# 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.

# PT Sri Rejeki Isman Tbk

*(incorporated in the Republic of Indonesia with limited liability)*

## US$225,000,000

## 7.25% SENIOR NOTES DUE 2025

The US$225,000,000 7.25% Senior Notes due 2025 (the "Notes") to be issued by PT Sri Rejeki Isman Tbk (the "Issuer" or the "Company") will bear interest at the rate of 7.25% per annum payable semi-annually in arrears on January 16 and July 16 of each year (each, an "Interest Payment Date") commencing on July 16, 2020. 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 "Subsidiary Guarantees") by PT Sinar Pantja Djaja ("SPD"), PT Bitratex Industries ("BIS") and PT Primayudha Mandirijaya ("PMJ" and together with SPD and BIS, the "Subsidiary Guarantors").

The Issuer will use a portion of the net proceeds from the offering of the Notes to redeem the outstanding 2021 Notes (as defined herein), and the remainder for working capital and other general corporate purposes. See "Use of Proceeds."

Unless previously redeemed or purchased and canceled, the Notes will mature on January 16, 2025 (the "Maturity Date"). At any time on or after October 16, 2022, 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 October 16, 2022, 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 October 16, 2022, 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 107.250% 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 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 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 (and certain other jurisdictions) to the extent described under "Description of the Notes — Additional Amounts".

The Notes will be unsubordinated obligations of the Issuer and will rank *pari passu* in right of payment with all other unsubordinated indebtedness of the Issuer (subject to priority rights under applicable law).

**Investing in the Notes involves certain risks. See "Risk Factors" beginning on page 15 for a discussion of certain factors to be considered in connection with an investment in the Notes**.

The Notes and the Subsidiary 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 196. 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.

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, admission to the Official List of, 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.

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**Issue Price: 99.954%**

**The Notes are expected to be assigned a rating of "Ba3" 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 October 16, 2019 in New York, New York.

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**Citigroup** **Credit Suisse** **HSBC**

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**The date of this Offering Memorandum is October 9, 2019**

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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., Credit Suisse (Singapore) Limited and The Hongkong and Shanghai Banking Corporation Limited, 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, the Trustee and the Agents 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, the Trustee or the Agents or on their respective behalf in connection with the Issuer, the Guarantors or the issue and offering of the Notes. Each of the Initial Purchasers, the Trustee and the Agents 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 in relation to the Notes, 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 AT ANY TIME 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 OR DISCONTINUED 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**.

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## 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 Services 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.

## NOTIFICATION UNDER SECTION 309B(1) OF THE SFA

The Notes are "prescribed capital markets products" (as defined in the Securities and Futures (Capital Markets Products) Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

## 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.

For convenience, certain Rupiah amounts have been translated into U.S. dollar amounts, based on unless otherwise specified the prevailing exchange rate on June 28, 2019 of Rp.14,141 = 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:

- "2021 Notes" refer to the 8.25% Senior Notes due 2021 of Golden Legacy, guaranteed by the Issuer and the Subsidiary Guarantors;
- "2024 Notes" refer to the 6.875% Senior Notes due 2024 of Golden Legacy, guaranteed by the Issuer and the Subsidiary Guarantors;
- a "bale" of yarn is equal to 181.4 kilograms;
- "BIS" refers to our subsidiary, PT Bitratex Industries;
- "BIS/PMJ Acquisition" refers to our acquisition of BIS and PMJ pursuant to the terms of a conditional sale and purchase agreement dated December 12, 2017, as amended on February 6, 2018 and on April 2, 2018. We acquired the shares of BIS and PMJ in two tranches — in February 2018, we acquired 82% of the outstanding shares of each of BIS and PMJ and in April 2018, we acquired the remaining shares of each of BIS and PMJ;
- "Clearstream" refers to Clearstream Banking, S.A.;
- the "Company" refers to PT Sri Rejeki Isman Tbk and its subsidiaries, except where the context otherwise requires;
- "DTC" refers to The Depository Trust Company;
- "Euroclear" refers to Euroclear Bank S.A./N.V.;
- "Golden Legacy" refers to Golden Legacy Pte. Ltd.;
- "Golden Mountain" refers to Golden Mountain Textile and Trading Pte. Ltd.;

- "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., Credit Suisse (Singapore) Limited and The Hongkong and Shanghai Banking Corporation Limited;
- "ISAK" refers to the Interpretation of Financial Accounting Standards in Indonesia (*Interpretasi Standar Akuntansi Keuangan*);
- the "Issuer" refers to PT Sri Rejeki Isman Tbk;
- the "Notes" refer to the 7.25% Senior Notes due 2025 offered hereby in this Offering Memorandum and, unless the context otherwise requires, any additional Notes that may be issued under the Indenture relating to the Notes;
- "OJK" refers to *Otoritas Jasa Keuangan* or the Financial Services Authority of Indonesia (formerly known as Bapepam-LK);
- "PMJ" refers to our subsidiary, PT Primayudha Mandirijaya;
- "PSAK" refers to the Statement of Financial Accounting Standards applicable in Indonesia (*Pernyataan Standar Akuntasi Keuangan*);
- "SPD" refers to our subsidiary, PT Sinar Pantja Djaja;
- the "Subsidiary Guarantors" refers to SPD, BIS and PMJ;
- "Trustee" refers to Citicorp Investment Bank (Singapore) Limited; and
- "we", "us", "our" and "ourselves" refers to the Company 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, 2016, 2017 and 2018 and as of June 30, 2019 and for the six months ended June 30, 2018 and 2019, included in this Offering Memorandum, has been derived from (i) the audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 and (ii) the unaudited condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2018 and 2019 of the Company, respectively, included elsewhere in this Offering Memorandum. These audited consolidated financial statements and unaudited condensed consolidated financial statements are collectively referred to herein as "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.

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 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.

## 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 profit for the period, before finance charges, finance income, income tax expense, depreciation expense and negative goodwill. 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 Data" for a reconciliation of our income for the year under Indonesian FAS to our definition of EBITDA.

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## ENFORCEABILITY

### Enforceability of Foreign Judgments in Indonesia

The Notes, the Subsidiary 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 and each of the Subsidiary Guarantors are incorporated under the laws of the Republic of Indonesia. All of the Issuer's and the Subsidiary Guarantors' respective commissioners and directors reside in Indonesia, and substantially all of the respective assets of the Issuer and the Subsidiary 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 Issuer or the Subsidiary Guarantors or such persons or to enforce against the Issuer or the Subsidiary 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 or the securities laws of any state or territory within 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.

**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 Subsidiary Guarantees contain a waiver of this obligation. The Subsidiary Guarantors have been advised by their Indonesian legal advisor that they may successfully argue that, even though a guarantee contains such waivers, the Subsidiary Guarantors may nevertheless require that the obligee first prove that all available legal remedies against the obligor have in fact, been exhausted. Accordingly, if such request is granted, the Subsidiary Guarantors may not be required to comply with their obligations under the Subsidiary 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 Subsidiary 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.

There is an instance where the Indonesian court, through a suspension of payment proceedings, failed to acknowledge noteholders as creditors of the 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. 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".

In early 2016, an Indonesian company, PT Trikomsel Oke Tbk ("Trikomsel"), entered into a suspension of payment obligation (PKPU) under the Indonesia bankruptcy law regime. The PKPU administrators were reported to have rejected claims that arose from holders of their two Singaporean Dollar bonds and have taken the stance that the trustees under such bonds did not have any standing to make claims on behalf of bondholders. Further, they asserted that only individual bondholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on any restructuring plan. On September 28, 2016, the PKPU process was settled between Trikomsel and its creditors through the establishment of a composition plan (*rencana perdamaian*) which was approved by certain bondholders, and then ratified by the Jakarta Commercial Court.

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 PKPU proceedings such as the Bakrie Tel PKPU or Trikomsel PKPU 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 and the Subsidiary Guarantees — 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 and the Subsidiary 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 Subsidiary 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 last 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. KEP-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"). PBI 16/22 requires any non-bank entity which applies prudential principles to submit reports which cover (i) the implementation of prudential principles which has complied with an attestation procedure; (ii) notification of compliance of credit ratings; (iii) financial statements; and (iv) a report on the implementation of prudential principles (the "Implementation of Prudential Principle Report"). The Implementation of Prudential Principle Report is required to be submitted quarterly or on any other submission deadline as elaborated under PBI 16/22.

However, on January 9, 2019, Bank Indonesia issued Bank Indonesia Regulation No. 21/2/PBI/2019 dated January 9, 2019 on Reporting of Foreign Exchange Activity ("PBI 21/2") which become effective from March 1, 2019. This regulation revokes all provisions on the reporting of foreign exchange activities under PBI 16/22. Therefore, based on PBI 21/2, PBI 16/22 remains valid and only regulates the reporting of the implementation of the prudential principle. PBI 21/2 requires any entities engaged in activities that cause a movement of (i) financial assets and/or liabilities and/or risk participation transaction between an Indonesian resident and a non-Indonesian resident or (ii) offshore financial assets and/or liabilities and/or risk participation transaction between Indonesian residents, must submit a foreign exchange activities report with respect to any foreign exchange activities to Bank Indonesia. The relevant entities include bank and non-bank financial entities, non-financial entities, individuals and entities other than enterprises, whether in the form of legal entities or non-legal entities established by government or public. The report must include, among other things, information relating to (i) trade activities in goods, services or other transactions between an Indonesian resident and a non-Indonesian resident; (ii) principal data of risk participation transaction and/or offshore loan; and/or (iii) plan to draw and/or repay the offshore loan and/or risk participation transactions, (iv) realization to draw and/or repay the offshore loan and/or risk participation transactions, (v) the position and changes of offshore financial assets,

offshore financial liabilities and/or risk participation transactions, and/or (vi) any plans to incur new offshore loans and/or its amendment. Bank Indonesia has issued implementing regulations for PBI 21/2, namely (i) the Members of the Board of Governor of Bank Indonesia Regulation No. 21/3/PADG/2019 dated February 15, 2019 on Offshore Debt of Bank and Other Bank's Liabilities in Foreign Exchange ("PADG 21/3"); and (ii) the Members of the Board of Governor of Bank Indonesia Regulation No. 21/4/PADG/2019 dated February 28, 2019 on the Reporting of Foreign Exchange Activities in the form of Offshore Debt and Risk Participation Transactions ("PADG 21/4"). Both implementation regulations become effective from March 1, 2019. The report on foreign exchange activities must be submitted using an online system in accordance with each implementing regulations of PBI 21/2 as applicable, namely PADG 21/4.

According to PADG 21/4, any individual or entity that obtains offshore debt in a foreign currency and/ or Rupiah and conducting risk participation transactions pursuant to loan agreements, debt securities, trade credits or loans other than loan pursuant to loan agreements, debt securities and trade credit, i.e. dividend loan and royalty loan must report such activities 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, the monthly recapitulation data report and offshore debt plan data report. The main data report must be submitted to Bank Indonesia by no later than 15th day of the following month during 07:10 until 16:15 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 and an offshore debt plan data report must be submitted to Bank Indonesia by no later than March 15 for new offshore debt plan and June 15 for changes to the offshore debt plan.

In addition, on April 12, 2019, Members of the Board of Governor of Bank Indonesia issued another implementation regulation of PBI 21/2, namely Members of the Board of Governor of Bank Indonesia Regulation No. 21/7/PADG/2019 dated on the Reporting of Foreign Exchange Activities for Non-Bank Corporations ("PADG 21/7"). PADG 21/7 replaced Bank Indonesia Circular No. 17/26/DSta dated October 15, 2015 on the Reporting of Foreign Exchange Activities Other than Offshore Loan.

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 implementation regulation of PBI 16/22, namely Bank Indonesia Circular No. 17/3/DSta dated March 6, 2015 on the Reporting of the Implementation of Prudential Principles in the Offshore Loan Management for Non-Bank Corporations as lastly amended by Bank Indonesia Circular No. 17/24/DSta dated October 12, 2015 ("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 ("PBI 17/23/2015") 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 PADG 21/4. 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. In addition, on January 18, 2019, Bank Indonesia issued Bank Indonesia Regulation No. 21/3/PBI/2019 to revoke certain provisions of PBI 17/23/2015 and PBI 16/10/2014 with respect to the receipt of export proceeds from the exploitation, management, and/or processing of the natural resources activities (which are now regulated under a separate set of provisions).

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

(1) any (i) delay and failure to submit and (ii) incompleteness and/or inaccuracy of information on a 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 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;

(3) any delay to submit the foreign exchange report (except for offshore debt plan) and the KPPK Report (whether non-attested or attested), 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);

(4) any failure to submit the foreign exchange report (except for offshore debt plan) and the KPPK Report (whether non-attested or attested), 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);

(5) 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 (whether non-attested or attested), including its supporting documents and financial statement (except for information on credit rating);

(6) 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

(7) 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 delivery of 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 initially amended by Bank Indonesia Circular Letter No. 17/18/DKEM dated June 30, 2015 ("SEBI 16/24/DKEM") and last amended by Bank Indonesia Circular Letter No. 18/6/DKEM dated April 22, 2016 ("SEBI 18/6/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 ratio 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 comprise 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 became 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 fulfills 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, information on shares (if any), the Board of Directors' and Board of Commissioners' report, company profile, management analysis and discussion, corporate governance, corporate social and environmental responsibility, audited annual financial statements and statement letter on the responsibilities of the Board of Directors and the Board of Commissioners in relation with the content in the annual report pursuant to OJK Regulation No. 29/POJK.04/2016 on Annual Report of Issuers or Public Companies ("OJK Regulation 29/2016") 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 an Indonesian party is a party are required to be executed in Indonesian language, although, when a foreign entity is a party, a the agreement can also be made and signed in English or the national language of the foreign party is permitted. Recently, on September 30, 2019, Presidential Regulation No. 63 of 2019 on Use of Indonesian Language as the implementing regulation of Law No. 24/2009 ("Regulation No. 63/2019") was issued. Regulation No. 63/2019 stipulates that if an agreement is made in both Indonesian language and a foreign language, parties in that agreement may choose either the Indonesian language version or the foreign language version as the controlling language of such agreement.

The Indenture and other transaction documents entered into in connection with the issuance of the Notes in which the Guarantors are parties (other than the Indonesian deeds of corporate guarantee) will be and have been prepared and signed in both Indonesian language and English. Furthermore, all of these documents provide or will provide that the respective English version prevails or will prevail for all purposes. However, some concepts in the English language may not have corresponding terms in the Indonesian language and the exact meaning of the English text may not be fully captured by such Indonesian language version considering that a translation from English to the Indonesian language may not accurate. In addition to this, there can be no assurance that the Indonesian language version reflects the original intent of the parties and the English version as the prevailing language in such transaction documents will be interpreted and enforced by the Indonesian courts as intended. See "Risk Factors — Risks Relating to Indonesia".

Furthermore, 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. The Indonesian deeds of corporate guarantee that will be executed by the Guarantors will be executed in the Indonesian language, in accordance with the Notary Law.

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## 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;
- 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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our sales were US$679.9 million, US$759.3 million, US$1,033.9 million, US$538.8 million and US$632.4 million, respectively, our gross profit was US$145.4 million, US$171.3 million, US$183.8 million, US$99.5 million and US$128.0 million, respectively, and our EBITDA was US$135.4 million, US$162.9 million, US$189.1 million, US$99.3 million and US$128.3 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, 2018 and the six months ended June 30, 2019, we produced 1,002,536 and 563,567 bales of yarn and generated sales of US$464.4 million and US$254.1 million and gross profit of US$37.6 million and US$29.1 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, 2018 and the six months ended June 30, 2019, we produced 147,127,886 and 91,353,326 meters of greige and generated sales of US$74.4 million and US$40.5 million and gross profit of US$11.6 million and US$6.5 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, 2018 and the six months ended June 30, 2019, we produced 207,591,262 and 126,785,753 yards of finished fabrics and generated sales of US$250.2 million and US$168.8 million and gross profit of US$60.9 million and US$42.9 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, 2018 and the six months ended June 30, 2019, we produced 28,024,618 pieces of apparel (of which 19,341,076 pieces were fashion garments and 8,683,542 pieces were uniforms) and 20,554,454 pieces of apparel (of which 13,414,266 pieces were fashion garments and 7,140,188 pieces were uniforms) and generated sales of US$245.0 million and US$168.9 million and gross profit of US$73.7 million and US$49.4 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 of land in Sukoharjo, while SPD's production facilities, which produce yarn, are located on approximately 18 hectares of land in Semarang, approximately 120 kilometers from our main facilities. BIS is located on approximately 24 hectares of land in Semarang, approximately 117 kilometers from our main facilities, while PMJ is located on approximately 22 hectares of land in Boyolali, approximately 60 kilometers from our main facilities.

The following table sets forth our installed production capacity as of June 30, 2019 (although installed it will take time for production to ramp up to full capacity):

| Division | Capacity as of June 30, 2019 |
|---|---|
| Spinning | 1,100,000 bales |
| Weaving | 170 million to 200 million meters[1] |
| Finishing | 240 million yards |
| Garment | 30 million pieces |

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

## 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, BIS and PMJ located nearby. Through vertical integration, we believe that 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 June 30, 2019, approximately 56.2% of our machinery was less than 5 years old on a weighted average basis by value, 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. In 2018 and for the six months ended June 30, 2019, 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 9001:2015 and ISO 14001:2015 certifications and Oeko-Tex Standard 100 TESTEX Zurich certification.

***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 years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, our top 10 customers accounted for, in the aggregate, 17.5%, 34.4%, 18.7% and 19.4 % of our sales, respectively, and we sold products to over 200 customers across each period. We are also diversified geographically. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, 52.5%, 53.3%, 60.3% and 59.7% of our sales were international, respectively, while 47.5%, 46.7%, 39.7% and 40.3% of our sales 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, 2016, 2017 and 2018 and the six months ended June 30, 2019, 95.9%, 95.4%, 95.7% and 94.9% of our sales were made to year-on-year repeat customers, respectively.

In addition, for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, our uniform sales accounted for 15.4%, 17.5%, 16.2% and 15.9% of our sales, respectively, and 59.9%, 66.9%, 68.4% and 59.4% 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 August 30, 2019 were approximately US$260.92 in Malaysia and US$170.00 in Cambodia, and ranged from US$197.18 to US$307.66 in China, US$160.43 to US$180.76 in Vietnam, US$110.46 to US$277.12 in Indonesia and US$302.13 to US$323.71 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 our production facilities are located, was Rp.1,783,500 (US$123.16) effective January 1, 2019. 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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our sales were US$679.9 million, US$759.3 million, US$1,033.9 million, US$538.8 million and US$632.4 million, respectively, our gross profit was US$145.4 million, US$171.3 million, US$183.8 million, US$99.5 million and US$128.0 million, respectively, and our EBITDA was US$135.4 million, US$162.9 million, US$189.1 million, US$99.3 million and US$128.3 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 us 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 our daily operations, 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, Taiwan, China, Germany, 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:

***Improve production efficiency and reduce costs.***

In order to meet increasing demand from our international and domestic customers, we have in recent years expanded our production capacity by investing in additional machinery across our production divisions. Our capacity expansion has been completed as of the end of 2016, and we are in the process of ramping up our production. In addition, we expanded our spinning capacity in 2018 through the BIS/PMJ Acquisition.

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. For example, we have upgraded our Enterprise Resource Planning ("ERP") system to the Microsoft Dynamics AX platform, which integrates data relating to raw material input, production output and sales into one system, which allows for more accurate and comprehensive tracking of production and sales information. Under this plan, we will also 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.

***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, 2016, 2017 and 2018 and the six months ended June 30, 2019, purchases of rayon fiber, together

with rayon yarn and greige, in aggregate, accounted for 62.7%, 56.0%, 53.8% and 56.3%, 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. Historically, there were 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 but is independent of us, owns a rayon fiber production facility in Nguter, Sukoharjo, Central Java, which commenced commercial operations in October 2017 but which operations had ceased from February 2018 until December 2018 as a result of an environmental decree issued by the Regent of Sukoharjo. See "Risk Factors — Risks Relating to Our Business — 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". RUM's facility is expected to have the capacity to produce 80,000 tons of rayon fiber per year, of which capacity to produce 40,000 tons of rayon fiber has been operational since December 2018. In order to secure a steadier and more consistent source of rayon fiber, we intend to source up to 20.0% to 25.0% of our ongoing rayon fiber needs from this production plant once the plant is at full capacity. 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 and allow us to reduce our import of rayon, enabling us to achieve cost savings in the form of reduced import tariff costs and to optimize our working capital for stocking raw materials. 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, 2016, 2017 and 2018 and the six months ended June 30, 2019, 4.1%, 4.6%, 4.3% and 5.1% of our 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.

***Capitalize on strategic acquisition opportunities.***

To complement our organic growth, we will continue to explore opportunities for strategic acquisitions to acquire, at attractive valuations, businesses and products that will complement our existing business and expand our client base. In February 2018, we acquired 82% (and in April 2018, we acquired the remaining shares) of BIS and PMJ, which are both leading manufacturers and exporters of spun yarns in Indonesia, which increased our spinning production capacity and allowed us to gain access to new customers.

## General Information

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

## 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".*

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| Issuer | PT Sri Rejeki Isman Tbk. |
| Subsidiary Guarantors | PT Sinar Pantja Djaja, PT Bitratex Industries and PT Primayudha Mandirijaya will guarantee the Notes. See "Description of the Notes — Subsidiary Guarantees". |
| Notes Offered | US$225,000,000 aggregate principal amount of 7.25% Senior Notes due 2025 (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 by the Subsidiary Guarantors. |
| Issue Price | 99.954% of the principal amount of the Notes. |
| Maturity Date | January 16, 2025. |
| Interest | The Notes will bear interest at the rate of 7.25% per annum, payable semi-annually in arrears. |
| Interest Payment Dates | January 16 and July 16 of each year, commencing July 16, 2020. |
| Ranking of the Notes | The Notes will:<br>• be general obligations of the Issuer;<br>• be senior in right of payment to any obligations of the Issuer expressly subordinated in right of payment to the Notes;<br>• 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);<br>• be guaranteed by the Subsidiary 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 and the Subsidiary Guarantees;" and<br>• be effectively subordinated to the secured obligations of the Issuer and the Subsidiary Guarantors to the extent of the value of the assets serving as security therefor. |
| Subsidiary Guarantees | The Subsidiary Guarantors 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.<br><br>The Issuer 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, |

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| | 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 Issuer 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.<br><br>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:<br><br>• be a general obligation of such Subsidiary Guarantor;<br><br>• be senior in right of payment to all future obligations of such Subsidiary Guarantor expressly subordinated in right of payment to such Subsidiary Guarantee;<br><br>• rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of the Subsidiary Guarantors (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and<br><br>• 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. |
| Use of Proceeds | The Issuer will use a portion of the net proceeds of this offering to redeem the outstanding 2021 Notes and the remainder for working capital and general corporate purposes. See "Use of Proceeds." |
| Optional Redemption | At any time and from time to time on or after October 16, 2022, 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 October 16, 2022, 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 October 16, 2022, 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 107.250% 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 Issuer 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 will make an offer to repurchase all outstanding Notes at a purchase price equal to 101% of their principal amount plus accrued and unpaid |

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| | interest, if any, to (but not including) the Offer to Purchase Payment Date. |
| Withholding Tax; Additional Amounts | Payments with respect to the Notes and any Subsidiary Guarantee will be made without withholding or deduction for taxes imposed by the jurisdictions in which the Issuer 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 Subsidiary 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 any Subsidiary 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 and the Restricted Subsidiaries to, among other things:<br>• incur additional Indebtedness and issue preferred stock;<br>• make investments or other specified Restricted Payments;<br>• enter into agreements that restrict the Restricted Subsidiaries' ability to pay dividends and transfer assets or make Intercompany Loan;<br>• issue or sell Capital Stock of Restricted Subsidiaries;<br>• issue guarantees by Restricted Subsidiaries;<br>• enter into transactions with equity holders or Affiliates;<br>• create any Lien;<br>• enter into Sale and Leaseback Transactions;<br>• sell assets;<br>• engage in different business activities; or<br>• effect a consolidation or merger.<br>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 Subsidiary 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 October 16, 2019, which the Issuer expects will be the fifth business day following the date of this Offering Memorandum, referred to as "T+5". You should note that initial trading of the Notes may be affected by the T+5 settlement. See "Plan of Distribution". |
| Trustee | Citicorp Investment Bank (Singapore) Limited. |
| Principal Paying Agent, Transfer Agent and Registrar | Citibank, N.A., London Branch. |
| Rule 144A Global Note | CUSIP Number: 69408L AB2<br><br>ISIN Number: US69408LAB27<br><br>Common Code: 206596945 |
| Regulation S Global Note | CUSIP Number: Y714AG AB8<br><br>ISIN Number: USY714AGAB82<br><br>Common Code: 206597208 |
| 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.<br><br>For as long as the Notes are listed on the SGX-ST and the rules of the SGX-ST so require, the Issuer will appoint and maintain a paying agent in Singapore, where the Notes may be presented or surrendered for payment or redemption, in the event that a global certificate is exchanged for definitive certificates. In addition, in the event that a global certificate is exchanged for definitive certificates, an announcement of such exchange shall be made by or on behalf of the Issuer through the SGX-ST and such announcement will include all material information with respect to the delivery of the definitive certificates, including details of the paying agent in Singapore. |
| Governing Law | The Notes, the Indenture and the Subsidiary Guarantees will be governed by, and will be construed in accordance with, the laws of the State of New York. |

## 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, 2016, 2017 and 2018 from (i) the audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 and (ii) the unaudited condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2018 and 2019 of the Company, respectively, included elsewhere in this Offering Memorandum.

Our consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 have been audited by KAP Tanubrata Sutanto Fahmi Bambang & Rekan ("TSFBR"), 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 condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2018 and 2019 have been reviewed by TSFBR 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 TSFBR to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, TSFBR does not express an audit opinion on our condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2018 and 2019.

