accordance with the provisions of the public-owned company regulations;

g. Change the field of operations.

h. Reduce authorized share capital, issued and paid up capital of the Company.

i. As a guarantor to other parties except in order to support the Company's main business activities in accordance statutes.

j. Conducting transactions with shareholders of the Company and/or Affiliate of the Company except transactions that support the main business activities of the Company in accordance with the article of association and comply with the legislation in force, including regulations in the field of capital markets.

k. Fulfilling financial obligations:
   i. Maintaining the ratio between current assets to current debt, amounting to not less than 2:1 (two to one)
   ii. Maintaining the ratio between total assets premises bearing debt is not more than 60% (sixty percent)
   iii. Maintaining the ratio between EBITDA (net income plus interest, taxes, depreciation, and amortization) to interest expense of not less than 2.5:1 (two point five to one)

As of 31 December 2014, the Company has not recognized accrued expenses of interest for two months. The unrecognized interest expenses has an immaterial impact to the consolidated financial statements.

21. WESEL BAYAR – NETO / *21. NOTES PAYABLE – NET*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Guaranteed Senior Notes	270.000.000	270.000.000	270.000.000	-	*Guaranteed Senior Notes*
Premium wesel bayar	2.975.000	2.975.000	2.975.000	-	*Premium bonds*
Biaya wesel bayar ditangguhkan	(4.501.954)	(5.855.508)	(6.614.875)	-	*Deferred bond expenses*
Amortisasi biaya wesel bayar ditangguhkan	338.387	1.353.553	759.367	-	*Amortization of deferred bond expenses*
Jumlah wesel bayar - Neto	268.811.433	268.473.045	267.119.492	-	***Total notes payable - Net***

Golden Legacy Pte. Ltd. (GL) adalah sebuah perusahaan yang didirikan berdasarkan hukum Singapura yang sepenuhnya dimiliki oleh Perusahaan, menerbitkan wesel bayar ("*Guaranteed Senior Notes*") dengan nilai pokok sebesar USD 200.000.000 pada 24 April 2014 dan USD 70.000.000 pada 7 November 2014. Wesel bayar akan jatuh tempo pada tanggal 24 April 2019. Wesel bayar akan dikenai bunga sebesar 9% per tahun sejak tanggal 24 Oktober 2014, yang dibayarkan setiap tanggal 24 April dan 24 Oktober setiap tahun, dimulai sejak tanggal 24 April 2014.

Golden Legacy Pte. Ltd. (GL), a company incorporated under the laws of Singapore and a wholly – owned Subsidiaries of the Company, issued guaranteed aggregate principal amount of USD 200,000,000 on 24 April 2014 and USD 70,000,000 on 7 November 2014. The Notes will mature on 24 April 2019. The Notes will bear interest from and including 24 October 2014 at the rate of 9% per annum, payable every 24 April and 24 October of each year, commencing on 24 April 2014.

Wesel bayar ini akan diperdagangkan di SGX-ST dalam ukuran minimum sebesar USD 200.000 selama wesel bayar tersebut tercatat di SGX- ST.

The Notes will be traded on the SGX-ST in a minimum board lot size of USD 200,000 for so long as the Notes are listed on the SGX- ST.

Sebelum tanggal penerbitan, GL akan membuat *Debt Service Accrual Account* di Singapura pada Citibank, cabang Singapura. Pada tanggal penempatan *Escrow*, Penerbit akan mendepositkan melalui *Debt Service Accrual Account* sejumlah kas yang sama dengan pembayaran satu kali bunga tengah tahunan wesel bayar pertama. Sisa dana yang didepositokan dalam *Debt Service Accrual Account* pada tanggal jatuh tempo wesel bayar akan digunakan untuk pembayaran bunga, dan saldo yang tersisa akan digunakan untuk pembayaran premi dan tambahan lainnya, jika ada. *Debt Service Accrual Account* dicatat di akun "Aset Lancar Lainnya" (Catatan 8) dalam laporan posisi keuangan konsolidasian.

Prior to the Original Issue Date, GL established a Debt Service Accrual Account in Singapore with Citibank, Singapore Branch. The Issuer deposits into the Debt Service Accrual Account an amount in cash equal to the amount of one semi-annual interest payment under the Notes. Funds remaining on deposit in the Debt Service Accrual Account on the maturity date of the Notes will be applied to the payment of interest on the Notes, and any remaining balance shall be applied to the payment of premium and additional amounts, if any, due on the Notes. The Debt Service Accrual Account is recorded under "Other Current Assets" account (Note 8) in the consolidated statements of financial position.

GL memiliki opsi membeli kembali wesel bayar dengan kondisi sebagai berikut:

The Notes may be redeemed at the option of GL under the following conditions:

a. Setiap saat sebelum tanggal 24 April 2017, GL memiliki opsi untuk menukarkan wesel bayar sampai dengan 35% dari keseluruhan nilai pokok wesel bayar dengan Kas bersih yang dihasilkan melalui penjualan satu atau lebih saham biasa Perusahaan pada saat penawaran ekuitas dengan harga penukaran setara dengan 109,00% dari nilai pokok ditambah dengan utang bunga dan bunga yang belum dibayar (jika ada).

a. At any time before 24 April 2017, GL may at its option redeem up to 35% of the aggregate principal amount of the Notes with the Net Cash Proceeds of one or more sales of Common Stock of the Company in an Equity Offering at a redemption price of 109.00% of the principal amount of the Notes plus accrued and unpaid interest (if any).

b. Setiap saat sebelum tanggal 24 April 2017, GL memiliki opsi untuk menukarkan wesel bayar, seluruh atau sebagian, dengan harga penukaran setara dengan 100% dari nilai pokok ditambah dengan premium yang berlaku pada saat tanggal penukaran, dan utang bunga dan bunga yang belum dibayar (jika ada).

b. At any time before 24 April 2017, GL may at its option redeem the Notes, in whole or in part, at a redemption price equal to 100% of the principal amount of the Notes plus the Applicable Premium as of the redemption date, and accrued and unpaid interest (if any).

21. **WESEL BAYAR – NETO** (Lanjutan)

GL memiliki opsi membeli kembali wesel bayar dengan kondisi sebagai berikut: (Lanjutan)

c. Setiap saat setelah tanggal 24 April 2017, GL memiliki opsi untuk menukarkan wesel bayar secara keseluruhan atau sebagian, dimulai sejak 24 April 2017 dan 2018 dengan harga penukaran setara dengan 104,5% dan 102,25% masing-masing dari nilai pokok ditambah dengan utang bunga dan bunga yang belum dibayar (jika ada).

Opsi pelunasan dipercepat di atas merupakan derivatif melekat yang berkaitan erat dari kontrak utama. Oleh sebab itu, derivatif melekat tersebut tidak dipisahkan dari kontrak utamanya.

Selain itu, selambat-lambatnya 30 hari setelah perubahan pengendalian, GL atau perusahaan akan membuat penawaran untuk membeli seluruh wesel bayar yang beredar dengan harga pembelian setara dengan 101% dari nilai pokok wesel bayar ditambah dengan utang bunga dan bunga yang belum dibayar (jika ada), sampai dengan tanggal penukaran.

Juga, setiap saat jika terjadi perubahan tertentu yang berkaitan dengan perpajakan di Singapura atau Indonesia, wesel bayar merupakan subjek untuk ditukarkan secara keseluruhan dan bukan sebagian, pada 100% dari nilai pokok ditambah jumlah tambahan lainnya yang terutang dan utang bunga dan bunga yang belum dibayar (jika ada) sampai dengan tanggal penukaran.

Manajemen percaya bahwa kemungkinan terjadi perubahan pengendalian dan perpajakan sangat kecil. Oleh karena itu, Manajemen berpendapat bahwa nilai wajar dari derivatif melekat tersebut tidak akan material atau sebesar USD Nihil.

Perusahaan dan PT Sinar Pantja Djaja (SPD) menjamin pembayaran jatuh tempo tepat waktu dari pokok, premium (jika ada), bunga dan semua jumlah terutang lainnya berdasarkan wesel bayar tersebut.

Pada 31 Desember 2014, Perusahaan belum melakukan amortisasi atas biaya penerbitan wesel bayar selama dua bulan. Biaya penerbitan wesel bayar yang belum diamortisasi tersebut memiliki efek yang tidak material terhadap laporan keuangan konsolidasian.

*21. **NOTES PAYABLE – NET** (Continued)*

The Notes may be redeemed at the option of GL under the following conditions: (Continued)

c. At any time after 24 April 2017, GL may at its option redeem the Notes, in whole or in part, commencing on 24 April 2017 and 2018 at a redemption price equal to 104.5% and 102.25% of the principal amount, repectively, plus accrued and unpaid interest (if any).

The above prepayment options are considered as embedded derivatives which are closely related with the host contract. Thus, such embedded derivatives need not be separated from the host contract.

In addition, not later than 30 days following a Change of Control, GL or the Company will make an offer to purchase all outstanding Notes at a purchase price equal to 101% of the principal amount of the Notes plus accrued and unpaid interest (if any), to the date of purchase.

Also, at any time in the event of certain changes affecting taxation in Singapore or Indonesia, the Notes are subject to redemption in whole but not in part, at 100% of the principal amount plus all additional amounts due as of, and accrued and unpaid interest (if any) to, the date of redemption.

Management believes that the effect of change of control and taxation will be remote. Thus, Management considers that the effect to the fair value of the embedded derivatives will not be material or be USD Nil.

The Company and PT Sinar Pantja Djaja (SPD) guarantee the due and punctual payment of the principal of, premium, if any, and interest on, and all other amounts payable under, the Notes.

As of 31 December 2014, the Company had not amortized the deferred notes issuance cost for two months. The unrecognized amortization of the deferred notes issuance cost has an immaterial impact to the consolidated financial statements.

22. **LIABILITAS IMBALAN KERJA JANGKA PENDEK**

Liabilitas imbalan kerja jangka pendek pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 merupakan gaji yang masih harus dibayar.

*22. **SHORT-TERM EMPLOYEE BENEFIT LIABILITY***

Short-term employee benefits liability as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 represented accrued salaries.

23. UTANG LANCAR LAINNYA / *OTHER CURRENT LIABILITIES*

Utang lancar lainnya merupakan utang kepada pihak ketiga yang bukan merupakan utang usaha.

Other current liabilities represent non-trade payables to third parties.

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Sparepart	1.759.274	1.568.957	112.858	-	*Sparepart*
Kimia	511.371	188.798	60.676	-	*Chemical*
Uang muka penjualan	958.270	295.785	222.722	1.141.975	*Sales advances*
Lain-lain	835.252	595.246	523.193	84.917	*Others*
Jumlah utang lancar lainnya	4.064.167	2.648.786	919.449	1.226.892	***Total other current liabilities***

24. UTANG SEWA PEMBIAYAAN / *OBLIGATION UNDER FINANCE LEASE*

Pada tanggal 25 November 2010, Perusahaan melakukan perjanjian sewa dengan PT BTMU-BRI Finance atas mesin dengan masa sewa selama 3 (tiga) tahun yang akan jatuh tempo pada tanggal 31 Desember 2013. Utang sewa pembiayaan tersebut dikenakan bunga dengan kisaran tingkat bunga efektif 4,93% sampai dengan 5,24% pada 31 Desember 2013. Pada tanggal 8 Desember 2013, Perusahaan telah melunasi seluruh sewa pembiayaan kepada PT BTMU-BRI.

On 25 November 2010, the Company entered into a lease agreement with PT BTMU-BRI Finance covering machinery with lease term of 3 (three) years up to 31 December 2013. The obligations under finance lease bear interest at effective interest rates ranging from 4.93% to 5.24% in 31 December 2013. As of 8 December 2013, the Company had fully paid its finance lease to PT BTMU-BRI.

Pada bulan Januari hingga Maret 2013, Perusahaan melakukan beberapa perjanjian sewa pembiayaan atas kendaraan dengan PT BCA Finance, sewa pembiayaan tersebut berjangka waktu 5 (lima) tahun yang akan jatuh tempo antara 14 Januari 2017 hingga 12 Maret 2018. Utang tersebut dikenakan bunga adalah 4,75%. Saldo terutang atas utang tersebut pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 sebesar USD 110.635 (setara dengan Rp 1.468.785.210), USD 122.622 (setara dengan Rp 1.691.570.490), USD 275.650 (setara dengan Rp 3.429.078.278) dan USD 250.683 (setara dengan Rp 3.055.572.340).

On January until March 2013, the Company entered into lease agreement with PT BCA Finance, covering vehicles with lease term of 5 (five) years up to between 14 January 2017 until 12 March 2018. The obligation under finance lease bears interest at 4.75%. The outstanding obligation under finance lease as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 amounted to USD 110,635 (equivalent to Rp 1.468.785.210). USD 122.622 (equivalent to Rp 1,691,570,490), USD 275,650 (equivalent to Rp 3,429,078,278) and USD 250,683 (equivalent to Rp 3,055,572,340).

Pada bulan Maret 2015, Perusahaan melakukan perjanjian sewa pembiayaan atas mesin dengan PT SMFL Leasing Indonesia, sewa pembiayaan tersebut berjangka waktu 5 (lima) tahun yang akan jatuh tempo dari 27 Maret 2015 hingga 27 Maret 2020. Utang tersebut dikenakan bunga adalah 5%. Pada 8 Juli 2015, terdapat perubahan perjanjian dari sewa pembiayaan menjadi sewa operasi dan pihak yang menyewakan menjadi PT TIFA Finance Tbk, sehingga saldo terutang atas utang tersebut pada 31 Desember 2015 sebesar nihil.