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 six months ended June 30, | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | | | | (unaudited) | |
| | | | (US$ millions) | | |
| **Consolidated Statements of Profit or Loss and Other Comprehensive Income Data** | | | | | |
| Sales | 679.9 | 759.3 | 1,033.9 | 538.8 | 632.4 |
| Cost of goods sold | 534.6 | 588.1 | 850.2 | 439.3 | 504.5 |
| **Gross profit** | **145.4** | **171.3** | **183.8** | **99.5** | **128.0** |
| Selling expenses | (13.0) | (12.5) | (15.6) | (9.6) | (8.2) |
| General and administrative expenses | (22.2) | (24.5) | (32.0) | (15.3) | (17.4) |
| (Loss) gain on foreign exchange — Net | (0.9) | (0.6) | 0.0 | (0.4) | (0.4) |
| Negative goodwill | — | — | 24.9 | 24.9 | — |
| Other operating income | 6.3 | 1.1 | 0.8 | 0.2 | 0.4 |
| **Profit from operations** | **115.5** | **134.7** | **161.9** | **99.3** | **102.4** |
| Finance income | 1.1 | 0.4 | 0.9 | 0.6 | 0.5 |
| Finance charges[1] | (50.5) | (62.9) | (63.4) | (38.7) | (43.6) |
| **Profit before income tax** | **66.0** | **72.1** | **99.4** | **61.1** | **59.3** |
| **Income tax expense** | **(6.7)** | **(4.1)** | **(14.9)** | **(5.4)** | **(5.1)** |
| **Profit for the period** | **59.4** | **68.0** | **84.6** | **55.7** | **54.2** |
| **Other comprehensive income (loss)** | **(1.0)** | **(2.3)** | **1.6** | **1.3** | **(1.0)** |
| **Total comprehensive income for the period** | **58.4** | **65.8** | **86.2** | **57.0** | **53.2** |
| Profit for the period attributable to: | | | | | |
| Owners of the parent entity | 59.4 | 68.0 | 84.6 | 55.7 | 54.2 |
| Non-controlling interest | — | — | — | — | — |

(1) For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, borrowing costs in the amount of US$18.9 million, US$8.1 million, US$0.0, US$0.0 and US$0.0, respectively, were capitalized as part of the cost of acquisition of fixed assets. See Note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 |
| | | | | (unaudited) |
| | | | (US$ millions) | |
| **Consolidated Statements of Financial Position Data** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 60.5 | 127.2 | 128.1 | 136.8 |
| Trade receivables — Net | | | | |
| Third parties | 114.1 | 162.5 | 146.4 | 204.0 |
| Related parties | 35.4 | 26.2 | 49.7 | 48.6 |
| Inventories | 147.6 | 266.2 | 331.8 | 326.3 |
| Advances for purchases of inventories and prepaid expenses | 11.7 | 47.9 | 32.3 | 32.9 |
| Advance for investment in shares | — | 5.0 | — | — |
| Prepaid taxes | 1.0 | — | 2.8 | 2.6 |
| Other current assets | 7.6 | 10.0 | 15.1 | 15.9 |
| **Total current assets** | **378.0** | **645.1** | **706.3** | **767.2** |
| **Non-current assets** | | | | |
| Investment in shares | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term advances for purchases of fixed assets | | | | |
| Third parties | 23.1 | 1.1 | 0.6 | 7.0 |
| Fixed assets — Net | 519.3 | 546.7 | 653.6 | 656.0 |
| Deferred tax assets | — | — | 3.2 | 3.7 |
| Other non-current assets | 26.7 | — | 0.6 | 0.6 |
| **Total non-current assets** | **569.1** | **547.9** | **658.0** | **667.3** |
| **Total assets** | **947.2** | **1,192.9** | **1,364.3** | **1,434.5** |
| **Liabilities and equity** | | | | |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Short-term bank loans | 52.9 | 101.7 | 123.0 | 22.3 |
| Trade payables | | | | |
| Third parties | 4.9 | 54.9 | 56.5 | 26.4 |
| Related parties | 0.6 | — | 2.3 | 3.2 |
| Taxes payable | 6.2 | 4.0 | 13.3 | 13.5 |
| Accrued expenses | 6.4 | 8.1 | 11.3 | 14.6 |
| Other current liabilities | 2.3 | 2.9 | 11.8 | 3.9 |
| Short-term employee benefit liability | 0.1 | 0.1 | 0.1 | 0.1 |
| Current maturities of long-term debts: | | | | |
| Long-term bank loans | 3.5 | 3.5 | 10.6 | 7.9 |
| Obligation under finance lease | 0.0 | — | — | — |
| Medium-term notes | 30.0 | — | — | — |
| **Total current liabilities** | **106.8** | **175.2** | **229.0** | **92.1** |
| **Non-current liabilities** | | | | |
| Long-term debts net of current maturities: | | | | |
| Long-term bank loans | 47.1 | 17.7 | 29.2 | 358.6 |
| Derivative liabilities | — | — | — | 0.4 |
| Medium-term notes | — | 40.0 | 65.0 | 65.0 |
| Notes payable — Net[(1)] | 434.7 | 491.3 | 493.1 | 319.4 |
| Long-term employee benefits liability | 12.9 | 17.6 | 21.8 | 24.1 |
| Deferred tax liabilities | 14.6 | 9.0 | 9.9 | 9.6 |
| **Total non-current liabilities** | **509.3** | **575.6** | **619.1** | **777.2** |
| **Total liabilities** | **616.1** | **750.7** | **848.0** | **869.3** |
| **Equity** | | | | |
| Equity attributable to the owners of the parent | | | | |
| Share capital | 152.3 | 167.5 | 167.5 | 167.5 |
| Additional paid-in capital | 10.5 | 44.7 | 44.7 | 44.7 |
| Accumulated actuarial loss on employee benefits liabilities | (1.7) | (4.0) | (2.4) | (3.4) |
| Retained earnings | 177.6 | 241.5 | 314.0 | 363.9 |
| Cumulative translation adjustment | (7.5) | (7.5) | (7.5) | (7.5) |
| **Total equity attributable to the owners of the parent entity** | **331.1** | **442.2** | **516.2** | **565.2** |
| Non-controlling interest | — | — | — | — |
| **Total equity** | **331.1** | **442.2** | **516.2** | **565.2** |
| **Total liabilities and equity** | **947.2** | **1,192.9** | **1,364.3** | **1,434.5** |

(1) Notes payable — Net, represents the obligations of under our outstanding notes plus unamortized premium from the issuance of additional notes less unamortized deferred bond expenses.

| | For the years ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | | | (US$ millions) | (unaudited) | |
| **Consolidated Statements of Cash Flows Data** | | | | | |
| Net cash provided by (used in) operating activities | 5.4 | (28.8) | 64.5 | 17.9 | 3.4 |
| Net cash used in investing activities | (83.5) | (30.1) | (115.4) | (96.7) | (34.7) |
| Net cash provided by financing activities | 62.3 | 126.3 | 51.7 | 42.7 | 40.5 |
| Increase (decrease) in cash and cash equivalents | (15.7) | 67.4 | 0.8 | (36.1) | 9.2 |
| Net effect of changes in exchange rates on cash and cash equivalents | (0.9) | (0.6) | 0.0 | (0.4) | (0.4) |
| Cash and cash equivalents at beginning of period | 77.1 | 60.5 | 127.2 | 127.2 | 128.1 |
| Cash and cash equivalents at end of period | 60.5 | 127.2 | 128.1 | 90.7 | 136.8 |
| **Other Financial Data** | | | | | |
| Dividend paid | 4.0 | 4.1 | 12.1 | 12.1 | — |
| EBITDA (unaudited)[1] | 135.4 | 162.9 | 189.1 | 99.3 | 128.3 |

(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 six months ended June 30, | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | | | (US$ millions) | (unaudited) | |
| Profit for the period | 59.4 | 68.0 | 84.6 | 55.7 | 54.2 |
| **Add**: | | | | | |
| Finance charges | 50.5 | 62.9 | 63.4 | 38.7 | 43.6 |
| Income tax expense | 6.7 | 4.1 | 14.9 | 5.4 | 5.1 |
| Depreciation expense | 19.9 | 28.3 | 52.0 | 25.0 | 25.9 |
| **Subtract**: | | | | | |
| Negative goodwill | — | — | (24.9) | (24.9) | — |
| Finance income | (1.1) | (0.4) | (0.9) | (0.6) | (0.5) |
| **EBITDA (unaudited)** | **135.4** | **162.9** | **189.1** | **99.3** | **128.3** |

## 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, 2016, 2017 and 2018 and the six months ended June 30, 2019, 52.5%, 53.3%, 60.3% and 59.7% of our sales were international, respectively, and 47.5%, 46.7%, 39.7% and 40.3% of our sales 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. Further, global stock, currency and financial markets have experienced substantial volatility following the Brexit referendum in the United Kingdom on June 23, 2016, in which a majority of voters voted that the United Kingdom should leave the European Union. There remains substantial uncertainty as to whether, how and when the United Kingdom's departure from the European Union will be accomplished and its effect on the global economy. Additionally, starting in January 2018, the United States imposed tariffs on a wide ranging list of imported goods, particularly from China, resulting in the United States' trading partners implementing retaliatory tariffs on goods made in the United States. The imposition of such tariffs has led to fears of a global trade war, leading to further instability and uncertainty in financial markets. One of the effects of a slowdown in economic growth could be higher interest rates in the future, which could negatively impact access to financing and result in higher financing costs and increased counterparty risk.

A global economic slowdown or turmoil in the global financial markets could have a negative impact on our business. 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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, rayon fiber, together with rayon yarn and greige, in aggregate, accounted for 62.7%, 56.0%, 53.8%, 53.1% and 56.3%, respectively, of our raw materials used. For the same periods, cotton fiber, together with cotton yarn and greige, in aggregate, accounted for 16.4%, 23.0%, 22.7%, 23.0% and 22.5%, respectively, and polyester fiber, together with polyester yarn and greige, in aggregate, accounted for 20.9%, 21.0%, 23.5%, 23.9% and 21.2%, 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 has fluctuated between US$1,780 to US$2,100 per tonne for the year ended December 31, 2016, between US$2,230 to US$2,650 per tonne for the year ended December 31, 2017, between US$2,350 to US$3,100 per tonne for the year ended December 31, 2018, between US$2,040 to US$2,700 per tonne for the six months ended June 30, 2018 and between US$1,670 to US$2,500 per tonne for the six months ended June 30, 2019. The purchase price range we paid for cotton fiber from our largest supplier has fluctuated between US$1,796 to US$1,934 per tonne for the year ended December 31, 2016, between US$1,780 to US$1,863 per tonne for the year ended December 31, 2017, between US$1,931 to US$2,105 per tonne for the year ended December 31, 2018, between US$1,973 to US$2,006 per tonne for the six months ended June 30, 2018 and between US$1,962 to US$2,061 per tonne for the six months ended June 30, 2019. The purchase price range we paid for polyester fiber from our largest supplier has fluctuated between US$810 to US$930 per tonne for the year ended December 31, 2016, between US$1,120 to US$1,130 per tonne for the year ended December 31, 2017, between US$1,250 to US$1,390 per tonne for the year ended December 31, 2018, between US$1,170 to US$1,220 per tonne for the six months ended June 30, 2018 and between US$950 to US$1,140 per tonne for the six months ended June 30, 2019. Historically, there were 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 (including with PT Rayon Utama Makmur ("RUM")). 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. For example, we have started to purchase rayon fiber from RUM. However, following protests by residents and activists due to the release of a foul odor from RUM's rayon fiber production facility when it commenced commercial operations in October 2017, a decree was issued by the Regent of Sukoharjo on February 23, 2018 requiring RUM to temporarily cease production activities at its plant and to implement certain measures such as the installation of a continuous emission monitoring system in the plant's chimney, ensuring emission control to prevent foul odor and the treatment of any wastewater before discharging into the Bengawan Solo river within 18 months of February 24, 2018. Although RUM's plant resumed operations in December 2018, it has not reached its expected capacity of 80,000 tons of rayon fiber per year as of the date of this Offering Memorandum. We intend to source up to 20.0% to 25.0% of our ongoing rayon fiber needs from RUM's plant once it is at full capacity and we will continue to obtain our supply of rayon fiber from our other suppliers. See "Business — Raw Materials and Suppliers — Rayon." We may also 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, our ability to continue to pass on raw material price increases to our customers 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, a power shortage at any of our production plants or destruction of our raw materials or finished goods, 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.

On September 27, 2019, a fire occurred at one of our raw material warehouses, which forms part of our main facilities in Sukoharjo and stores our back-up supply of cotton fiber. We are currently in the process of verifying the amount of losses from this incident. In addition, while we are still waiting for the results of the forensic report from the local police to ascertain the cause of the fire, there can be no assurance that such cause can be determined or if determined, that the implementation of remediation measures will be successful in preventing similar events from arising in the future. We are in the process of making claims against our insurers pursuant to our insurance policy for losses arising from the fire. If such events of similar or greater magnitude were to occur in the future, this could adversely affect our ability to produce and sell products across all our divisions which could materially and adversely affect our business, financial condition and results of operations.

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, health epidemics 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 of land in Sukoharjo, while SPD's facilities are located on approximately 18 hectares of land in Semarang, approximately 120 kilometers from our main facilities. In addition, BIS's facilities are located on approximately 24 hectares of land in Semarang, approximately 117 kilometers from our main facilities, while PMJ is located on approximately 22 hectares of land in Boyolali, approximately 60 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, health epidemics, 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 than 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 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, 2016, 2017 and 2018 and the six months ended June 30, 2019, respectively 52.5%, 53.3%, 60.3% and 59.7% of our 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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019 were 4.6%, 4.7%, 5.5%, 5.7% and 5.8% of our 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, 2017 and January 1, 2018, the Governor of Central Java declared a 8.4% and 8.9% wage increase, respectively, in Sukoharjo, where a substantial portion of our operations are located, which increased an additional 8.2% effective January 1, 2019. 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 have expanded our production capacity across all four of our production divisions. Our growth and future success will be dependent upon, among other factors, the successful ramping up of production to full capacity and the sufficiency of demand for our products. Any future 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 any future expansion or upgrade include increases in the cost of such projects, 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 newly 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 increase 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 is incurred for the electricity and water that we use at our production facilities. For each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our utilities cost (comprising of electricity and water) was 5.4%, 5.3%, 6.1%, 6.0% and 5.9%, respectively, of our 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, 2017, our electricity tariff in Rupiah decreased 0.6% compared to the year ended December 31, 2016. For the year ended December 31, 2018, our electricity tariff in Rupiah was substantially the same compared to the year ended December 31, 2017. While we have historically been successful in passing on 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 pass on cost increases to our customers 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. 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 January 16, 2021 and January 14, 2045. The land rights expiring on January 16, 2021 relate to approximately 129,213 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 26,590 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 zone 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 a BWK IV or BWK X zone. 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 have also in the past faced claims from third parties such as the Indonesian tax authorities. For example, the Jakarta Tax Court had previously 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 Issuer, six of which were 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 were completed and those Tax Court Decisions were final and executable, with the total amount of the outstanding tax of SPD payable to the Directorate General of Taxation based on the 18 Tax Court Decisions against SPD determined to be Rp.6,315,259,966 (US$0.4 million) (including administrative sanctions). 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 June 30, 2019, our controlling shareholder owned approximately 59.0% 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, owns a rayon fiber production facility in Nguter, Sukoharjo, Central Java, which commenced commercial operations in October 2017 but which operations ceased between February and December 2018 pursuant to an environmental decree issued by the Regent of Sukoharjo. See "— Risks Relating to Our Business — 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". This facility is expected to have the capacity to produce 80,000 tons of rayon fiber per year, of which capacity to produce 40,000 tons of rayon fiber has been operational since December 2018. In order to secure a steadier and more consistent source of rayon fiber, we intend to source up to 20.0% to 25.0% of our ongoing rayon fiber needs from this production plant once the plant is at full capacity. 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 June 30, 2019, we had US$773.2 million of total indebtedness outstanding (not including derivative liabilities) and had US$338.3 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 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. In addition, BIS has in the past failed to maintain certain financial ratios under one of its credit facilities for which it had received waivers from the lender. 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 Issuer or the Subsidiary Guarantors 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 Subsidiary Guarantors' ability to satisfy their respective obligations under the Subsidiary 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 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 Subsidiary 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. We have 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".

***We may face difficulties integrating any future acquisitions which could lower any projected profits.***

From time to time, we have made acquisitions to pursue market opportunities and increase our existing capabilities such as the BIS/PMJ Acquisition. We may pursue select acquisitions in the future, in which case we could encounter some difficulties integrating any such acquisitions and/or in successfully managing or realizing the growth we expect from any such acquisitions.

Acquisitions involve various typical risks, including:

- the ability to identify appropriate businesses or assets for acquisition or to negotiate acquisitions on favorable terms;

- obtaining the financing necessary to complete future acquisitions;
- difficulties in assimilating the operations of the acquired business;
- difficulties in maintaining financial and strategic focus while integrating the acquired business;
- adequately addressing any pre-existing liabilities or claims involving the acquired businesses;
- unexpected increases in costs;
- historical under-investment in sustaining capital expenditure; and
- the ability to successfully integrate the acquired business, including by implementing uniform standards, controls, procedures and policies.

Business combinations and acquisitions may entail a number of risks including the effective integration of acquisitions to realize synergies, significant one-time write-offs or restructuring charges, and unanticipated costs and liabilities. We may also be liable for the past acts, omissions or liabilities of the acquired business that are unforeseen or greater than anticipated. Where we actively pursue a number of opportunities simultaneously, we may encounter unforeseen expenses, complications and delays, including difficulties in employing sufficient staff and maintaining operational and management oversight. To the extent we encounter problems integrating any of our acquisitions, our operations could be impaired as a result of business disruptions and lost management time, which could materially adversely affect our results of operations.

**Risks Relating to Indonesia**

We and each of the Subsidiary Guarantors 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.***

Following 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. Despite Indonesia having successfully conducted its first free elections for parliament and president in 1999, as a new democratic country, Indonesia continues to face various sociopolitical issues and has, from time to time, experienced political instability and social and civil unrest.

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 August 2014, the Indonesian Election Commission declared Joko Widodo winner of the presidential election following elections held in July 2014 and a challenge of the results by the defeated candidate. In 2016, thousands of Indonesians marched in a series of demonstrations in Jakarta and other cities either in support of or in opposition to the then-governor of Jakarta, Basuki Tjahja Purnama, in connection with blasphemy allegations against him. Anies Baswedan was elected

governor of Jakarta in April 2017 and Mr. Purnama was convicted of the blasphemy charges in May 2017. Although these demonstrations were generally peaceful, some turned violent, including one on November 4, 2016, in which thousands of Indonesians marched in Jakarta demanding legal action against Governor Basuki in connection with the blasphemy allegations against him. Clashes with police injured hundreds and resulted in one death.

On April 17, 2019, for the first time in history, Indonesia held a general election where the President and Vice President, members of the MPR and the DPR were elected on the same day. On May 21, 2019, the General Elections Commission ("Komisi Pemilihan Umum") officially announced that the incumbent President Joko Widodo won the 2019 Presidential election. Following the official announcement of the election results, protests and riots has erupted in various area in Jakarta over two days from May 21 to 22, 2019. Authorities officially stated that nine people were dead, more than two hundred were injured and more than three hundred people were arrested as results of the protests and riots between May 21, 2019 and May 22, 2019. On May 24, 2019, the defeated candidate, Prabowo Subianto, through his legal team, filed a lawsuit contesting the official results of the 2019 Presidential election with the Indonesian Constitutional Court. On June 27, 2019, the Indonesia Constitutional Court rejected the entirety of the lawsuit filed by Prabowo Subianto and declared that "the court rejects all of the plaintiffs' claims," and upheld the results of the 2019 Presidential election that handed Joko Widodo a second term as the President of the Republic of Indonesia. The Indonesian Constitutional Court's decision is final and binding.

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 could result in civil disturbances that could, directly or indirectly, materially and adversely affect our businesses, financial condition and results of operations. Political and social unrest may occur if the results of future elections are disputed or unpopular. Any resurgence of political instability could lead to extended disruptions, which may adversely affect our business and/or the Indonesia economy. 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. In recent years, a number of natural disasters have occurred in Indonesia such as heavy rain, flooding and major earthquakes which resulted in tsunamis and volcanic activity. All of the above resulted in loss of life, the displacement of a large number of people and wide destruction of property. For example, 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 four people. Between December 2017 and February 2018, Mount Agung, located in Denpasar, erupted and, in addition, two earthquakes, each with a magnitude of 6.4, struck off the coast of Indonesia. On August 5, 2018, a 6.9 magnitude earthquake struck the island of Lombok, killing at least 563 people. On September 28, 2018, a 7.5 magnitude earthquake struck Central Sulawesi, causing a tsunami to strike the provincial capital of Palu. The combined effects of the earthquake and tsunami led to the deaths of at least 2,100 people. On December 22, 2018, the partial collapse of Anak Krakatau Volcano in Indonesia caused an undersea landslide, triggering a significant tsunami event which affected two provinces of Banten and Lampung. The tsunami led to extensive damage along the coastal areas, killing at least 430 people. Approximately, 2,000 homes were damaged and 22,000 individuals were displaced. These earthquakes, tsunamis and volcanic eruptions resulted in significant loss of life and injury and widespread destruction of property.

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, 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. For example, 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. In May 2018, three churches were bombed in Surabaya, killing at least 28 people and injuring at least 50 others. 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. 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 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 8.4% in 2013 and 2014, 3.4% in 2015, 3.0% in 2016 and 3.8% in 2017. 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 to 4.25% as of March 22, 2018 as compared to 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 last amended by Law No. 9 of 2015 regarding Second 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.13,548 per U.S. dollar as of December 29, 2017, and was Rp.14,481 per U.S. dollar as of December 31, 2018 and Rp.14,141 per U.S. dollar as of June 28, 2019. 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 "Baa2" by Moody's, "BBB" by S&P and "BBB" by Fitch, with a stable outlook from Moody's, S&P and Fitch, and its short term foreign currency debt is rated "P2" by Moody's, "A-2" by S&P and "F2" by Fitch with a stable outlook from Moody's, S&P and 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.

***Indonesian law requires agreements involving Indonesian parties to be written in the Indonesian language and allows parties thereto to elect a foreign language version of such agreement as the governing language, however, in the event of proceedings in Indonesian court there can be no assurance that judges render their decisions based on the foreign language version.***

On July 9, 2009, the Government enacted Law No. 24/2009 requiring that agreements involving Indonesian parties to 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. Recently, on September 30, 2019, Regulation No. 63/2019 was issued, and it stipulates that the parties in an agreement may choose either the Indonesian language version or the foreign language version as the controlling language of such agreement.

The Indenture governing the Notes and other transaction agreements in which the Guarantors are parties have been or will be prepared and signed in English and Indonesian language versions as required under Law No. 24/2009 and Regulation No. 63/2019 and the parties agreed that the English versions of such agreements will prevail for all purposes. However, we cannot assure you that the Indonesian language version of any such agreement reflects the original intent of the parties and 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, considering 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 such Indonesian version.

**Risks Relating to the Notes and the Subsidiary Guarantees**

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

Covenants contained in the Indenture and the other documentation relating to the Notes and the Subsidiary Guarantees and our other loan facilities restrict the ability of the Issuer and any of its restricted subsidiaries 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 Issuer 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 Issuer 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.

In addition, certain of our loan facilities also contain maintenance covenants, such as financial covenants. For example, under the US$350.0 million facilities agreement which the Issuer had entered into with Citigroup Global Markets Asia Limited, DBS Bank Ltd. and PT Bank HSBC Indonesia, as arrangers, and The Hongkong and Shanghai Banking Corporation Limited, as agent, on January 2, 2019 (the "Facilities Agreement"), the Issuer is required to maintain, among others, consolidated net financial borrowings to consolidated EBITDA not exceeding 3.00:1 in respect of the 12 month-period expiring June 30, 2019. As of June 30, 2019, our consolidated net financial borrowings to consolidated EBITDA (as defined under the Facilities Agreement) was approximately 2.85 and would have been 2.92 on a pro forma basis after giving effect to the offering of Notes and the application of the net proceeds therefore as described under "Use of Proceeds".

For further details, see "Description of the Notes — Certain Covenants" and "Description of Material Indebtedness". 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. We may also enter into additional financing arrangements in the future which could further restrict our flexibility.

Any defaults of covenants contained in the Notes or our other loan facilities 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 we or the Subsidiary Guarantors 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 our ability to pay, when due, the interest of and principal on the Notes, significantly impair the Subsidiary Guarantors' 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 cashflows 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 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 our ability to satisfy our 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 Subsidiary Guarantees across multiple jurisdictions may prove difficult.***

The Issuer and the Subsidiary Guarantors are incorporated under the laws of Indonesia. The Notes, the Subsidiary 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 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 Subsidiary 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 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 Subsidiary 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 Issuer or the Subsidiary Guarantors in Indonesia.***

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

The Issuer and the Subsidiary 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 Issuer 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 Subsidiary 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 a Subsidiary Guarantor on this matter, despite the express waiver by the Subsidiary Guarantor of this obligation in the Subsidiary 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.

In early 2016, an Indonesian company, PT Trikomsel Oke Tbk ("Trikomsel"), entered into a suspension of payment obligation (PKPU) under the Indonesia bankruptcy law regime. The PKPU administrators were reported to have rejected claims that arose from holders of their two Singaporean Dollar bonds and have taken the stance that the trustees under such bonds did not have any standing to make claims on behalf of bondholders. Further, they asserted that only individual bondholders that had filed claims on their own would be able to participate in the PKPU proceedings and to vote on any restructuring plan. On September 28, 2016, the PKPU process was settled between Trikomsel and its creditors through the establishment of a composition plan (*rencana perdamaian*) which was approved by certain bondholders, and then ratified by the Jakarta Commercial Court. Under the approved composition plan, Trikomsel's indebtedness under two Singapore dollar bonds is included as recognized claims and will be fully converted into equity in accordance with all applicable laws. Notwithstanding such settlement, the fact remains that during the PKPU process, the PKPU administrators rejected the trustees' claims, stating that the trustees do not have any legal standing to make claims on behalf of the bondholders and therefore do not have any voting rights in the creditors meeting.

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 Bakrieland and PKPU proceedings of Trikomsel PKPU 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 Subsidiary Guarantees or the other transaction documents in Indonesia, where most of the Issuer'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 Subsidiary Guarantees or the other transaction documents, or collecting on the Issuer'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).

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

Under bankruptcy laws, fraudulent transfer laws, financial assistance, insolvency or unfair preference or similar laws in Indonesia, where the Issuer 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 Issuer or a Subsidiary Guarantor may be subject), the enforceability of the Subsidiary Guarantees may be impaired if certain statutory conditions are met. In particular the Subsidiary Guarantees may be voided, or claims in respect of the Subsidiary Guarantees could be subordinated to all other debts of such Subsidiary Guarantor, if at the time that such Subsidiary Guarantor incurred the indebtedness evidenced by, or when it gives, its Subsidiary 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 Subsidiary Guarantees in a position which, in the event of such Subsidiary Guarantor insolvency, would be better than the position the beneficiary would have been in had the Subsidiary Guarantees not been given;
- received less than reasonably equivalent value or fair consideration for the incurrence of the Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary 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 Subsidiary Guarantor is maintained and that, after the giving of its Subsidiary Guarantee, such Subsidiary Guarantor would have sufficient net assets to cover the nominal value of its issued share capital.

If a court voided the Subsidiary Guarantee, or held the Subsidiary Guarantee unenforceable for any other reason, then the holders of the Notes would cease to have a claim against such Subsidiary Guarantor based upon such Subsidiary Guarantee, and would solely be creditors of the Issuer. If a court subordinated such Subsidiary Guarantee to other indebtedness of such Subsidiary Guarantor, then claims under the Subsidiary 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 Issuer and the Subsidiary 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 June 30, 2019, we had US$773.2 million of total indebtedness outstanding (not including derivative liabilities) and had US$338.3 million available under our working capital and trade line facilities. See "Capitalization and Indebtedness".

All of our outstanding indebtedness, other than the 2021 Notes and the 2024 Notes, is unsecured. The 2021 Notes and the 2024 Notes are secured by the capital stock of Golden Legacy and Golden Mountain. 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 Issuer and the Subsidiary Guarantors will have priority with respect to the assets securing their indebtedness over the claims of holders of the Notes. Therefore, the Notes and the Subsidiary Guarantees will be effectively subordinated to any secured indebtedness and other secured obligations of the Issuer and the Subsidiary 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 Issuer or the Subsidiary Guarantors that has secured obligations, holders of secured indebtedness will have prior claims to the assets of Issuer or the Subsidiary 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 Issuer and the Subsidiary 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 Issuer and the Subsidiary Guarantors. In the event that any of the secured indebtedness of the Issuer or any Subsidiary Guarantor becomes due or the creditors thereunder proceed against the assets that secure such indebtedness, the Issuer's or such Subsidiary Guarantors' assets remaining after repayment of that secured indebtedness may not be sufficient to repay all amounts owing in respect of the Notes or the Subsidiary Guarantees. As a result, holders of the Notes may receive less than holders of secured indebtedness of Issuer or the Subsidiary 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 Issuer 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. In addition, neither Golden Legacy nor Golden Mountain will 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 Issuer or a Subsidiary 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.

***We 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), we 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, we may not have enough available funds at the time of any Change of Control to pay the purchase price of the tendered outstanding Notes. Our 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, our 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 are expected to be assigned a rating of "Ba3" by Moody's and "BB-" by Fitch. The ratings represent the opinions of the ratings agencies and their assessment of the ability of the Issuer to perform its respective obligations under the terms of the Notes 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 Moody's and Fitch 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 Moody's and Fitch 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 Subsidiary 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 Subsidiary 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.

***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 is expected to be between 20.0% and 50.0% of the Issuer's equity. 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 within 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.

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 Subsidiary Guarantors' actual ability to perform their obligations under the Notes and Subsidiary Guarantees. Investors should not rely on the requirement of the Issuer 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.

***Singapore taxation risk***

The Notes to be issued are intended to be "qualifying debt securities" for the purposes of the Income Tax Act, Chapter 134 of Singapore, 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 be amended or revoked at any time.

## 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$219.8 million.

The Issuer will use a portion of the net proceeds to redeem the outstanding 2021 Notes and the remainder for working capital and other general corporate purposes.

As of June 30, 2019, US$174.5 million aggregate principal amount of the 2021 Notes were outstanding. See "Description of Material Indebtedness".

## 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$) | | | |
| 2014 | 11,404 | 12,440 | 11,885 | 12,440 |
| 2015 | 12,625 | 14,657 | 13,458 | 13,795 |
| 2016 | 12,998 | 13,846 | 13,330 | 13,436 |
| 2017 | 13,319 | 13,572 | 13,398 | 13,548 |
| 2018 | 13,290 | 15,253 | 14,267 | 14,481 |
| 2019 | | | | |
| January | 14,031 | 14,474 | 14,163 | 14,072 |
| February | 13,947 | 14,119 | 14,035 | 14,062 |
| March | 14,102 | 14,324 | 14,211 | 14,244 |
| April | 14,016 | 14,237 | 14,143 | 14,215 |
| May | 14,245 | 14,513 | 14,393 | 14,385 |
| June | 14,116 | 14,346 | 14,227 | 14,141 |
| July | 13,913 | 14,160 | 14,044 | 14,026 |
| August | 14,098 | 14,344 | 14,242 | 14,237 |
| September | 13,950 | 14,218 | 14,111 | 14,174 |
| October (through October 7, 2019) | 14,135 | 14,207 | 14,173 | 14,156 |

*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 average exchange rate on October 7, 2019 was Rp.14,156 = 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. If requested, we must also provide Bank Indonesia with information and documents relating to our foreign exchange activities.

Pursuant to PBI 21/2, any entities engaged in activities that cause a movement of (i) financial assets and/or liabilities and/or risk participation transaction between an Indonesian resident and a non-Indonesian resident or (ii) offshore financial assets and/or liabilities and/or risk participation transaction between Indonesian residents, must submit a foreign exchange activities report with respect to any foreign exchange activities 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 5, 2016, Bank Indonesia issued Regulation No. 18/18/PBI/2016 on Foreign Exchange Transaction to Rupiah between Banks and Domestic Parties ("PBI 18/18/2016"), as implemented by the Members of the Board of Governor of Bank Indonesia Regulation No. 20/16/PADG/2018 dated August 15, 2018. Under PBI 18/18/2016, any conversion of Rupiah into foreign currency for spot and standard derivative (plain vanilla) transactions that exceeds a specific threshold is required to have an underlying transaction and be supported by underlying transaction documents. 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 transaction. The underlying transaction and supporting transaction documents are also required for transactions of foreign exchange structured products in the form of a call spread option, in any amount. Further, the maximum amount of such foreign exchange conversion cannot exceed the value of the underlying transaction.

The following qualify as "underlying transactions" for purposes of PBI 18/18/2016: (i) domestic and international trade of goods and services; (ii) investment in the form of direct investment, portfolio investment,

loans, capital and other investment inside and outside Indonesia; and/or (iii) the granting of facility or financing from a bank in foreign currencies and/or Rupiah for trade and investment activities. The underlying transaction may not include: (i) a placement of funds in banks in the form of, among others, saving account, demand deposit account, time deposit, or Negotiable Certificate Deposit ("**NCD**"); (ii) money transfers by a remittance company; (iii) undrawn credit facilities, including standby loans and undisbursed loans; or (iv) usage of Bank Indonesia securities in foreign currencies.

Indonesian companies purchasing foreign currencies from banks by way of (i) spot transactions; (ii) standard derivative (plain vanilla) transactions; (iii) forward transactions and (iv) option transactions in excess of US$25,000, US$100,000, US$5,000,000 and US$1,000,000, respectively, will be required to submit certain supporting documents to the selling bank, including, among other items, a duly stamped or authenticated written statement by the company confirming that the underlying transaction document is valid and correct, and the amount of foreign currency purchased does not or will not exceed the amount stated in the underlying transaction document. For the qualifying purchase of foreign currencies, the company must declare in a duly stamped or authenticated written statement by the company that its aggregate foreign currency purchases do not exceed the relevant thresholds.

Bank Indonesia also issued Bank Indonesia Regulation No. 18/19/PBI/2016 dated September 5, 2016 on Foreign Exchange Transaction to Rupiah between Banks and Foreign Parties ("PBI 18/19/2016"), as implemented by the Members of the Board of Governor of Bank Indonesia Regulation No. 20/17/PADG/2018 dated August 15, 2018. Similar to PBI 18/18/2016, PBI 18/19/2016 is intended to comprehensively govern foreign exchange transactions against Rupiah in Indonesia. However, unlike PBI 18/18/2016, which targets Indonesian bank customers, PBI 18/19/2016 governs foreign exchange transactions by banks and foreign parties.

PBI 18/19/2016 also requires an underlying transaction if a foreign exchange transaction exceeds certain threshold amounts. The thresholds set forth by PBI 18/19/2016, which are similar to the threshold amounts under PBI 18/18/2016, are: (i) for spot transactions, a purchase of foreign exchange against the Rupiah equivalent of US$25,000 per month per foreign party, or its equivalent; (ii) for derivative transactions, the sale and purchase of foreign exchange against the Rupiah equivalent of US$1,000,000 per transaction per foreign party or per outstanding amount of each derivative transaction per bank, or its equivalent; (iii) for forward transactions, the sales of foreign currency against Rupiah of more than US$5,000,000 or its equivalent per transaction per customer; and (iv) for option transactions, the sales of foreign currency against Rupiah of more than US$1,000,000 or its equivalent per transaction per customer.

The following qualify as "underlying transactions" for purposes of PBI 18/19/2016: (i) domestic and international trade of goods and services; and/or (ii) investment in the form of direct investment, portfolio investment, loans, capital and other investment inside and outside Indonesia.

The following transactions are not considered as underlying transactions: (i) Bank Indonesia Certificates ("SBI") for derivative transactions, (ii) a placement of funds in banks (vostro account) in the form of saving account, demand deposit account, time deposit, or NCD; (iii) the granting of facility which has not been withdrawn, such as standby loan and disbursed loan; and (iv) the usage of Bank Indonesia securities in foreign currencies.

Similar to PBI 18/18/2016, PBI 18/19/2016 also requires foreign parties that (i) conducting foreign currency structured product against Rupiah in form of a call spread option in any amount and (ii) purchasing foreign currencies from banks by way of (a) spot transactions; and (b) standard derivative (plain vanilla) transactions in excess of US$25,000 and US$100,000, respectively, to submit certain supporting documents to the selling bank, including, among other items, a duly stamped or authenticated written statement by the company confirming that the underlying transaction document is valid and correct, and the amount of foreign currency purchased is or will not exceed the amount stated in the underlying transaction document. For the purchase of foreign currencies not exceeding such thresholds, the company must declare in a duly stamped or authenticated written statement by the company that its aggregate foreign currency purchases do not exceed the thresholds in the Indonesian banking system.

## CAPITALIZATION AND INDEBTEDNESS

The following table shows our unaudited cash and cash equivalents and our capitalization as of June 30, 2019, (i) on an actual basis and (ii) on an as adjusted basis to give effect to the issuance of the Notes and the application of the net proceeds of the offering of the Notes (after deducting estimated fees and expenses of the offering of the Notes) to redeem the outstanding 2021 Notes, 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 of June 30, 2019 | |
|---|---|---|
| | Actual | As Adjusted (unaudited) |
| | (US$ millions) | (US$ millions) |
| **Cash and cash equivalents** | **136.8** | **174.9** |
| Indebtedness: | | |
| Short-term bank loans | 22.3 | 23.3 |
| Medium-term notes | 65.0 | 65.0 |
| Long-term bank loans (including current portion) | 366.5 | 366.5 |
| Notes payable — Net[1] | 319.4 | 145.8 |
| Notes offered hereby[2] | — | 224.9 |
| **Total indebtedness[3]** | **773.2** | **824.5** |
| Equity: | | |
| Share capital | 167.5 | 167.5 |
| Additional paid-in capital | 44.7 | 44.7 |
| Accumulated actuarial loss on employee benefits liabilities | (3.4) | (3.4) |
| Retained earnings | 363.9 | 355.8 |
| Cumulative translation adjustment | (7.5) | (7.5) |
| **Total equity** | **565.2** | **557.1** |
| **Total capitalization[4]** | **1,338.4** | **1,381.6** |

(1) Notes payable — Net, represents the obligations under our existing notes, plus unamortized premium from the issuance of additional notes less unamortized deferred bond expenses.

(2) Before deducting estimated transaction costs relating to the issue of the Notes (consisting of underwriting discounts, commissions and other estimated transaction expenses).

(3) Does not include derivative liabilities of US$0.4 million as of June 30, 2019.

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

Except as described above and in "Description of Material Indebtedness", there has been no material change in our capitalization since June 30, 2019.

## 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, 2016, 2017 and 2018 from (i) the audited consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 and (ii) the unaudited condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2018 and 2019 of the Company, respectively, included elsewhere in this Offering Memorandum.

Our consolidated financial statements as of and for the years ended December 31, 2016, 2017 and 2018 have been audited by KAP Tanubrata Sutanto Fahmi Bambang & Rekan ("TSFBR"), independent public accountants and a member of BDO International Limited, in accordance with Standards on Auditing established by the IAPI as stated in their audit report appearing elsewhere in this Offering Memorandum. Our unaudited condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2018 and 2019 have been reviewed by TSFBR 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 TSFBR to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, TSFBR does not express an audit opinion on our condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2018 and 2019.

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 six months ended June 30, | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | | | | (unaudited) | |
| | | | (US$ millions) | | |
| **Consolidated Statements of Profit or Loss and Other Comprehensive Income Data** | | | | | |
| Sales | 679.9 | 759.3 | 1,033.9 | 538.8 | 632.4 |
| Cost of goods sold | 534.6 | 588.1 | 850.2 | 439.3 | 504.5 |
| **Gross profit** | **145.4** | **171.3** | **183.8** | **99.5** | **128.0** |
| Selling expenses | (13.0) | (12.5) | (15.6) | (9.6) | (8.2) |
| General and administrative expenses | (22.2) | (24.5) | (32.0) | (15.3) | (17.4) |
| (Loss) gain on foreign exchange — Net | (0.9) | (0.6) | 0.0 | (0.4) | (0.4) |
| Negative goodwill | — | — | 24.9 | 24.9 | — |
| Other operating income | 6.3 | 1.1 | 0.8 | 0.2 | 0.4 |
| **Profit from operations** | **115.5** | **134.7** | **161.9** | **99.3** | **102.4** |
| Finance income | 1.1 | 0.4 | 0.9 | 0.6 | 0.5 |
| Finance charges[1] | (50.5) | (62.9) | (63.4) | (38.7) | (43.6) |
| **Profit before income tax** | **66.0** | **72.1** | **99.4** | **61.1** | **59.3** |
| **Income tax expense** | **(6.7)** | **(4.1)** | **(14.9)** | **(5.4)** | **(5.1)** |
| **Profit for the period** | **59.4** | **68.0** | **84.6** | **55.7** | **54.2** |
| **Other comprehensive income (loss)** | **(1.0)** | **(2.3)** | **1.6** | **1.3** | **(1.0)** |
| **Total comprehensive income for the period** | **58.4** | **65.8** | **86.2** | **57.0** | **53.2** |
| Profit for the period attributable to: | | | | | |
| Owners of the parent entity | 59.4 | 68.0 | 84.6 | 55.7 | 54.2 |
| Non-controlling interest | — | — | — | — | — |

(1) For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, borrowing costs in the amount of US$18.9 million, US$8.1 million, US$0.0, US$0.0 and US$0.0, respectively, were capitalized as part of the cost of acquisition of fixed assets. See Note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 |
| | | | | (unaudited) |
| | | | (US$ millions) | |
| **Consolidated Statements of Financial Position Data** | | | | |
| **Current assets** | | | | |
| Cash and cash equivalents | 60.5 | 127.2 | 128.1 | 136.8 |
| Trade receivables — Net | | | | |
| Third parties | 114.1 | 162.5 | 146.4 | 204.0 |
| Related parties | 35.4 | 26.2 | 49.7 | 48.6 |
| Inventories | 147.6 | 266.2 | 331.8 | 326.3 |
| Advances for purchases of inventories and prepaid expenses | 11.7 | 47.9 | 32.3 | 32.9 |
| Advance for investment in shares | — | 5.0 | — | — |
| Prepaid taxes | 1.0 | — | 2.8 | 2.6 |
| Other current assets | 7.6 | 10.0 | 15.1 | 15.9 |
| **Total current assets** | **378.0** | **645.1** | **706.3** | **767.2** |
| **Non-current assets** | | | | |
| Investment in shares | 0.0 | 0.0 | 0.0 | 0.0 |
| Long-term advances for purchases of fixed assets | | | | |
| Third parties | 23.1 | 1.1 | 0.6 | 7.0 |
| Fixed assets — Net | 519.3 | 546.7 | 653.6 | 656.0 |
| Deferred tax assets | — | — | 3.2 | 3.7 |
| Other non-current assets | 26.7 | — | 0.6 | 0.6 |
| **Total non-current assets** | **569.1** | **547.9** | **658.0** | **667.3** |
| **Total assets** | **947.2** | **1,192.9** | **1,364.3** | **1,434.5** |
| **Liabilities and equity** | | | | |
| **Liabilities** | | | | |
| **Current liabilities** | | | | |
| Short-term bank loans | 52.9 | 101.7 | 123.0 | 22.3 |
| Trade payables | | | | |
| Third parties | 4.9 | 54.9 | 56.5 | 26.4 |
| Related parties | 0.6 | — | 2.3 | 3.2 |
| Taxes payable | 6.2 | 4.0 | 13.3 | 13.5 |
| Accrued expenses | 6.4 | 8.1 | 11.3 | 14.6 |
| Other current liabilities | 2.3 | 2.9 | 11.8 | 3.9 |
| Short-term employee benefit liability | 0.1 | 0.1 | 0.1 | 0.1 |
| Current maturities of long-term debts: | | | | |
| Long-term bank loans | 3.5 | 3.5 | 10.6 | 7.9 |
| Obligation under finance lease | 0.0 | — | — | — |
| Medium-term notes | 30.0 | — | — | — |
| **Total current liabilities** | **106.8** | **175.2** | **229.0** | **92.1** |
| **Non-current liabilities** | | | | |
| Long-term debts net of current maturities: | | | | |
| Long-term bank loans | 47.1 | 17.7 | 29.2 | 358.6 |
| Derivative liabilities | — | — | — | 0.4 |
| Medium-term notes | — | 40.0 | 65.0 | 65.0 |
| Notes payable — Net[(1)] | 434.7 | 491.3 | 493.1 | 319.4 |
| Long-term employee benefits liability | 12.9 | 17.6 | 21.8 | 24.1 |
| Deferred tax liabilities | 14.6 | 9.0 | 9.9 | 9.6 |
| **Total non-current liabilities** | **509.3** | **575.6** | **619.1** | **777.2** |
| **Total liabilities** | **616.1** | **750.7** | **848.0** | **869.3** |

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 |
| | | | | (unaudited) |
| | | | (US$ millions) | |
| **Equity** | | | | |
| Equity attributable to the owners of the parent Share capital | 152.3 | 167.5 | 167.5 | 167.5 |
| Additional paid-in capital | 10.5 | 44.7 | 44.7 | 44.7 |
| Accumulated actuarial loss on employee benefits liabilities | (1.7) | (4.0) | (2.4) | (3.4) |
| Retained earnings | 177.6 | 241.5 | 314.0 | 363.9 |
| Cumulative translation adjustment | (7.5) | (7.5) | (7.5) | (7.5) |
| **Total equity attributable to the owners of the parent entity** | **331.1** | **442.2** | **516.2** | **565.2** |
| Non-controlling interest | — | — | — | — |
| **Total equity** | **331.1** | **442.2** | **516.2** | **565.2** |
| **Total liabilities and equity** | **947.2** | **1,192.9** | **1,364.3** | **1,434.5** |

(1) Notes payable — Net, represents the obligations of under our outstanding notes plus unamortized premium from the issuance of additional notes less unamortized deferred bond expenses.

| | For the years ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | | | | | (unaudited) |
| | | | (US$ millions) | | |
| **Consolidated Statements of Cash Flows Data** | | | | | |
| Net cash provided by (used in) operating activities | 5.4 | (28.8) | 64.5 | 17.9 | 3.4 |
| Net cash used in investing activities | (83.5) | (30.1) | (115.4) | (96.7) | (34.7) |
| Net cash provided by financing activities | 62.3 | 126.3 | 51.7 | 42.7 | 40.5 |
| Increase (decrease) in cash and cash equivalents | (15.7) | 67.4 | 0.8 | (36.1) | 9.2 |
| Net effect of changes in exchange rates on cash and cash equivalents | (0.9) | (0.6) | 0.0 | (0.4) | (0.4) |
| Cash and cash equivalents at beginning of period | 77.1 | 60.5 | 127.2 | 127.2 | 128.1 |
| Cash and cash equivalents at end of period | 60.5 | 127.2 | 128.1 | 90.7 | 136.8 |
| **Other Financial Data** | | | | | |
| Dividend paid | 4.0 | 4.1 | 12.1 | 12.1 | — |
| EBITDA (unaudited)[1] | 135.4 | 162.9 | 189.1 | 99.3 | 128.3 |

(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 six months ended June 30, | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | | | | | (unaudited) |
| | | | (US$ millions) | | |
| Profit for the period | 59.4 | 68.0 | 84.6 | 55.7 | 54.2 |
| **Add**: | | | | | |
| Finance charges | 50.5 | 62.9 | 63.4 | 38.7 | 43.6 |
| Income tax expense | 6.7 | 4.1 | 14.9 | 5.4 | 5.1 |
| Depreciation expense | 19.9 | 28.3 | 52.0 | 25.0 | 25.9 |
| **Subtract**: | | | | | |
| Negative goodwill | — | — | (24.9) | (24.9) | — |
| Finance income | (1.1) | (0.4) | (0.9) | (0.6) | (0.5) |
| **EBITDA (unaudited)** | **135.4** | **162.9** | **189.1** | **99.3** | **128.3** |

## 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 consolidated financial statements, including the notes thereto, included elsewhere in this Offering Memorandum.*

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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our sales were US$679.9 million, US$759.3 million, US$1,033.9 million, US$538.8 million and US$632.4 million, respectively, our gross profit was US$145.4 million, US$171.3 million, US$183.8 million, US$99.5 million and US$128.0 million, respectively, and our EBITDA was US$135.4 million, US$162.9 million, US$189.1 million, US$99.3 million and US$128.3 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, 2018 and the six months ended June 30, 2019, we produced 1,002,536 and 563,567 bales of yarn and generated sales of US$464.4 million and US$254.1 million and gross profit of US$37.6 million and US$29.1 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, 2018 and the six months ended June 30, 2019, we produced 147,127,886 and 91,353,326 meters of greige and generated sales of US$74.4 million and US$40.5 million and gross profit of US$11.6 million and US$6.5 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, 2018 and the six months ended June 30, 2019, we produced 207,591,262 and 126,785,753 yards of finished fabrics and generated sales of US$250.2 million and US$168.8 million and gross profit of US$60.9 million and US$42.9 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, 2018 and the six months ended June 30, 2019, we produced 28,024,618 pieces of apparel (of which 19,341,076 pieces were fashion garments and 8,683,542 pieces were uniforms) and 20,554,454 pieces of apparel (of which 13,414,266 pieces were fashion garments and 7,140,188 pieces were uniforms) and generated sales of US$245.0 million and US$168.9 million and gross profit of US$73.7 million and US$49.4 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 of land in Sukoharjo, while SPD's production facilities, which produce yarn, are located on approximately 18 hectares of land in Semarang, approximately 120 kilometers from our main facilities. BIS is located on approximately 24 hectares of land in Semarang, approximately 117 kilometers from our main

facilities, while PMJ is located on approximately 22 hectares of land in Boyolali, approximately 60 kilometers from our main facilities.

**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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, 52.5%, 53.3%, 60.3%, 54.2% and 59.7% of our sales were international, respectively, and 47.5%, 46.7%, 39.7%, 45.8% and 40.3% of our sales 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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, purchases of rayon fiber, together with rayon yarn and greige, in aggregate, accounted for 62.7%, 56.0%, 53.8%, 53.1% and 56.3%, respectively, of our raw materials used. For the same periods, cotton fiber, together with cotton yarn and greige, in aggregate, accounted for 16.4%, 23.0%, 22.7%, 23.0% and 22.5%, respectively, and polyester fiber, together with polyester yarn and greige, in aggregate, accounted for 20.9%, 21.0%, 23.5%, 23.9% and 21.2%, 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. Historically, there were 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 supply of rayon fiber globally, the purchase price we paid for rayon fiber from our largest supplier was between US$1,780 to US$2,100 per tonne for the year ended December 31, 2016, between US$2,230 to US$2,650 per tonne for the year ended December 31, 2017, between US$2,350 to US$3,100 per tonne for the year ended December 31, 2018, between US$2,040 to US$2,700 for the six months ended June 30, 2018 and between US$1,670 to US$2,500 per tonne for the six months ended June 30, 2019. The purchase price we paid for cotton fiber from our largest supplier has fluctuated between US$1,796 to US$1,934 per tonne for the year ended December 31, 2016, between US$1,780 to US$1,863 per tonne for the year ended December 31, 2017, between US$1,931 to US$2,105 per tonne for the year ended December 31, 2018, between US$1,973 to US$2,006 per tonne for the six months ended June 30, 2018 and between US$1,962 to US$2,061 per tonne for the six months ended June 30, 2019. The purchase price range we paid for polyester fiber from our largest supplier has fluctuated between US$810 to US$930 per tonne for the year ended December 31, 2016, between US$1,120 to US$1,130 per tonne for the year ended December 31, 2017, between US$1,250 to US$1,390 per tonne for the

year ended December 31, 2018, between US$1,170 to US$1,220 per tonne for the six months ended June 30, 2018 and between US$950 to US$1,140 per tonne for the six months ended June 30, 2019. 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 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, owns a rayon fiber production facility in Nguter, Sukoharjo, Central Java, which commenced commercial operations in October 2017 but which operations ceased between February 2018 and December 2018 pursuant to an environmental decree issued by the Regent of Sukoharjo. See "Risk Factors — Risks Relating to Our Business — 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". RUM's facility is expected to have the capacity to produce 80,000 tons of rayon fiber per year, of which capacity to produce 40,000 tons of rayon fiber per year has been operational since December 2018. In order to secure a steadier and more consistent source of rayon fiber, we intend to source up to 20.0% to 25.0% of our ongoing rayon fiber needs from this production plant once the plant is at full capacity. 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 of June 30, 2019, we had a total of 931,248 spindles, and a total production capacity of approximately 1,100,000 bales of yarn per year. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our yarn production was 591,814 bales, 645,475 bales, 1,002,536 bales, 538,737 bales and 563,567 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 of June 30, 2019, housed a total of 3,831 looms, with a production capacity of approximately 170 million to 200 million meters of greige per year, depending on the thickness of the greige produced. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our actual production was 145,425,281 meters, 148,337,263 meters, 147,127,886 meters, 86,530,070 meters and 91,353,326 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 five buildings, which, as of June 30, 2018 and 2019, housed eight printing machines, two continuous dyeing machines and 10 jet dyeing machines. Our total production capacity as of June 30, 2018 and 2019 was approximately 240 million yards of finished fabric. Our actual production for our finished fabrics divisions for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019 was 119,046,544 yards, 153,311,089 yards, 207,591,262 yards, 96,136,379 yards and 126,785,753 yards, respectively. Production capacity in our garment

division is estimated based on the factory specifications of our sewing machines. As of June 30, 2019, we had approximately 18,150 sewing machines with a total capacity of approximately 30 million pieces per year. Our actual production for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019 was 22,026,992 pieces, 25,102,349 pieces, 28,024,618 pieces, 15,296,496 pieces and 20,554,454 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 acquisition of BIS and PMJ in 2018 and the organic expansion of our production facilities. Although the capacity expansion has been completed, it will take time for production to ramp up to full capacity.

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 years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our gross profit margin in our garment division was 31.6%, 33.4%, 30.1%, 30.6% and 29.3%, respectively. The gross profit margins in our spinning, weaving and finished fabrics divisions were 13.0%, 18.0% and 25.0%, respectively, for the year ended December 31, 2016, 13.4%, 17.1% and 27.4%, respectively, for the year ended December 31, 2017, 8.1%, 15.6% and 24.3%, respectively for the year ended December 31, 2018, 9.5%, 15.7% and 26.0%, respectively for the six months ended June 30, 2018 and 11.5%, 16.0% and 25.4%, respectively for the six months ended June 30, 2019. 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 indentures governing the 2021 Notes and 2024 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.

***Principles of Consolidation***

Our consolidated financial statements include the accounts of the Company and its subsidiaries mentioned in Note 1d to our consolidated financial statements included elsewhere in this Offering Memorandum. Control is achieved when we are exposed, or have rights, to variable returns from our involvement with an investee and have the ability to affect those returns through power over the investee. Specifically, we control an investee if and only if we have:

- power over the investee (i.e. existing rights that give us 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 our power over the investee to affect its returns.

When we have less than majority of the voting rights or similar rights to an investee, we consider all relevant facts and circumstances in assessing whether we have power over an investee, including:

- the contractual arrangements with the other vote holders of the investee;
- rights arising from other contractual arrangements; and
- our voting rights and potential voting rights.

We re-assess whether or not we control 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 us and cease to be consolidated from the date control is transferred away from us. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statements of income from the date we gain control until the date we cease to control the subsidiary.

Profit or loss and each component of other comprehensive income are attributed to the equity holders of the Company and its subsidiaries and to the non-controlling interest, even if this results in the non-controlling interest having a deficit balance. When necessary, adjustments are made to the financial statements of subsidiaries to bring their accounting policies into line with our accounting policies. All intra-group assets and liabilities, equity, income expenses and cash flows relating to transactions between members of our group are eliminated in full on consolidation.

In case of loss of control over a subsidiary, we:

- derecognize the assets (including goodwill) and liabilities of the subsidiary;
- derecognize the carrying amount of any NCI;
- derecognize the cumulative translation differences, recorded in equity, if any;
- recognize the fair value of the consideration received;
- recognize the fair value of any investment retained;
- recognize the surplus or deficit in profit or loss in consolidated statements of profit or loss and other comprehensive income; and
- reclassify 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 Company'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 recognized in consolidated statements of profit or loss and other comprehensive income.

Non-controlling interest 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 us, which are presented in the consolidated statements of profit or loss and other comprehensive income and under the equity section of the consolidated statements of financial position, respectively, separately from the corresponding portion attributable to the equity holders of the parent company.

***Business Combination***

When the Company and its subsidiaries acquire 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 statements 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 statements 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 interest 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.

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 statements 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 the 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 Company's and subsidiaries 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 CGU.

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.

***Transactions with Related Parties***

Parties considered to be related to the Group are those persons or entities related to the entity preparing financial statements (referred to as a "reporting entity"), as follow:

- A person or family member has a relationship with a reporting entity if that person:
  (i) has control or joint control over the reporting entity;
  (ii) has significant influence over the reporting entity; or
  (iii) key management personnel of the reporting entity or of the parent of the reporting entity.
- An entity is related to the reporting entity if it meets one of the following:
  a. The entity and the reporting entity are members of the same business group (i.e. a parent, subsidiaries, and entities associated with the next subsidiaries of another entity);
  b. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a business group, which the other entity is a member);
  c. both entities are joint ventures of the same third party;
  d. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;
  e. the entity has a post-employment benefits plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related entities to the reporting entity;
  f. entities controlled or jointly controlled by a person identified in (i), (ii) and (iii) above;
  g. person identified in sub-paragraph (i) has significant influence over the entity or the key management personnel of the entity (or the entity's parent entity); or

h. the entity, or any member of a group of which it is a part, provides key management personal 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 11 to our consolidated financial statements included elsewhere in this Offering Memorandum.

***Financial Assets***

The Company and its subsidiaries recognize financial assets or financial liabilities in consolidated statements of financial position, when and only when, the Company and its subsidiaries become party to contractual provision of the financial instrument.

Financial assets are classified as financial assets as fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as hedging instruments in an effective hedge.

The Company and its subsidiaries classify their financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Financial assets comprise cash and cash equivalents, trade receivables, other current assets and investment in shares, in the statement of financial position.

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" for out-of-the-money derivatives). They are carried in the statements of financial position at fair value with changes in fair value recognized in the consolidated statements 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 Company and its subsidiaries do 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 recognized at fair value plus transaction costs that are directly attributable to their acquisition or issue, and are subsequently carried at amortized cost using the effective interest rate method, less provision for impairment.

Impairment provisions are recognized 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 Company and its subsidiaries 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 recognized within administrative expenses in the consolidated statements 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.

From time to time, the Company and its subsidiaries elect 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 recognized in the consolidated statements of profit or loss and other comprehensive income (operating profit).

*Available-for-sale*

Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Company's and its subsidiaries' 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, recognized 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 recognized 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 recognized in other comprehensive income, is recognized in profit or loss.

Purchases and sales of available for sale financial assets are recognized on settlement date with any change in fair value between trade date and settlement date being recognized in the available-for-sale reserve.

On sale, the cumulative gain or loss recognized in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.

***Financial Liabilities***

The Company and its subsidiaries classify their financial liabilities into 1 (one) of 2 (two) categories, depending on the purpose for which the liability was acquired.

Other than financial liabilities in a qualifying hedging relationship (see below), the Company's and the Subsidiaries' 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 statements of financial position at fair value with changes in fair value recognized in the consolidated statements 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 Company and its subsidiaries do 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 of the Company and its Subsidiaries are initially recognized at fair value net of any transaction costs directly attributable to the issue of the instrument. Such interest bearing liabilities are subsequently measured at amortized 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 statements 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.
- Trade payables and other short-term monetary liabilities, which are initially recognized at fair value and subsequently carried at amortized cost using the effective interest method.

The Company's short-term bank loans, trade payables, accrued expenses, other current liabilities, short-term employee benefit liability, long-term bank loans, derivative liabilities, medium-term notes and notes payable are included in this category.

***Revenue and Expense 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").

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 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:

*Sales 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 liabilities.

Expenses are recognized when they are 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 entered into by the Company and its subsidiaries in a currency other than the currency of the primary economic environment in which they operate (their "functional currency") are recorded at the rates prevailing when the transactions occur. Foreign currency monetary assets and liabilities are translated at the rates prevailing at the reporting date. Exchange differences arising on the retranslation of unsettled monetary assets and liabilities are recognized 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 recognized 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 recognized in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognized in respect of that financial instrument.

On consolidation, the results of overseas operations are translated into currency unit at rates approximating to those prevailing 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 prevailing 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 recognized in other comprehensive income and accumulated in the foreign exchange reserve.

Exchange differences recognized profit or loss in the Company's and Subsidiaries' separate financial statements on the translation of long-term monetary items forming part of the Company's and Subsidiaries' 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 recognized 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.

Foreign currency transactions and translations

(I) Functional and presentation currency items included in the financial statements of each of the Company's and Subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The consolidated financial statements are presented in USD, which is the functional and presentation currency of the entity.

(II) 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 | 20 |
| Machineries and installations | 15-16 |
| Vehicles and heavy equipment | 8 |
| Office equipment | 4-10 |

Land is stated at cost and not amortized.

Assets under finance leases 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.

***Taxation***

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 which 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 recognized 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 Company and subsidiaries are able to control the timing of the reversal of the difference and it is probable that the difference will not reversed 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 utilized.

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).

Deferred tax assets and liabilities are offset when the Company and subsidiaries have 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 the Company's and subsidiaries; or
- Different the Company's and subsidiaries which intend either to settle current tax assets and liabilities on a net basis, or to realize 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.

*Tax amnesty*

PSAK 70 "Accounting for Tax Amnesty Assets and Liabilities"

Tax amnesty assets are measured at acquisition cost based on tax amnesty letter. Tax amnesty liabilities are measured at contractual obligation to deliver cash or cash equivalents to settle the obligations directly related to the acquisition of tax amnesty assets.

The Company's and its Subsidiaries recognize the difference between assets and liabilities of tax amnesty as part of additional paid in capital in equity.

Assets and liabilities of tax amnesty are presented separately from other assets and liabilities in the consolidated statement of financial position.

*Other taxation matters*

Amendments to taxation obligations are recorded when a Tax Assessment Letter is received or, if appealed against, when the results of the appeal are determined.

***Employee benefits liability***

*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
- Unrecognized past service costs; less
- The effect of minimum funding requirements agreed with scheme trustees.

Remeasurements of the net defined obligation are recognized 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 recognized in profit or loss, and include current and past service costs, as well as gains and losses on curtailments.

Net interest expense (income) is recognized 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.

Gains or losses arising from changes to scheme benefits or scheme curtailment are recognized immediately in profit or loss.

Settlements of defined benefit schemes are recognized 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 (twelve) 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 (twelve) 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.

***Borrowing costs***

Interest incurred on the indebtedness used to buy the Company and its subsidiaries new machinery is capitalized as part of its cost, net of interest received on cash drawn down yet to be expended. The Company and its subsidiaries do not incur any other interest costs that qualify for capitalization.