On March 2015, the Company entered into lease agreement with PT SMFL Leasing Indonesia covering machine with lease term of 5 (five) years up to from 27 March 2015 until 27 March 2020. The obligation under finance lease bears interest at 5%. On 8 July 2015, there is aggrement changing from finance lease into operationg lease and the lessor become PT TIFA Finance Tbk, the outstanding obligation under finance lease as of 31 December 2015 was nil.

24. **UTANG SEWA PEMBIAYAAN** (Lanjutan) / *24. **OBLIGATION UNDER FINANCE LEASE** (Continued)*

Rincian utang sewa pembiayaan pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut:

The detail of the obligation under finance lease as 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 are as follows:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Jatuh tempo kurang dari 1 tahun	115.738	116.037	145.561	103.426	*Mature in less than 1 year*
Jatuh tempo lebih dari 1 tahun	-	13.781	159.905	202.159	*Mature in more than 1 year*
Jumlah pembayaran minimum	115.738	129.818	305.466	305.585	*Total minimum lease payments*
Dikurangi: jumlah beban bunga di masa yang akan datang	(5.103)	(7.196)	(29.816)	(54.902)	*Less: total future interest charges*
Nilai kini dari minimum pembayaran utang sewa pembiayaan	110.635	122.622	275.650	250.683	*Net present value of minimum lease payments*
Bagian yang jatuh tempo dalam satu tahun	110.635	109.018	124.549	84.844	*Current portion*
Bagian jangka panjang	-	13.604	151.101	165.839	*Non-current portion*
Jumlah utang sewa pembiayaan	110.635	122.622	275.650	250.683	*Total obligation under finance lease*

Utang sewa pembiayaan ini dijamin dengan mesin dalam sewa pembiayaan (Catatan 13). Berdasarkan perjanjian sewa, selama masa sewa, Perusahaan tidak diizinkan untuk menjual, mengalihkan atau mentransfer hak atau kewajiban berdasarkan perjanjian sewa, atau setiap sewa yang di buat atau yang dimaksudkan di dalamnya atau setiap hak atas aset yang disewakan tanpa persetujuan tertulis dari *lessor*.

This obligation under finance lease is secured by the machinery under finance lease (Note 13). Based on the lease agreement, during the lease term, the Company is not permitted to sell, assign or transfer any rights or obligations under the lease agreement, or any lease created or contemplated therein or any rights to the leased assets without prior written consent from the lessor.

25. **LIABILITAS IMBALAN KERJA JANGKA PANJANG** / *25. **LONG-TERM EMPLOYEE BENEFITS LIABILITY***

Perusahaan dan Entitas Anaknya mencatat penyisihan atas imbalan kerja karyawan untuk periode yang berakhir pada tanggal 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 berdasarkan hasil perhitungan yang dilakukan oleh PT Binaputera Jaga Hikmah, aktuaris independen, dengan menggunakan metode *"Project-Unit-Credit"*. Berdasarkan laporan aktuaris tanggal 10 Mei 2016, 7 Maret 2016, 6 Februari 2015 dan 25 Februari 2014.

The Company and its Subsidiaries recorded the provision for employee benefits for the periods ended 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 based on the calculation performed by PT Binaputera Jaga Hikmah, an independent actuary, using the "Project-Unit-Credit" method based on its reports dated 10 May 2016, 7 March 2016, 6 February 2015 and 25 February 2014.

25. **LIABILITAS IMBALAN KERJA JANGKA PANJANG** (Lanjutan) / *25. **LONG-TERM EMPLOYEE BENEFITS LIABILITY** (Continued)*

Asumsi utama yang digunakan untuk perhitungan aktuaris tersebut adalah sebagai berikut: / *The primary actuarial assumptions used were as follows:*

	Perusahaan/*Company*				
	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Tingkat diskonto	8,15%	9,00%	8,21%	8,9%	*Discount rate*
Tingkat kenaikan gaji	5%	5%	5%	5%	*Salary increment rate*
Tingkat kematian	TMI-III-2011	TMI-III-2011	TMI-III-2011	TMI-III-2011	*Mortality rate*
Usia pensiun	55 tahun/years	55 tahun/years	55 tahun/*years*	55 tahun/*years*	*Retirement age*

	Entitas anak/*Subsidiaries*				
	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Tingkat diskonto	8,33%	9,14%	8,45%	9,1%	*Discount rate*
Tingkat kenaikan gaji	10%	10%	10%	10%	*Salary increment rate*
Tingkat kematian	TMI-III-2011	TMI-III-2011	TMI-III-2011	TMI-III-2011	*Mortality rate*
Usia pensiun	55 tahun/years	55 tahun/years	55 tahun/*years*	55 tahun/*years*	*Retirement age*

Rincian beban imbalan kerja karyawan bersih, adalah sebagai berikut: / *The details of the net employee benefit expense are, as follows:*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Biaya jasa kini	159.867	512.454	500.077	499.470	*Current service cost*
Biaya bunga	457.225	703.371	635.500	562.817	*Interest expense*
Penyesuaian aktuaria	-	-	(181.206)	-	*Actuarial adjustment*
Beban imbalan kerja karyawan	617.092	1.215.825	954.371	1.062.287	***Employee benefit expense***

Mutasi liabilitas imbalan kerja jangka panjang, adalah sebagai berikut: / *Movement in the long-term employee liability were, as follows:*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Saldo awal	10.123.223	8.467.875	7.181.906	9.993.428	*Beginning balance*
Efek translasi	-	-	(92.201)	(1.941.988)	*Translation effect*
Beban periode berjalan	617.092	1.215.825	954.371	1.062.287	*Provision in the current period*
(Rugi) laba aktuaria	1.721.367	503.738	474.985	(1.931.821)	*Actuarial (losses) gain*
Pembayaran manfaat	-	(64.215)	(51.186)	-	*Benefit paid*
Saldo akhir	12.461.682	10.123.223	8.467.875	7.181.906	***Ending balance***

25. **LIABILITAS IMBALAN KERJA JANGKA PANJANG** (Lanjutan)

Manajemen berkeyakinan bahwa liabilitas imbalan kerja karyawan telah cukup sesuai dengan yang disyaratkan oleh Undang-undang Ketenagakerjaan No. 13/2003.

Analisis sensitivitas

Dampak terhadap nilai kewajiban imbalan pasti dari perubahan yang mungkin terjadi pada satu asumsi aktuaria, dimana semua asumsi lainnya dianggap konstan, disajikan dalam tabel di bawah:

*25. **LONG-TERM EMPLOYEE BENEFITS LIABILITY** (Continued)*

Management believes that employee benefits liability is sufficient in accordance with the requirements of Labor Law No. 13/2003.

Sensitivity analysis

The impact to the value of the defined benefit obligation of a reasonably possible change to one actuarial assumption, holding all other assumption constant, is presented in the table below:

Asumsi aktuaria	**Kemungkinan perubahan/ *Reasonably possible change***	**Imbalan pasti kewajiban/ *Defined benefit obligation***		***Actuarial assumption***
		Kenaikan/ *Increase*	**Penurunan/ *Decrease***	
Tingkat diskonto	(+/- 1%)	11.500.390	13.563.213	*Discount rate*
Tingkat kenaikan gaji	(+/- 1%)	13.564.443	11.482.110	*Salary increment rate*

26. **MODAL SAHAM**

Susunan pemegang saham Perusahaan pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 berdasarkan pencatatan PT Adimitra Jasa Korpora, biro administrasi efek, adalah sebagai berikut:

*26. **SHARE CAPITAL***

The composition of share capital of the Company as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 based on the records maintained by the shares register, PT Adimitra Jasa Korpora is, as follows:

Pemegang saham	**31 Maret/*March* 2016 (Tidak diaudit/*Unaudited*)**			***Shareholders***
	Jumlah saham ditempatkan dan disetor penuh/ *Number of shares capital issued and fully paid*	**Persentase kepemilikan/ *Percentage of ownership***	**Jumlah/ *Total***	
PT Huddleston Indonesia (dahulu PT Busana Indah Makmur)	10.425.274.040	56,0713%	85.369.096	*PT Huddleston Indonesia (formerly PT Busana Indah Makmur)*
Prudential Life Assurance	1.270.820.700	6,8350%	10.406.327	*Prudential Life Assurance*
Hj. Susyana Lukminto	5.180.000	0,0277%	42.417	*Hj. Susyana Lukminto*
Vonny Imelda Lukminto	740.000	0,0040%	6.060	*Vonny Imelda Lukminto*
Iwan Setiawan	740.000	0,0040%	6.060	*Iwan Setiawan*
Lenny Imelda Lukminto	740.000	0,0040%	6.060	*Lenny Imelda Lukminto*
Iwan Kurniawan Lukminto	740.000	0,0040%	6.060	*Iwan Kurniawan Lukminto*
Margaret Imelda Lukminto	740.000	0,0040%	6.060	*Margaret Imelda Lukminto*
Masyarakat (masing-masing dibawah 5%)	6.887.913.300	37,0460%	56.402.826	*Public (each below 5%)*
J u m l a h	18.592.888.040	100,0000%	152.250.966	***T o t a l***

26. **MODAL SAHAM** (Lanjutan)

Susunan pemegang saham Perusahaan pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 berdasarkan pencatatan PT Adimitra Jasa Korpora, biro administrasi efek, adalah sebagai berikut: (Lanjutan)

26. ***SHARE CAPITAL*** *(Continued)*

The composition of share capital of the Company as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 based on the records maintained by the shares register, PT Adimitra Jasa Korpora is, as follows: (Continued)

	31 Desember/*December* 2015 (Diaudit/*Audited*)			
Pemegang saham	**Jumlah saham ditempatkan dan disetor penuh/ *Number of shares capital issued and fully paid***	**Persentase kepemilikan/ *Percentage of ownership***	**Jumlah/ *Total***	***Shareholders***
PT Huddleston Indonesia (dahulu PT Busana Indah Makmur)	10.425.274.040	56,0713%	85.369.096	*PT Huddleston Indonesia (formerly PT Busana Indah Makmur)*
Prudential Life Assurance	1.524.991.200	8,2020%	15.076.719	*Prudential Life Assurance*
Hj. Susyana Lukminto	5.180.000	0,0278%	42.415	*Hj. Susyana Lukminto*
Vonny Imelda Lukminto	740.000	0,0040%	6.060	*Vonny Imelda Lukminto*
Iwan Setiawan	740.000	0,0040%	6.060	*Iwan Setiawan*
Lenny Imelda Lukminto	740.000	0,0040%	6.060	*Lenny Imelda Lukminto*
Iwan Kurniawan Lukminto	740.000	0,0040%	6.060	*Iwan Kurniawan Lukminto*
Margaret Imelda Lukminto	740.000	0,0040%	6.060	*Margaret Imelda Lukminto*
Masyarakat (masing-masing dibawah 5%)	6.633.742.800	35,6789%	51.732.436	*Public (each below 5%)*
J u m l a h	18.592.888.040	100,0000%	152.250.966	***T o t a l***

	31 Desember/*December* 2014 (Diaudit/*Audited*)			
Pemegang saham	**Jumlah saham ditempatkan dan disetor penuh/ *Number of shares capital issued and fully paid***	**Persentase kepemilikan/ *Percentage of ownership***	**Jumlah/ *Total***	***Shareholders***
PT Huddleston Indonesia (dahulu PT Busana Indah Makmur)	10.425.274.040	56,07%	85.369.096	*PT Huddleston Indonesia (formerly PT Busana Indah Makmur)*
Alm. H.M. Lukminto	8.880.000	0,05%	72.715	*H.M. Lukminto (deceased)*
Masyarakat (masing-masing dibawah 5%)	8.158.734.000	43,88%	66.809.155	*Public (each below 5%)*
J u m l a h	18.592.888.040	100,00%	152.250.966	***T o t a l***

26. **MODAL SAHAM** (Lanjutan)

Susunan pemegang saham Perusahaan pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 berdasarkan pencatatan PT Adimitra Jasa Korpora, biro administrasi efek, adalah sebagai berikut: (Lanjutan)

*26. **SHARE CAPITAL** (Continued)*

The composition of share capital of the Company as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 based on the records maintained by the shares register, PT Adimitra Jasa Korpora is, as follows: (Continued)

	31 Desember/*December* 2013 (Diaudit/*Audited*)			
Pemegang saham	**Jumlah saham ditempatkan dan disetor penuh/ *Number of shares capital issued and fully paid***	**Persentase kepemilikan/ *Percentage of ownership***	**Jumlah/ *Total***	***Shareholders***
PT Huddleston Indonesia (dahulu PT Busana Indah Makmur)	10.425.274.040	56,07%	85.530.183	*PT Huddleston Indonesia (formerly PT Busana Indah Makmur)*
Alm. H.M. Lukminto	8.880.000	0,05%	72.853	*H.M. Lukminto (deceased)*
Masyarakat (masing-masing dibawah 5%)	8.158.734.000	43,88%	66.935.220	*Public (each below 5%)*
J u m l a h	18.592.888.040	100,00%	152.538.256	***T o t a l***

Berdasarkan keputusan sirkular pemegang saham tanggal 4 Februari 2013 yang diaktakan melalui akta notaris No. 14 tanggal 5 Februari 2013 dari Aryanti Artisari, S.H., pemegang saham diantaranya menyetujui hal-hal sebagai berikut:

- Pengalihan 332.386.000 saham milik Alm. H.M. Lukminto kepada PT Busana Indah Makmur.
- Pengakuan uang muka setoran modal dari Alm. H.M. Lukminto sebesar Rp 446.430.213.390 sebagaimana juga telah dinyatakan dalam keputusan sirkular pemegang saham tanggal 4 Februari 2013 yang terpisah.
- Pengalihan hak atas saham hasil konversi uang muka setoran modal menjadi saham sebesar Rp 446.430.213.390 dari Alm. H.M. Lukminto kepada PT Busana Indah Makmur.
- Penerbitan saham hasil konversi uang muka setoran modal sebesar Rp 446.430.213.390 kepada PT Busana Indah Makmur.
- Peningkatan modal ditempatkan dan disetor penuh menjadi Rp 736.430.213.000 sebagai akibat dari penerbitan 446.430.213 saham kepada PT Busana Indah Makmur.