**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 years shown, as well as each component as a percentage of sales for the relevant period.

| | For the years ended December 31, | | | | | | For the six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2017 | | 2018 | | 2018 | | 2019 | |
| | | | | | | | (unaudited) | | | |
| | US$ millions | % | US$ millions | % | US$ millions | % | US$ millions | % | US$ millions | % |
| Sales | 679.9 | — | 759.3 | — | 1,033.9 | — | 538.8 | — | 632.4 | — |
| Cost of goods sold | 534.6 | 78.6 | 588.1 | 77.5 | 850.2 | 82.2 | 439.3 | 81.5 | 504.5 | 79.8 |
| **Gross profit** | **145.4** | **21.4** | **171.3** | **22.6** | **183.8** | **17.8** | **99.5** | **18.5** | **128.0** | **20.2** |
| Selling expenses | (13.0) | (1.9) | (12.5) | (1.7) | (15.6) | (1.5) | (9.6) | (1.8) | (8.2) | (1.3) |
| General and administrative expenses | (22.2) | (3.3) | (24.5) | (3.2) | (32.0) | (3.1) | (15.3) | (2.8) | (17.4) | (2.8) |
| (Loss) gain on foreign exchange — Net | (0.9) | (0.1) | (0.6) | (0.1) | 0.0 | 0.0 | (0.4) | (0.1) | (0.4) | (0.1) |
| Negative goodwill | — | — | — | — | 24.9 | 2.4 | 24.9 | 4.6 | — | — |
| Other operating income | 6.3 | 0.9 | 1.1 | 0.2 | 0.8 | 0.1 | 0.2 | 0.0 | 0.4 | 0.1 |
| Other operating expenses | — | — | (0.0) | (0.0) | — | — | — | — | — | — |
| **Profit from operations** | **115.5** | **17.0** | **134.7** | **17.7** | **161.9** | **15.7** | **99.3** | **18.4** | **102.4** | **16.2** |
| Finance income | 1.1 | 0.2 | 0.4 | 0.1 | 0.9 | 0.1 | 0.6 | 0.1 | 0.5 | 0.1 |
| Finance charges[1] | (50.5) | (7.4) | (62.9) | (8.3) | (63.4) | (6.1) | (38.7) | (7.2) | (43.6) | (6.9) |
| **Profit before income tax** | **66.0** | **9.7** | **72.1** | **9.5** | **99.4** | **9.6** | **61.1** | **11.3** | **59.3** | **9.4** |
| **Income tax expense** | **(6.7)** | **(1.0)** | **(4.1)** | **(0.5)** | **(14.9)** | **(1.4)** | (5.4) | (1.0) | (5.1) | (0.8) |
| **Profit for the period** | **59.4** | **8.7** | **68.0** | **9.0** | **84.6** | **8.2** | **55.7** | **10.3** | **54.2** | **8.6** |
| **Other comprehensive income (loss)** | **(1.0)** | **(0.1)** | **(2.3)** | **(0.3)** | **1.6** | **0.2** | **1.3** | **0.3** | **(1.0)** | **(0.2)** |
| **Total comprehensive income for the period** | **58.4** | **8.6** | **65.8** | **8.7** | **86.2** | **8.3** | **57.0** | **10.6** | **53.2** | **8.4** |

(1) For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, borrowing costs in the amount of US$18.9 million, US$8.1 million, US$0.0, US$0.0 and US$0.0, respectively, were capitalized as part of the cost of acquisition of fixed assets. See Note 12 to our consolidated financial statements included elsewhere in this Offering Memorandum.

***Sales***

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

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

***Cost of Goods Sold***

Our 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 cost of goods sold for the periods indicated:

| | For the years ended December 31, | | | | | | For the six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2017 | | 2018 | | 2018 | | 2019 | |
| | | | | | | | | | (unaudited) | |
| | US$ millions | % | US$ millions | % | US$ millions | % | US$ millions | % | US$ millions | % |
| Raw materials used | 455.3 | 85.2 | 522.2 | 88.8 | 662.4 | 77.9 | 353.3 | 80.4 | 398.3 | 79.0 |
| Direct labor | 24.7 | 4.6 | 27.9 | 4.7 | 47.1 | 5.5 | 24.9 | 5.7 | 29.2 | 5.8 |
| **Total factory overhead** | **65.6** | **12.3** | **84.2** | **14.3** | **136.2** | **16.0** | **69.3** | **15.8** | **77.5** | **15.4** |
| **Total manufacturing cost** | **545.5** | **102.0** | **634.3** | **107.9** | **845.8** | **99.5** | **447.4** | **101.8** | **505.0** | **100.1** |
| Work in process: | | | | | | | | | | |
| At beginning of period | 54.5 | 10.2 | 72.1 | 12.3 | 100.0 | 11.8 | 100.0 | 22.8 | 90.0 | 17.8 |
| Acquisition | — | — | — | — | 1.5 | 0.2 | 1.5 | 0.3 | 0.0 | 0.0 |
| At end of period | (72.1) | (13.5) | (100.0) | (17.0) | (90.0) | (10.6) | (105.5) | (24.0) | (90.0) | (17.8) |
| **Cost of goods manufactured** | **527.9** | **98.8** | **606.4** | **103.1** | **857.2** | **100.8** | **443.3** | **100.9** | **505.1** | **100.1** |
| Finished goods: | | | | | | | | | | |
| At beginning of period | 26.6 | 5.0 | 20.0 | 3.4 | 38.3 | 4.5 | 38.3 | 8.7 | 55.4 | 11.0 |
| Acquisition | — | — | — | — | 9.9 | 1.2 | 9.9 | 2.3 | — | 0.0 |
| At end of period | (20.0) | (3.7) | (38.3) | (6.5) | (55.4) | (6.5) | (52.3) | (11.9) | (55.9) | (11.1) |
| **Net cost of goods sold** | **534.6** | **100.0** | **588.1** | **100.0** | **850.2** | **100.0** | **439.3** | **100.0** | **504.5** | **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 and others, which are typically delivered CIF, business traveling expenses incurred in connection with sales activities and sales commissions to selling agents.

***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, depreciation and others.

***Other Operating Income***

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

***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 debt securities) related to our bank loans, letter of credit facilities and debt securities.

***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 income tax expense for the periods indicated:

| | For the years ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | | | | | (unaudited) |
| | | | (US$ millions) | | |
| Current | 7.9 | 9.0 | 13.6 | 6.7 | 5.6 |
| Deferred | (1.2) | (4.9) | 1.2 | (1.3) | (0.5) |
| **Income tax expense** | **6.7** | **4.1** | **14.9** | **5.4** | **5.1** |

**Results of Operations**

***Six Months Ended June 30, 2019 Compared with Six Months Ended June 30, 2018***

***Sales***. Our sales increased by US$93.7 million, or 17.4%, to US$632.4 million for the six months ended June 30, 2019 from US$538.8 million for the six months ended June 30, 2018. The increase was due to the following:

- **Yarn**: Our yarn sales decreased by 0.1% to US$254.1 million for the six months ended June 30, 2019 from US$254.4 million for the six months ended June 30, 2018. The decrease in yarn sales was primarily the result of an increase in the volume of yarn that we produce for internal use in our downstream production. Increased production capacity (including as a result of our acquisition of BIS and PMJ) resulted in a 4.6% increase in production to 563,567 bales of yarn for the six months ended June 30, 2019 from 538,737 bales of yarn for the six months ended June 30, 2018.
- **Greige**: Our greige sales decreased by 2.2% to US$40.5 million for the six months ended June 30, 2019 from US$41.4 million for the six months ended June 30, 2018. The decrease in greige sales was primarily the result of an increase in the volume of greige that we produce for internal use in our finishing division. Production increased to 91.4 million meters for the six months ended June 30, 2019 from 86.5 million meters for the six months ended June 30, 2018.
- **Finished Fabrics**: Our finished fabrics sales increased by 39.1% to US$168.8 million for the six months ended June 30, 2019 from US$121.4 million for the six months ended June 30, 2018. The increase in finished fabrics 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 31.9% to 126.8 million yards in the six months ended June 30, 2019 from 96.1 million yards in the six months ended June 30, 2018.
- **Apparel**: Our apparel sales increased by 39.0% to US$168.9 million for the six months ended June 30, 2019 from US$121.5 million for the six months ended June 30, 2018. The increase in apparel sales was primarily due to (i) increased sales volume which led to a 60.2% increase in export sales, which increased to US$107.5 million in the six months ended June 30, 2019 from US$67.1 million in the six months ended June 30, 2018 and a 12.9% increase in domestic sales which increased to US$61.4 million in the six months ended June 30, 2019 from US$54.4 million in the six months ended June 30, 2018 and (ii) higher prices for uniforms, which command a higher margin than our other apparel products, and an increase in average selling prices for our other apparel products. Our production of apparel increased to 20.6 million pieces for the six months ended June 30, 2019 from 15.3 million pieces for the six months ended June 30, 2018. Uniforms accounted for approximately 34.7% of the pieces produced in the six months ended June 30, 2019 compared to approximately 32.1% in the six months ended June 30, 2018.

***Cost of goods sold***. Our cost of goods sold increased by 14.8% to US$504.5 million for the six months ended June 30, 2019 from US$439.3 million for the six months ended June 30, 2018. 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 12.7% to US$398.3 million for the six months ended June 30, 2019 from US$353.3 million for the six months ended June 30, 2018, primarily as a result of increased sales volume and an increase in raw material prices. Total factory overhead increased 11.8% to US$77.5 million for the six months ended June 30, 2019 from US$69.3 million for the six months ended June 30, 2018, primarily as a result of (i) an increase in depreciation, which increased by US$0.09 million, or 3.7%, to US$25.6 million in the six months ended June 30, 2019 from US$24.7 million in the six months ended June 30, 2018, primarily as a result of an increase in capital expenditure, (ii) an increase in electricity and water expenses, which increased by US$3.4 million, or 12.9%, to US$29.9 million in the six months ended June 30, 2019 from US$26.5 million in the six months ended June 30, 2018 as a result of an increase in production, (iii) an increase in spare part usage, which increased by US$0.4 million, or 6.1%, to US$7.7 million in the six months ended June 30, 2018 from US$7.3 million in the six months ended June 30, 2018 and (iv) an increase in rent, which increased by US$1.4 million, or 27.7%, to US$6.3 million in the six months ended June 30, 2019 from US$5.0 million in the six months ended June 30, 2018 as a result of an increase in our operating leases for machinery. Cost of goods sold decreased to 79.8% of sales for the six months ended June 30, 2019 from 81.5% of sales for the six months ended June 30, 2018.

***Selling expenses***. Our selling expenses decreased by 13.8% to US$8.2 million for the six months ended June 30, 2019 from US$9.6 million for the six months ended June 30, 2018. The decrease was primarily due to a decrease in freight, which decreased by US$1.0 million, or 15.2%, to US$5.6 million in the six months ended June 30, 2019 from US$6.6 million in the six months ended June 30, 2018 due to the bearing of freight costs by customers.

***General and administrative expenses***. Our general and administrative expenses increased by US$2.1 million, or 13.6%, to US$17.4 million for the six months ended June 30, 2019 from US$15.3 million for the six months ended June 30, 2018. The increase was primarily due to an increase in tax expenses, which increased by US$0.2 million, or 5.2%, to US$3.2 million in the six months ended June 30, 2019 from US$3.1 million in the six months ended June 30, 2018 as a result of increased sales, and increase in salaries, wages and allowances, which increased by US$0.9 million, or 14.7%, to US$6.8 million in the six months ended June 30, 2019 from US$5.9 million in the six months ended June 30, 2018 due to an increase in salary rates.

***Loss (gain) on foreign exchange — net***. For the six months ended June 30, 2019 and the six months ended June 30, 2018, we had a US$0.4 million net foreign exchange loss.

***Negative goodwill***. In the six months ended June 30, 2018 we recognized negative goodwill of US$24.9 million in connection with our acquisitions of BIS and PMJ, because the net assets of BIS and PMJ exceeded the consideration paid. See Note 4 to our consolidated financial statements included elsewhere in this offering memorandum.

***Other operating income***. Our other operating income increased to US$0.4 million for the six months ended June 30, 2019 from US$0.2 million for the six months ended June 30, 2018. The increase was primarily due to higher scrap sales in the six months ended June 30, 2019.

***Finance income***. Our finance income decreased to US$0.5 million for the six months ended June 30, 2019 from US$0.6 million for the six months ended June 30, 2018.

***Finance charges***. Our finance charges increased to US$43.6 million for the six months ended June 30, 2019 from US$38.7 million for the six months ended June 30, 2018. The increase was mainly due to an increase in outstanding indebtedness and the premium paid in connection with the tender offer for the 2021 Notes in January 2019. No borrowing costs were capitalized in the six months ended June 30, 2019 or the six months ended June 30, 2018.

***Income tax expense***. Our income tax expense decreased to US$5.1 million for the six months ended June 30, 2019 from US$5.4 million for the six months ended June 30, 2018. This decrease was primarily due to an increase in depreciation expense between both periods, leading to a consequential reduction in taxable income.

***Total comprehensive income.*** As a result of the foregoing, our total comprehensive income decreased by 6.7% to US$53.2 million for the six months ended June 30, 2019 from US$57.0 million for the six months ended June 30, 2018.

### *Year Ended December 31, 2018 Compared with Year Ended December 31, 2017*

***Sales***. Our sales increased by 36.2% to US$1,033.9 million for the year ended December 31, 2018 from US$759.3 million for the year ended December 31, 2017. The increase was due to the following:

- **Yarn**: Our yarn sales increased by 58.8% to US$464.4 million for the year ended December 31, 2018 from US$292.4 million for the year ended December 31, 2017. The increase in yarn sales was primarily the result of the inclusion of operations at BIS and PMJ which became our subsidiaries in February 2018 and increased sales volumes and in particular, sales of premium quality yarns, which are generally sold at higher prices. Increased production capacity (including as a result of our acquisition of BIS and PMJ) resulted in a 55.3% increase in production to 1,002,536 bales of yarn for the year ended December 31, 2018 from 645,475 bales of yarn for the year ended December 31, 2017.
- **Greige**: Our greige sales increased by 0.3% to US$74.4 million for the year ended December 31, 2018 from US$74.1 million for the year ended December 31, 2017. The increase in greige sales was primarily the result of increases in price offset in part by a decrease in volume. Production decreased to 147.1 million meters for the year ended December 31, 2018 from 148.3 million meters for the year ended December 31, 2017.
- **Finished Fabrics**: Our finished fabrics sales increased by 29.1% to US$250.2 million for the year ended December 31, 2018 from US$193.7 million for the year ended December 31, 2017. The increase in finished fabrics 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 35.4% to 207.6 million

yards in the year ended December 31, 2018 from 153.3 million yards in the year ended December 31, 2017.

- **Apparel**: Our apparel sales increased by 23.0% to US245.0 million for the year ended December 31, 2018 from US$199.1 million for the year ended December 31, 2017. The increase in apparel sales was primarily due to increased sales volume and higher prices for uniforms, which command a higher margin than our other apparel products, and an increase in average selling prices for our other apparel products. Our production of apparel increased to 28.0 million pieces for the year ended December 31, 2018 from 25.1 million pieces for the year ended December 31, 2017. Uniforms accounted for approximately 31.0% of the pieces produced in the year ended December 31, 2018 compared to approximately 31.0% in the year ended December 31, 2017.

***Cost of goods sold***. Our cost of goods sold increased by 44.6% to US$850.2 million for the year ended December 31, 2018 from US$588.1 million for the year ended December 31, 2017. 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 26.9% to US$662.4 million for the year ended December 31, 2018 from US$522.2 million for the year ended December 31, 2017, primarily as a result of increased sales volume and an increase in raw material prices. Total factory overhead increased 61.7% to US$136.2 million for the year ended December 31, 2018 from US$84.2 million for the year ended December 31, 2017, primarily as a result of an increase in depreciation, which increased 83.3% to US$51.2 million in the year ended December 31, 2018 from US$27.9 million in the year ended December 31, 2017, primarily as a result of the acquisition of BIS and PMJ, an increase in electricity and water expenses, which increased 66.4% to US$52.1 million in the year ended December 31, 2018 from US$31.3 million in the year ended December 31, 2017 as a result of an increase in capacity expansion as well as an increase in rent, which increased 93.3% to US$13.9 million in the year ended December 31, 2018 from US$7.2 million in the year ended December 31, 2017 as a result of an increase in our operating leases for machinery. Cost of goods sold increased to 82.2% of sales for the year ended December 31, 2018 from 77.5% of sales for the year ended December 31, 2017.

***Selling expenses***. Our selling expenses increased by 24.8% to US$15.6 million for the year ended December 31, 2018 from US$12.5 million for the year ended December 31, 2017. The increase was primarily due to an increase in commission which increased by 78.6% to US$2.9 million for the year ended December 31, 2018 from US$1.6 million in the year ended December 31, 2017 as a result of an increase in sales, an increase in freight which increased by 8.0% to US$9.0 million for the year ended December 31, 2018 from US$8.4 million in the year ended December 31, 2017 as a result of an increase in sales volume, an increase in business traveling, which increased 53.9% to US$1.7 million for the year ended December 31, 2018 from US$1.1 million in the year ended December 31, 2017 due to marketing activities.

***General and administrative expenses***. Our general and administrative expenses increased by 30.3% to US$32.0 million for the year ended December 31, 2018 from US$24.5 million for the year ended December 31, 2017. The increase was primarily due to an increase in tax expenses, which increased 88.2% to US$5.3 million for the year ended December 31, 2018 from US$2.8 million in the year ended December 31, 2017 as a result of increased sales, and increase in entertainment, which increased 121.5% to US$1.7 million for the year ended December 31, 2018 from US$0.8 million in the year ended December 31, 2017, an increase in professional fees, which increased 37.1% to US$1.8 million for the year ended December 31, 2018 from US$1.3 million in the year ended December 31, 2017 and an increase in repair and maintenance, which increased 191.4% to US$0.6 million for the year ended December 31, 2018 from US$0.2 million in the year ended December 31, 2017.

***(Loss) gain on foreign exchange — Net***. For the year ended December 31, 2018, we had a US$0.0 million net foreign exchange gain compared to a US$0.6 million net foreign exchange loss for the year ended December 31, 2017.

***Negative goodwill***. For the year ended December 31, 2018 we recognized negative goodwill of US$24.9 million in connection with our acquisitions of BIS and PMJ, because the net assets of BIS and PMJ exceeded the consideration paid. See Note 4 to our consolidated financial statements included elsewhere in this offering memorandum.

***Other operating income***. Our other operating income decreased to US$0.8 million for the year ended December 31, 2018 from US$1.1 million for the year ended December 31, 2017. The decrease was primarily due to lower scrap sales in 2018 and an insurance claim in 2017.

***Finance income***. Our finance income increased to US$0.9 million for the year ended December 31, 2018 from US$0.4 million for the year ended December 31, 2017. This was primarily due to an increase in interest rates.

***Finance charges***. Our finance charges increased to US$63.4 million for the year ended December 31, 2018 from US$62.9 million for the year ended December 31, 2017. The increase was mainly due to an increase in outstanding indebtedness. For the year ended December 31, 2018, no borrowing costs were capitalized as compared to borrowing costs amounting to US$8.1 million being capitalized for the year ended December 31, 2017.

***Income tax expense***. Our income tax expense increased to US$14.9 million for the year ended December 31, 2018 from US$4.1 million for the year ended December 31, 2017. This increase was primarily due to an increase in profit before income tax, an increase in pretax income at our trading subsidiary and the impact of deferred income taxes.

***Total comprehensive income***. As a result of the foregoing, our total comprehensive income increased by 31.0% to US$86.2 million for the year ended December 31, 2018 from US$65.8 million for the year ended December 31, 2017.

***Year Ended December 31, 2017 Compared with Year Ended December 31, 2016***

***Sales***. Our sales increased by 11.7% to US$759.3 million for the year ended December 31, 2017 from US$679.9 million for the year ended December 31, 2016. The increase was due to the following:

- **Yarn**: Our yarn sales increased by 12.2% to US$292.4 million for the year ended December 31, 2017 from US$260.7 million for the year ended December 31, 2016. The increase in yarn 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 9.1% increase in production to 645,475 bales of yarn for the year ended December 31, 2017 from 591,814 bales of yarn for the year ended December 31, 2016.
- **Greige**: Our greige sales increased by 7.0% to US$74.1 million for the year ended December 31, 2017 from US$69.3 million for the year ended December 31, 2016. The increase in greige sales was primarily the result of a 4.2% decrease in greige made available for use internally to produce apparel and higher average selling price. Production increased to 148.3 million meters for the year ended December 31, 2017 from 145.4 million meters for the year ended December 31, 2016.
- **Finished Fabrics**: Our finished fabrics sales increased by 10.3% to US$193.7 million for the year ended December 31, 2017 from US$175.7 million for the year ended December 31, 2016. The increase in finished fabrics 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 28.9% to 153.3 million yards in the year ended December 31, 2017 from 119.0 million yards in the year ended December 31, 2016.
- **Apparel**: Our apparel sales increased by 14.2% to US$199.1 million for the year ended December 31, 2017 from US$174.3 million for the year ended December 31, 2016. The increase in apparel 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 25.1 million pieces for the year ended December 31, 2017 from 22.0 million pieces for the year ended December 31, 2016. Uniforms accounted for approximately 31.0% of the pieces produced in the year ended December 31, 2017 compared to approximately 30.5% in the year ended December 31, 2016.

***Cost of goods sold***. Our cost of goods sold increased by 10.0% to US$588.1 million for the year ended December 31, 2017 from US$534.6 million for the year ended December 31, 2016. 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 14.7% to US$522.2 million for the year ended December 31, 2017 from US$455.3 million for the year ended December 31, 2016, primarily as a result of increased sales volume and an increase in raw material prices. Total factory overhead increased 28.4% to US$84.2 million for the year ended December 31, 2017 from US$65.6 million for the year ended December 31, 2016, primarily as a result of an increase in depreciation, which increased 41.4% to US$27.9 million in the year ended December 31, 2017 from US$19.8 million in the year ended December 31, 2016, as a result of the

acquisition of fixed assets for capacity expansion, an increase in electricity and water expenses, which increased 8.5% to US$31.3 million in the year ended December 31, 2017 from US$28.9 million in the year ended December 31, 2016 as a result of an increase in electricity tariffs and capacity expansion as well as an increase in rent, which increased 53.0% to US$7.2 million in the year ended December 31, 2017 from US$4.7 million in the year ended December 31, 2016 as a result of an increase in our operating leases for machinery. Cost of goods sold decreased to 77.5% of sales for the year ended December 31, 2017 from 78.6% of sales for the year ended December 31, 2016.

***Selling expenses***. Our selling expenses decreased by 3.7% to US$12.5 million for the year ended December 31, 2017 from US$13.0 million for the year ended December 31, 2016. The decrease was primarily due to a decrease in others which decreased 59.1% to US$1.1 million in the year ended December 31, 2017 from US$2.6 million in the year ended December 31, 2016 primarily due to a decrease in other selling expenses and export development, offset in part by an increase in freight, which increased 19.5% to US$8.4 million in the year ended December 31, 2017 from US$7.0 million in the year ended December 31, 2016.

***General and administrative expenses***. Our general and administrative expenses increased by 10.4% to US$24.5 million for the year ended December 31, 2017 from US$22.2 million for the year ended December 31, 2016. The increase was primarily due to an increase in salaries, wages and allowances as a result of an increase in others, the regional salary minimum rate and the employment of more highly skilled personnel to operate new machinery, offset in part by decreases in tax expenses, entertainment, permit and license expenses.

***(Loss) gain on foreign exchange — Net***. For the year ended December 31, 2017, our net foreign exchange loss decreased 38.0% to US$0.6 million from US$0.9 million for the year ended December 31, 2016. The decrease was primarily due to a stable U.S. dollar to Indonesian Rupiah exchange rate in 2017.

***Other operating income***. Our other operating income decreased to US$1.1 million for the year ended December 31, 2017 from US$6.3 million for the year ended December 31, 2016. The decrease was primarily due to (i) there being no sales of scrap metal for the year ended December 31, 2017 as compared to sales of scrap metal of US$4.0 million for the year ended December 31, 2016 and (ii) a decrease in the write back of withholding tax expense as a result of a tax amnesty, offset in part by (a) a gain on sales of fixed asset relating to the sales of old machinery for the year ended December 31, 2017 and (b) an increase in claim of insurance in 2017.

***Finance income***. Our finance income decreased to US$0.4 million for the year ended December 31, 2017 from US$1.1 million for the year ended December 31, 2016. This decrease was primarily due to a decrease in deposits held in time deposit accounts for the year ended December 31, 2017, although this was offset in part by an increase in deposits in November 2017 attributable to an issuance of additional shares in the Issuer to PT Huddleston Indonesia.

***Finance charges***. Our finance charges increased by 24.6% to US$62.9 million for the year ended December 31, 2017 from US$50.5 million for the year ended December 31, 2016. The increase was mainly due to increased interest expenses relating to the 2021 Notes for the full year as compared to six months in the year ended December 31, 2016 and the 2024 Notes which were issued in March 2017. For the year ended December 31, 2017, borrowing costs amounting to US$8.1 million were capitalized as part of the acquisition of fixed assets as compared to borrowing costs amounting to US$18.9 million for the year ended December 31, 2016.

***Income tax expense***. Our income tax expense decreased to US$4.1 million for the year ended December 31, 2017 from US$6.7 million for the year ended December 31, 2016. This decrease was primarily due to an increase in deferred income tax benefit, offset in part by an increase in current income tax expense.

***Total comprehensive income***. As a result of the foregoing, our total comprehensive income increased by 12.6% to US$65.8 million for the year ended December 31, 2017 from US$58.4 million for the year ended December 31, 2016.

**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 and maintaining 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 June 30, 2019, our cash and cash equivalents amounted to US$136.8 million.

***Liquidity***

The following table sets forth information regarding our cash flows for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019 and our cash and cash equivalents at the end of each period:

| | For the years ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | | | (US$ millions) | (unaudited) | |
| **Consolidated Statements of Cash Flows Data** | | | | | |
| Net cash provided by (used in) operating activities | 5.4 | (28.8) | 64.5 | 17.9 | 3.4 |
| Net cash used in investing activities | (83.5) | (30.1) | (115.4) | (96.7) | (34.7) |
| Net cash provided by financing activities | 62.3 | 126.3 | 51.7 | 42.7 | 40.5 |
| Increase (decrease) in cash and cash equivalents | (15.7) | 67.4 | 0.8 | (36.1) | 9.2 |
| Net effect of changes in exchange rates on cash and cash equivalents | (0.9) | (0.6) | 0.0 | (0.4) | (0.4) |
| Cash and cash equivalents at beginning of period | 77.1 | 60.5 | 127.2 | 127.2 | 128.1 |
| Cash and cash equivalents at end of period | 60.5 | 127.2 | 128.1 | 90.7 | 136.8 |

***Net cash provided by/(used in) operating activities***. We had US$3.4 million of net cash provided by operating activities in the six months ended June 30, 2019 as compared to US$17.9 million in the six months ended June 30, 2018. Our collections from customers increased by 15.2% to US$575.9 million in the six months ended June 30, 2019 from US$500.1 million in the six months ended June 30, 2018. Our cash received from other operating income increased to US$0.4 million in the six months ended June 30, 2019 from US$0.2 million in the six months ended June 30, 2018. Our cash received from interest income decreased to US$0.5 million in the six months ended June 30, 2019 from US$0.6 million in the six months ended June 30, 2018. Payments to suppliers and contractors increased 23.2% to US$478.6 million in the six months ended June 30, 2019 from US$388.4 million in the six months ended June 30, 2018. Payments for salaries and employee benefits increased 15.8% to US$36.1 million in the six months ended June 30, 2019 from US$31.2 million in the six months ended June 30, 2018. Interest paid decreased 1.4% to US$38.0 million in the six months ended June 30, 2019 from US$38.6 million in the six months ended June 30, 2018. Payments of income taxes decreased 51.9% to US$3.4 million in the six months ended June 30, 2019 from US$7.1 million in the six months ended June 30, 2018. Payments for operational expenses decreased 2.2% to US$17.3 million in the six months ended June 30, 2019 from US$17.7 million in the six months ended June 30, 2018.

We had US$64.5 million of net cash provided by operating activities in 2018 as compared to US$28.8 million of net cash used in operating activities in 2017. Our collections from customers increased by 42.5% to US$1,026.5 million in 2018 from US$720.3 million in 2017. Our cash received from other operating income increased 20.2% to US$0.8 million from US$0.7 million in 2017. Our cash received from interest income increased 128.2% to US$0.9 million in 2018 from US$0.4 million in 2017. Payments to suppliers and contractors increased 28.7% to US$794.5 million in 2018 from US$617.1 million in 2017. Payments for salaries and employee benefits increased 59.6% to US$58.1 million in 2018 from US$36.4 million in 2017. Interest paid

increased 5.1% to US$61.0 million in 2018 from US$58.0 million in 2017. Payments of income taxes increased 8.2% to US$12.9 million in 2018 from US$12.0 million in 2017. Payments for operational expenses increased 39.6% to US$37.2 million in 2018 from US$26.7 million in 2017.

We recorded net cash used in operating activities of US$28.8 million in 2017, compared to net cash provided by operating activities of US$5.4 million in 2016. Our collections from customers increased by 13.9% to US$720.3 million in 2017 from US$632.6 million in 2016. Our cash received from other operating income decreased by 89.3% to US$0.7 million in 2017 from US$6.3 million in 2016 primarily due to (i) there being no sales of scrap metal in 2017 as compared to sales of scrap metal of US$4.0 million in 2016 and (ii) a decrease in the write back of withholding tax expense as a result of a tax amnesty, offset in part by a gain on sales of fixed asset relating to the sales of old machinery in 2017 and (b) an increase in claim of insurance. Our payments to suppliers and contractors increased by 20.6% to US$617.1 million in 2017 from US$511.8 million in 2016. Our interest paid increased by 6.3% to US$58.0 million in 2017 from US$54.5 million in 2016, primarily as a result of an increase in the amount of outstanding debt. Our payments for operational expenses decreased 1.9% to US$26.7 million in 2017 from US$27.2 million in 2016, in part as a result of a decrease in permit and license fees and entertainment expenses.