Perubahan modal ditempatkan dan disetor Perusahaan telah diterima oleh Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam surat No. AHU-AH.01.10.04978 tanggal 15 Februari 2013.

Based on a shareholders' circular resolution dated 4 February 2013 which was covered by notarial deed No. 14 dated 5 February 2013 of Aryanti Artisari, S.H., the shareholders resolved to, among others, approve the following matters:

- *Transfer of 332,386,000 shares from H.M. Lukminto (deceased) to PT Busana Indah Makmur.*
- *Recognition of advances for shares subscription from H.M. Lukminto (deceased) amounting to Rp 446,430,213,390 as also set out in a separate shareholders' circular resolution dated 4 February 2013.*
- *Transfer of right to receive new shares from the conversion of advances for shares subscription of H.M. Lukminto (deceased) amounting to Rp 446,430,213,390 from H.M. Lukminto (deceased) to PT Busana Indah Makmur.*
- *Issuance of shares from the conversion of advances for shares subscription of H.M. Lukminto (deceased) amounting to Rp 446,430,213,390 to PT Busana Indah Makmur.*
- *Increase in the issued and fully paid share capital to Rp 736,430,213,000 as a result of the above issuance of 446,430,213 shares to PT Busana Indah Makmur.*

The changes of the Company's issued and fully paid shares has been acknowledged by the Ministry of Law and Human Rights of the Republic of Indonesia in its letter No. AHU-AH.01.10.04978 dated 15 February 2013.

26. **MODAL SAHAM** (Lanjutan)

Berdasarkan keputusan sirkular pemegang saham tanggal 18 Februari 2013 yang diaktakan melalui akta notaris No. 47 tanggal 18 Februari 2013 dari Aryanti Artisari, S.H., pemegang saham diantaranya menyetujui hal-hal sebagai berikut:

- Kapitalisasi nilai tambahan modal disetor sebesar Rp 80.110.591.926 menjadi 801.105.910 saham baru dengan total nominal saham sebesar Rp 80.110.591.000
- Membagikan dan menerbitkan saham baru tersebut kepada pemegang saham yaitu Estrada Trading Limited, Alm. H.M. Lukminto dan PT Busana Indah Makmur.
- Estrada Trading Limited dan Alm. H.M. Lukminto mengalihkan bagian mereka atas saham baru tersebut kepada PT Busana Indah Makmur.
- Kapitalisasi saham sebesar Rp 482.748.000.000 dalam bentuk 4.827.480.000 saham baru.
- Peningkatan modal dasar menjadi Rp 5.000.000.000.000 dan peningkatan modal ditempatkan dan disetor penuh menjadi Rp 1.299.288.804.000 sebagai akibat dari penerbitan 5.628.585.910 saham baru.

Perubahan Anggaran Dasar Perusahaan sehubungan dengan hal-hal tersebut diatas telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-07832.AH.01.02 tanggal 21 Februari 2013.

Berdasarkan keputusan sirkular pemegang saham tanggal 22 Februari 2013 yang diaktakan melalui akta No. 252 tanggal 22 Februari 2013 sebagaimana diubah dalam keputusan sirkular pemegang saham tanggal 4 Maret 2013, yang diaktakan melalui akta notaris No. 29 tanggal 4 Maret 2013 dari Dr. Irawan Soerodjo, S.H., pemegang saham diantaranya menyetujui hal-hal sebagai berikut:

- Rencana Perusahaan untuk melakukan penawaran umum perdana saham-saham Perusahaan kepada masyarakat dan mencatatkan saham-saham tersebut pada Bursa Efek Indonesia serta mengubah status Perusahaan dari Perseroan Tertutup menjadi Perseroan Terbuka.
- Perubahan nama Perusahaan menjadi PT Sri Rejeki Isman Tbk.
- Untuk menerbitkan saham dalam simpanan dan menawarkan/menjual saham baru tersebut melalui penawaran umum kepada masyarakat dalam jumlah sebanyak-banyaknya 5.600.000.000 saham baru dengan nilai nominal Rp 100 per saham.
- Perubahan Anggaran Dasar Perusahaan dalam rangka penawaran umum kepada masyarakat melalui pasar modal sesuai dengan peraturan perundang-undangan yang berlaku.
- Perubahan susunan anggota Dewan Komisaris dan Direksi.

26. ***SHARE CAPITAL*** *(Continued)*

Based on shareholders' circular resolution dated 18 February 2013 which was covered by notarial deed No. 47 dated 18 February 2013 of Aryanti Artisari, S.H., the shareholders resolved to, among others, approve the following matters:

- *Capitalization of additional paid-in capital amounting to Rp 80,110,591,926 into 801,105,910 new shares with total par value amounting to Rp 80,110,591,000.*
- *Issued and distribute the new shares to Estrada Trading Limited, H.M. Lukminto (deceased) and PT Busana Indah Makmur.*
- *Estrada Trading Limited and H.M. Lukminto (deceased) transfer their share of these new shares to PT Busana Indah Makmur.*
- *Share capitalization amounting to Rp 482,748,000,000 in the form of 4,827,480,000 new shares.*
- *Increase in the authorized share capital to Rp 5,000,000,000,000 and increase in the issued and fully paid share capital to Rp 1,299,288,804,000 as a result of issuance of 5,628,585,910 new shares.*

The amendment to the Company's Articles of Association as a result of the above disclosures was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-07832.AH.01.02 dated 21 February 2013.

Based on a shareholders' circular resolution dated 22 February 2013 which was covered by notarial deed No. 252 dated 22 February 2013 as amended through a shareholders' circular resolution dated 4 March 2013, which was covered by notarial deed No. 29 dated 4 March 2013 of Dr. Irawan Soerodjo, S.H., the shareholders resolved to, among others, approve the following matters:

- *The Company's plan to conduct an IPO of its shares to the public and to list them on the Indonesia Stock Exchange and to change the status of the Company from a Limited Liability Company to Public Company.*
- *The change of the Company's name to PT Sri Rejeki Isman Tbk.*
- *The issuance of the Company's shares to the public through the IPO as much as 5,600,000,000 shares with par value of Rp 100 per share.*
- *Amendment the Company's Articles of Association for the IPO of the Company's shares to the public in accordance with prevailing laws and regulations.*
- *The change in the composition of the Boards of Commissioners and Directors.*

26. **MODAL SAHAM** (Lanjutan)

Perubahan Anggaran Dasar Perusahaan berikut sebagai akibat dari penyajian yang telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-09035.AH.01.02 tanggal 26 Februari 2013.

Berdasarkan akta pernyataan keputusan pemegang saham tanggal 1 Maret 2013 yang diaktakan dengan akta notaris No. 3 pada tanggal yang sama dari Aryanti Artisari, S.H., nama PT Busana Indah Makmur telah berubah menjadi PT Huddleston Indonesia.

Huddleston Enterprises Pte. Ltd. masing-masing merupakan pemegang saham terakhir dari Perusahaan pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 (tidak diaudit).

26. ***SHARE CAPITAL*** *(Continued)*

The amendment to the Company's Articles of Association as a result of the above disclosures was approved by the Ministry of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-09035.AH.01.02 dated 26 February 2013.

Based on a shareholders' resolution dated 1 March 2013 which covered by notarial deed No. 3 of Aryanti Artisari, S.H., at the same date, the name of PT Busana Indah Makmur was changed to PT Huddleston Indonesia.

Huddleston Enterprises Pte. Ltd. are the ultimate shareholder of the Company as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, respectively (unaudited).

27. **TAMBAHAN MODAL DISETOR**

Rincian tambahan modal disetor – neto pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 adalah sebagai berikut:

27. ***ADDITIONAL PAID–IN CAPITAL***

The details of additional paid-in capital – net as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 were as follows:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Agio saham	64.320.289	64.320.289	64.320.289	80.791.426	*Premium on shares capital*
Selisih nilai transaksi dengan entitas sepengendali	(49.602.468)	(49.602.468)	(49.602.468)	(62.287.892)	*Difference arising from transaction among entities* under common control
Biaya penerbitan saham dalam rangka penawaran umum perdana	(4.345.774)	(4.345.774)	(4.345.774)	(5.458.640)	*Share issuance costs related to Initial Public Offering (IPO)*
Selisih penjabaran	100.253	100.253	100.253	(2.659.493)	*Exchange difference*
N e t o	10.472.300	10.472.300	10.472.300	10.385.401	***N e t***

Agio saham berasal dari penawaran umum kepada masyarakat sebesar 5.600.000.000 saham baru (Catatan 26).

The premium on share capital arose from the IPO of the Company's amounted 5,600,000,000 new shares (Note 26).

28. **KEPENTINGAN NON-PENGENDALI**

Kepentingan non-pengendali (KNP) atas aset neto Entitas anak merupakan bagian pemegang saham minoritas atas aset neto Entitas Anak yang tidak seluruh sahamnya dimiliki oleh Kelompok Usaha tertentu.

28. ***NON-CONTROLLING INTEREST***

Non-controlling interest in net assets of Subsidiaries represents the shares of minority shareholders in the net assets of Subsidiaries that are not wholly-owned by the Group.

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
PT Sinar Pantja Djaja	7.696	8.719	20.805	10.921	*PT Sinar Pantja Djaja*

29. INFORMASI SEGMEN

Perusahaan dan Entitas Anaknya mengelompokkan dan mengevaluasi usahanya berdasarkan departemen, yang terdiri dari:

- Pemintalan
- Pertenunan
- *Finishing* kain
- Konveksi

Tabel berikut ini menyajikan informasi mengenai hasil operasi, aset dan liabilitas dari segmen operasi Perusahaan:

29. *SEGMENT INFORMATION*

The Company and its Subsidiaries manage and evaluate their operations based on departments, which consist of the following:

- *Spinning*
- *Weaving*
- *Finishing*
- *Garment*

The following table presents information regarding operating results, assets and liabilities of the Company's operating segments:

29. **INFORMASI SEGMEN** (Lanjutan) / *29. **SEGMENT INFORMATION** (Continued)*

	31 Maret/*March* 2016 (Tidak diaudit/*Unaudited*)					
	Pemintalan/ *Spinning*	**Pertenuan/ *Weaving***	***Finishing* kain/ *Finishing***	**Konveksi/ *Garment***	**Jumlah segmen/ *Segment total***	
Penjualan	78.840.542	26.348.787	45.203.703	18.292.244	168.685.276	*Sales*
Penjualan yang Disalinghapuskan dengan pembelian terkait	-	-	-	-	-	*Sales for offset with related purchase*
Penjualan neto	78.840.542	26.348.787	45.203.703	18.292.244	168.685.276	***Net sales***
Laba bruto	10.709.416	6.097.965	12.296.411	6.433.343	35.537.135	*Gross profit*
Laba sebelum pajak					18.852.666	*Income before income tax*
Beban pajak penghasilan					(2.406.853)	*Income tax expense*
Laba tahun berjalan					16.445.813	***Income for the year***
Aset segmen	216.483.039	159.178.705	191.014.447	70.038.630	636.714.822	*Segment assets*
Aset yang tidak dapat dialokasikan					157.136.133	*Unallocated assets*
Jumlah aset					793.850.955	***Total assets***
Liabilitas segmen					-	*Segment liabilities*
Liabilitas yang tidak dapat dialokasikan					501.423.526	*Unallocated liabilites*
Jumlah liabilitas					501.423.526	***Total liabilities***
Informasi segmen lainnya						***Other segment information***
Pengeluaran modal	10.798.183	2.530.460	-	1.542.290	14.870.933	*Capital expenditure*
Pengeluaran modal yang tidak dapat dialokasikan					-	*Unallocated capital expenditure*
Jumlah pengeluaran modal					14.870.933	***Total capital expenditure***
Penyusutan	2.121.393	725.473	1.475.534	1.077.717	5.400.117	*Depreciation*
Penyusutan yang tidak dapat dialokasikan					57.682	*Unallocated depreciation*
Jumlah penyusutan					5.457.799	***Total depreciation***

29. **INFORMASI SEGMEN** (Lanjutan) / *29.* ***SEGMENT INFORMATION*** *(Continued)*

	31 Maret/*March* 2015 (Tidak diaudit/*Unaudited*)					
	Pemintalan/ *Spinning*	**Pertenuan/ *Weaving***	***Finishing* kain/ *Finishing***	**Konveksi/ *Garment***	**Jumlah segmen/ *Segment total***	
Penjualan	74.798.210	33.281.287	39.340.142	19.326.690	166.746.329	*Sales*
Penjualan yang disalinghapuskan dengan pembelian terkait	(988.560)	(8.360.641)	-	-	(9.349.201)	*Sales for offset with related purchase*
Penjualan neto	73.809.650	24.920.646	39.340.142	19.326.690	157.397.128	***Net sales***
Laba bruto	10.102.351	5.792.419	10.244.245	6.804.580	32.943.595	*Gross profit*
Laba sebelum pajak					18.493.954	*Income before income tax*
Beban pajak penghasilan					(4.021.469)	*Income tax expense*
Laba periode berjalan					14.472.485	***Income for the period***
Aset segmen	208.796.185	65.193.119	62.705.682	34.564.233	371.259.219	*Segment assets*
Aset yang tidak dapat dialokasikan					308.578.209	*Unallocated assets*
Jumlah aset					679.837.428	***Total assets***
Liabilitas segmen					-	*Segment liabilities*
Liabilitas yang tidak dapat dialokasikan					432.538.292	*Unallocated liabilites*
Jumlah liabilitas					432.538.292	***Total liabilities***
Informasi segmen lainnya						***Other segment information***
Pengeluaran modal	-	-	-	4.445.323	4.445.323	*Capital expenditure*
Pengeluaran modal yang tidak dapat dialokasikan					-	*Unallocated capital expenditure*
Jumlah pengeluaran modal					4.445.323	***Total capital expenditure***
Penyusutan	2.443.619	762.979	733.868	404.518	4.344.984	*Depreciation*
Penyusutan yang tidak dapat dialokasikan					188.124	*Unallocated depreciation*
Jumlah penyusutan					4.533.108	***Total depreciation***

29. **INFORMASI SEGMEN** (Lanjutan) / *29. **SEGMENT INFORMATION** (Continued)*

	31 Desember/*December* 2015 (Diaudit/*Audited*)					
	Pemintalan/ *Spinning*	**Pertenuan/ *Weaving***	***Finishing* kain/ *Finishing***	**Konveksi/ *Garment***	**Jumlah segmen/ *Segment total***	
Penjualan	245.333.774	80.456.059	169.954.287	135.598.754	631.342.874	*Sales*
Penjualan yang disalinghapuskan dengan pembelian terkait	(988.560)	(8.360.641)	-	-	(9.349.201)	*Sales for offset with related purchase*
Penjualan neto	244.345.214	72.095.418	169.954.287	135.598.754	621.993.673	***Net sales***
Laba bruto	30.787.497	12.872.969	45.095.317	44.659.665	133.415.448	*Gross profit*
Laba sebelum pajak					64.584.701	*Income before income tax*
Beban pajak penghasilan					(8.920.772)	*Income tax expense*
Laba periode berjalan					55.663.929	***Income for the period***
Aset segmen	213.114.058	156.701.513	188.041.816	68.948.665	626.806.052	*Segment assets*
Aset yang tidak dapat dialokasikan					156.540.678	*Unallocated assets*
Jumlah aset					783.346.730	***Total assets***
Liabilitas segmen					-	*Segment liabilities*
Liabilitas yang tidak dapat dialokasikan					506.605.558	*Unallocated liabilites*
Jumlah liabilitas					506.605.558	***Total liabilities***
Informasi segmen lainnya						***Other segment information***
Pengeluaran modal	20.545.682	10.363.787	51.818.936	3.636.489	86.364.894	*Capital expenditure*
Pengeluaran modal yang tidak dapat dialokasikan					-	*Unallocated capital expenditure*
Jumlah pengeluaran modal					86.364.894	***Total capital expenditure***
Penyusutan	7.671.976	2.263.659	5.336.242	4.257.543	19.529.420	*Depreciation*
Penyusutan yang tidak dapat dialokasikan					208.290	*Unallocated depreciation*
Jumlah penyusutan					19.737.710	***Total depreciation***

29. **INFORMASI SEGMEN** (Lanjutan) / *29. **SEGMENT INFORMATION** (Continued)*

	31 Desember/*December* 2014 (Diaudit/*Audited*)					
	Pemintalan/ *Spinning*	**Pertenuan/ *Weaving***	***Finishing* kain/ *Finishing***	**Konveksi/ *Garment***	**Jumlah segmen/ *Segment total***	
Penjualan	240.993.532	87.541.542	155.306.198	105.248.153	589.089.425	*Sales*
Penjualan yang disaling hapuskan dengan pembelian terkait	(19.066.049)	(15.074.664)	(326.093)	-	(34.466.806)	*Sales for offset with related purchase*
Penjualan neto	221.927.483	72.466.878	154.980.105	105.248.153	554.622.619	***Net sales***
Laba bruto	32.293.133	15.407.311	38.826.550	35.891.915	122.418.909	*Gross profit*
Laba sebelum pajak					65.928.867	*Income before income tax*
Beban pajak penghasilan					(15.475.759)	*Income tax expense*
Laba tahun berjalan					50.453.108	***Income for the year***
Aset segmen	165.823.473	84.330.145	106.863.503	48.325.103	405.342.224	*Segment assets*
Aset yang tidak dapat dialokasikan					293.523.680	*Unallocated assets*
Jumlah aset					698.865.904	***Total assets***
Liabilitas segmen					-	*Segment liabilities*
Liabilitas yang tidak dapat dialokasikan					467.433.129	*Unallocated liabilities*
Jumlah liabilitas					467.433.129	***Total liabilities***
Informasi segmen lainnya						***Other segment information***
Pengeluaran modal	15.045.029	13.857.264	38.602.378	29.694.137	97.198.808	*Capital expenditure*
Pengeluaran modal yang tidak dapat dialokasikan					1.781.648	*Unallocated capital expenditure*
Jumlah pengeluaran modal					98.980.456	***Total capital expenditure***
Penyusutan	4.743.524	2.736.159	2.584.150	1.368.080	11.431.913	*Depreciation*
Penyusutan yang tidak dapat dialokasikan					299.537	*Unallocated depreciation*
Selisih penjabaran					2.276.718	*Exchange difference*
Jumlah penyusutan					14.008.168	***Total depreciation***

29. **INFORMASI SEGMEN** (Lanjutan) / *29. **SEGMENT INFORMATION** (Continued)*

	31 Desember/*December* 2013 (Diaudit/*Audited*)					
	Pemintalan/ *Spinning*	**Pertenuan/ *Weaving***	***Finishing* kain/ *Finishing***	**Konveksi/ *Garment***	**Jumlah segmen/ *Segment total***	
Penjualan	234.095.274	83.587.102	153.015.656	76.262.922	546.960.954	*Sales*
Penjualan yang disaling hapuskan dengan pembelian terkait	(54.079.717)	(40.741.294)	(1.456.830)	(1.889)	(96.279.730)	*Sales for offset with related purchase*
Penjualan neto	180.015.557	42.845.808	151.558.826	76.261.033	450.681.224	***Net sales***
Laba bruto	28.091.433	12.538.065	33.082.200	23.641.506	97.353.204	*Gross profit*
Laba sebelum pajak					44.351.058	*Income before income tax*
Beban pajak penghasilan					(12.803.699)	*Income tax expense*
Penyesuaian proforma dari transaksi kombinasi bisnis entitas sepengendali					(1.870.337)	*Proforma adjustment arising from business combination transactions of entities under common control*
Laba tahun berjalan					29.677.022	***Income for the year***
Aset segmen	141.267.902	45.407.540	42.884.898	22.703.770	252.264.110	*Segment assets*
Aset yang tidak dapat dialokasikan					206.397.909	*Unallocated assets*
Jumlah aset					458.662.019	***Total assets***
Liabilitas segmen					-	*Segment liabilities*
Liabilitas yang tidak dapat dialokasikan					269.084.595	*Unallocated liabilities*
Jumlah liabilitas					269.084.595	***Total liabilities***
Informasi segmen lainnya						***Other segment information***
Pengeluaran modal	47.244.358	15.185.687	14.342.037	7.592.843	84.364.925	*Capital expenditure*
Pengeluaran modal yang tidak dapat dialokasikan					3.515.205	*Unallocated capital expenditure*
Jumlah pengeluaran modal					87.880.130	***Total capital expenditure***
Penyusutan	9.256.892	2.975.430	2.810.128	1.487.715	16.530.165	*Depreciation*
Penyusutan yang tidak dapat dialokasikan					688.757	*Unallocated depreciation*
Jumlah penyusutan					17.218.922	***Total depreciation***

29. **INFORMASI SEGMEN** (Lanjutan)

Manajemen memantau hasil operasi dari setiap departemen diatas secara terpisah untuk keperluan pengambilan keputusan mengenai alokasi sumber daya dan penilaian kinerja. Oleh karena itu, penentuan segmen operasi Perusahaan konsisten dengan klasifikasi diatas.

Kinerja segmen dievaluasi berdasarkan laba atau rugi operasi dan diukur secara konsisten dengan laba atau rugi operasi pada laporan keuangan.

Informasi penjualan neto berdasarkan area geografis adalah sebagai berikut:

*29. **SEGMENT INFORMATION** (Continued)*

Management monitors the operating results of each of the above departments separately for the purpose of making decisions about resource allocation and performance assessment. Therefore, the determination of the Company's operating segments is consistent with the above classification.

Segment performance is evaluated on the basis of operating profit or loss and is measured consistently with operating profit or loss in the financial statements.

Net sales information by geographic area is as follows:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)**	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Domestik	86.858.179	80.850.510	320.611.149	324.225.142	154.464.219	*Domestic*
Luar negeri:						*International:*
Asia	50.259.380	46.973.763	153.222.988	122.980.260	183.216.736	*Asia*
Eropa	15.154.001	14.212.777	53.912.499	60.846.418	51.228.918	*Europe*
Amerika Serikat dan Amerika Latin	10.784.395	10.015.323	62.018.039	29.180.320	44.154.323	*United States of America and South America*
Uni Emirat Arab dan Afrika	5.323.856	5.344.755	27.947.945	17.390.479	17.617.028	*United Arab Emirates and Africa*
Australia	305.465	-	4.281.053	-	-	*Australia*
Penjualan neto	168.685.276	157.397.128	621.993.673	554.622.619	450.681.224	***Net sales***

30. **PENJUALAN** | 30. ***SALES***

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)**	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Ekspor						*Export*
Benang	34.508.469	34.162.856	116.742.950	112.422.347	141.953.755	*Yarn*
Kain jadi	29.802.540	23.273.527	77.787.245	69.915.024	98.226.088	*Fabric*
Pakaian jadi	15.931.160	17.536.211	73.971.008	40.213.172	47.399.710	*Garment*
Kain mentah	1.584.928	1.574.024	32.881.321	7.846.934	8.637.452	*Greige*
Lokal						*Local*
Benang	44.332.073	40.635.354	128.590.824	128.571.185	92.141.519	*Yarn*
Kain jadi	15.401.163	16.066.615	92.167.042	85.391.174	54.789.568	*Fabric*
Pakaian jadi	2.361.084	1.790.479	61.627.746	65.034.981	28.863.212	*Garment*
Kain mentah	24.763.859	31.707.263	47.574.738	79.694.608	74.949.650	*Greige*
Jumlah penjualan	168.685.276	166.746.329	631.342.874	589.089.425	546.960.954	***Total sales***
Dikurangi: penjualan yang disalinghapuskan dengan pembelian terkait (Catatan 12)	-	(9.349.201)	(9.349.201)	(34.466.806)	(96.279.730)	*Less: sales for offset with related purchase (Note12)*
Penjualan neto	168.685.276	157.397.128	621.993.673	554.622.619	450.681.224	***Net sales***

30. **PENJUALAN** (Lanjutan) / *30. **SALES** (Continued)*

Terdapat penjualan kepada pihak berelasi yang melebihi 10% dari penjualan sebelum disalinghapuskan, sebagai berikut:

There is aggregate sales to related parties exceeding 10% of sales before offsetting, following:

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
PT Sari Warna Asli Textile Industry	-	-	-	-	62.058.578	*PT Sari Warna Asli Textile Industry*
Persentase terhadap penjualan sebelum disalinghapuskan	-	-	-	-	11,35%	*Percentage to sales before offsetting*

31. **BEBAN POKOK PENJUALAN** / 31. ***COST OF GOODS SOLD***

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Bahan baku yang digunakan	93.740.651	96.249.760	415.735.132	351.134.432	285.991.212	*Raw materials used*
Tenaga kerja langsung	6.488.046	6.396.620	23.685.953	24.112.112	27.108.309	*Direct labor*
Biaya produksi tidak langsung						*Factory overhead*
Listrik dan air	7.742.818	8.137.752	30.037.215	29.761.387	25.129.491	*Electricity and water*
Penyusutan (Catatan 13)	5.385.796	4.455.572	19.529.420	11.431.913	16.762.333	*Depreciation (Note 13)*
Biaya impor	968.770	933.031	1.511.259	3.046.280	4.572.129	*Import cost*
Penggunaan suku cadang	958.830	916.957	3.018.105	3.443.240	6.211.765	*Sparepart usage*
Penggunaan bahan bakar	860.530	833.973	3.549.432	4.472.978	3.632.886	*Fuel consumption*
Ongkos angkut	102.036	-	82.839	571.854	1.423.184	*Freight and loading*
Asuransi bangunan pabrik	18.785	-	72.156	583.611	641.315	*Factory building insurance*
Lain-lain	529.293	284.410	3.320.653	2.663.495	3.378.696	*Others*
Jumlah biaya produksi tidak langsung	16.566.858	15.561.695	61.121.079	55.974.758	61.751.799	*Total factory overhead*
Jumlah biaya produksi	116.795.555	118.208.075	500.542.164	431.221.302	374.851.320	*Total manufacturing cost*
Persediaan barang dalam proses						*Work in-process*
Saldo awal periode	54.529.576	49.941.572	49.941.572	55.458.349	42.147.230	*At beginning of period*
Saldo akhir periode	(46.345.663)	(45.532.821)	(54.529.576)	(49.941.572)	(55.458.349)	*At end of period*
Efek translasi	-	-	-	-	(12.347.814)	*Translation effect*
Beban pokok produksi	124.979.468	122.616.826	495.954.160	436.738.079	349.192.387	*Cost of goods manufactured*
Persediaan barang jadi						*Finished good*
Saldo awal periode	26.644.040	19.268.105	19.268.105	14.733.736	23.045.747	*At beginning of period*
Saldo akhir periode	(18.475.367)	(17.431.398)	(26.644.040)	(19.268.105)	(14.733.736)	*At end of period*
Efek translasi	-	-	-	-	(4.176.378)	*Translation effect*
Beban pokok penjualan neto	133.148.141	124.453.533	488.578.225	432.203.710	353.328.020	*Net cost of goods sold*