***Net cash used in investing activities***. Our net cash used in investing activities decreased to US$34.7 million in the six months ended June 30, 2019 from US$96.7 million in the six months ended June 30, 2018. In the six months ended June 30, 2019, the amount of cash used in the acquisition of assets was US$34.7 million compared to US$18.4 million in the six months ended June 30, 2018. The assets were primarily acquired to increase production capacity. In addition, in the six months ended June 30, 2018, we used US$85.0 million in the acquisitions of BIS and PMJ, received US$1.7 million from the sale of fixed assets and realized an advance for investment in shares of US$5.0 million.

Our net cash used in investing activities increased to US$115.4 million in 2018 from US$30.1 million in 2017. In 2018 the amount of cash used in the acquisition of assets was US$37.2 million compared to US$24.0 million in 2017. The assets were primarily acquired to increase production capacity. In addition, in 2018, we used US$85.0 million in the acquisitions of BIS and PMJ.

Our net cash used in investing activities decreased by 64.0% to US$30.1 million in 2017 from US$83.5 million in 2016. In 2017, the amount of cash used in the acquisition of assets decreased by 69.9% to US$24.0 million from US$79.6 million in 2016. The fixed assets were primarily acquired to increase production capacity. Advance payments related to the acquisition of fixed assets decreased 70.9% to US$1.1 million in 2017 from US$3.8 million in 2016, primarily due to the delivery of fixed assets for which advance payments had been made in the prior year and their reclassification as fixed assets. In 2017, we had US$5.0 million in advance payments for investment in shares related to the BIS/PMJ Acquisition.

***Net cash provided by financing activities***. Our net cash provided by financing activities was US$40.5 million in the six months ended June 30, 2019 compared to US$42.7 million in the six months ended June 30, 2018. The main source of cash from financing activities in the six months ended June 30, 2019, was US$364.6 million from long term bank loans and US$22.3 million from short term bank loans, offset in part by US$185.0 million of payments of notes payable, US$121.6 million of payments of short term bank loans and US$39.8 million of payments of long term bank loans. The main source of cash from financing activities in the six months ended June 30, 2018 was US$25.0 million of proceeds from the issuance of medium-term notes, US$35.0 million of proceeds from short term bank loans and US$24.8 million of proceeds from long-term bank loans, offset in part by US$28.2 million of payments of short-term bank loans and US$1.7 million of payments of long-term bank loans and US$12.1 million of dividends paid.

Our net cash provided by financing activities was US$51.7 million in 2018 compared to US$126.3 million in 2017. The main source of cash from financing activities in 2018 was US$25.0 million from the issuance of medium term notes, US$48.4 million from short term bank loans and US$22.1 million from long term bank loans, offset in part by US$27.6 million of payments of short term bank loans, US$3.5 million of payments of long term bank loans and US$12.1 million of dividends.

Our net cash provided by financing activities increased by 102.7% to US$126.3 million in 2017 from US$62.3 million in 2016. The main source of cash from financing activities in 2017 was US$147.3 million from the issuance of the 2024 Notes, US$14.7 million of proceeds from long-term bank loans, US$71.0 million of proceeds from short-term bank loans and US$40.0 million of proceeds of medium-term notes, offset in part by US$44.2 million of payments of long-term bank loans, US$89.3 million of payments of notes payable, US$22.2 million of payments of short-term bank loans and US$30.0 million of payments of medium term notes.

### Indebtedness

As of June 30, 2019, we had US$773.2 million of total indebtedness outstanding (not including derivative liabilities) and had US$338.3 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 (excluding interest charges) of the Company's financial liabilities, which include our total bank loans, the 2021 Notes and the 2024 Notes, as of June 30, 2019:

| | Payments Due by Period (Unaudited) | | | |
|---|---|---|---|---|
| | Within one year | One to five years | More than five years | Total |
| | (US$ millions) | | | |
| Long-term bank loans (including current portion) | 7.9 | 358.6 | — | 366.5 |
| Short-term bank loans | 22.3 | — | — | 22.3 |
| Notes payable[1] | — | 319.4 | — | 319.4 |
| Medium-term notes | — | 65.0 | — | 65.0 |
| **Total**[2] | 30.2 | 743.0 | — | **773.2** |

(1) Notes payable represents the obligations of the Issuer under the 2021 Notes and the 2024 Notes.
(2) Does not include derivative liabilities of US$0.4 million as of June 30, 2019.

### Capital Expenditure

The table below sets forth our capital expenditures for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019.

| | For the years ended December 31, | | | For the six months ended June 30, | |
|---|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2018 | 2019 |
| | (US$ millions) | | | (unaudited) | |
| **Capital expenditure** | | | | | |
| Maintenance | 13.0 | 16.8 | 37.2 | 18.4 | 34.7 |
| Expansion | 66.7 | 7.2 | — | — | — |
| Payment of advances for purchases of fixed assets | 3.8 | 1.1 | — | — | — |
| **Total capital expenditure** | **83.5** | **25.1** | **37.2** | **18.4** | **34.7** |

We expect to incur planned capital expenditures of approximately US$35.0 million to US$40.0 million in 2019, which will mainly comprise maintenance capital expenditure. 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 June 30, 2019, 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***

Our reporting currency is the U.S. dollar. We face 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.

We do not have any formal hedging policy for foreign exchange exposure. However, in accordance with matters discussed in the preceding paragraph, the fluctuations in the exchange rates between the U.S. dollar and other foreign currencies (mainly Rupiah and Euro) provide some degree of natural hedge for our foreign currency exposure.

***Interest Rate Risk***

Our interest rate risk mainly comes from loans used to finance working capital and investments. Currently, we do not have a formal hedging policy for interest rate exposures.

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

***Credit Risk***

We are exposed to credit risk arising from the credit granted to its customers. To mitigate this risk, we have 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 our policy that all customers who wish to trade on credit are subject to credit verification procedures. For international sales, we require cash against the presentation of documents of title. For sales to local customers, we require 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 our exposure to bad debts.

To mitigate the default risk of banks on our time deposits, we have policies to place our 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 standards and amendments/improvements to standards effective for periods beginning on or after January 1, 2018, with early application permitted are:

- PSAK 2 (amendment), Statement of Cash Flows about Disclosure Initiative
- PSAK 13 (amendment), Transfers of Investment Property
- PSAK 15 (improvement), Investments in Associates and Joint Ventures
- PSAK 16 (Amendment): Property, Plant and Equipment — Agriculture: Bearer Plant
- PSAK 46 (amendment), Income Tax Recognition on Deferred Tax Assets for Unrealized Losses
- PSAK 53 (amendment), Classification and Measurement of Share-based Payment Transactions
- PSAK 67 (improvement), Disclosures of Interest in Other Entities

- PSAK 69, Agriculture
- PSAK 111, Wa'd Accounting

The standards and amendments to standards effective for periods beginning on or after January 1, 2020, with early application permitted are:

- ISAK 33, Foreign Currency Transactions and Advance Consideration
- PSAK 15 (amendment), Investments in Associates and Joint Ventures: Long Term Interest in Associates and Joint Ventures
- PSAK 62 (amendment), Insurance Contracts — Applying PSAK 71: Financial Instruments with PSAK 62: Insurance Contracts
- PSAK 71, Financial Instruments
- PSAK 71 (amendment), Financial Instruments: Prepayment Features with Negative Compensation
- PSAK 72, Revenue from Contracts with Customers
- PSAK 73, Leases

All new standards and amendments to standards are effective for the financial year beginning January 1, 2020, while the new interpretation is effective beginning January 1, 2019. Early adoption of the above new standards and amendments to standards is permitted, while early adoption of PSAK 73 is permitted only upon early adoption also of PSAK 72.

# 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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our sales were US$679.9 million, US$759.3 million, US$1,033.9 million, US$538.8 million and US$632.4 million, respectively, our gross profit was US$145.4 million, US$171.3 million, US$183.8 million, US$99.5 million and US$128.0 million, respectively, and our EBITDA was US$135.4 million, US$162.9 million, US$189.1 million, US$99.3 million and US$128.3 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, 2018 and the six months ended June 30, 2019, we produced 1,002,536 and 563,567 bales of yarn and generated sales of US$464.4 million and US$254.1 million and gross profit of US$37.6 million and US$29.1 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, 2018 and the six months ended June 30, 2019, we produced 147,127,886 and 91,353,326 meters of greige and generated sales of US$74.4 million and US$40.5 million and gross profit of US$11.6 million and US$6.5 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, 2018 and the six months ended June 30, 2019, we produced 207,591,262 and 126,785,753 yards of finished fabrics and generated sales of US$250.2 million and US$168.8 million and gross profit of US$60.9 million and US$42.9 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, 2018 and the six months ended June 30, 2019, we produced 28,024,618 pieces of apparel, (of which 19,341,076 pieces were fashion garments and 8,683,542 pieces were uniforms) and 20,554,454 pieces of apparel (of which 13,414,266 pieces were fashion garments and 7,140,188 pieces were uniforms), and generated sales of US$245.0 million and US$168.9 million and gross profit of US$73.7 million and US$49.4 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 of land in Sukoharjo, while SPD's production facilities, which produce yarn, are located on approximately 18 hectares of land in Semarang, approximately 120 kilometers from our main facilities. BIS is located on approximately 24 hectares of land in Semarang, approximately 117 kilometers from our main facilities, while PMJ is located on approximately 22 hectares of land in Boyolali, approximately 60 kilometers from our main facilities.

The following table sets forth our installed production capacity as of June 30, 2019 (although installed it will take time for production to ramp up to full capacity):

| Division | Capacity as of June 30, 2019 |
|---|---|
| Spinning | 1,100,000 bales |
| Weaving | 170 million to 200 million meters[1] |
| Finishing | 240 million yards |
| Garment | 30 million pieces |

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

## 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, BIS and PMJ located nearby. Through vertical integration, we believe that 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 June 30, 2019, approximately 56.2% of our machinery was less than 5 years old on a weighted average basis by value, 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. In 2018 and for the six months ended June 30, 2019, 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 9001:2015 and ISO 14001:2015 certifications and Oeko-Tex Standard 100 TESTEX Zurich certification.

***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 years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, our top 10 customers accounted for, in the aggregate, 17.5%, 34.4%, 18.7% and 19.4% of our sales, respectively, and we sold products to over 200 customers across each period. We are also diversified geographically. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, 52.5%, 53.3%, 60.3% and 59.7% of our sales were international, respectively, while 47.5%, 46.7%, 39.7% and 40.3% of our sales 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, 2016, 2017 and 2018 and the six months ended June 30, 2019, 95.9%, 95.4%, 95.7% and 94.9% of our sales were made to year-on-year repeat customers, respectively.

In addition, for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, our uniform sales accounted for 15.4%, 17.5%, 16.2% and 15.9% of our sales, respectively, and 59.9%, 66.9%, 68.4% and 59.4% 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 August 30, 2019 were approximately US$260.92 in Malaysia and US$170.00 in Cambodia, and ranged from US$197.18 to US$307.66 in China, US$160.43 to US$180.76 in Vietnam, US$110.46 to US$277.12 in Indonesia and US$302.13 to US$323.71 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 our production facilities are located, was Rp.1,783,500 (US$123.16) effective January 1, 2019. 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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our sales were US$679.9 million, US$759.3 million, US$1,033.9 million, US$538.8 million and US$632.4 million, respectively, our gross profit was US$145.4 million, US$171.3 million, US$183.8 million, US$99.5 million and US$128.0 million, respectively, and our EBITDA was US$135.4 million, US$162.9 million, US$189.1 million, US$99.3 million and US$128.3 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 us 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 our daily operations, 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, Taiwan, China, Germany, 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:

***Improve production efficiency and reduce costs.***

In order to meet increasing demand from our international and domestic customers, we have in recent years expanded our production capacity by investing in additional machinery across our production divisions. Our capacity expansion has been completed as of the end of 2016, and we are in the process of ramping up our production. In addition, we expanded our spinning capacity in 2018 through the BIS/PMJ Acquisition.

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. For example, in mid-2018, we upgraded our Enterprise Resource Planning ("ERP") system to the Microsoft Dynamics AX platform, which integrates data relating to raw material input, production output and sales into one system, which allows for more accurate and comprehensive tracking of production and sales information. Under this plan, we will also 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.

***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, 2016, 2017 and 2018 and the six months ended June 30, 2019, purchases of rayon fiber, together with rayon yarn and greige, in aggregate, accounted for 62.7%, 56.0%, 53.8% and 56.3%, 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. Historically, there were 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 but is independent of us, owns a rayon fiber production facility in Nguter, Sukoharjo, Central Java, which commenced commercial operations in October 2017 but which operations had ceased from February 2018 until December 2018 as a result of an environmental decree issued by the Regent of Sukoharjo. See "Risk Factors — Risks Relating to Our Business — 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". RUM's facility is expected to have the capacity to produce 80,000 tons of rayon fiber per year, of which capacity to produce 40,000 tons of rayon fiber has been operational since December 2018. In order to secure a steadier and more consistent source of rayon fiber, we intend to source up to 20.0% to 25.0% of our ongoing rayon fiber needs from this production plant once the plant is at full capacity. 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 and allow us to reduce our import of rayon, enabling us to achieve cost savings in the form of reduced import tariff costs and to optimize our working capital for stocking raw materials. 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, 2016, 2017 and 2018 and the six months ended June 30, 2019, 4.1%, 4.6%, 4.3% and 5.1% of our 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.

***Capitalize on strategic acquisition opportunities.***

To complement our organic growth, we will continue to explore opportunities for strategic acquisitions to acquire, at attractive valuations, businesses and products that will complement our existing business and expand our client base. In February 2018, we acquired 82% (and in April 2018, we acquired the remaining shares) of BIS and PMJ, which are both leading manufacturers and exporters of spun yarns in Indonesia, which increased our spinning production capacity and allowed us to gain access to new customers.

## 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.723.0 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. In order to further increase our yarn production capacity and support our ongoing downstream capacity expansion, in 2018 we completed the BIS/PMJ Acquisition to acquire BIS and PMJ. BIS and PMJ are manufacturers and exporters of spun yarns located in Semarang and the Boyolali District of Central Java, respectively, with a total of 301,000 spindles and a total production capacity of approximately 81,000 metric tons of spun yards per annum as at December 31, 2017. The acquisition closed in two tranches: we acquired 82% of the outstanding shares of each of BIS and PMJ in February 2018 and the remaining shares of BIS and PMJ in April 2018.

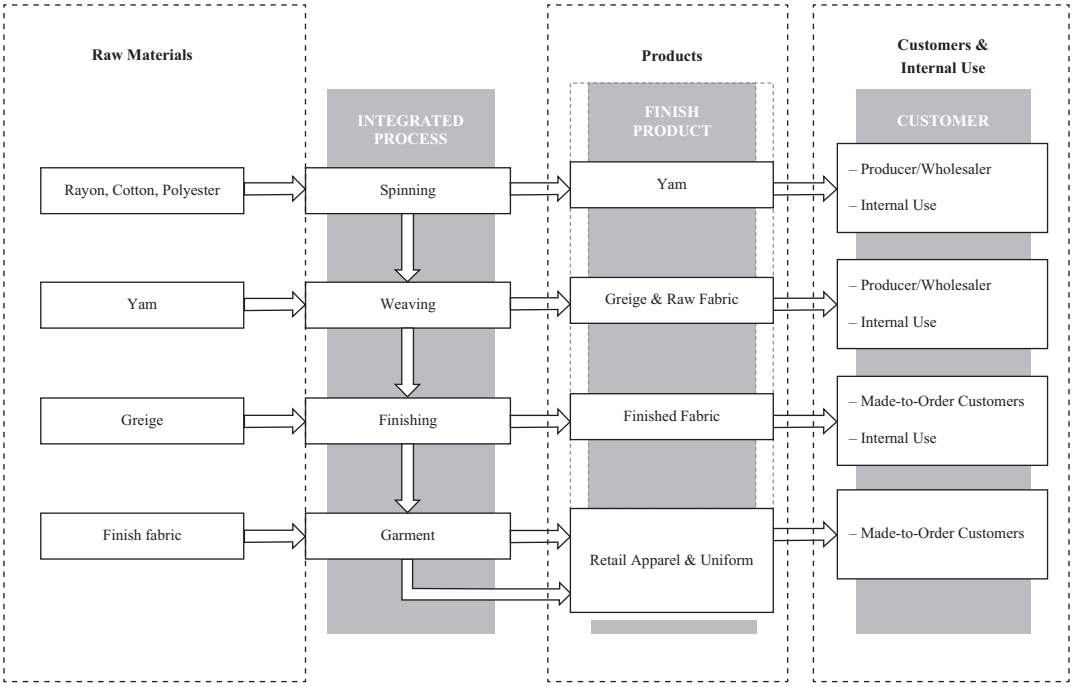
Today, we are an integrated textile and apparel manufacturer with 16 spinning plants (including BIS and PMJ), three weaving plants, five dying and printing plants and eight garment plants operating in a single location with SPD operating five spinning plants approximately 120 kilometers from our main 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 sales by product for each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019. 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 six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2017 | | 2018 | | 2018 | | 2019 | |
| | | | | | | | (unaudited) | | | |
| | (US$ millions) | % | (US$ millions) | % | (US$ millions) | % | (US$ millions) | % | (US$ millions) | % |
| **Product** | | | | | | | | | | |
| Yarn | 260.7 | 38.3 | 292.4 | 38.5 | 464.4 | 44.9 | 254.4 | 47.2 | 254.1 | 40.2 |
| Greige | 69.3 | 10.2 | 74.1 | 9.8 | 74.4 | 7.2 | 41.4 | 7.7 | 40.5 | 6.4 |
| Finished Fabric | 175.7 | 25.8 | 193.7 | 25.5 | 250.2 | 24.2 | 121.4 | 22.5 | 168.8 | 26.7 |
| Garments | 174.3 | 25.6 | 199.1 | 26.2 | 245.0 | 23.7 | 121.5 | 22.6 | 168.9 | 26.7 |
| **Total Sales** | **679.9** | **100.0** | **759.3** | **100.0** | **1,033.9** | **100.0** | **538.8** | **100.0** | **632.4** | **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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, we produced approximately 591,814 bales, 645,475 bales, 1,002,536 bales, 538,737 bales and 563,567 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 six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2017 | | 2018 | | 2018 | | 2019 | |
| | | | | | (bales) | | | | | |
| | Total | % | Total | % | Total | % | Total | % | Total | % |
| **Description** | | | | | | | | | | |
| **International** | | | | | | | | | | |
| Rayon Yarn | 112,147 | 18.1 | 128,345 | 19.5 | 205,721 | 20.1 | 96,259 | 17.4 | 154,334 | 26.3 |
| Cotton Yarn | 50,347 | 8.1 | 50,843 | 7.7 | 84,354 | 8.2 | 41,945 | 7.6 | 45,875 | 7.8 |
| Polyester Yarn | 31,751 | 5.1 | 35,734 | 5.4 | 62,812 | 6.1 | 27,694 | 5.0 | 34,928 | 5.9 |
| **Subtotal** | **194,425** | **31.4** | **214,922** | **32.7** | **352,887** | **34.4** | **165,898** | **29.9** | **235,137** | **40.0** |
| **Domestic** | | | | | | | | | | |
| Rayon Yarn | 175,325 | 28.4 | 177,878 | 27.0 | 242,438 | 23.7 | 171,208 | 30.9 | 142,332 | 24.2 |
| Cotton Yarn | 49,364 | 8.0 | 66,770 | 10.1 | 96,497 | 9.4 | 64,266 | 11.6 | 55,878 | 9.5 |
| Polyester Yarn | 20,853 | 3.4 | 27,457 | 4.2 | 51,132 | 5.0 | 28,029 | 5.1 | 24,980 | 4.3 |
| **Subtotal** | **245,542** | **39.7** | **272,105** | **41.4** | **390,067** | **38.1** | **263,502** | **47.6** | **223,190** | **38.0** |
| **Internal Use** | | | | | | | | | | |
| Rayon Yarn | 121,783 | 19.7 | 103,498 | 15.7 | 168,702 | 16.5 | 75,467 | 13.6 | 79,322 | 13.5 |
| Cotton Yarn | 30,124 | 4.9 | 35,234 | 5.4 | 57,784 | 5.6 | 25,691 | 4.6 | 27,812 | 4.7 |
| Polyester Yarn | 26,398 | 4.3 | 32,072 | 4.9 | 55,163 | 5.4 | 23,386 | 4.2 | 21,976 | 3.7 |
| **Subtotal** | **178,305** | **28.8** | **170,804** | **26.0** | **281,649** | **27.5** | **124,544** | **22.5** | **129,110** | **22.0** |
| **Total products available for sale** | **618,092** | **100.0** | **657,831** | **100.0** | **1,024,603** | **100.0** | **553,945** | **100.0** | **587,437** | **100.0** |
| Purchases | 26,278 | — | 12,356 | — | 22,067 | — | 15,208 | — | 23,870 | |
| Production | 591,814 | — | 645,475 | — | 1,002,536 | — | 538,737 | — | 563,567 | |

***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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, we produced 145,425,281 meters, 148,337,263 meters, 147,127,886 meters, 86,530,070 meters and 91,353,326 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 six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2017 | | 2018 | | 2018 | | 2019 | |
| | Total | % | Total | % | (meters) Total | % | Total | % | Total | % |
| **Description** | | | | | | | | | | |
| International | 26,981,784 | 14.3 | 25,326,908 | 13.3 | 26,872,890 | 14.8 | 12,663,454 | 11.6 | 12,521,453 | 11.7 |
| Domestic | 43,028,047 | 22.7 | 42,687,980 | 22.5 | 43,527,510 | 23.9 | 24,901,322 | 22.9 | 23,854,298 | 22.3 |
| Internal Use | 119,250,000 | 63.0 | 122,129,543 | 64.2 | 111,565,196 | 61.3 | 71,242,233 | 65.5 | 70,321,451 | 65.9 |
| **Total products available for sale** | **189,259,831** | **100.0** | **190,144,431** | **100.0** | **181,965,596** | **100.0** | **108,807,009** | **100.0** | **106,697,202** | **100.0** |
| Purchases | 43,834,550 | — | 41,807,168 | — | 34,837,710 | — | 22,276,939 | — | 15,343,876 | — |
| Production | 145,425,281 | — | 148,337,263 | — | 147,127,886 | — | 86,530,070 | — | 91,353,326 | — |

### *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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, we produced approximately 119,046,544 yards, 153,311,089 yards, 207,591,262 yards, 96,136,379 yards and 126,785,753 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 six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2017 | | 2018 | | 2018 | | 2019 | |
| | Total | % | Total | % | (yards) Total | % | Total | % | Total | % |
| **Description** | | | | | | | | | | |
| **International** | | | | | | | | | | |
| Fashion | 36,559,855 | 30.7 | 46,467,936 | 30.3 | 56,747,433 | 27.3 | 26,719,063 | 27.8 | 38,730,256 | 30.6 |
| Uniform | 6,122,719 | 5.1 | 12,703,345 | 8.3 | 18,594,839 | 9.0 | 6,986,840 | 7.3 | 10,694,939 | 8.4 |
| **Subtotal** | **42,682,574** | **35.9** | **59,171,281** | **38.6** | **75,342,272** | **36.3** | **33,705,903** | **35.1** | **49,425,195** | **39.0** |
| **Domestic** | | | | | | | | | | |
| Fashion | 35,496,287 | 29.8 | 46,786,332 | 30.5 | 68,930,147 | 33.2 | 31,385,831 | 32.7 | 42,268,821 | 33.3 |
| Uniform | 1,117,684 | 0.9 | 4,520,439 | 3.0 | 6,296,821 | 3.0 | 2,900,615 | 3.0 | 4,237,975 | 3.3 |
| **Subtotal** | **36,613,970** | **30.8** | **51,306,771** | **33.5** | **75,226,968** | **33.2** | **34,286,446** | **35.7** | **46,506,796** | **36.7** |
| **Internal Use** | | | | | | | | | | |
| Fashion | 21,937,500 | 18.4 | 22,611,372 | 14.8 | 29,184,272 | 14.1 | 15,168,462 | 15.8 | 15,970,202 | 12.6 |
| Uniform | 17,812,500 | 15.0 | 20,221,665 | 13.2 | 27,837,750 | 13.4 | 12,975,568 | 13.5 | 14,883,560 | 11.7 |
| **Subtotal** | **39,750,000** | **33.4** | **42,833,037** | **27.9** | **57,022,022** | **27.5** | **28,144,030** | **29.3** | **30,853,762** | **24.3** |
| **Total products available for sale** | **119,046,544** | **100.0** | **153,311,089** | **100.0** | **207,591,262** | **100.0** | **96,136,379** | **100.0** | **126,785,753** | **100.0** |
| Purchases | — | — | — | — | — | — | — | — | — | — |
| Production | 119,046,544 | — | 153,311,089 | — | 207,591,262 | — | 96,136,379 | — | 126,785,753 | — |

*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.

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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, we produced approximately 22,026,992 pieces, 25,102,349 pieces, 28,024,618 pieces, 15,296,496 pieces and 20,554,454 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 six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2017 | | 2018 | | 2018 | | 2019 | |
| | Total | % | Total | % | Total | % | Total | % | Total | % |
| | | | | | (pieces) | | | | | |
| **Description** | | | | | | | | | | |
| **International** | | | | | | | | | | |
| Fashion | 15,299,766 | 69.5 | 17,316,181 | 69.0 | 19,341,076 | 69.01 | 10,389,709 | 67.9 | 13,414,266 | 65.3 |
| Uniforms | 3,549,650 | 16.1 | 4,348,242 | 17.3 | 4,806,864 | 17.15 | 2,500,239 | 16.4 | 4,092,634 | 19.9 |
| **Subtotal** | **18,849,416** | **85.6** | **21,664,423** | **86.3** | **24,147,940** | **86.2** | **12,889,948** | **84.3** | **17,506,900** | **85.2** |
| **Domestic** | | | | | | | | | | |
| Fashion | — | — | — | — | — | — | — | — | — | — |
| Uniform | 3,177,576 | 14.4 | 3,437,926 | 13.7 | 3,876,678 | 13.83 | 2,406,548 | 15.7 | 3,047,554 | 14.8 |
| **Subtotal** | **3,177,576** | **14.4** | **3,437,926** | **13.7** | **3,876,678** | **13.8** | **2,406,548** | **15.7** | **3,047,554** | **14.8** |
| **Total products available for sale** | **22,026,992** | **100.0** | **25,102,349** | **100.0** | **28,024,618** | **100.0** | **15,296,496** | **100.0** | **20,554,454** | **100.0** |
| Purchases | — | — | — | — | — | — | — | — | — | — |
| Production | 22,026,992 | — | 25,102,349 | — | 28,024,618 | — | 15,296,496 | — | 20,554,454 | — |

**Our Production Process and Machinery**

The production of each of our products requires different processes and different machinery. Our main facilities currently comprise 25 buildings consisting of nine for our spinning machinery, three for our weaving machinery, five 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. BIS is located on approximately 24 hectares of land in Semarang, approximately 117 kilometers from our main facilities, while PMJ is located on approximately 22 hectares of land in Boyolali, approximately 60 kilometers from our main facilities.

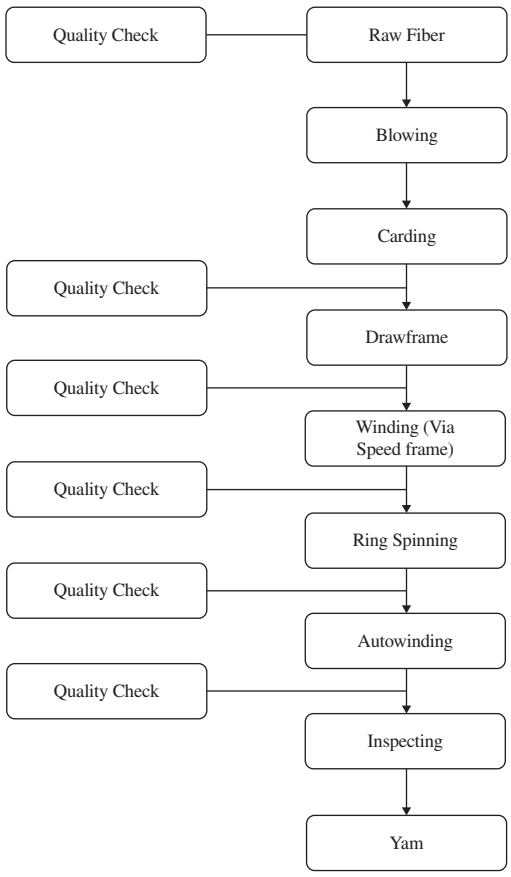
Our production capacity is generally a function of the number of machines in operation at each particular division and the respective product being produced. Except for our garment division, which typically operates for one shift of eight hours per day, we generally operate our production facilities 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.

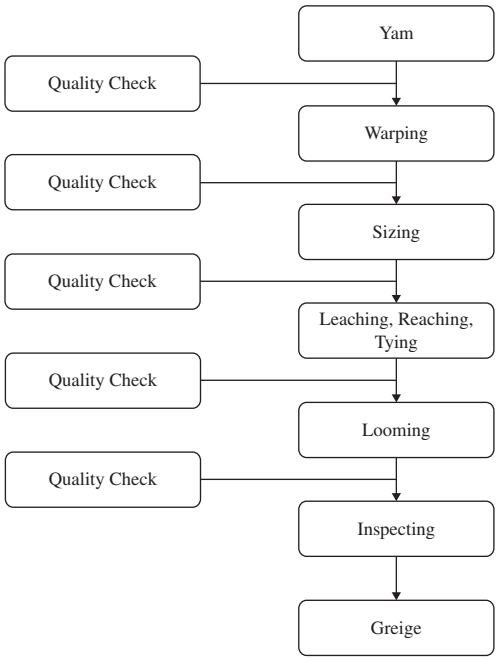
***Inspection***. Following autowinding, the yarn is checked again for overall quality prior to being packaged. Key points our inspection looks for are tensile strength, uniformity of diameter and any breaks per a specific length of yarn.

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 of June 30, 2019, we had a total of 931,248 spindles, and a total production capacity of approximately 1,100,000 bales of yarn per year. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our yarn production was approximately 591,814 bales, 645,475 bales, 1,002,536 bales, 538,737 bales and 563,567 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

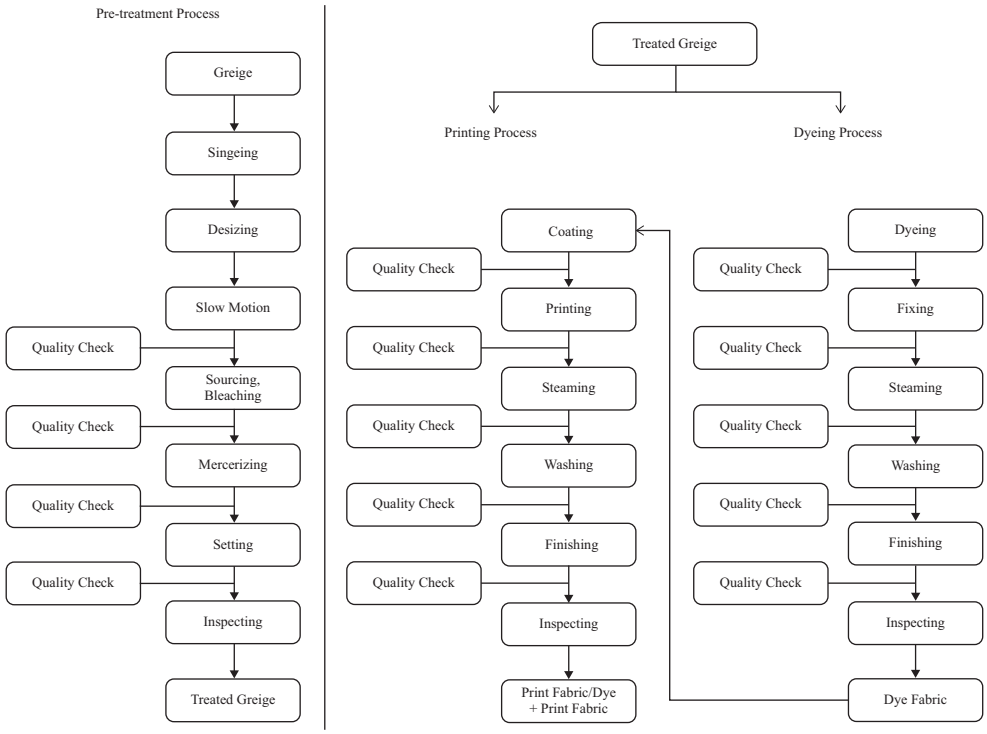
desired. We have established target production rates based on historical production output. Our weaving division consists of three buildings, which, as of June 30, 2019, housed a total of 3,831 looms, with a production capacity ranging from 170 million to 200 million meters of greige per year, depending on the thickness of the greige. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, our production was 145,425,281 meters, 148,337,263 meters, 147,127,886 meters, 86,530,070 meters and 91,353,326 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 five 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 five buildings, which, as of June 30, 2019 housed eight printing machines, two continuous dyeing machines and 10 jet dyeing machines. Our annual production capacity as of June 30, 2018 and 2019 was approximately 240 million yards of finished fabric. Our production for our finished fabrics divisions for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019 was approximately 119,046,544 yards, 153,311,089 yards, 207,591,262 yards, 96,136,379 yards, and 126,785,753 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 of June 30, 2019, we had approximately 18,150 sewing machines with a total capacity of approximately 30 million pieces per year. Our production for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019 was 22,026,992 pieces, 25,102,349 pieces, 28,024,618 pieces, 15,296,496 pieces and 20,554,454 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. In 2018 and for the six months ended June 30, 2019, 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, 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 9001:2015 and ISO 14001:2015 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 each of the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, purchases of rayon fiber, together with rayon yarn and greige, in aggregate, accounted for 62.7%, 56.0%, 53.8%, 53.1% and 56.3%, 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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, cotton fiber, together with cotton yarn and greige, in aggregate, accounted for 16.4%, 23.0%, 22.7%, 23.0% and 22.5%, respectively, of our raw materials used, respectively.

***Polyester***

Polyester is a synthetic fiber that we source both domestically and internationally. We source approximately 60.0% our polyester from domestic suppliers and 40.0% from international suppliers. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, polyester fiber, together with polyester yarn and greige, in aggregate, accounted for 20.9%, 21.0%, 23.5%, 23.9% and 21.2% 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 requires 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, RUM, a company in which our controlling shareholder has a controlling interest, owns a rayon fiber production facility in Nguter, Sukoharjo, Central Java, which commenced commercial operations in October 2017 but which operations ceased between February 2018 and December 2018 pursuant to an environmental decree issued by the Regent of Sukoharjo. See "Risk Factors — Risks Relating to Our Business — 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". This facility is expected to have the capacity to produce 80,000 tons of rayon fiber per year, of which capacity to produce 40,000 tons of rayon fiber has been operational since December 2018. In order to secure a steadier and more consistent source of rayon fiber, we intend to source up to 20% to 25% of our ongoing rayon fiber needs from this production plant once the plant is at full capacity. 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 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 sales for the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019 are set out below.

| | For the years ended December 31, | | | | | | For the six months ended June 30, | | | |
|---|---|---|---|---|---|---|---|---|---|---|
| | 2016 | | 2017 | | 2018 | | 2018 | | 2019 | |
| | | | | | | | (unaudited) | | | |
| | (US$ millions) | % | (US$ millions) | % | (US$ millions) | % | (US$ millions) | % | (US$ millions) | % |
| **Product** | | | | | | | | | | |
| **Yarn** | | | | | | | | | | |
| – International | 135.8 | 20.0 | 124.6 | 16.4 | 254.4 | 24.6 | 139.8 | 25.9 | 143.3 | 22.7 |
| – Domestic | 124.9 | 18.4 | 167.8 | 22.1 | 210.0 | 20.3 | 114.6 | 21.3 | 110.9 | 17.5 |
| **Subtotal** | **260.7** | **38.3** | **292.4** | **38.5** | **464.4** | **44.9** | **254.4** | **47.2** | **254.2** | **40.2** |
| **Greige** | | | | | | | | | | |
| – International | 30.0 | 4.4 | 24.9 | 3.3 | 40.4 | 3.9 | 13.9 | 2.6 | 20.5 | 3.2 |
| – Domestic | 39.3 | 5.8 | 49.3 | 6.5 | 34.0 | 3.3 | 27.6 | 5.1 | 20.1 | 3.2 |
| **Subtotal** | **69.3** | **10.2** | **74.2** | **9.8** | **74.4** | **7.2** | **41.5** | **7.7** | **40.6** | **6.4** |
| **Finished Fabric** | | | | | | | | | | |
| – International | 98.0 | 14.4 | 124.5 | 16.4 | 164.4 | 15.9 | 70.9 | 13.2 | 106.4 | 16.8 |
| – Domestic | 77.7 | 11.4 | 69.2 | 9.1 | 85.7 | 8.3 | 50.4 | 9.4 | 62.4 | 9.9 |
| **Subtotal** | **175.7** | **25.8** | **193.7** | **25.5** | **250.1** | **24.2** | **121.3** | **22.5** | **168.8** | **26.7** |
| **Garments** | | | | | | | | | | |
| – International | 93.3 | 13.7 | 130.9 | 17.2 | 164.4 | 15.9 | 67.1 | 12.5 | 107.5 | 17.0 |
| – Domestic | 81.0 | 11.9 | 68.3 | 9.0 | 80.6 | 7.8 | 54.4 | 10.1 | 61.4 | 9.7 |
| **Subtotal** | **174.3** | **25.6** | **199.2** | **26.2** | **245.0** | **23.7** | **121.5** | **22.6** | **168.9** | **26.7** |
| **International subtotal** | **357.0** | **52.5** | **404.9** | **53.3** | **623.7** | **60.3** | **291.8** | **54.2** | **377.7** | **59.7** |
| **Domestic subtotal** | **322.9** | **47.5** | **354.5** | **46.7** | **410.3** | **39.7** | **247.0** | **45.8** | **254.7** | **40.3** |
| **Total Sales** | **679.9** | **100.0** | **759.3** | **100.0** | **1,033.9** | **100.0** | **538.8** | **100.0** | **632.4** | **100.0** |
| International subtotal (sales) | | 52.5 | | 53.3 | | 60.3 | | 54.2 | | 59.7 |
| Domestic subtotal (sales) | | 47.5 | | 46.7 | | 39.7 | | 45.8 | | 40.3 |

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. See "— Risks Relating to Our Business — 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".

***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. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, 52.5%, 53.3%, 60.3%, 54.2% and 59.7% of our sales were international, respectively, while 47.5%, 46.7%, 39.7%, 45.8% and 40.3% of our sales 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, 2016, 2017 and 2018 and the six months ended June 30, 2018 and 2019, 95.9%, 95.4%, 95.7%, 95.1% and 94.9% of our sales were made to year-on-year 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 dan Serikat Pekerja Seluruh Indonesia PT Sri Rejeki Isman. We negotiate our collective bargaining agreements every two years. Our current collective bargaining agreement expires in October 2019.

The total employee count as of the dates indicated is shown in the table below:

| | As of December 31, | | | As of June 30, |
|---|---|---|---|---|
| | 2016 | 2017 | 2018 | 2019 |
| **Total Employees** | **17,890** | **16,334** | **18,713** | **19,458** |

**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, waste water 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 dialog in the environmental protection efforts of the surrounding community.

Under Minister of Environment Regulation No. 3 of 2014 concerning Corporate Performance Assessment Program in Environmental Management, companies are ranked either blue, red, black, 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 statutory requirements of the prevailing laws and regulations as at July 1, 2018. 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 the date of this Offering Memorandum, we are in the process of extending the term of certain of our insurance policies. As of June 30, 2019, 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**

The Issuer possesses 221 plots of land located in Sukoharjo which comprises 20 plots of land with Right to Build Certificates and 202 plots of land with Right of Ownership Certificates with a total area of 676,153 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 26,590 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. A number of Right of Ownership Certificates is currently under the process to be converted to Right to Build Certificates to be registered under our name. We also own land rights over land located in (i) Semarang, through SPD, with Building Use Rights No. 523 with a total area of 182,700 sq.m.; (ii) Boyolali and Bandung, through PMJ, with a total area of 220,895 sq.m.; and (iii) Semarang, through BIS, with a total area of 237,424 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*) and the bonded zone operator permit (*Izin Penyelenggara Kawasan Berikat*).

**Legal and Regulatory Proceedings**

We may from time to time be subject to various legal proceedings arising in the ordinary course of business. Our subsidiary, SPD, is 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.

Except as described above, 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.

## 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.

By virtue of Regulation of the Minister of Industry No. 15 of 2019 on the Issuance of the Industrial Business License and Expansion License under the Electronically Integrated Business-Licensing Services Framework dated April 29, 2019 ("MOI Regulation No. 15/2019"), business actors intending to undertake industrial-related activities shall obtain an IUI through the newly established Online Single Submission ("OSS") system as enacted by virtue of Government Regulation No. 24 of 2018 on Online Single Submission ("GR No. 24/2018"). The MOI Regulation No.15/2019 stipulates that an IUI as issued through the OSS, shall only be effective upon the fulfillment of obligations/commitments undertaken by each business actor as provided under the issued IUI. In relation to the foregoing, business actors in possession of an IUI that has not been deemed to be effective is prohibited to undertake commercial production activities. Furthermore, by virtue of Presidential Regulation No. 27 of 2009 on Integrated One-Stop Services in the Investment Sector which was recently revoked and replaced by Presidential Regulation No. 97 of 2014 on Integrated one-stay Services which is implemented through MOI Regulation No. 15/2019, provides that an IUI obtained by business actors before the establishment of the OSS systems and enactment GR No. 24/2018 shall be considered effective. Notwithstanding the mentioned, business actors may obtain an IUI as issued by the OSS, as long as there are no changes to the previously obtained IUI concerning those industrial business activities of the relevant business actor. Previously, 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 which will be valid until April 2033.

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. 147/PMK.04/2011 as lastly amended by Regulation of Minister of Finance No.120/PMK.04/2013 which was revoked and replaced by

Regulation of Minister of Finance No. 131/PMK.04/2018 on Bonded Zones ("MOF Regulation No. 131/PMK. 04/2018"). A bonded zone is a bonded storage area designated for stockpiling imported goods and materials sourced from other places to be processed or assembled, the results of which will be used for export or import. It must be located within an industrial area, or a cultivated area measuring at least 10,000 square meters.

Goods originating from (i) outside the customs areas, (ii) other bonded zones, (iii) Indonesian free trade zones, (iv) other places within customs areas, (v) special economic zones and/or (vi) other economic zones determined by the Government and stockpiled in bonded zones enjoy certain tax incentives, including suspension of import duties, excise exemptions, and import taxes (such as value add tax and luxury goods sales tax) exemptions, provided that such goods are not intended to be consumed within the relevant bonded zone and are not related to any chain of production. If such goods are released from the relevant bonded zone to be imported, taxes and excise will be imposed on such goods, as prescribed in MOF Regulation 131/2018. Goods may be temporarily released from the relevant bonded zone for the purpose of, among others, repairs, testing or exhibition.

For the operation and implementation of bonded zones, Indonesian legal entities may be granted three types of licenses, namely:

- license as a bonded zone operator (penyelenggara kawasan berikat), if the relevant legal entity intends to provide and manage a bonded zone;
- license as a bonded zone operator and user (pengusaha kawasan berikat), if the relevant legal entity intends to provide and manage a bonded zone, as well as run its business activities within that bonded zone; or
- license as a bonded zone user (pengusaha di kawasan berikat or PDKB), if the relevant legal entity intends to run its business within a bonded zone provided and managed by another legal entity.

Applicants must file applications through the OSS system. A license may be revoked if the relevant legal entity runs its business outside the scope of the granted license, as prescribed under MOF Regulation 131/2018, or if the relevant legal entity indicates inability to provide, manage, or run its business within, bonded zones, as prescribed under MOF Regulation 131/2018.

**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, Regulation of the Minister of Trade No. 39/M- DAG/ PER12/2011 and Regulation of the Minister of Trade No. 07/M-DAGPER/2/2017 on the Issuance of Trading Business License ("MOT Regulation No. 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 No. 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 No. 36/2007 As Amended stipulates that all types of SIUP is valid as long as the relevant trading company continues its business activities. 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 regulations issued by the Minister of Trade and is 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 No. 48/2015") and Regulation of the Minister of Trade No. 75 of 2018 on Importer Identification Number ("MOT Regulation No. 75/2018"), 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 re-trade 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, with the exception of goods which are granted duty-free facilities and which have been utilized for at least for two years since the relevant date of import notification.

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 therefore subject to the category of API-P.

MOT Regulation No. 75/2018 as an implementing regulation of GR 24/2018 provides that any API holders are required to register themselves through the OSS system in order to secure a Business Identification Number (Nomor Induk Berusaha or "NIB") issued by the OSS agency by no later than six months of the enactment of MOT Regulation No. 75/2018, i.e. July 20, 2018. The NIB will function and valid as an API, therefore the API-P of the Company replaced by NIB. Every NIB, is valid so long as the holders continue to carry on their business activities.

MOT Regulation No. 75/2018 requires importers who are in possession NIB (which function as valid API) to submit import realization reports online on a quarterly basis to the Director General of Foreign Trade, Ministry of Trade via web portal: http:// api.kemendag.go.id.

***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 No. 13/2012"). According to this regulation, 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 as partly revoked by the Regulation of the Minister of Trade No. 32 of 2018 on the Export Provisions for Mining Products as Sample for the Purpose of Research and Development of Processing and/or Purification Technologies. 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 or "TDP"*); 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. 179/PMK.04/2016 on Customs Registration as partly revoked by Regulation of the Minister of Finance No. 29/PMK.04/2018 of 2018 on Accelerated Customs and Excise Licensing to Facilitate Ease in Doing Business and Regulation of the Director General of Customs and Excise No. PER-04/BC/2017 on Guidelines for the Implementation of Customs Registration as amended by Regulation of the Director General of Customs and Excise No. PER 06/BC/2018 of 2018. 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 Access (*Akses Kepabeanan*) issued by the Director General of Customs. Customs Access may be revoked or subject to blockage for all or a part of customs activities by the Director General of Customs for certain reasons, including non-compliance of notice obligations and inactivity in any customs activities for 12 months.

**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 Regulation No. 36 of 2010 regarding List of Business Sectors Closed and Restricted for Investment, which was issued on May 25, 2010 and lastly revoked by Presidential Regulation No. 44 of 2016 regarding List of Business Fields that are Closed and Conditionally Open to Investment dated May 12, 2016, which has been in force since May 18, 2016 (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 as amended by Head of Central Statistic Bureau Regulation No. 19 of 2017 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.

Further, on June 21, 2018, the Government issued the GR 24/2018. Under the GR 24/2018, prior to commencing its business, every company must obtain the NIB and business licenses. The NIB is issued by the OSS agency and is the business identity of the company and is used by the company to obtain business licenses or commercial/operational licenses. NIB also functions as a TDP, API, and customs access rights. Business actors with an NIB are automatically registered with the national healthcare and employment social security schemes ("BPJS"). However, pursuant to GR 24/2018, a company that already holds a business license and/or commercial/operational licenses which is still valid and compatible with the business sector prior to the issuance of GR 24/2018 is deemed as still and will be registered in the OSS system. In order to further implement the GR 24/2018, BKPM issued Regulation on Guidelines and Procedure of License and Investment Facilities No. 6 of 2018 as amended by Regulation No. 5 of 2019 ("BKPM Regulation No. 6/2018). The scope of service arrangements under the BKPM Regulation No. 6/2018 covers licensing and investment facility services as well

as supervision on the fulfillment of business license commitments. BKPM has made a clear distinction with OSS Body with respect to licensing authorization by starting the specific business licenses which will continue to be handled and remain under the authority of BKPM. A company must obtain the NIB prior to being granted a business license in accordance with the nomenclature, format and provisions stipulated by the Ministry/ Non-Ministerial government institution supervising the sector, in the case of a company that already has a valid principle license, investment permit, investment registration or business license, the application for order necessary licensing services must include the NIB as a condition.

**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 ("GR No. 27/2012") 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, 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, 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 GR No. 27/2012 as one of the implementing regulations of the Environmental Law. GR No. 27/2012 became effective on February 23, 2012. According to GR No. 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 No. 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, 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 ("MER No. 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 No. 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 Issuer has been declared to have met the statutory requirements of the prevailing laws and regulations and therefore has been granted a "Blue" PROPER Certificate as of July 1, 2018. As the Company has fulfilled its obligations with good environmental feasibility, it has applied 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.

**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 on April 1, 2014, as amended by MEMR Regulation No. 19 of 2014 ("MEMR No. 09/2014 As Amended) 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.

MEMR No. 09/2014 was later revoked by MEMR Regulation No. 28 of 2016 on Tariff of Electricity Provided by PLN as lastly amended by MEMR No. 41 of 2017 ("MEMR No. 28/2016 As Amended"). Under MEMR No. 28/2016 As Amended, MEMR introduced 13 categories of non-subsidized electricity tariffs that PLN may adjust monthly, beginning January 1, 2017, which include:

- small households with 900 VA power utilization;
- 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;
- small size government offices with 6,600 VA to 200kVA power utilization;
- medium 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 (c) 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 June 30, 2019, we had total indebtedness outstanding of US$773.2 million, which consists of our short-term bank loans, long-term bank loans, obligations under finance lease, medium-term notes, and notes payable — net, which represents the obligations of Golden Legacy under the 2021 Notes and the 2024 Notes plus unamortized premium from the issuance of additional notes less unamortized deferred bond expenses. In addition to the description of material indebtedness below, see our consolidated financial statements included elsewhere in this Offering Memorandum.

| Description of Indebtedness | Lender(s) | Facility Amount (in millions) | Availability Period/Maturity | Amount Outstanding as of June 30, 2019 (in millions) |
|---|---|---|---|---|
| **Short-term bank loans** | | | | |
| **Issuer** | | | | |
| Letter of Credit, Bills Acceptances/ Financing, Post Import Financing Facility | Deutsche Bank | €10.0 | March 31, 2019, to be automatically extended for a period of 12 months | — |
| Omnibus Line | CTBC | US$19.0 | March 14, 2020 | — |
| Master Credit Facility | Citibank | US$40.0 | December 19, 2017, to be automatically extended for one year after each expiry date thereafter unless notified by lender | — |
| Uncommitted Omnibus Trade Facility | Maybank | US$35.0 | February 2, 2020 | — |
| Omnibus Derivatives Line | Maybank | US$75.0 | 3 years following each transaction date | — |
| Letter of Credit | Rabobank | US$10.0 | October 30, 2019 | — |
| Supply Chain Financing[1] | BPD Jateng | To be agreed between the parties in a separate correspondence | March 28, 2022 | — |
| Letter of Credit[1] | Mizuho | US$40.0 | July 12, 2020 | — |
| Demand Loan Facility[1] | QNB | Rp.500,000 | July 1, 2020 | — |
| Sight Letter of Credit, Usance Letter of Credit, UPAS and UPAU Facility[1] | QNB | Rp.750,000 | July 1, 2020 | — |
| Sight Letter of Credit or Trust Facility[1] | QNB | Rp.750,000 | July 1, 2020 | — |
| Export Discounted Bills or Export Negotiations Bills Facility[1] | QNB | Rp.750,000 | July 1, 2020 | — |
| Standby Letter of Credit Facility[1] | QNB | €10.0 or equivalent to Rp.168,000 | July 1, 2020 | — |
| FX Line Spot and Forward Facility[1] | QNB | US$3.0 | April 1, 2020 | — |
| Trust Receipt Facility[1] | CIMB Niaga | US$25.0 | One year after bookkeeping date | — |
| Trade Account Payable Facility[1] | CIMB Niaga | US$25.0 | One year after bookkeeping date | — |

| Description of Indebtedness | Lender(s) | Facility Amount (in millions) | Availability Period/Maturity | Amount Outstanding as of June 30, 2019 (in millions) |
|---|---|---|---|---|
| Trade Account Receivable Facility[1] | CIMB Niaga | US$25.0 | One year after bookkeeping date | — |
| Supplier Financing Facility[1] | CIMB Niaga | US$10.0 | One year after bookkeeping date | — |
| Bank Guarantee Facility[1] | CIMB Niaga | US$10.0 | One year after bookkeeping date | — |
| Negotiated Export Bill and Discounted Export Bill Facility[1] | CIMB Niaga | US$25.0 | One year after bookkeeping date | — |
| Revolving Credit Facility[1] | Cathay United Bank | US$10.0 | July 25, 2020 | — |
| **SPD** | | | | |
| Ijarah Muntahiyah Bi Tamlik | Maybank | US$30.0 | September 28, 2024 | — |
| Standby Letter of Credit | Maybank | US$30.0 | September 28, 2024 | — |
| **SPD, PMJ, BIS and the Issuer** | | | | |
| Banking Facility | Standard Chartered | US$40.0 | October 31, 2019, to be automatically extended for a period of 12 months | — |
| Combined Limit I | HSBC | US$35.0 | July 31, 2020 | US$11.3 |
| Standby Letter of Credit | HSBC | €2.5 | July 31, 2020 | — |
| Treasury Facility I | HSBC | US$6.0 | July 31, 2020 | — |
| Treasury Facility II | HSBC | US$0.5 | July 31, 2020 | — |
| Uncommitted Import Letter of Credit Facility | DBS | US$10.0 | April 23, 2020 | US$1.0 |
| Domestic Letter of Credit Facility | DBS | US$10.0 | April 23, 2020 | — |
| Uncommitted Trust Receipt Facility | DBS | US$10.0 | April 23, 2020 | — |
| Uncommitted Export Bill Letter of Credit with Discrepancies Facility | DBS | US$10.0 | April 23, 2020 | — |
| Uncommitted Current Account Loan Facility[1] | Bank Permata | Rp.30,000 | 36 months from date of execution of actual facility agreement | — |
| Omnibus Post Import Financing Facility[1] | Bank Permata | US$35.0 | 36 months from date of execution of actual facility agreement | — |
| Forex Line Facility[1] | Bank Permata | US$1.0 | 36 months from date of execution of actual facility agreement | — |
| Al-Musyarakah Line Facility[1] | BMI | Rp.100,000 | 12 months from date of execution of actual facility agreement | — |
| Al-Kafalah Bil Ujroh Facility[1] | BMI | Rp.285,000 | 12 months from date of execution of actual facility agreement | — |
| Al-Murabahah Revolving Line Facility[1] | BMI | Rp.285,000 | 12 months from date of execution of actual facility agreement | — |
| Common Line Facility[1] | MUFG | US$25.0 | January 22, 2021 | — |
| Forex Line Facility[1] | MUFG | US$2.0 | January 22, 2021 | — |

| Description of Indebtedness | Lender(s) | Facility Amount | Availability Period/Maturity | Amount Outstanding as of June 30, 2019 |
|---|---|---|---|---|
| | | (in millions) | | (in millions) |
| **BIS** | | | | |
| Multi Facility | BCA | US$8.0 | December 14, 2019 | US$5.1 |
| Local Credit Facility 1 | BCA | US$0.5 | December 14, 2019 | — |
| Local Credit Facility 2 | BCA | Rp.10,000 | December 14, 2019 | — |
| Forex Forward Line | BCA | US$2.0 | December 14, 2019 | — |
| **PMJ** | | | | |
| Multi Facility | BCA | US$6.0 | December 14, 2019 | US$4.9 |
| Local Credit Facility 1 | BCA | Rp.11,750 | December 14, 2019 | — |
| Local Credit Facility 2 | BCA | US$0.5 | December 14, 2019 | — |
| Forex Forward Line | BCA | US$2.0 | December 14, 2019 | — |
| **Golden Mountain** | | | | |
| UPAS LC | BNI | US$30.0 | December 3, 2019 | — |
| Trade Facility 1 | HSBC | US$5.0 | September 21, 2019, to be automatically extended for a period of 12 months | — |
| Trade Facility 2 | HSBC | US$15.0 | September 21, 2019, to be automatically extended for a period of 12 months | — |
| **Total short-term bank loans** | | | | **US$22.3** |
| **Long-term bank loans** | | | | |
| **Issuer** | | | | |
| Syndicated Loan | Citigroup, DBS and HSBC (as Arrangers) | US$350.0 | January 2, 2022 | US$337.7 |
| Multi Facility | BCA | US$30.0 | November 9, 2019 | — |
| Investment Credit Facility I | BCA | US$20.8 | October 26, 2022 | US$11.6 |
| Investment Credit Facility II | BCA | US$13.0 | December 27, 2024 | US$11.0 |
| Forex Forward Line | BCA | US$2.5 | November 9, 2019 | — |
| Interest Rate Swap Facility | BCA | US$50.0 | November 9, 2019 | — |
| **BIS** | | | | |
| Investment Credit Facility | BCA | US$5.0 | March 17, 2021 | US$2.4 |
| **PMJ** | | | | |
| Investment Credit Facility 2 | BCA | US$5.0 | March 5, 2021 | US$1.5 |
| Investment Credit Facility 3 | BCA | US$2.5 | June 13, 2023 | US$2.3 |
| **Total long-term bank loans (including current portion)** | | | | **US$366.5** |
| **Medium Term Notes** | | | | |
| **Issuer** | | | | |
| | | US$30.0 | November 1, 2020 | US$30.0 |
| | | US$10.0 | December 7, 2020 | US$10.0 |
| | | US$25.0 | May 18, 2021 | US$25.0 |
| **Total Medium Term Notes** | | | | **US$65.0** |
| **Notes Payable-Net** | | | | **US$319.4**(2) |
| **Total Indebtedness** | | | | **US$773.2**(3) |

(1) Entered into after June 30, 2019.

(2) Notes Payable-Net, is comprised of (i) US$174.5 million principal amount of the 2021 Notes issued by Golden Legacy guaranteed by the Issuer and the Subsidiary Guarantors and (ii) US$150.0 million principal amount of the 2024 Notes issued by Golden Legacy guaranteed by the Issuer and the Subsidiary Guarantors, less (iii) US$0.8 million discount of notes payable and US$4.3 million of deferred bond expenses.

(3) Does not include derivative liabilities of US$0.4 million as of June 30, 2019.