Terdapat pembelian dari pihak berelasi yang melebihi 10% dari pembelian sebelum dihapuskan sebagai berikut (Catatan 12):

Aggregate purchases, before offsetting with related parties exceeding 10% of purchases were made to the following (Note 12):

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
PT Sari Warna Asli Textile Industry	-	-	-	41.154.840	77.803.198	*PT Sari Warna Asli Textile Industry*
Persentase terhadap pembelian sebelum disalinghapuskan	-	-	-	13,10%	19,02%	*Percentage to purchases before offsetting*

32. BEBAN PENJUALAN / *SELLING EXPENSES*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Biaya pengangkutan	1.919.643	2.568.341	8.613.053	6.584.454	6.286.570	*Delivery expense*
Perjalanan dinas	278.204	449.610	1.165.136	1.246.164	632.143	*Business traveling*
Komisi	250.369	29.831	1.138.905	1.297.453	1.670.897	*Commission*
Asuransi ekspor	35.879	49.660	139.445	189.160	188.458	*Export insurance*
Telekomunikasi	21.665	20.582	84.304	84.560	111.638	*Telecommunication*
Pemasaran	14.816	4.773	14.843	143.466	135.096	*Marketing*
Lain-lain	338.031	203.258	2.328.717	1.334.405	684.116	*Others*
Jumlah beban penjualan	2.858.607	3.326.055	13.484.403	10.879.662	9.708.918	***Total selling expenses***

33. BEBAN UMUM DAN ADMINISTRASI / *GENERAL AND ADMINISTRATIVE EXPENSES*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Gaji, upah dan tunjangan	2.179.161	1.921.017	7.900.365	8.295.522	8.113.938	*Salaries, wages and allowances*
Pajak	1.379.129	258.700	3.744.381	1.436.784	2.749.533	*Taxes*
Pengembangan usaha	532.301	524.838	2.722.152	1.081.381	359.815	*Business development*
Jasa profesional	332.761	423.034	1.459.398	1.700.971	836.654	*Professional fee*
Jamuan	140.971	170.845	1.418.085	726.240	-	*Entertainment*
Perijinan dan lisensi	115.047	87.568	237.714	379.458	170.608	*Permit and licenses*
Penyusutan (Catatan 13)	72.003	77.536	208.290	299.537	456.589	*Depreciation (Note 13)*
Perbaikan dan perawatan	51.554	53.505	344.854	159.462	752.290	*Repair and maintenance*
Sumbangan	46.345	253.802	185.200	122.531	142.764	*Donations*
Telepon, listrik dan air	33.191	35.430	94.939	99.664	53.218	*Telephone, electricity and water*
Lain-lain	120.491	173.109	3.751.890	2.316.148	978.968	*Others*
Jumlah beban umum dan administrasi	5.002.954	3.979.384	22.067.268	16.617.698	14.614.377	***Total general and administrative expenses***

34. PENDAPATAN OPERASI LAINNYA / *OTHER OPERATING INCOME*

Pendapatan operasi lainnya umumnya berasal dari penjualan barang bekas dan klaim asuransi.

Other operating income mainly arose from sales of scrap and claim of insurance.

35. LABA (RUGI) SELISIH KURS / *GAIN (LOSS) ON FOREIGN EXCHANGE*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Laba (rugi) selisih kurs - Neto	327.333	734.857	(977.185)	(2.013.036)	(11.633.420)	*Gain (loss) on foreign exchanges - Net*

36. LABA PER SAHAM / *36. EARNINGS PER SHARE*

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	31 Maret/ *March* 2015 (Tidak diaudit/ *Unaudited*)	31 Des/*Dec* 2015 (Diaudit/ *Audited*)	31 Des/*Dec* 2014 (Diaudit/ *Audited*)	31 Des/*Dec* 2013 (Diaudit/ *Audited*)	
Laba periode berjalan yang dapat diatribusikan kepada pemilik entitas induk	16.445.999	14.471.740	55.661.062	50.450.193	29.676.755	*Income for the period attributable to owners of the parent entity*
Rata-rata tertimbang jumlah saham yang beredar (Catatan 2u)	18.592.888.040	18.592.888.040	18.592.888.040	18.592.888.040	16.015.353.793	*Weight average number of shares outstanding (Note 2u)*
Rata-rata tertimbang saham beredar setelah penyesuaian secara retrospektif	18.592.888.040	18.592.888.040	18.592.888.040	18.592.888.040	16.015.353.793	***Weighted average number of outstanding shares after retrospective adjustments***
Laba per saham dasar yang dapat diatribusikan kepada pemilik entitas induk	0,0009	0,0008	0,0030	0,0027	0,0019	***Basic earning per share attributable to owners of the parent entity***

37. DIVIDEN TUNAI DAN SALDO LABA YANG DITENTUKAN PENGGUNAANNYA / *37. CASH DIVIDEND AND RESTRICTED RETAINED EARNINGS*

Pada tanggal 29 Juni 2015, Perusahaan mengadakan Rapat Umum Pemegang Saham (RUPS) tahunan. Pada RUPS tersebut menyetujui hal-hal sebagai berikut:

a. Pembagian dividen tunai atas saham yang beredar sebanyak 18.592.888.040 lembar dengan nilai nominal sebesar Rp 5,38 per lembar saham tahun buku 2014 dengan USD 8.002.379 (setara dengan Rp 100.029.737.655). Dividen tunai ini telah dibayarkan pada tanggal 29 Juli dan 30 Juli 2015.

b. Penyisihan dana cadangan sebesar 20% dari laba bersih komprehensif atau sebesar USD 8.951.342.

On 29 June 2015, the Company's shareholders held their Annual General Meeting (RUPS). This RUPS approved the following matters:

a. *The distribution of cash dividend on outstanding shares total 18,592,888,040 shares with a nominal value of pertaining to book year 2014 in the amount of Rp 5.38 per share with USD 8,002,379 (equivalent to Rp 100,029,737,655). The dividend was paid in 29 July and 30 July 2015.*

b. *Appropriation of retained earnings amounting 20% from other comprehensive income or equivalent to USD 8,951,342.*

Pada tanggal 9 Juni 2014, Perusahaan mengadakan Rapat Umum Pemegang Saham (RUPS) tahunan. Pada RUPS tersebut menyetujui hal-hal sebagai berikut:

a. Pembagian dividen tunai sebesar Rp 2 per lembar saham tahun buku 2013 atau setara dengan Rp 37.185.776.080. Dividen tunai ini telah dibayarkan pada tanggal 18 Juli 2014.

b. Penyisihan dana cadangan sebesar 10% dari laba bersih atau sebesar Rp 30.960.261.391.

On 9 June 2014, the Company's shareholders held their Annual General Meeting (RUPS). This RUPS approved the following matters:

a. The distribution of cash dividend pertaining to book year 2013 in the amount of Rp 2 per share or equivalent to approximately Rp 37,185,776,080. The dividend was paid in 18 July 2014.

b. Appropriation of retained earnings amounting 10% from net income or equivalent to Rp 30,960,261,391.

38. ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING / *MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES*

Informasi mengenai aset dan liabilitas moneter dalam mata uang asing pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 dan nilai setara dalam USD yang dijabarkan dengan menggunakan rata-rata kurs jual dan beli yang diterbitkan oleh Bank Indonesia sebagai berikut:

Information concerning monetary assets and liabilities denominated in foreign currencies as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 and their USD equivalents converted using the middle exchange rates that were published by Bank Indonesia as follows:

31 Maret 2016		**Mata uang asing/ *Foreign currency***	**Nilai setara Dolar AS/ *USD equivalents***	***31 March 2016***
Aset moneter:				***Monetary assets:***
Kas dan setara kas	IDR	19.767.400.000	1.482.555	*Cash and cash equivalents*
	SGD	6.630	4.909	
	EUR	8.584.772	9.718.829	
	CNY	12.819	1.984	
Piutang usaha	IDR	441.104.440.000	33.082.833	*Trade receivables*
	EUR	429.468	486.201	
Sub-jumlah			44.777.311	***Sub-total***
Liabilitas moneter:				***Monetary liabilities:***
Utang usaha	IDR	25.019.520.000	1.876.464	*Trade payables*
	EUR	2.330.703	2.638.591	
	JPY	756.687	6.736	
Utang pajak	IDR	115.300.133.333	8.647.510	*Taxes payable*
Beban akrual	IDR	42.247.613.333	3.168.571	*Accrued expenses*
Utang lancar lainnya	IDR	30.275.266.667	2.270.645	*Other current liabilities*
Utang bank jangka pendek	IDR	74.097.769.375	5.581.332	*Short-term bank loans*
Utang bank jangka panjang	IDR	502.533.371.447	37.852.770	*Long-term bank loans*
Utang sewa pembiayaan	IDR	1.468.785.210	110.635	*Obligation under finance Lease*
Sub-jumlah			62.153.254	***Sub-total***
Liabilitas neto			(17.375.943)	***Net liabilities***

38. **ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING** (Lanjutan)

Informasi mengenai aset dan liabilitas moneter dalam mata uang asing pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 dan nilai setara dalam USD yang dijabarkan dengan menggunakan rata-rata kurs jual dan beli yang diterbitkan oleh Bank Indonesia sebagai berikut: (Lanjutan)

*38. **MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES** (Continued)*

Information concerning monetary assets and liabilities denominated in foreign currencies as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 and their USD equivalents converted using the middle exchange rates that were published by Bank Indonesia as follows: (Continued)

31 Desember 2015		**Mata uang asing/** ***Foreign currency***	**Nilai setara Dolar AS/** ***USD equivalents***	***31 December 2015***
Aset moneter:				***Monetary assets:***
Kas dan setara kas	IDR	18.419.525.440	1.335.232	*Cash and cash equivalents*
	SGD	6.400	4.524	
	EUR	8.508.512	9.294.909	
	CNY	16.023	2.467	
Piutang usaha	IDR	460.572.437.245	33.386.911	*Trade receivables*
	EUR	453.385	495.289	
Sub-jumlah			44.519.332	***Sub-total***
Liabilitas moneter:				***Monetary liabilities:***
Utang usaha	IDR	49.092.335.475	3.558.705	*Trade payables*
	EUR	2.388.585	2.609.350	
	JPY	711.102	5.928	
Utang pajak	IDR	111.745.928.470	8.100.466	*Taxes payable*
Beban akrual	IDR	34.582.368.215	2.506.877	*Accrued expenses*
Utang lancar lainnya	IDR	27.627.246.500	2.002.700	*Other current liabilities*
Utang bank jangka pendek	IDR	102.362.666.035	7.420.273	*Short-term bank loans*
Utang bank jangka panjang	IDR	496.342.210.085	35.979.863	*Long-term bank loans*
Utang sewa pembiayaan	IDR	1.691.570.490	122.622	*Obligation under finance lease*
Sub-jumlah			62.306.784	***Sub-total***
Liabilitas neto			(17.787.452)	***Net liabilities***

38. **ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING** (Lanjutan)

Informasi mengenai aset dan liabilitas moneter dalam mata uang asing pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 dan nilai setara dalam USD yang dijabarkan dengan menggunakan rata-rata kurs jual dan beli yang diterbitkan oleh Bank Indonesia sebagai berikut: (Lanjutan)

*38. **MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES** (Continued)*

Information concerning monetary assets and liabilities denominated in foreign currencies as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 and their USD equivalents converted using the middle exchange rates that were published by Bank Indonesia as follows: (Continued)

31 Desember 2014		**Mata uang asing/** ***Foreign currency***	**Nilai setara Dolar AS/** ***USD equivalents***	***31 December 2014***
Aset moneter:				***Monetary assets:***
Kas dan setara kas	IDR	19.846.912.840	1.595.411	*Cash and cash equivalents*
	EUR	10.832	13.177	
	SGD	217	164	
	HKD	21	3	
	CNY	7.247	1.184	
Piutang usaha	IDR	1.005.869.291.109	80.857.661	*Trade receivables*
	EUR	2.133.999	2.595.965	
Piutang non-usaha dari pihak berelasi	IDR	87.173.424.400	7.007.510	*Non-trade receivable from related party*
Sub-jumlah			92.071.075	***Sub-total***
Liabilitas moneter:				***Monetary liabilities:***
Utang usaha	IDR	68.423.047.719	5.500.245	*Trade payables*
Utang pajak	IDR	60.211.926.280	4.840.187	*Taxes payable*
Beban akrual	IDR	46.624.087.480	3.747.917	*Accrued expenses*
Utang lancar lainnya	IDR	6.508.520.920	523.193	*Other current liabilities*
Utang bank jangka pendek	IDR	50.000.000.000	4.019.295	*Short-term bank loans*
Utang bank jangka panjang	IDR	518.542.348.062	41.683.469	*Long-term bank loans*
Utang sewa pembiayaan	IDR	3.429.078.278	275.650	*Obligation under finance lease*
Sub-jumlah			60.589.956	***Sub-total***
Aset neto			31.481.119	***Net assets***