Below is a brief description of the material indebtedness listed in the table above:

**Indebtedness of the Issuer**

***Indebtedness with Deutsche Bank AG ("Deutsche Bank")***

On April 25, 2014, the Issuer obtained short term facilities of up to an aggregate principal amount of €10.0 million from Deutsche Bank, in the form of letter of credit facility, bills acceptances/financing facility and post import financing facility, to be used for the purpose of financing working capital requirements, to cover sales and purchases of foreign currencies relating to the Issuer's business and/or for other purposes acceptable to Deutsche Bank. This facility is available up to March 31, 2019 and shall be automatically extended for a period of 12 months. The bills acceptances/financing facility bears interest at 3.75% per annum for up to 1-month tenor and 4.0% per annum for above 1 month up to 3 months tenor or such other rate as Deutsche Bank may notify the Issuer in writing from time to time. The post import financing facility bears interest at 3.0% per annum over Deutsche Bank's cost of funds or such other rate as Deutsche Bank may notify the Issuer in writing from time to time. 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. Pursuant to the agreement, the Issuer is obligated to deliver written notification to Deutsche Bank if certain events occur, including: (i) if Huddleston International has ceased to own, directly or indirectly, at least 51% of the issued and paid up capital of the Issuer; (ii) if there is any change in shareholding and management control of the Issuer from the existing composition as soon as such information is available to the Issuer; and (iii) any and every reorganization, amalgamation, reconstruction, takeover, scheme of compromise or arrangement or amendment of any provision of the Issuer's constitutive documents, for which the Issuer must obtain Deutsche Bank's prior consent if any such occurrence may adversely affect any of its rights under the facilities. In addition, the Issuer is prohibited to create or allow to exist any encumbrance or security over its assets except for (i) any existing security which has been disclosed to Deutsche Bank in writing prior to the date of the agreement; or (ii) any security created with Deutsche Bank's prior written consent; or (iii) any security which the Issuer 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) any 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 Issuer 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 Issuer, provided that the Issuer shall promptly give written notice of any such requirement to Deutsche Bank. Under the above facilities, the Issuer is not required to notify or obtain consent from Deutsche Bank under this facility for this offering. As of June 30, 2019, there was no outstanding amount under this facility.

***Indebtedness with PT Bank CTBC Indonesia ("CTBC")***

On August 7, 2006, the Issuer obtained a letter of credit facility from CTBC for an omnibus line facility with an aggregate maximum ceiling of US$19.0 million to be used for working capital requirements. The usance payable at sight ("UPAS") facility bears floating interest at 5.5% per annum for facility withdrawn in U.S. dollars and 10.5% per annum for facility withdrawn in Rupiah. This facility is available up to March 14, 2020. Pursuant to this facility, the Issuer is prohibited from undertaking the following activities, among others, without the prior written consent of CTBC: (i) commit itself as a guarantor for the interest of another party; (ii) incur any additional indebtedness for working capital or investment purposes; and (iii) invest in any other companies or any other business sectors which in CTBC's opinion may adversely affect the management of the Issuer. The Issuer is also prohibited from securing its current and future assets to any third party and to obtain any secured loan from other financial institution. Further, pursuant to this agreement, the Issuer is required to maintain an external gearing ratio at a maximum of 2.0 to 1, a current ratio at a minimum of 1.0 to 1.0 and EBITDA to interest expense ratio at a minimum of 1.5 to 1 at all times. The Issuer has received all consents and/or waivers required under this facility for this offering. As of June 30, 2019, there was no outstanding amount under this facility.

***Indebtedness with Citibank, N.A. ("Citibank")***

***Master Credit Facility Agreement***. On December 19, 2016, the Issuer entered into a master credit facility agreement with Citibank for a trust receipt facility with a maximum ceiling of US$25.0 million, as amended and supplemented on January 12, 2018 to increase the maximum ceiling to US$40.0 million. The initial availability of the facility is up to December 19, 2017, which shall be automatically extended for one year after each expiry date thereafter, unless Citibank notifies the Issuer 30 calendar days prior to an expiry date that the agreement will

be terminated. The facilities bear an interest rate as may be determined by Citibank from time to time. Pursuant to this facility, the Issuer is prohibited from undertaking the following activities, among others, without the prior written consent of Citibank: (i) merge or consolidate with any other company; (ii) dispose of a substantial portion of its assets or property; (iii) acquire a substantial portion of capital stock of another company or its assets; (iv) amend the composition of its non-public shareholders; or (v) enter into any transaction other than in the ordinary course of business on ordinary commercial terms and at arm's length. The Issuer has received all consents and/or waivers required under this facility for this offering. As of June 30, 2019, there was no outstanding amount under this facility.

***Indebtedness with PT Bank Maybank Indonesia Tbk ("Maybank")***

On February 2, 2017, for the purpose of buying raw materials and other supporting materials as well as to secure the hedge activities of operational transactions and loan facilities of the Issuer, the Issuer obtained (i) an uncommitted omnibus trade facility from Maybank in the aggregate amount of up to US$35.0 million and (ii) an omnibus derivatives line facility from Maybank in the aggregate amount of up to US$75.0 million. The uncommitted omnibus trade facility includes provision of sight letter of credit, usance letter of credit, UPAS and usance payable at usance ("UPAU") facilities, with sub-limits for bank guarantee, standby letter of credit, demand guarantee, counter guarantee, export negotiation and trust receipt. The omnibus derivatives line facility includes provision of IRS line and FX line. The uncommitted omnibus trade facility bears interest at London Interbank Offered Rate ("LIBOR") plus 1.50% for UPAS and UPAU facilities denominated in U.S. dollars, LIBOR plus 2.75% for trust receipt facilities denominated in U.S. dollars and the Jakarta Interbank Offered Rate ("JIBOR") plus 4.25% for trust receipt facilities denominated in Rupiah. The uncommitted omnibus trade facility is available up to February 2, 2020 and the omnibus derivatives line facility will mature within 3 years following each transaction date.

The relevant agreement requires the Issuer to obtain a prior written consent from Maybank in order to provide guarantee for a third party, as well as to maintain (i) liabilities to equity ratio of maximum 2.75x; (ii) current ratio of minimum 1.00x; (iii) EBITDA to interest ratio of minimum 2.50x; (iv) debt service coverage ratio of minimum 1.25x; and (v) debts to equity ratio maximum 1.70x. The Issuer is not required to notify or obtain consent from Maybank under these facilities for this offering. As of June 30, 2019, there was no outstanding amount under these facilities.

***Indebtedness with PT Bank Rabobank International Indonesia ("Rabobank")***

On October 12, 2017, the Issuer entered into a credit agreement with Rabobank for a letter of credit opening facility up to US$10.0 million to be used for working capital purposes, as lastly amended on November 26, 2018. The sub-limit under the facility is trust receipt facility. The facility bears interest at LIBOR plus 1.50% and is available up to October 30, 2019. The Issuer must obtain a prior written consent from Rabobank in order to, among others, (i) obtain a loan facility or leasing facility in any form, (ii) to bind itself as a guarantor for a third party's obligations (other than to guarantee short term trade loan for its day to day business activities), (iii) sell, lease, transfer, dispose a substantial amount or all of its assets and/or provide any of its assets as security (except for the purpose of its day to day business activities), (iv) repay any of its loan to a third party (other than payment in the ordinary course of its business), or (v) make any repayment to its shareholder or affiliate, including any of its directors, commissioners or subsidiaries of its current and/or future loans granted by such shareholder or affiliate. The Issuer is also required to maintain (i) debt service coverage ratio of minimum 1.25x, (ii) EBITDA to interest ratio of minimum 2.50x, (iii) gearing ratio of minimum 2.00x and (iv) current ratio of minimum 1.00x. The Issuer has received all consents and/or waivers required under this facility for this offering. As of June 30, 2019, there was no outstanding amount under this facility.

***Syndicated Loan***

On January 2, 2019, the Issuer entered into a facilities agreement of up to US$350.0 million, consisting of a term loan of up to US$200.0 million ("Facility A") and a revolving loan of up to US$150.0 million ("Facility B") (the "Syndicated Loan"). The facilities bear interest at LIBOR plus a margin of 2.50% per annum in relation to an offshore lender and 2.90% per annum in relation to an onshore lender, and are arranged by Citigroup Global Markets Asia Limited, DBS Bank Ltd. and PT Bank HSBC Indonesia. The Hongkong and Shanghai Banking Corporation Limited acts as the agent.

The availability period for Facility A ended on April 2, 2019 and Facility B is available up to December 2, 2021. The final maturity date for the Syndicated Loan is on January 2, 2022. Pursuant to these facilities, the Issuer may not, without the prior written consent of the majority lenders, undertake, among others, the following activities: (i) the sale, lease, transfer or disposal of any asset; (ii) any amalgamation, demerger, merger or corporate reconstruction; (iii) any acquisition or investment; or (iv) the making any loans or giving of any guarantee. The Issuer is also required to maintain the following:

(i) consolidated net financial borrowings to consolidated tangible net worth of maximum:

| | |
|---|---|
| relevant period expiring June 30, 2019 | 1.35x |
| relevant period expiring December 31, 2019 | 1.35x |
| relevant period expiring June 30, 2020 | 1.20x |
| relevant period expiring December 31, 2020 | 1.20x |
| relevant period expiring June 30, 2021 | 1.05x |
| relevant period expiring December 31, 2021 | 1.05x; |

(ii) consolidated net financial borrowings to consolidated EBITDA of maximum:

| | |
|---|---|
| relevant period expiring June 30, 2019 | 3.00x |
| relevant period expiring December 31, 2019 | 3.00x |
| relevant period expiring June 30, 2020 | 2.75x |
| relevant period expiring December 31, 2020 | 2.75x |
| relevant period expiring June 30, 2021 | 2.25x |
| relevant period expiring December 31, 2021 | 2.25x; and |

(iii) interest cover for each relevant period of minimum 2.50x.

The Issuer is not required to notify or obtain consent under the Syndicated Loan for this offering. As of June 30, 2019, the outstanding amount under this the Syndicated Loan was US$337.7 million.

***Indebtedness with PT Bank Central Asia Tbk ("BCA")***

***Multi Facility***. On August 9, 2011, the Issuer obtained a multi 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 UPAS facility and UPAU facility, which is a part of this facility, bear interest at LIBOR plus 2.50% per annum for facility denominated in U.S. dollars and 10.75% per annum for facility denominated in Rupiah. The trust receipt facility, which is a part of this facility, bears interest at LIBOR") plus 3.00% per annum. The export bill facility, which is a part of this facility, bears interest at LIBOR plus 1.50% per annum. This facility is available up to November 9, 2019. As of June 30, 2019, there was no outstanding amount under this facility.

***Investment Credit Facility***. On May 28, 2014, the Issuer obtained an investment credit facility from BCA in the form of a letter of credit facility with a maximum ceiling of US$20.8 million to finance the project Spinning XI and to purchase machinery and production equipment ("Investment Credit Facility I"). On December 13, 2017, the Issuer obtained an additional investment credit facility in the amount of US$13.0 million to finance the expansion of project Spinning XII and its machineries as well as equipment ("Investment Credit Facility II"). The Investment Credit Facility I and Investment Credit Facility II bear interest at 5.0% per annum. The Investment Credit Facility I is available up to October 26, 2022 and the Investment Credit Facility II is available up to December 27, 2024. As of June 30, 2019, the outstanding amount under the Investment Credit Facility I was US$11.6 million and the outstanding amount under the Investment Credit Facility II was US$11.0 million.

***Forex Forward Line***. On May 28, 2014, the Issuer obtained a foreign exchange facility with BCA with a maximum ceiling of US$2.5 million for hedging of the Issuer and operational needs of the Issuer. This facility is available up to November 9, 2019. As of June 30, 2019, there was no outstanding amount under this facility.

***Interest Rate Swap Facility***. On February 27, 2019, the Issuer obtained an interest rate swap facility with BCA with a maximum ceiling of US$50.0 million for hedging of the Issuer. This facility is available up to November 9, 2019. As of June 30, 2019, there was no outstanding amount under this facility.

Pursuant to the facilities above, the Issuer 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 or the composition of any of the non-public shareholders, the Board of Commissioners and the Board of Directors. Further, the Issuer is required to maintain at all times (i) a 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 2.50 to 1, and (iv) a minimum EBITDA of interest plus installment ratio of 1.25 to 1. The Issuer has received all consents and/or waivers required under these facilities for this offering.

***Medium Term Notes***

On October 31, 2017, the Issuer issued the Medium Term Notes ("MTNs") in the amount of US$30.0 million ("MTN 1"). All the proceeds from the issuance of MTNs were used for working capital by the Issuer. The MTN 1 bear a fixed interest rate of 5.80% per annum and are paid every six months. PT Bahana TCW Investment Management acted as the arranger for the issuance and PT Bank Mega Tbk acted as the monitoring agent. The MTN 1 will mature on November 1, 2020.

Further, on December 7, 2017, the Issuer issued the MTNs in the amount of US$10.0 million ("MTN 2"). All the proceeds from the issuance of MTNs were used for the purpose of working capital of the Issuer. The MTN 2 bear a fixed interest rate of 5.80% per annum and are paid every six months. PT Bahana TCW Investment Management acted as the arranger for the issuance and PT Bank Mega Tbk acted as the monitoring agent. The MTN 2 will mature on December 7, 2020.

Further, on May 18, 2018, the Issuer issued the MTNs in the amount of US$25.0 million ("MTN 3"). All the proceeds from the issuance of MTNs were used for the purpose of working capital of the Issuer. The MTN 3 bear a fixed interest rate of 5.80% per annum and are paid every six months. PT Bahana TCW Investment Management acted as the arranger for the issuance and PT Bank Mega Tbk acted as the monitoring agent. The MTN 3 will mature on May 18, 2021.

Pursuant to the terms of the MTNs, the Issuer 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 Issuer, 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 used pledged again as 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 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 Issuer's application to secure and/or pledge, either in part or in whole, the Issuer's assets against the debts drawn by the Issuer, the same guarantees shall also be given to the MTN holder, for which purpose the Issuer 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 to maintain a ratio of current assets (*aset lancar*) to current liabilities (*hutang lancar*) of not less than 2:1, a ratio of liabilities with interest (*hutang berbunga*) to total assets of not more than 65% and an EBITDA to interest expense (*beban bunga*) ratio of 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 Issuer's consolidated financial statements (as of June 30, 2017 for MTN 1 and MTN 2 and December 31, 2017 for MTN 3), or (e) subordinated loan from the Issuer's shareholders without the burden of interest, (iii) providing loans and/or make investments to others or to allow its subsidiaries to provide loans to other parties in the amount of more than 20% of the equity of the Issuer, except (a) existing loan prior to the signing of the agreement, (b) loans granted based on the Issuer'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 Issuer's company regulation, and (iv) acting as a guarantor to any third parties except in order to support the Issuer's main business activities in accordance with its articles of association. As of June 30, 2019, the outstanding amount under the MTNs was US$65.0 million.

Facilities entered into after June 30, 2019

***Indebtedness with PT Bank Pembangunan Daerah Jawa Tengah ("BPD Jateng")***

On July 12, 2019, the Issuer entered into a supply chain financing agreement with BPD Jateng for the payment needs of the Issuer to its supplier. The Issuer's limit on supply chain financing will be agreed by the parties in the form of correspondence and the implementation of the purchase of accepted invoices from suppliers by BPD Jateng can be done by considering the availability of the Issuer's limits. The facility has a maximum tenor of 180 days and is available up to March 28, 2022. The Issuer is not required to notify or obtain consent from BPD Jateng under this facility for this offering.

***Indebtedness with PT Bank Mizuho Indonesia ("Mizuho")***

On July 12, 2019, the Issuer obtained a revolving letter of credit facility in the form of import letters of credit (sight and usance), import letter of credit UPAS, and inward bills discounted facility, each for a maximum tenor of 180 days, with an aggregate maximum principal amount of US$40.0 million or its equivalent in Rupiah at the exchange rate applicable to Mizuho to be used for financing the Issuer's import activities. The Issuer agrees to pay interest to Mizuho for UPAS letter of credit at LIBOR/JIBOR plus 0.75% per annum, payable in arrears. The facility is available up to July 12, 2020.

The Issuer must obtain a prior written consent from Mizuho in order to, among others, (i) enter into any transaction with any party other than on arms' length commercial reasonable terms and will not engage in any transaction with any affiliate on terms less favorable to the Issuer than would otherwise be obtainable at the time in comparable transformation of the Issuer in the arm's length dealings with any other party other than such affiliate; (ii) consolidate with or merge into any other person, enterprise, organization or legal entity or permit any other person, enterprise, organization or legal entity to merge with the Issuer or acquire all or a substantial part of the assets or capital stock of any other person, enterprise, organization or legal entity; (iii) change the formation or legal status of the Issuer; (iv) dissolve the company structure under which it is operating or take any steps with a view toward bankruptcy, receivership, moratorium, dissolution, liquidation, winding up or similar steps relating to the Issuer; (v) incur, create or permit to exist any pledge, lien, encumbrance or any security interest upon or assign, segregate or permit to exist any other preferential arrangement on any property, assets, revenues, or rights of the Issuer; (vi) materially alter the nature of its business as conducted on the date of the agreement; (vii) dispose of all its undertaking properties or assets or assets or any part thereof, whether in a single transaction or a series of transactions which in the opinion of Mizuho constitute a significant portion of such undertaking property or assets, except for transactions carried out in the ordinary course of its business; (viii) make any advance, loan or investment to or in its affiliates or in other companies or in other businesses; (ix) pay, repay or prepay any principal amount, interest or any other amounts outstanding under the shareholders' and/or board of directors' loan; (x) use, lend, contribute or otherwise make available the proceeds of loan to fund any activities or business of or with any person, in any country or territory, that at the time of such funding is a sanctioned person or a sanctioned country; (xi) engage in any transaction in relation with funding of any terrorist activity or any activity as prohibited under the anti-terrorism law; (xii) allow the shares in the Issuer to be pledged, sold, transferred, encumbered, or otherwise disposed of that cause the shareholding of Mr. Iwan Setiawan and Mr. Iwan Kurniawan becomes less or equal to 51% and their control over the Issuer becomes diminished; and (xiii) change of composition of its shareholder that causes the shareholding of Mr. Iwan Setiawan and Mr. Iwan Kurniawan becomes less or equal to 51% and their control over the Issuer becomes diminished. The Issuer is also required to maintain (i) net debt to tangible net worth ratio not more than 1.35x; (ii) net debt to EBITDA ratio not more than 3.00x; and (iii) interest service coverage ratio not less than 2.50x. The Issuer is not required to notify or obtain consent from Mizuho under this facility for this offering.

***Indebtedness with PT Bank QNB Indonesia ("QNB")***

***Omnibus Working Capital***. On July 1, 2019 (as amended on August 28, 2019), for funding its working capital to procure raw materials for import and export production as well as for financing its operational costs, the Issuer obtained unguaranteed omnibus working capital facilities which consist of (i) demand loan in the aggregate amount of up to Rp.500,000 million; (ii) sight letter of credit, usance letter of credit, UPAS and UPAU facilities in the aggregate amount of up to Rp.750,000 million; (iii) sight letter of credit or trust receipt facilities in the aggregate amount of up to Rp.750,000 million; (iv) the export discounted bills (*diskonto wesel ekspor)* or the export negotiations bills (*negosiasi wesel ekspor)* in the aggregate amount of up to Rp.750,000 million; and (v) standby letter of credit in the aggregate amount of up to €10.0 million or equivalent to Rp.168,000 million. The period of demand loan and the standby letter of credit facilities are twelve months since the date of the agreement, while the period of sight letter of credit, usance letter of credit, UPAS and UPAU facilities, sight

letter of credit or trust receipt facilities and the export discounted of bills (*diskonto wesel ekspor)* or the export negotiations of bills (*negosiasi wesel ekspor)* facility are up to 210 days. The facility withdrawn in Rupiah bears floating interest at one month of JIBOR plus 2.5% per annum, with interest indication of 10.0% per annum, and the facility withdrawn in U.S. dollars bears floating interest at one month of LIBOR plus 2.5% per annum, with interest indication of 5.0% per annum.

Pursuant to the facilities above, the Issuer is prohibited from undertaking the following activities, among others, without the prior written consent from QNB to: (i) sell, lease, transfer, write-off part or all of Issuer's and guarantor's assets or encumber movable or immovable assets of Issuer and/or the guarantor by other means and to other persons/parties; (ii) change the physical form and/or purposes of part or all security granted to QNB; (iii) make any investment to increase the Issuer's capacity or any other investment or conduct business activities which are not the main business activities or expand or narrow down the business which will affect the payment under the agreement; (iv) submit application to the Commercial Court to be declared bankrupt and/or postponement of debt settlement obligation (*surseance van betalling*); (v) borrow or provide loan from or to its shareholders or affiliates; (vi) act as a guarantor for other's indebtedness including the shareholders' and/or affiliates' loan; (vii) merge with another business entities, consolidate together with another business entities and conduct acquisitions of shares of another business entity; (viii) make payments or repayments to shareholders of the Issuer and/or the guarantor in relation to the loans which have and/or will have in the following days be given to the Issuer and/or the guarantor; (ix) dissolve or liquidate based on the approval of the general meeting of shareholders; or (x) change the capital structure of the Issuer, including but not limited to withdraw the paid-up capital, except for the increase capital from the retained earnings, or issuance of the new shares or deposit from the shareholders. Further, the Issuer is required to maintain at all times (i) the interest service coverage ratio of minimum 2.5x; (ii) the net debt to total net worth ratio of maximum 2.0x; (iii) the net debt to EBITDA ratio of maximum 3.0x; and (iv) the account receivable plus inventory more than or equal to account payable plus short term bank loan. These financial covenants shall be tested on a semi-annual basis. The Issuer is not required to notify or obtain consent from QNB under these facilities for this offering.

***FX Line Spot and Forward Facility***. On July 1, 2019, the Issuer obtained an uncommitted and revolving facility for the foreign exchange facilities which consists of (i) the tomorrow transaction ("TOM"); (ii) the spot transaction ("SPOT"); and (iii) the forward line transaction, with the period of maximum 6 months. The aggregate notional amount of the facility is US$3.0 million or its equivalent with the currency which being sold and purchased by QNB using the exchange rate reference of the transaction date as stated in the transaction confirmation. This facility is available up to April 1, 2020. The purpose of this facility is for hedging the foreign exchange exposure of the Issuer. The Issuer is not required to notify or obtain consent from QNB under this facility for this offering.

***Indebtedness with PT Bank CIMB Niaga Tbk ("CIMB Niaga")***

On July 5, 2019 (as amended on August 29, 2019), the Issuer obtained an uncommitted and revolving facility up to US$50.0 million to be used for financing the raw materials. The sub-limits under the facility are (i) trust receipt facility with a maximum amount of US$25.0 million or its equivalent in Rupiah and a maximum tenor of 180 days after sight. The facility bears interest at 5.50% per annum if denominated in U.S. dollars and 10.0% per annum if denominated in Rupiah, which are reviewable subject to change; (ii) trade account payable facility with a maximum amount of US$25.0 million or its equivalent in Rupiah and a maximum tenor of 3 months days since the invoice date. The facility bears interest at 5.50% per annum if denominated in U.S. dollars and 10.0% per annum if denominated in Rupiah, which are reviewable subject to change; (iii) trade account receivable facility with a maximum amount of US$25.0 million or its equivalent in Rupiah and a maximum tenor of 3 months days since the invoice date. The facility bears interest at 5.0% per annum if denominated in U.S. dollars and 9.50% per annum if denominated in Rupiah, which are reviewable subject to change; (iv) supplier financing facility (without recourse) with a maximum amount of US$10.0 million or its equivalent in Rupiah and a maximum tenor of 60 days from the date of disbursement or according to the due date of payment to the supplier, whichever falls first. The facility bears interest at 10.0% per annum, which is reviewable subject to change; (v) bank guarantee facility with a maximum amount of US$10.0 million or its equivalent in Rupiah and a maximum tenor of one year; and (vi) negotiated export bill and discounted export bill facility with a maximum amount of US$25.0 million or its equivalent in Rupiah and a maximum tenor of 3 months from the transport documents. The facility bears interest at 5.0% per annum if denominated in U.S. dollars and 9.50% per annum if denominated in Rupiah, which are reviewable subject to change. The maximum amount of facilities (i), (ii) and (iii) used by the Issuer must not exceed US$25.0 million from time to time. The facility will mature one year after the bookkeeping date. As of the date of this Offering Memorandum, the execution of the facility agreement relating to this facility is still pending.

Pursuant to the offer letter, the Issuer must obtain a prior written consent from CIMB Niaga in order to, among others, (i) except in the course of carrying out day-to-day business of the Issuer which does not affect the Issuer to carry out the credit agreement (a) sell and/or by other means transfer ownership rights or rent/surrender the use of all or a portion of the Issuer's assets in the form of movable assets or not or (b) guarantee the Issuer's assets in any way to other parties; (ii) change the purpose and objectives and business activity of the Issuer; (iii) change the capital structure, among others, merger, amalgamation, merger, acquisition, and separation; or (iv) pay or make any repayment any current and/or future invoices or receivables in whatever form granted by the shareholders or other equivalent parties in the Issuer. In addition, based on the general terms and conditions of the agreement, the Issuer is also prohibited from undertaking the following activities, among others, without the prior written consent from CIMB Niaga: (i) sell and/or by other means to transfer ownership rights or lease or assign the use of all or part of the Issuer's assets in the form of any movable or immovable property or encumber in any way the Issuer's assets to other parties or give loans to other parties, except for the purpose of running the Issuer's day-to-day business activities only if it does not affect the Issuer's ability to carry out the agreement; (ii) make changes to the aims, objectives and business activities of the Issuer; (iii) make changes to the Issuer's capital structure including undertaking in mergers, consolidations, acquisitions, and dissolutions or separations; or (iv) pay or repay debts or receivables in any form which have now been and/or will later be given by the Issue's shareholders or other equivalent parties to the Issuer in the form of a principal amount, interest, penalty interest and other amount of money that must be paid.

Further, the Issuer is required to maintain at all times (i) a current ratio at a minimum 1.00x; (ii) a minimum EBITDA to interest expense ratio of 2.50x, and (iii) a maximum leverage ratio of 2.75x. The Issuer has received all consents and/or waivers required under these facilities for this offering.

***Indebtedness with Cathay United Bank ("Cathay")***

On July 25, 2019, the Issuer signed a facility letter with Cathay for the provision of an uncommitted working capital revolving facility with a facility limit of US$10.0 million. The Issuer shall pay interest on a drawing or roll-over at the rate of LIBOR plus 2.5% per annum. The facility is available up to July 25, 2020. The Issuer is not required to notify or obtain consent from Cathay under this facility for this offering.

**Indebtedness of SPD**

***Indebtedness with PT Bank Maybank Indonesia Tbk ("Maybank")***

***Ijarah Muntahiyah Bi Tamlik Facility***. On September 28, 2017, SPD obtained an Ijarah Muntahiyah Bi tamlik facility with Maybank with a maximum ceiling of US$30.0 million. The facility is available up to September 28, 2024. SPD is prohibited from undertaking the following activities, among others, without the prior written consent to Maybank: (i) receive any loans or financial facilities, any leasing facilities or to bind oneself as a guarantor/avalist to guarantee the debt of another person/party with an amount of more than 50% of the ceiling within the Agreement (excluding accounts payables made in carrying out day-to-day business activities); (ii) selling, leasing, transferring, assigning rights and/or interests, write-off part or all of SPD's and/or guarantor's assets or encumber movable or immovable assets of SPD and/or the guarantor by other means and to other persons/parties; (iii) make payments or repayments of all loans to third parties other than normal payments of in which such nature is related to the business activity of SPD and/or the guarantor; (iv) approve other investment and/or new business which are not aligned with the current line of business or change the business activities which may affect the ability to repay the loans of SPD to Maybank; (v) submit application to the Commercial Court to be declared bankrupt and/or postponement of debt settlement obligation (*surseance van betalling*); (vi) changing the structure of management and structure of shareholders in SPD and/or the guarantor; (vii) merge with another business entities, consolidate together with another business entities and conduct acquisitions of shares of another business entity; and (viii) make payments or repayments to shareholders of SPD and/or the guarantor in relation to the loans which have and/or will have in the following days be given to SPD and/or the guarantor.

***Letter of Credit or Local Letter of Credit Line Facility***. On September 28, 2017, SPD obtained a letter of credit or local letter of credit line facility with Maybank with a maximum ceiling of US$30.0 million to purchase of spinning machineries and supporting equipment for the factory. The facility bears interest at a LIBOR plus 1.5% per annum. The facility is available up to 84 months after the Ijarah Muntahiyah Bi Tamlik facility has been signed with a maximum tenor of 360 days for each letter of credit/local letter of credit/ trust receipt issuance. SPD is prohibited from undertaking the following activities, among others, without the prior written notification to Maybank: (i) convene a general meeting of shareholders with the agenda of the amending the articles of association, specifically those in relation to changing the purpose, objectives and line of business of

SPD, capital structure, except in the changes of the ultimate or founder shareholders; (ii) transfer of part or all of the rights and obligations of SPD in relation to this facility to a third party; (iii) incur any indebtedness for working capital or investment purposes, save for business transaction and subordinated shareholders' loan; (iv) withdraw the paid-up capital; (v) merger, acquisition, sell and transfer assets pledged to other banks or third parties save in the normal and ordinary course of its business; (vi) amend the contracts/ agreements that may affect the ability of SPD to comply to financial obligations/payments to Maybank which must be notified and approved by Maybank at least two weeks prior such amendments; (vii) pay the shareholders' loan or affiliated companies by disbursing the SPD's cash flow; (viii) pay the shareholders' loan in time that there are still outstanding loans/payments to Maybank; (ix) utilize assets of SPD for the benefit of other parties; (x) approve new investment and/or new business which are not aligned with the current line of business of SPD; and (xi) submit application for bankruptcy and/or postponement of debt settlement obligation. Pursuant to the general terms and conditions of the credit agreement, SPD must request prior written consent to Maybank in accepting any money or financial facility, leasing facility of any kind or to bind itself as a guarantor/avalist to guarantee the debt of other persons (except for accounts payable made in order to run a day-to-day business).

SPD has received consents and/or waivers required under the Ijarah Muntahiyah Bi Tamlik facility to provide the guarantee for the Notes. As of June 30, 2019, there was no outstanding amount under these facilities.