38. **ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING** (Lanjutan)

Informasi mengenai aset dan liabilitas moneter dalam mata uang asing pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 dan nilai setara dalam USD yang dijabarkan dengan menggunakan rata-rata kurs jual dan beli yang diterbitkan oleh Bank Indonesia sebagai berikut: (Lanjutan)

*38. **MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES** (Continued)*

Information concerning monetary assets and liabilities denominated in foreign currencies as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013 and their USD equivalents converted using the middle exchange rates that were published by Bank Indonesia as follows: (Continued)

31 Desember 2013		**Mata uang asing/** ***Foreign currency***	**Nilai setara Dolar AS/** ***USD equivalents***	***31 December 2013***
Aset moneter:				***Monetary assets:***
Kas dan setara kas	IDR	7.710.698.662	632.595	*Cash and cash equivalents*
	EUR	5.510	7.605	
	SGD	363	287	
	HKD	441	57	
Piutang usaha	IDR	534.008.738.674	43.810.709	*Trade receivables*
	EUR	753.617	1.040.003	
Piutang non-usaha dari pihak berelasi	IDR	91.262.629.279	7.487.294	*Non-trade receivable from related party*
Sub-jumlah			52.978.550	***Sub-total***
Liabilitas moneter:				***Monetary liabilities:***
Utang usaha	IDR	85.441.875.738	7.009.752	*Trade payables*
	EUR	1.542.424	2.128.568	
	JPY	1.775.807	16.925	
Beban akrual	IDR	44.373.568.542	3.640.460	*Accrued expenses*
Utang lancar lainnya	IDR	1.035.053.469	84.917	*Other current liabilities*
Utang bank jangka pendek	IDR	651.618.616.475	53.459.636	*Short-term loans*
Utang bank jangka panjang	IDR	766.843.270.943	62.912.730	*Long-term loans*
Utang sewa pembiayaan	IDR	3.055.572.340	250.683	*Obligation under finance lease*
Sub-jumlah			129.503.671	***Sub-total***
Liabilitas neto			(76.525.121)	***Net liabilities***

39. NILAI WAJAR DARI INSTRUMEN KEUANGAN / *39. FAIR VALUE OF FINANCIAL INSTRUMENTS*

Tabel berikut menyajikan aset dan liabilitas keuangan Perusahaan pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013:

The following table sets out the Company's financial assets and liabilities as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013:

	31 Maret/*March* 2016 (Tidak diaudit/*Unaudited*)		31 Desember/*December* 2015 (Diaudit/*Audited*)		
	Nilai tercatat/ *Carrying value*	Nilai wajar/ *Fair value*	Nilai tercatat/ *Carrying value*	Nilai wajar/ *Fair value*	
Aset keuangan lancar					***Current financial assets***
Kas dan setara kas	78.174.558	78.174.558	77.136.595	77.136.595	*Cash and cash equivalents*
Piutang usaha – Neto					*Trade receivables - Net*
Pihak ketiga	79.928.416	79.928.416	80.489.933	80.489.933	*Third parties*
Pihak berelasi	17.255.221	17.255.221	21.692.006	21.692.006	*Related parties*
Aset lancar lainnya	5.666.687	5.666.687	5.322.710	5.322.710	*Other current assets*
Jumlah aset keuangan lancar	181.024.882	181.024.882	184.641.244	184.641.244	***Total current financial assets***
Aset keuangan tidak lancar					***Non-current financial assets***
Penyertaan saham	27.561	27.561	27.561	27.561	*Investments in shares*
Jumlah aset keuangan	181.052.443	181.052.443	184.668.805	184.668.805	***Total financial assets***
Liabilitas keuangan jangka pendek					***Current financial liabilities***
Utang bank jangka pendek	33.845.201	33.845.201	38.273.334	38.273.334	*Short-term bank loans*
Utang usaha					*Trade payables*
Pihak ketiga	10.109.393	10.109.393	7.741.487	7.741.487	*Third parties*
Pihak berelasi	1.002.804	1.002.804	3.366.005	3.366.005	*Related parties*
Beban akrual	7.650.035	7.650.035	6.861.669	6.861.669	*Accrued expenses*
Utang lancar lainnya	4.064.167	4.064.167	2.648.786	2.648.786	*Other current liabilities*
Liabilitas imbalan kerja jangka pendek	59.472	59.472	54.567	54.567	*Short-term employee benefit liability*
Liabilitas jangka panjang yang jatuh tempo dalam satu tahun:					*Current maturities of long-term debts:*
Utang sewa pembiayaan	110.635	110.635	109.018	109.018	*Obligation under finance lease*
Jumlah liabilitas keuangan jangka pendek	56.841.707	56.841.707	59.054.866	59.054.866	***Total current financial liabilities***
Liabilitas keuangan jangka panjang					***Non-current financial liabilities***
Liabilitas jangka panjang yang jatuh tempo dalam satu tahun:					*Long-term debts, net of current maturities:*
Utang bank jangka panjang	109.340.841	109.340.841	114.765.366	114.765.366	*Long-term bank loan*
Utang sewa pembiayaan	-	-	13.604	13.604	*Obligation under finance lease*
Surat utang jangka menengah	30.000.000	30.000.000	30.000.000	30.000.000	*Medium-term notes*
Wesel bayar	268.811.433	268.811.433	268.473.045	268.473.045	*Notes payable*
Jumlah liabilitas keuangan jangka panjang	408.152.274	408.152.274	413.252.015	413.252.015	***Total non-current financial liabilities***
Jumlah liabilitas keuangan	464.993.981	464.993.981	472.306.881	472.306.881	***Total financial liabilities***

39. **NILAI WAJAR DARI INSTRUMEN KEUANGAN** (Lanjutan)

Tabel berikut menyajikan aset dan liabilitas keuangan Perusahaan pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013: (Lanjutan)

39. ***FAIR VALUE OF FINANCIAL INSTRUMENTS*** *(Continued)*

The following table sets out the Company's financial assets and liabilities as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013: (Continued)

	31 Desember/*December* 2014 (Diaudit/*Audited*)		**31 Desember/*December* 2013 (Diaudit/*Audited*)**		
	Nilai tercatat/ *Carrying value*	**Nilai wajar/ *Fair value***	**Nilai tercatat/ *Carrying value***	**Nilai wajar/ *Fair value***	
Aset keuangan lancar					***Current financial assets***
Kas dan setara kas	81.604.263	81.604.263	6.107.134	6.107.134	*Cash and cash equivalents*
Piutang usaha – Neto					*Trade receivables - Net*
Pihak ketiga	97.638.418	97.638.418	35.331.573	35.331.573	*Third parties*
Pihak berelasi	31.601.261	31.601.261	25.471.250	25.471.250	*Related parties*
Aset lancar lainnya	5.417.268	5.417.268	1.146.465	1.146.465	*Other current assets*
Jumlah aset keuangan lancar	216.261.210	216.261.210	68.056.422	68.056.422	***Total current financial assets***
Aset keuangan tidak lancar					***Non-current financial assets***
Piutang non-usaha dari pihak berelasi	7.007.510	7.007.510	7.487.294	7.487.294	*Non-trade receivables from related parties*
Penyertaan saham	27.561	27.561	28.128	28.128	*Investments in shares*
Jumlah aset keuangan tidak lancar	7.035.071	7.035.071	7.515.422	7.515.422	***Total non-current financial assets***
Jumlah aset keuangan	223.296.281	223.296.281	75.571.844	75.571.844	***Total financial assets***
Liabilitas keuangan jangka pendek					***Current financial liabilities***
Utang bank jangka pendek	31.674.477	31.674.477	100.930.140	100.930.140	*Short-term bank loans*
Utang usaha					*Trade payables*
Pihak ketiga	15.408.105	15.408.105	36.569.410	36.569.410	*Third parties*
Pihak berelasi	3.213.255	3.213.255	5.207.427	5.207.427	*Related parties*
Beban akrual	7.792.082	7.792.082	4.325.665	4.325.665	*Accrued expenses*
Utang lancar lainnya	919.449	919.449	1.226.892	1.226.892	*Other current liabilities*
Liabilitas imbalan kerja jangka pendek	512.867	512.867	471.440	471.440	*Short-term employee benefit liability*
Liabilitas jangka panjang yang jatuh tempo dalam satu tahun:					*Current maturities of long-term debts:*
Utang bank jangka panjang	-	-	26.273.433	26.273.433	*Long-term bank loan*
Utang sewa pembiayaan	124.549	124.549	84.844	84.844	*Obligation under finance lease*
Jumlah liabilitas keuangan jangka pendek	59.644.784	59.644.784	175.089.251	175.089.251	***Total current financial liabilities***
Liabilitas keuangan jangka panjang					***Non-current financial liabilities***
Liabilitas jangka panjang yang jatuh tempo dalam satu tahun:					*Long-term debts, net of current maturities:*
Utang bank jangka panjang	82.974.215	82.974.215	72.795.234	72.795.234	*Long-term bank loan*
Utang sewa pembiayaan	151.101	151.101	165.839	165.839	*Obligation under finance lease*
Surat utang jangka menengah	30.000.000	30.000.000	-	-	*Medium-term notes*
Wesel bayar	267.119.492	267.119.492	-	-	*Notes payable*
Jumlah liabilitas keuangan jangka panjang	380.244.808	380.244.808	72.961.073	72.961.073	***Total non-current financial liabilities***
Jumlah liabilitas keuangan	439.889.592	439.889.592	248.050.324	248.050.324	***Total financial liabilities***

39. **NILAI WAJAR DARI INSTRUMEN KEUANGAN** (Lanjutan)

Nilai wajar adalah harga yang akan diterima untuk menjual suatu aset atau harga yang akan dibayarkan untuk mengalihkan suatu liabilitas dalam transaksi teratur antara pelaku pasar pada tanggal pengukuran. Nilai wajar didapatkan dari kuotasi harga pasar, model arus kas diskonto dan model penentuan harga opsi yang sewajarnya.

Instrumen keuangan yang disajikan di dalam laporan posisi keuangan dicatat sebesar nilai wajar, atau sebaliknya, disajikan dalam jumlah tercatat apabila jumlah tersebut mendekati nilai wajarnya atau nilai wajarnya tidak dapat diukur secara andal. Metode-metode dan asumsi-asumsi di bawah ini digunakan untuk mengestimasi nilai wajar untuk masing-masing kelas instrumen keuangan:

- Instrumen keuangan dengan jumlah tercatat yang mendekati nilai wajarnya

  Nilai wajar untuk kas dan setara kas, piutang usaha, aset lancar lainnya, utang bank jangka pendek, utang usaha, beban akrual, utang lancar lainnya dan liabilitas imbalan kerja jangka pendek, mendekati nilai tercatatnya karena bersifat jangka pendek. Jumlah tercatat dari piutang non-usaha dari pihak berelasi, penyertaan saham, utang pemegang saham, utang bank jangka panjang, utang sewa pembiayaan, surat utang jangka menengah dan wesel bayar dengan suku bunga mengambang mendekati nilai wajarnya karena selalu dinilai ulang secara berkala.

- Instrumen keuangan dicatat pada nilai selain nilai wajar

  Aset dan liabilitas keuangan tidak lancar yang tidak memiliki kuotasi pasar yang dipublikasikan pada pasar aktif dan nilai wajar tidak dapat diukur secara andal (penyertaan saham) dicatat pada biaya perolehan.

39. ***FAIR VALUE OF FINANCIAL INSTRUMENTS*** *(Continued)*

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an ordery transaction between market participants at the measurement date. Fair values are obtained from quoted market prices, discounted cash flow models and option pricing models as appropriate.

Financial instruments presented in the statements of financial position are carried at their fair values, otherwise, they are presented at carrying values as either these are reasonable approximation of fair values or their fair values cannot be reliably measured. The following methods and assumptions are used to estimate the fair value of each class of financial instruments:

- *Financial instruments with carrying amounts that approximate their fair values*

  The fair value of cash and cash equivalents, trade receivables, other current assets, short-term bank loans, trade payables, accrued expenses, other current liabilities and short-term employee benefits liability, approximate their carrying values due to their short-term nature. The carrying values of non-trade receivable from related parties, investment in shares, shareholder loan, long-term bank loans, obligation under finance lease, medium-term notes and notes payable, with floating interest rates approximate their fair value as they are re-priced frequently.

- *Financial instruments carried at amounts other than fair value*

  Non-current financial assets and liabilities which do not have quoted prices in active market and whose fair value cannot be measured reliably (investment in shares of stock) are measured at cost.

40. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN**

a. **Manajemen Risiko**

Aset keuangan utama Perusahaan dan Entitas Anaknya terdiri dari kas dan setara kas, piutang usaha, aset lancar lainnya. Perusahaan dan Entitas Anaknya juga mempunyai liabilitas keuangan utama seperti utang bank jangka pendek, utang usaha, beban akrual, utang lancar lainnya dan liabilitas imbalan kerja jangka pendek.

40. ***FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES***

a. ***Risk Management***

The Company and its Subsidiaries' principal financial assets consist of cash and cash equivalents, trade receivables, other current assets. The Company and its Subsidiaries have various other financial liabilities such short-term bank loans, trade payables, accrued expenses, other current liabilities and short-term employee benefits liability.

40. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN** (Lanjutan)

a. **Manajemen Risiko** (Lanjutan)

Risiko utama dari instrumen keuangan Perusahaan dan Entitas Anaknya adalah risiko suku bunga, risiko mata uang asing, risiko kredit dan risiko likuiditas. Penelaahan manajemen dan kebijakan yang disetujui untuk mengelola masing-masing risiko ini dijelaskan secara detail sebagai berikut:

Risiko suku bunga

Risiko suku bunga Perusahaan terutama timbul dari pinjaman untuk tujuan modal kerja dan investasi. Saat ini, Perusahaan tidak mempunyai kebijakan formal lindung nilai atas risiko suku bunga.

Untuk kredit modal kerja dan kredit investasi, Perusahaan berusaha mengurangi risiko tingkat suku bunganya dengan cara selalu melakukan pengawasan terhadap suku bunga yang berlaku di pasar.

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, jika tingkat suku bunga pinjaman lebih tinggi/lebih rendah sebesar 100 basis poin dengan semua variabel konstan, laba sebelum pajak penghasilan untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan tahun yang berakhir pada tanggal 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 akan lebih rendah/tinggi sebesar USD 1.105.270, USD 3.806.204, USD 3.311.323 dan USD 2.002.491.

Risiko mata uang asing

Mata uang pelaporan Perusahaan adalah USD. Perusahaan dapat menghadapi risiko nilai tukar mata uang asing karena sebagian penjualan dan biaya beberapa pembelian dalam mata uang asing (Rupiah) atau harga yang secara signifikan dipengaruhi oleh tolak ukur perubahan harganya dalam mata uang asing seperti yang dikutip dari pasar internasional.

Perusahaan tidak mempunyai kebijakan lindung nilai yang formal untuk laju pertukaran mata uang asing. Namun demikian, terkait dengan hal-hal yang telah didiskusikan pada paragraf di atas, fluktuasi dalam nilai tukar USD dan mata uang asing lainnya (terutama IDR dan Euro Eropa) menghasilkan lindung nilai natural untuk laju nilai tukar Perusahaan.

Pada tanggal 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, jika nilai tukar Rupiah terhadap Dolar Amerika Serikat melemah/menguat sebanyak 10% dengan semua variabel konstan, laba sebelum pajak penghasilan untuk periode tiga bulan yang berakhir pada tanggal 31 Maret 2016 dan tahun yang berakhir pada tanggal 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013 akan lebih rendah/tinggi sebesar USD 1.579.631, USD 1.617.041, USD 687.504 dan USD 7.793.431 terutama sebagai akibat kerugian/keuntungan penjabaran mata uang dalam Dolar Amerika Serikat atas akun-akun aset dan liabilitas moneter Perusahaan dalam Dolar Amerika Serikat.

*40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)*

*a. **Risk Management** (Continued)*

The main risks arising from the Company and its Subsidiaries' financial instruments are interest rate risk, foreign currency risk, credit risk and liquidity risk. The management reviews and approves policies for managing each of these risks, which are described in more detail as follows:

Interest rate risk

The Company's interest rate risk mainly arises from loans for working capital and investment purposes. Currently, the Company does not have a formal hedging policy for interest rate exposures.

For working capital and investment loans, the Company may seek to mitigate its interest rate risk by continuously monitoring the interest rates in the market.

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, had the interest rates of the loans and borrowings been 100 basis points higher/lower with all other variables held constant, income before income tax for the three-month periods ended 31 March 2016 and the years ended 31 December 2015, 31 December 2014 and 31 December 2013 would have been USD 1,105,270, USD 3,806,204, USD 3,311,323 and USD 2,002,491 lower/higher.

Foreign currency risk

The Company's reporting currency is in USD. The Company faces foreign exchange risk as a portion of its sales and the costs of certain purchases are either denominated in foreign currency (mainly Indonesian Rupiah) or whose price is significantly influenced by their benchmark price movements in foreign currencies as quoted in the international markets.

The Company does not have any formal hedging policy for foreign exchange exposure. However, in accordance with the matters discussed in the preceding paragraph, the fluctuations in the exchange rates between the USD and other foreign currencies (mainly IDR and European Euro) provide some degree of natural hedge for the Company's foreign exchange exposure.

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, had the exchange rate of the Rupiah against the United States Dollar depreciated/appreciated by 10%, with all other variables held constant, income before income tax for the three-month periods ended 31 March 2016 and the years ended 31 December 2015, 31 December 2014 and 31 December 2013 would have been USD 1,579,631, USD 1,617,041, USD 687,504 and USD 7,793,431 lower/higher, mainly as a result of foreign exchange losses on the translation of the net monetary assets and liabilities denominated in United States Dollar.

40. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN** (Lanjutan)

a. **Manajemen Risiko** (Lanjutan)

Risiko kredit

Risiko kredit yang dihadapi oleh Perusahaan berasal dari kredit yang diberikan kepada pelanggan. Untuk meringankan risiko ini, ada kebijakan untuk memastikan penjualan produk hanya dibuat kepada pelanggan yang dapat dipercaya dan terbukti mempunyai sejarah kredit yang baik.

Ini merupakan kebijakan Perusahaan dimana semua pelanggan yang akan melakukan pembelian secara kredit harus melalui prosedur verifikasi kredit. Untuk penjualan ekspor, Perusahaan mensyaratkan pembayaran pada saat penyerahan dokumen penjualan. Untuk penjualan domestik, Perusahaan mensyaratkan sebagian besar penerimaan kas dimuka dan sisanya ditagihkan pada saat penyerahan dokumen penjualan. Sebagai tambahan, saldo piutang dipantau secara terus menerus untuk mengurangi kemungkinan piutang yang tidak tertagih.

Untuk mengurangi risiko gagal bayar atas penempatan deposito berjangka pada bank, Perusahaan memiliki kebijakan hanya akan menempatkan deposito berjangka pada bank yang memiliki reputasi yang baik.

Tabel di bawah ini menunjukkan risiko kredit maksimum untuk komponen-komponen dari laporan posisi keuangan pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013.

*40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)*

*a. **Risk Management** (Continued)*

Credit risk

The Company is exposed to credit risk arising from the credit granted to its customers. To mitigate this risk, it has policies in place to ensure that sales of products are made only to creditworthy customers with proven track record or good credit history.

It is the Company's policy that all customers who wish to trade on credit are subject to credit verification procedures. For export sales, the Company requires cash against the presentation of documents of title. For sales to local customers, the Company requires most part of cash received in advance and the remainder is invoiced upon presentation of documents. In addition, receivable balances are monitored on an ongoing basis to reduce the Company's exposure to bad debts.

To mitigate the default risk of banks on the Company's time deposits, the Company has policies to place its time deposits only in banks with good reputation.

The table below shows the maximum exposure to credit risk on the components of the statements of financial position as of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Pinjaman yang diberikan dan piutang:					***Loans and receivables:***
Kas dan setara kas	78.174.558	77.136.595	81.604.263	6.107.134	*Cash and cash equivalents*
Piutang usaha					*Trade receivables*
Pihak ketiga	79.928.416	80.489.933	97.638.418	35.331.573	*Third parties*
Pihak berelasi	17.255.221	21.692.006	31.601.261	25.471.250	*Related parties*
Aset lancar lainnya	5.666.687	5.322.710	5.417.268	1.146.465	*Other current assets*
Piutang non-usaha dari pihak berelasi	-	-	7.007.510	7.487.294	*Non-trade receivable from related parties*
J u m l a h	181.024.882	184.641.244	223.268.720	75.543.716	***T o t a l***

40. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN** (Lanjutan)

a. **Manajemen Risiko** (Lanjutan)

Risiko kredit (Lanjutan)

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, piutang usaha sebesar USD 63.764.404, USD 65.339.667, USD 81.810.637 dan USD 27.924.932 belum jatuh tempo dan tidak mengalami penurunan nilai. Piutang tersebut akan jatuh tempo dalam 30 hari ke depan.

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, piutang usaha sebesar USD 2.761.742, USD 2.810.502, USD 6.002.483 dan USD 6.662.745 telah lewat jatuh tempo namun tidak mengalami penurunan nilai.

Pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013, piutang usaha sebesar USD 51.300, USD 51.300, USD 51.300 dan USD 52.357 mengalami penurunan nilai dan telah diprovisikan secara penuh.

Risiko likuiditas

Perusahaan mengelola profil likuiditasnya untuk dapat mendanai pengeluaran modalnya dan mengelola utang yang jatuh tempo dengan mengatur kas dan ketersediaan pendanaan melalui jumlah komitmen fasilitas kredit yang cukup.

Perusahaan secara reguler mengevaluasi proyeksi arus kas dan terus-menerus menilai kondisi pasar keuangan untuk mengidentifikasi kesempatan dalam penggalangan dana.

Tabel di bawah ini merupakan jadwal jatuh tempo liabilitas keuangan Perusahaan berdasarkan pembayaran kontraktual semula yang tidak didiskontokan:

*40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)*

*a. **Risk Management** (Continued)*

***Credit risk** (Continued)*

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, trade receivables of USD 63,764,404, USD 65,339,667, USD 81,810,637 and USD 27,924,932 were not yet past due nor impaired. Those receivables will be due within 30 days.

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, trade receivables of USD 2,761,742, USD 2,810,502, USD 6,002,483 and USD 6,662,745 were past due but not impaired.

As of 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013, trade receivables of USD 51,300, USD 51,300, USD 51,300 and USD 52,357 were impaired and provision has been fully made.

Liquidity risk

The Company manages its liquidity profile to be able to finance its capital expenditures and service its maturing debts by maintaining sufficient cash and the availability of funding through an adequate amount of committed credit facilities.

The Company regularly evaluates its projected and actual cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fund-raising initiatives.

The table below summarizes the maturity periods of the Company's financial liabilities based on original contractual undiscounted amounts to be paid:

	31 Maret/*March* 2016 (Tidak diaudit/*Unaudited*)			
	Jumlah/*Total*	**Dalam waktu 1 tahun/ *Within 1 year***	**Lebih dari 1 tahun/ *More than 1 year***	
Utang bank jangka pendek	33.845.201	33.845.201	-	*Short-term bank loans*
Utang usaha	11.112.197	11.112.197	-	*Trade payables*
Beban akrual	7.650.035	7.650.035	-	*Accrued expenses*
Utang lancar lainnya	4.064.167	4.064.167	-	*Other current liabilities*
Liabilitas imbalan kerja jangka pendek	59.472	59.472	-	*Short-term employee benefit liability*
Utang bank jangka panjang	109.340.841	-	109.340.841	*Long-term bank loans*
Utang sewa pembiayaan	110.635	110.635	-	*Obligation under finance lease*
Surat utang jangka menengah	30.000.000	-	30.000.000	*Medium-term notes*
Wesel bayar – Neto *)	268.811.433	-	268.811.433	*Notes payable – Net *)*
J u m l a h	464.993.981	56.841.707	408.152.274	***T o t a l***

*) pembayaran kontraktual yang didiskontokan

**) contractual discounted amounts to be paid*

40. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN** (Lanjutan)

a. **Manajemen Risiko** (Lanjutan)

Risiko likuiditas (Lanjutan)

Tabel di bawah ini merupakan jadwal jatuh tempo liabilitas keuangan Perusahaan berdasarkan pembayaran kontraktual semula yang tidak didiskontokan: (Lanjutan)

*40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)*

*a. **Risk Management** (Continued)*

***Liquidity risk** (Continued)*

The table below summarizes the maturity periods of the Company's financial liabilities based on original contractual undiscounted amounts to be paid: (Continued)

	31 Desember/*December* 2015 (Diaudit/*Audited*)			
	Jumlah/*Total*	**Dalam waktu 1 tahun/ *Within 1 year***	**Lebih dari 1 tahun/ *More than 1 year***	
Utang bank jangka pendek	38.273.334	38.273.334	-	*Short-term bank loans*
Utang usaha	11.107.492	11.107.492	-	*Trade payables*
Beban akrual	6.861.669	6.861.669	-	*Accrued expenses*
Utang lancar lainnya	2.648.786	2.648.786	-	*Other current liabilities*
Liabilitas imbalan kerja jangka pendek	54.567	54.567	-	*Short-term employee benefit liability*
Utang bank jangka panjang	114.765.366	-	114.765.366	*Long-term bank loans*
Utang sewa pembiayaan	122.622	109.018	13.604	*Obligation under finance lease*
Surat utang jangka Menengah	30.000.000	-	30.000.000	*Medium-term notes*
Wesel bayar – Neto *)	268.473.045	-	268.473.045	*Notes payable – Net *)*
J u m l a h	472.306.881	59.054.866	413.252.015	***T o t a l***

	31 Desember/*December* 2014 (Diaudit/*Audited*)			
	Jumlah/ *Total*	**Dalam waktu 1 tahun/ *Within 1 year***	**Lebih dari 1 tahun/ *More than 1 year***	
Utang bank jangka pendek	31.674.477	31.674.477	-	*Short-term bank loans*
Utang usaha	18.621.360	18.621.360	-	*Trade payables*
Beban akrual	7.792.082	7.792.082	-	*Accrued expenses*
Utang lancar lainnya	919.449	919.449	-	*Other current liabilities*
Liabilitas imbalan kerja jangka pendek	512.867	512.867	-	*Short-term employee benefit liability*
Utang bank jangka panjang	82.974.215	-	82.974.215	*Long-term bank loans*
Utang sewa pembiayaan	275.650	124.549	151.101	*Obligation under finance lease*
Surat utang jangka menengah	30.000.000	-	30.000.000	*Medium-term notes*
Wesel bayar – Neto *)	267.119.492	-	267.119.492	*Notes payable – Net *)*
J u m l a h	439.889.592	59.644.784	380.244.808	***T o t a l***

	31 Desember/*December* 2013 (Diaudit/*Audited*)			
	Jumlah/*Total*	**Dalam waktu 1 tahun/ *Within 1 year***	**Lebih dari 1 tahun/ *More than 1 year***	
Utang bank jangka pendek	100.930.140	100.930.140	-	*Short-term bank loans*
Utang usaha	41.776.837	41.776.837	-	*Trade payables*
Beban akrual	4.325.665	4.325.665	-	*Accrued expenses*
Utang lancar lainnya	1.226.892	1.226.892	-	*Other current liabilities*
Liabilitas imbalan kerja jangka pendek	471.440	471.440	-	*Short-term employee benefit liability*
Utang bank jangka panjang	99.068.667	26.273.433	72.795.234	*Long-term bank loans*
Utang sewa pembiayaan	250.683	84.844	165.839	*Obligation under finance lease*
J u m l a h	248.050.324	175.089.251	72.961.073	***T o t a l***

*) pembayaran kontraktual yang didiskontokan

**) contractual discounted amounts to be paid*

40. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN** (Lanjutan)

b. **Manajemen Modal**

Modal termasuk utang jangka panjang dan ekuitas.

Tujuan utama pengelolaan modal Perusahaan adalah untuk memastikan pemeliharaan rasio modal yang sehat untuk mendukung usaha dan memaksimalkan imbalan bagi pemegang saham.

Selain itu, Perusahaan dipersyaratkan oleh Undang-undang Perseroan Terbatas efektif tanggal 16 Agustus 2007 untuk mengkontribusikan sampai dengan 20% dari modal saham ditempatkan dan disetor penuh ke dalam dana cadangan yang tidak boleh didistribusikan. Persyaratan permodalan eksternal tersebut dipertimbangkan oleh Perusahaan pada Rapat Umum Pemegang Saham (RUPS).

Perusahaan mengelola struktur permodalan dan melakukan penyesuaian terhadap perubahan kondisi ekonomi. Untuk memelihara dan menyesuaikan struktur permodalan, Perusahaan dapat menyesuaikan pembayaran dividen kepada pemegang saham, menerbitkan saham baru atau mengusahakan pendanaan melalui pinjaman. Tidak ada perubahan atas tujuan, kebijakan maupun proses pada 31 Maret 2016, 31 Desember 2015, 31 Desember 2014 dan 31 Desember 2013.

Beberapa instrumen utang bank Perusahaan memiliki persyaratan rasio keuangan maksimum yang harus dipenuhi.

Pada 31 Desember 2014, Entitas Anak (PT Sinar Pantja Djaja) tidak memenuhi seluruh rasio keuangan PT Bank Danamon Indonesia Tbk; namun, hal tersebut telah diinformasikan dan dapat diterima oleh Danamon.

Kebijakan Perusahaan adalah mempertahankan struktur permodalan yang sehat untuk mengamankan akses terhadap pendanaan pada biaya yang wajar.

*40. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)*

*b. **Capital Management***

Capital includes long-term debts and equity.

The primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

In addition, the Company is also required by the Corporation Law effective 16 August 2007 to contribute to and maintain a non-distributable reserve fund until the said reserve reaches 20% of the issued and fully paid share capital. This externally imposed capital requirements are considered by the Company at the Annual General Shareholders' Meeting (RUPS).

The Company manages its capital structure and makes adjustments to it, in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may adjust the dividend payment to shareholders, issue new shares or raise debt financing. No changes were made in the objectives, policies or processes for the years ended 31 March 2016, 31 December 2015, 31 December 2014 and 31 December 2013.

Some of the Company's debt instruments contain covenants that impose maximum leverage ratios.

As of 31 December 2014, Subsidiary (PT Sinar Pantja Djaja) breached all of the financial covenants PT Bank Danamon Indonesia Tbk; however, the breaches have been reported to and accepted by Danamon.

The Company's policy is to maintain a healthy capital structure in order to secure access to financing at a reasonable cost.

41. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN**

PT Bank Chinatrust Indonesia

Berdasarkan Akta No. 14 tanggal 7 Agustus 2006 yang dibuat dihadapan Notaris Tjoa Karina Juwita, S.H., dan berdasarkan perubahan perjanjian terakhir No. 026/AMEND/III/2016 tanggal 18 Maret 2016, Perusahaan memperoleh fasilitas kredit *Omnibus Line* dari PT Bank Chinatrust Indonesia sebagai berikut:

- Surat Kredit Berdokumen atas Unjuk, Surat Kredit Berdokumen Berjangka, Surat Kredit Berdokumen Dalam Negeri atas Unjuk, Surat Kredit Berdokumen Dalam Negeri Berjangka, Fasilitas *Usance Payable at Sight* (UPAS) dengan masing-masing pagu kredit sebesar USD 20.000.000
- Akad *Trust* dengan pagu kredit sebesar USD 10.000.000

*41. **SIGNIFICANT AGREEMENTS AND COMMITMENTS***

PT Bank Chinatrust Indonesia

Based on Notarial Deed No. 14 dated 7 August 2006 of Tjoa Karina Juwita, S.H., and based on the latest agreement No. 026/AMEND/III/2016 date 18 March 2016, the Company obtained the following credit facilities Omnibus Line from PT Bank Chinatrust Indonesia as follow:

- *Sight Letter of Credit, Usance Letter of Credit, Local Sight Letter of Credit, Local Usance Letter of Credit, Usance Payable at Sight (UPAS) amounted to USD 20,000,000, respectively.*
- *Trust Receipt amounted to USD 10,000,000*

41. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

PT Bank Chinatrust Indonesia (Lanjutan)

Tingkat suku pinjaman sebagai berikut:
- Fasilitas *Usance Payable at Sight* 3,5% per tahun mengambang
- Akad *Trust* sebesar 5,5% per tahun mengambang untuk mata uang Dolar Amerika dan 11,5% per tahun mengambang untuk mata uang Rupiah

Pinjaman ini jatuh tempo pada tanggal 14 Maret 2017.

*41. **SIGNIFICANT AGREEMENTS AND COMMITMENTS** (Continued)*

***PT Bank Chinatrust Indonesia** (Continued)*

The loans bear interest at the annual rates:
- *Usance Payable at Sight Facilities 3.5% floating per year*
- *Trust Receipt 5.5% floating per year for United States Dollar and 11.5% floating per year for Rupiah*

The loan is due on 14 March 2017.

42. **TAMBAHAN INFORMASI ARUS KAS**

*42. **SUPLEMENTARY CASH FLOWS INFORMATION***

	31 Maret/ *March* 2016 (Tidak diaudit/ *Unaudited*)	**31 Des/*Dec* 2015 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2014 (Diaudit/ *Audited*)**	**31 Des/*Dec* 2013 (Diaudit/ *Audited*)**	
Perolehan aset tetap yang dikreditkan ke uang muka pembelian	-	42.989.721	-	510.769	*Acquisition of fixed asset credited to advance payment for purchase*
Kapitalisasi biaya bunga ke aset tetap	486.287	8.662.585	-	-	*Capitalization interest expenses to fixed assets*
Penambahan aset tetap melalui utang sewa pembiayaan	-	-	-	511.160	*Addition to fixed assets under lease agreement*
Reklasifikasi dari utang bank jangka pendek ke jangka panjang	-	-	82.974.215	-	*Reclassification from short-term to long-term bank loans*
Biaya jasa penerbitan wesel bayar yang dikurangkan dari penerimaan bersih wesel bayar yang dibayarkan oleh penjamin emisi efek	-	-	7.510.150	-	*Notes payable issuance costs deducted from the net proceeds of the Notes remitted by the Underwrites*
Biaya jasa penjamin pelaksana emisi efek	-	-	-	2.832.425	*Service fee underwriter*
Biaya jasa professional sehubungan dengan IPO	-	-	-	1.660.349	*Professional fee related to IPO*

43. **PERISTIWA SETELAH PERIODE LAPORAN**

Wesel Bayar

Berdasarkan Akta No. 5 tanggal 2 September 2015, yang dibuat di hadapan Ina Megahwati, S.H., Perusahaan menyetujui penerbitan surat utang berdenominasi Dolar Amerika Serikat dengan jumlah pokok sebesar-besarnya USD 420.000.000 yang akan diterbitkan oleh entitas anak di luar wilayah Negara Republik Indonesia, yang akan dijamin dengan jaminan perusahaan oleh Perseroan dan PT Sinar Pantja Djaja.

*43. **EVENTS AFTER THE REPORTING PERIOD***

Notes Payables

Based on Notarial Deed No. 5 dated 2 September 2015 of Ina Megahwati, S.H., the Company approved the issuance of denominated debt with the United States Dollar with the maximum principal amount USD 420,000,000 to be issued by subsidiary outside the territory of the Republic of Indonesia, which will be secured by a corporate guarantee by the Company and PT Sinar Pantja Djaja.

43. **PERISTIWA SETELAH PERIODE LAPORAN** (Lanjutan)

Deutsche Bank AG

Pada tanggal 25 April 2014 dan berdasarkan perubahan perjanjian terakhir tanggal 2 Mei 2016, Perusahaan memperoleh fasilitas kredit yang digunakan untuk pembiayaan kebutuhan modal kerja. Fasilitas ini bersifat uncommitted dan akan tersedia sampai dengan 30 April 2017. Fasilitas tersebut adalah sebagai berikut:

a. Pinjaman Jangka Pendek melalui uang muka jangka pendek, jumlah total yang terutang tidak melebihi USD 3.000.000.

b. Letters of Credit, dengan jumlah total gabungan yang terutang dengan (c) tidak melebihi USD 10.000.000.

c. Akseptasi atau pembiayaan wesel untuk diskonto, pembelian dan/atau pembiayaan atas tagihan-tagihan, faktur-faktur dan/atau piutang-piutang dagang (termasuk wesel yang harus dibayarkan), dengan jumlah total gabungan yang terutang dengan (b) tidak melebihi USD 10.000.000.

The Hongkong and Shanghai Banking Corporation Limited (HSBC)

Berdasarkan perjanjian No. JAK/160483/U/160329 tanggal 4 Mei 2016, SPD memperoleh fasilitas kredit yang digunakan untuk pembiayaan kebutuhan Modal Kerja SPD. Penggunaan fasilitas untuk pembelian suku cadang dan perlengkapan lain dari mesin-mesin debitur yang bukan merupakan investasi baru adalah diperbolehkan. Fasilitas terdiri dari: Fasilitas Kredit Berdokumen, Kredit Berdokumen Berjangka yang Dibayar atas Unjuk (UPAS) 1, Kredit Berdokumen Berjangka yang Dibayar atas Unjuk (UPAS) 2, Pinjaman Impor, Pembiayaan Piutang dan Pinjaman Berulang dengan total tidak dapat melebihi USD 17.000.000. Dengan maksimal pinjaman untuk masing-masing fasilitas: USD 17.000.000 untuk Fasilitas Kredit Berdokumen, Kredit Berdokumen Berjangka yang Dibayar atas Unjuk (UPAS) 1, Pinjaman Impor, USD 10.000.000 untuk Pembiayaan Piutang, USD 3.000.000.000 untuk Pinjaman Berulang dan USD 1.000.000.000 untuk Kredit Berdokumen Berjangka yang Dibayar atas Unjuk (UPAS) 2. Pinjaman ini jatuh tempo pada tanggal 4 Mei 2017.

*43. **EVENTS AFTER THE REPORTING PERIOD** (Continued)*

Deutsche Bank AG

On 25 April 2014 and based on the latest amendment dated 2 May 2016, the Company obtained credit facility for working capital purposes. These facilities are uncommitted and will be available until 30 April 2017. These facilities are as follows:

a. Short Term Loan by way of short term advances, the total amount outstanding shall not exceed of USD 3,000,000.

b. Letters of Credit, the combined total amount outstanding with (c) shall not exceed of USD 10,000,000.

c. Financing/money order acceptance speeches are to discount, purchase and/or financing over bills, invoices and/or trade receivables (including wesel must be paid), the combined total amount outstanding with (b) shall not exceed of USD 10,000,000.

The Hongkong and Shanghai Banking Corporation Limited (HSBC)

Based on agreement No. JAK/160483/U/160329 dated 4 May 2016, SPD obtained credit facility used to finance Working Capital needs of the SPD. Utilization for purchases of spareparts and other equipment of the borrower's machineries excluding new investment are allowed. Facilities such as: Documentary Credit Facility, Usance Payable At Sight (UPAS) 1, Usance Payable At Sight (UPAS) 2, Clean Import Loan, Receivable Financing and Revolving Loan with total cannot exceed USD 17,000,000. The maximum loan of each facility: USD 17,000,000 for Documentary Credit Facility, Usance Payable At Sight (UPAS) 1 and Clean Import Loan, USD 10,000,000 for Receivable Financing, USD 3,000,000,000 for Revolving Loan and USD 1,000,000,000 for Documentary Credit Facility, Usance Payable At Sight (UPAS) 2. The loan will mature on 4 May 2017.

44. **PENERBITAN LAPORAN KEUANGAN KONSOLIDASI**

Laporan keuangan konsolidasian ini telah diotorisasi untuk diterbitkan oleh Direksi Perusahaan, selaku pihak yang bertanggungjawab atas penyusunan dan penyelesaian laporan keuangan konsolidasian, pada tanggal 19 Mei 2016.

*44. **ISSUANCE OF CONSOLIDATED FINANCIAL STATEMENTS***

These consolidated financial statements have been authorized to be published by the Director, as the party responsible for the preparation and completion of the consolidated financial statements on 19 May 2016.

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