**Indebtedness of the Issuer, SPD, BIS and PMJ**

***Indebtedness with Standard Chartered Bank Jakarta Branch ("Standard Chartered")***

On December 4, 2018, the Issuer together with SPD, PMJ and BIS (collectively, the "Borrowers") obtained combined banking facilities from Standard Chartered, with a maximum limit of US$40 million (the "Combined Facilities"). The Combined Facilities is available up to October 31, 2019 and shall be automatically extended for a period of 12 months. The sub-limits under the Combined Facilities are: (i) unsecured import letter or credit with a maximum amount of US$40 million and a maximum tenor of 180 days, to cover import of goods, unsecured, with a corresponding acceptance under usance/UPAS/SKBDN letter of credit; (ii) secured import letter of credit with a maximum amount of US$40 million and a maximum tenor of 180 days, to cover import of goods, secured, with a corresponding acceptance under usance/UPAS/SKBDN letter of credit; (iii) import loan with a maximum amount of US$40 million and a maximum financing tenor of 180 days, to cover the release of goods imported by the Borrowers under, and in relation to, the letter of credit issued by Standard Chartered or import bulls for collection handled, by Standard Chartered; (iv) import invoice financing with a maximum amount of US$20 million and a maximum tenor of 120 days, to finance goods purchases by the Borrowers from its seller, as evidenced by the seller's invoice to the Borrowers; (v) export invoice financing with a maximum amount of US$20 million and a maximum tenor of 90 days after the financing date including the 30 days collections period, to finance the Borrowers' sale of goods to its buyers, as evidence by the Borrowers' invoice to the buyer; and (vi) credit bills negotiated with a maximum amount of US$20 million and a maximum tenor of up to the tenor of the letter of credit or negotiable instrument, subject to a maximum of 90 days, for the negotiation of export credit documents with discrepancies submitted by the Borrowers to Standard Chartered under the letter of credit, on a with recourse basis, where Standard Chartered is a "nominated bank" under the letters of credit. The maximum celling in respect to sub-limit (i), (ii) and (iii) for the Issuer is US$40 million, for BIS and PMJ is US$20 million in respect to each of the mentioned sub-limits and for SPD is US$12 million in respect to each of the mentioned sub-limits. The Borrowers are not required to notify or obtain consent from Standard Chartered under these facilities for this offering. As of June 30, 2019, there was no outstanding amount under these facilities.

***Indebtedness with The Hongkong and Shanghai Banking Corporation ("HSBC")***

On January 22, 2019, the Issuer together with SPD, PMJ and BIS (collectively, the "Borrowers") obtained banking facilities from HSBC, with a maximum combined limit of US$35.0 million ("Combined Limit Facility I"), 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 parts of machinery which are not related to the new investments. The sub-limits under the Combined Limit Facility I are: (i) documentary credit facility 1; (ii) Deferred Payment Credit Facility 1; (iii) UPAS 1 Facility; (iv) Documentary Credit Facility 2; (v) Deferred Payment Credit Facility 2; (vi) UPAS 2 Facility; (vii) Clean Import Loan Facility; (viii) Documents Against Payment Facility; (ix) Documents Against Acceptance/Technical Documents Against Acceptance; (x) Loan Against Export; (xi) Guarantee Facility (only for PMJ and BIS); and (xii) Clean Import Loan 1 For Buyers Approved Invoice Financing/Supply Chain Solution — Approved Invoice. The maximum ceiling of each of the facilities described in (i), (ii), (iii), (vii), (viii), and (ix) is US$35.0 million, the maximum ceiling of the facility

described in (iv), (v), and (vi) is US$ 2.0 million, the maximum ceiling of the facility described in (x) is US$ 7.5 million, the maximum ceiling of the facility described in (xi) is US$ 1.5 million, the maximum ceiling of the facility described in (xii) is US$ 5.0 million.

In addition to the Combined Limit Facility I, the Issuer obtain banking facilities from HSBC which are as follows: (a) Standby Letter of Credit in the maximum amount of €2.5 million with a tenor of one year (excluding a 30 day claim period) to facilitate a Standby Letter of Credit issuance to HSBC Germany and (b) Treasury Facility I in the maximum amount of US$ 6.0 million with a tenor of three years. HSBC also provides an additional banking facility available only for the Borrowers with Treasury Facility II in the maximum amount of US$ 0.5 million with a tenor of one year.

The facilities described under (iii), (vi) and (vii) of the Combined Limit Facility I issued in Rupiah bear interest in transit which will be charged on a daily basis at 3.00% per annum below HSBC's best lending rate (currently at 15.15% per annum, but subject to fluctuation at HSBC's discretion) and issued U.S. dollars bear interest in transit which will be charged at 8.00% per annum below HSBC's best lending rate (currently at 13.7623% per annum, but subject to fluctuation at HSBC's discretion). The facilities described under (viii) and (ix) of the Combined Limit Facility I issued in Rupiah bear interest in transit which will be charged on a daily basis at 3.00% per annum below HSBC's best lending rate (currently at 15.15% per annum, but subject to fluctuation at HSBC's discretion) and issued U.S. dollars bear interest in transit which will be charged at 7.00% per annum below HSBC's best lending rate (currently at 13.7623% per annum, but subject to fluctuation at HSBC's discretion). The facilities described under (x) of the Combined Limit Facility I issued U.S. dollars bear interest in transit which will be charged at 7.00% per annum below HSBC's best lending rate (currently at 13.7623% per annum, but subject to fluctuation at HSBC's discretion). The facilities described under (xii) of the Combined Limit Facility I issued in Rupiah bear interest in transit which will be charged on a daily basis at 4.00% per annum below HSBC's best lending rate (currently at 15.15% per annum, but subject to fluctuation at HSBC's discretion) and issued U.S. dollars bear interest in transit which will be charged at 8.00% per annum below HSBC's best lending rate (currently at 13.7623% per annum, but subject to fluctuation at HSBC's discretion).

These facilities are available up to July 31, 2020 and shall continue to be applicable until HSBC cancels, ceases, or discharges it in writing. Pursuant to this facility, each of the Borrowers is prohibited from undertaking the activities as disclosed under the Syndication Loan. The Borrowers are not required to notify or obtain consent from HSBC under these facilities for this offering. As of June 30, 2019, the outstanding amount under Combined Limit Facility I was US$11.3 million and there was no outstanding amount under the other facilities.

***Indebtedness with PT Bank DBS Indonesia ("DBS")***

On April 24, 2019 (as amended on September 4, 2019), the Issuer together with SPD, BIS and PMJ (collectively, the "Borrowers") obtained an uncommitted omnibus facility from DBS of up to an aggregate amount of US$10.0 million, in the form of (i) an uncommitted import letter of credit facility, namely sight letter of credit, usance letter of credit, uncommitted usance letter of credit payable at sight facility (UPAS) and uncommitted usance letter of credit payable at usance facility (UPAU) in the aggregate amount of up to US$10.0 million; (ii) an SKBDN namely sight SKBDN, usance SKBDN, UPAS and UPAU in the aggregate amount of up to US$10.0 million or its equivalent in Rupiah; (iii) an uncommitted trust receipt facility in the aggregate amount of up to US$10.0 million or its equivalent in Rupiah; and (iv) an uncommitted export bill letter of credit with discrepancies facility in the aggregate amount of up to US$10.0 million or its equivalent in Rupiah. These facilities are available up to April 23, 2020. The UPAS or UPAU bears interest at LIBOR plus 1% per annum if denominated in U.S. dollars and at cost of funding plus 1% per annum if denominated in Rupiah. The trust receipt facility bears interest at fund transfer pricing plus 1% per annum. The uncommitted export bill letter of credit with discrepancies facility bears interest at fund transfer pricing plus 1% per annum.

Pursuant to the agreement, the Borrowers are obligated to deliver written notification to DBS within 30 calendar days if certain events occur, including: (i) any proceedings or arbitration process which may affect the business of the Borrowers; (ii) any amendment to the Borrowers' articles of association including but not limited to a change in the capital structure, shareholding and/or management of the Borrowers; (iii) obtain any credit or loan from other banks or third parties; or (iv) any material change that may affect the financial condition of the Borrowers. The Borrowers are prohibited from undertaking the following activities, among others, without the prior written consent from DBS: (i) distribute any dividends to shareholders with a ratio of more than 30% (the Borrowers are only required to notify DBS if the dividend distribution ratio is below 30%); (ii) change the business of the Borrowers; (iii) change the legal entity status of the Borrowers or enter into any liquidation,

amalgamation, merger and/or dissolution and/or enter into any arrangements in favor of other creditors (other than DBS) including the issue of shares and/or selling existing shares, option, warrant and/or any other instruments; (iv) dispose of part of any major assets or material assets to third parties a company in any form or by any name whatsoever and for any purpose whatsoever to any third party; (v) submit an application for bankruptcy and/or postponement of any debt settlement obligation; (vi) enter into any material arrangement and/or engagement which benefits the board of directors, commissioners or shareholders of the Borrowers or any related parties as mentioned in the previous points; (vii) make available or approve any capital expenditure; or (viii) approve any fiduciary, acknowledgment of indebtedness, mortgage, liens (fixed or floating) pledge or other forms of security or agreements or provisions that may materially or adversely affect the assets of the Borrower as guaranteed to DBS (if any) or the Borrowers' obligations to DBS—whereby specifically for immovable assets the mentioned provisions only applies to the Borrowers' future working capital expenditures following the date of the execution of this facility, except for the Borrowers' debts to finance investments and capital expenditures.

Further, the Issuer is required to maintain at each semester an interest service coverage ratio of minimum 2.5x. The Borrowers are required to maintain at each semester: (i) net debt to total net worth ratio of 1.5x for 2018, 1.35x for 2019, 1.2x for 2020 and 1.05x for 2021 and (ii) net debt to EBITDA ratio of 3.5x for 2018, 3.0x for 2019, 2.75x for 2020 and 2.25x for 2021. The Borrowers have received all consents and/or waivers required under these facilities for this offering. As of June 30, 2019, the outstanding amount under the uncommitted import letter of credit facility was US$1.0 million and there was no outstanding amount under the other facilities.

Facilities entered into after June 30, 2019

***Indebtedness with PT Bank Permata Tbk ("Bank Permata")***

On July 11, 2019 (as amended on August 30, 2019), the Issuer as borrower together with SPD, BIS and PMJ as the co-borrowers obtained facilities from Bank Permata in the form of (i) an uncommitted current account loan facility in the aggregate amount of up to Rp.30,000 million to be used for working capital purposes of the Issuer. The facility bears interest at 9.50% per annum; (ii) an omnibus post import financing facility in the form of sight/usance/UPAS/UFAM/SKBDN, standby letter of credit and/or bank guarantee and CBN discrepant in the aggregate of amount of up to US$35.0 million to be used for working capital purposes relating to the export and import business of the Issuer. These facilities bear interest at (a) LIBOR plus 1.75% for PIF (US$), (b) JIBOR plus 1.75% for PIF (Rupiah), (c) LIBOR plus 1.25% for UPAS (US$), (d) JIBOR plus 1.25% for UPAS (Rupiah), (e) LIBOR plus 0.75% for CBN clean/discrepant (US$), and (f) JIBOR plus 0.75% for CBN clean/discrepant (Rupiah); and (iii) a forex line facility in the form of today, TOM, SPOT and forward with a maximum tenor of six months in the aggregate amount of up to US$1.0 million to be used to support the foreign exchange transaction. These facilities are available for 36 months from the date of execution of the actual facility agreement. As of the date of this Offering Memorandum, the execution of the facility agreement relating to these facilities is still pending.

Pursuant to the term sheet, the borrower and co-borrowers are prohibited from undertaking the following activities, among others, without the prior written consent of Bank Permata: (i) transfer its assets which will affect the ability to the payment of the facility and (ii) any dividend distribution shall be in accordance with the prevailing OJK and IDX regulations and shall not distribute, make, or announce any dividend following the occurrence of the breach of contract as set out for the facility and if the breach of the contract will appear as a result of the payment or distribution. In addition, based on the general terms and conditions of the agreement, the borrower and co-borrowers are also prohibited from undertaking the following activities, among others, without the prior written notification to Bank Permata: (i) change the nature and business activities currently being carried out or conducting business activities outside of their normal day-to-day business activities; (ii) guarantee, transfer, lease, dispose to other parties in respect to the secured objects; (iii) sell, lease, transfer, transfer rights, write off, pledge/encumber most or all of the borrower's assets in any way and to any party (except to guarantee or pledge to Bank Permata) which may affect the ability of the borrower to make payments to Bank Permata; (iv) provide loans and financial facilities to other parties including but not limited to its affiliated companies and/or shareholders, except for short term loans and loans which supports its day-to-day business activities; (v) make investments that affect the ability of the borrower to make payments to Bank Permata; (vi) perform other actions that may cause or interfere with the ability of the borrower to make its payment obligations owed to Bank Permata; (vii) undertake to dissolve, merge or consolidate with another company or obtain most of the assets or shares of other companies or other forms of business of the other company; (viii) change the composition and amount of shareholder ownership of the closed company and/or controlling shareholders of the public company (except for state-owned companies); (ix) pay or declare that dividends or profit sharing may be paid in any form for those shares issued by the Borrower, except for public companies; or (x) pay or repay debts or receivables in

any form (except those trade receivables which supports normal day-to-day business activities) which have now been and/or will later be given by the borrower's shareholders to the borrower in the form of a principal amount, interest, penalty interest and other amount of money that must be paid.

Further, the borrower and co-borrowers is required to maintain at all times, (i) a maximum net debt to total net worth ratio of 1.35x for 2019, 1.20x for 2020 and 1.05x for 2021; (ii) a maximum net debt to EBITDA ratio of 3.0x for 2019, 2.75x for 2020 and 2.25x for 2021; and (iii) a minimum interest service coverage ratio of 2.5x at all times. The borrower and co-borrowers have received all consents and/or waivers required under these facilities for this offering.

***Indebtedness with PT Bank Muamalat Indonesia Tbk ("BMI")***

On August 2, 2019 (as amended on August 29, 2019), the Issuer together with SPD, BIS, and PMJ (collectively, "Borrowers") obtained (i) *al-musyarakah* line facility in the aggregate amount of up to Rp.100,000 million to be used for electricity payment to the Indonesian state-owned company tasked with supplying the electricity; (ii) *al-kafalah bil ujroh* line facility in the aggregate amount of up to Rp.285,000 million to be used for financing the purchase of raw materials and working capital of the Issuer and PMJ; and (iii) *al-murabahah* revolving line facility (*buyer financing*) in the aggregate amount of up to Rp.285,000 million to be used for working capital of the Issuer and PMJ. This facility is available for 12 months from the date of execution of the actual facility agreement. As of the date of this Offering Memorandum, the execution of the facility agreement relating to this facility is still pending.

The Borrowers must obtain a prior written consent from BMI in order to, among others: (i) dissolve itself or declare itself bankrupt; (ii) withdraw paid-up capital; (iii) conduct merger, consolidation, acquisition, and sell, dispose of assets or shares of the Borrowers; (iv) change the nature of business of the Borrowers; and (v) make any loan repayment to the shareholders prior to the repayment to BMI.

Further, pursuant to the above loans, the Borrowers are required to maintain in the financial statements of 2019: (i) consolidated interest service coverage ratio of minimum 2.5x; (ii) consolidated debt service coverage ratio of minimum 2.00x; (iii) consolidated debt of EBITDA ratio (adjusted cash current position) of maximum 3.0x; and (iv) consolidated debt to equity ratio (adjusted cash current position) of maximum 1.35x. The Borrowers are not required to notify or obtain consent from BMI under these facilities for this offering.

***Indebtedness with MUFG Bank Ltd ("MUFG")***

On July 22, 2019 (as amended on September 3, 2019), the Issuer together with SPD, BIS, and PMJ (collectively, "Borrowers") obtained (i) a common line facility, which consist of uncommitted loan, import/local letter of credit (sight and usance), import settlement and payable finance in the aggregate amount of up to US$25.0 million to be used for procurement including raw material/machineries from local and overseas, settle import/local letter of credit issued by MUFG and non letter of credit and support general working capital requirements as well as financing to vendor and (ii) a forex line facility (forward and snap) in the aggregate amount of up to US$2.0 million to be used for supporting the general hedging activity. Both facilities are available up to July 22, 2020 and will mature on January 22, 2021.

Pursuant to the facilities above, the Borrowers are prohibited from undertaking the following activities, among others, without the prior written consent of MUFG: (i) sell, lease, transfer or otherwise dispose of, except in its ordinary course of business, or grant any security interest over, any of the Borrowers' assets; (ii) acquire by purchase, lease or other means any assets, except in its ordinary course of business; or (iii) merge or consolidate with any other party, unless if the Borrowers are the surviving entity.

Further, the Borrowers are required to maintain at all times: (i) net debt to tangible net worth ratio of maximum 1.35x; (ii) net debt to EBITDA ratio of maximum 3.00x; and (iii) EBITDA to interest ratio of minimum 2.5x. The Borrowers have received all consents and/or waivers required under these facilities for this offering.

**Indebtedness of BIS**

***Indebtedness with BCA***

***Multi Facility***. On September 6, 2002, BIS obtained a multi facility from BCA with a maximum combined limit of US$8.0 Million ("Combined Limit Facility") to be used for procurement, trade and finance

purposes. This facility is available up to December 14, 2019. Pursuant to the agreement, BIS may also utilize the facility to finance the purchase of raw materials, auxiliary machinery and spare parts. The sub-limits under this facility are: (i) letter of credit facility in the form of sight/usance/UPAS and SKBDN in the form of sight/ usance/ UPAS and trust receipt facility in the maximum amount of US$8.0 million or, US$3.0 million in the event that such facilities is used to purchase raw materials, supporting machines and spare parts; (ii) revolving time loan facility in the maximum amount of US$4.0 million and (iii) negotiated/discounted facilities with special condition in the maximum amount of US$7.0 million. The UPAS bears interest at one-month plus 2.5% per annum, the trust receipt bears interest at one-month LIBOR plus 3.0% per annum (if drawn in U.S. dollar) and 10.25% per annum (if drawn in Rupiah), the negotiated/discounted facilities bears interest at one month LIBOR plus 2.25% per annum (if drawn in U.S. dollar) and 9.25% per annum (if drawn in Rupiah) and the revolving time loan facility bears interest at 5.0% per annum. As of June 30, 2019, the outstanding amount under this facility was US$5.1 million.

***Local Credit Facility 1***. On October 2, 2006, BIS obtained a local credit facility from BCA to be used for working capital requirements. The facility bears interest at 5.0% per annum, which interest is payable on the 25th of each month. This facility is available up to December 14, 2019. Pursuant to the agreement, BIS may also utilize the facility to finance the purchase of raw materials, auxiliary machinery and spare parts. The sub-limits under this facility are: (i) letter of credit facility in the form of sight, usance and UPAS with a maximum ceiling of US$500,000 ("Overdraft Facility Limit") and US$2.0 million in the event that such facilities is used to purchase supporting machines and spare parts; (ii) domestic letter of credit in the form of sight and usance with a maximum ceiling of US$8.0 million; (iii) trust receipt facility with a maximum ceiling of US$8.0 million; (iv) negotiated/discounted facilities with special condition with a maximum ceiling of US$7.0 million; and (v) revolving term loan with a maximum ceiling of US$4.0 million. As of June 30, 2019, there was no amount outstanding under this facility.

***Local Credit Facility 2***. On October 2, 2006, BIS obtained a local credit facility from BCA with a maximum ceiling of Rp.10,000,000,000 ("Overdraft Facility Limit") to be used for working capital requirements. The facility bears interest at 10.25% per annum, which interest is payable on the 25th of each month. This facility is available up to December 14, 2019. Pursuant to the agreement, BIS may also utilize the facilities to finance the purchase of raw materials, auxiliary machinery and spare parts. As of June 30, 2019, there was no amount outstanding under this facility.

***Forex Forward Line***. On October 2, 2006, BIS obtained a foreign exchange facility with BCA with a maximum ceiling of US$2.0 million for the purpose of foreign exchange hedging of BIS. This facility is available up to December 14, 2019. BIS may utilize this facility for the purpose of foreign exchange hedging of BIS. As of June 30, 2019, there was no amount outstanding under this facility.

***Investment Credit Facility***. On October 2, 2006, BIS obtained an investment credit facility from BCA with a maximum ceiling of US$5.0 million to be used for financing of the factory, warehouse development and purchase, and purchases of auxiliary machinery and spare parts. This facility will mature on March 17, 2021. As of June 30, 2019, the outstanding amount under this facility was US$2.4 million.

Further, pursuant to the above loans, BIS is required to maintain at all times (i) a maximum total liabilities to equity ratio of 1.50 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. Pursuant to this facility, BIS 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) sale or release of any immovable assets or other major assets that are vital in carrying out the business activities of BIS; (iv) enter into any merger, amalgamation and acquisition, dissolution of the company; (v) change the company status, the articles of association, composition of any of the non-public shareholders, Board of Commissioners and Board of Directors; and (vi) announce and distribute any dividends in relation to the shares issued by BIS whilst the facility is still in place. BIS has received all consents and/or waivers required under these facilities to provide the guarantee for the Notes.

**Indebtedness of PMJ**

***Indebtedness with BCA***

***Multi Facility***. On March 14, 2011, PMJ obtained loan facilities from BCA with a maximum combined limit of US$6.0 Million ("Combined Limit Facility") to be used for the purchase of raw materials, spare parts and

supporting machineries. This facility is available up to December 14, 2019. The sub-limits under this facility are: (i) letter of credit in the form sight/usance/UPAS; (ii) domestic letter of credit (*Surat Kredit Berdokumen Dalam Negeri* or "SKBDN") in the form of sight SKBDN and UPAS SKBDN; (iii) negotiated/discounted facilities with special condition; (iv) trust receipt facility, which may be withdrawn by means of a letter of credit in the form of sight, usance, usance SKBDN and sight SKBDN; and (v) revolving time loan facility. The maximum ceiling of (i) letter of credit in the form of sight/usance which may be utilized for the purchase of spare parts and supporting machineries is US$1.0 million; (ii) letter of credit in the form of sight/usance/UPAS which may be utilized for the purchase of raw materials using the delivery order document is US$2.0 million; and (iii) negotiated/ discounted facilities with special condition and revolving time loan facility is US$4.0 million, provided that the total utilizations under this Combined Limit Facility does not exceed US$6.0 million. The facility described under (v) bears interest at a rate of 5.0% per annum for U.S. dollars and 10.25% per annum for Rupiah, the facility described under (iv) bears an interest rate of the one-month LIBOR plus 3.0% per annum for U.S. dollars and 10.25% per annum for Rupiah, and the facility described under (iii) bears interest at the rate of one-month LIBOR plus 8.25% per annum (non BCA) and the UPAS facility bears interest at the rate of one-month LIBOR plus 10.25% per annum. As of June 30, 2019, the outstanding amount under this facility was US$4.9 million.

***Local Credit Facility 1***. On December 2, 2014, PMJ obtained a local credit facility from BCA with a maximum combined limit of Rp.11,750 million to be used for working capital requirements. The facility bears interest at 10.25% per annum and interest is payable on the 25th of each month. This facility is available up to December 14, 2019. As of June 30, 2019, there was no outstanding amount under this facility.

***Local Credit Facility 2***. On December 2, 2014, PMJ obtained a local credit facility from BCA with a maximum combined limit of US$500,000, to be used for working capital requirements. The facility bears interest at 5.0% per annum and interest is payable on the 25th of each month. This facility is available up to December 14, 2019. As of June 30, 2019, there was no outstanding amount under this facility.

***Forex Forward Line***. On December 2, 2014, PMJ obtained a foreign exchange facility from BCA with a maximum ceiling of US$2.0 million for the purpose of foreign exchange hedging of PMJ. This facility is available up to December 14, 2019. As of June 30, 2019, there was no outstanding amount under this facility.

***Investment Credit Facility 2***. On November 10, 2017, PMJ obtained an investment credit facility from BCA with a maximum ceiling of US$5.0 million to be used for financing of the factory, warehouse development and purchase, and purchases of auxiliary machinery and spare parts. This facility will mature on March 5, 2021. The sublimit to this facility is letters of credit in the form of sight and usance, specifically such mentioned sublimit may only be issued for the purposes of the purchases of machinery and equipment. As of June 30, 2019, there was no outstanding amount under this facility. As of June 30, 2019, the outstanding amount under this facility was US$1.5 million.

***Investment Credit Facility 3***. On October 11, 2018, PMJ obtained an investment credit facility from BCA with a maximum ceiling of US$2.5 million. This facility will mature on June 13, 2023. The sub-limit to this facility is letters of credit in the form of sight and usance, specifically such mentioned sublimit may only be issued for the purposes of the procurement of vortex spinning-related production machinery and its assorted equipment. As of June 30, 2019, the outstanding amount under this facility was US$2.3 million.

Furthermore, pursuant to the above loans PMJ is required to maintain at all times (i) a maximum total liabilities to equity ratio of 2.5 to 1; (ii) a current ratio at a minimum of 1 to 1; (iii) a minimum EBITDA to interest ratio of 2.00 to 1; and (iv) a minimum EBITDA to interest plus installment ratio of 1.25 to 1. Pursuant to this facility, PMJ is prohibited from undertaking the following activities, among others, without the prior written consent of BCA: (i) acquire any new indebtedness in the form of cash or credit from another party exceeding an amount greater than or equivalent to Rp.10,000,000,000 or bind itself as a guarantor in the form of and/or under any name pursuant to which any of PMJ's assets are provided as security to another party; (ii) provide loans to another party, not limited to those companies affiliated to PMJ; (iii) undertake transactions with another person or party, including but not limited to the PMJ's affiliated companies, that are outside the normal scope of its business activities; or (iv) invest, participate in, or open new businesses other than those businesses which are already existing at the date of the agreement; or (v) make any dividend distributions to its shareholders in the event that the dividend distribution ratio is more than 30% and PMJ fulfills its net profit target and the relevant year's obligations under this facility. PMJ has received all consents and/or waivers required under the above loans to provide the guarantee for the Notes.

**Indebtedness of Golden Mountain**

***Indebtedness with PT Bank Negara Indonesia (Persero) Tbk, Singapore Branch ("BNI")***

On September 3, 2018, Golden Mountain signed a facility letter with BNI for the provision of a usance payment at sight letter of credit facility (the "UPAS Facility") which shall not at any time exceed in aggregate US$15.0 million and a letter of credit facility which, together with the UPAS Facility, shall not at any time exceed in aggregate US$30.0 million, or such other sum as may be specified by BNI from time to time. These facilities comprise the issuance by BNI in its absolute discretion and on a case-by-case basis of sight letter of credit and/or usance letter of credit for a period not exceeding 180 days or such other period as may be determined by BNI from time to time, from the date of the relevant bill of lading, and the acceptance of bills of exchange drawn on BNI pursuant to the terms of any letter of credit issued by BNI. These facilities are to be used to facilitate the trading activity of Golden Mountain and the UPAS Facility shall only be used for purchase from third party supplier with sale to Sritex Group. Pursuant to these facilities, Golden Mountain is required to: (i) place a marginal deposit of 7.5% with BNI for every letter of credit or usance payment at sight letter of credit issued; (ii) ensure that its net worth shall be at least US$270.0 million at all times; (iii) ensure that its current assets to current liabilities ratio shall be at least 1.25 times at all times; and (iv) undertake that it shall not change its management set-up, shareholding structure and shareholding without first obtaining the prior written consent of BNI. These facilities are available up to December 3, 2019, and may be extended by BNI in its discretion. Golden Mountain is not required to notify or obtain consent from BNI under this facility for this offering. As of June 30, 2019, there was no outstanding amount under these facilities.

***Indebtedness with HSBC***

On November 2, 2017, Golden Mountain signed a facility letter with HSBC for the provision of a documentary credit line with a facility limit of US$5.0 million and a maximum tenor of 180 days. This was amended and supplemented on September 21, 2018 by a supplemental facility letter where HSBC agreed to extend a second documentary credit line with a facility limit of US$15.0 million and a maximum tenor of 180 days. Both documentary credit lines bear an interest of 1/16% per month or part thereof, subject to a minimum charge as prescribed in HSBC's applicable standard tariffs. A preferential pricing of 1/16% per month or part thereof, subject to a minimum charge as prescribed in HSBC's applicable standard tariffs, is also payable as deferred payment commission. Golden Mountain is required to secure all monies owing by it to HSBC with a fresh standby letter of credit for an amount of not less than US$5.0 million to be issued by PT Bank HSBC Indonesia. Pursuant to these facilities, Golden Mountain is also required to warrant and undertake that: (i) it shall not, without the prior written consent of HSBC, substantially alter the nature of its business, and/or amend or alter any of the provisions in its constitutional documents relating to its borrowing powers and principal business activities; (ii) it shall procure that none of its shareholders change their ownership in it without the prior written consent of HSBC; and (iii) it shall at all times maintain a positive adjusted tangible net worth. Golden Mountain is not required to notify or obtain consent from HSBC under these facilities for this offering. As of June 30, 2019, there was no outstanding amount under these facilities.

**Indebtedness of Golden Legacy**

***8.25% Senior Notes Due 2021***

On June 7, 2016, Golden Legacy issued US$350.0 million of the 2021 Notes under an indenture dated June 7, 2016 governing the 2021 Notes (the "2021 Notes Indenture"). The 2021 Notes bear interest at a fixed rate of 8.25% per annum. The 2021 Notes mature June 7, 2021. The Issuer and the Subsidiary Guarantors (together, the "2021 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 2021 Notes. On February 19, 2019, the Issuer borrowed under the Syndicated Loan to finance the purchase by Golden Legacy, of US$175,481,000 in aggregate principal amount of the 2021 Notes, pursuant to Golden Legacy's tender offer (the "2021 Notes Tender Offer") for the 2021 Notes at an purchase price of US$1,042.50 per US$1,000 principal amount of 2021 Notes, plus accrued and unpaid interest. Following the completion of the 2021 Notes Tender Offer, US$174.5 million in aggregate principal amount of the 2021 Notes was outstanding as of June 30, 2019.

At any time on or after June 7, 2019, Golden Legacy may redeem the 2021 Notes, in whole or in part, at the redemption prices specified in the 2021 Notes Indenture, plus accrued and unpaid interest, if any, to the redemption date.

The obligations of Golden Legacy and the Issuer under the 2021 Notes are secured on a first priority basis by a lien on certain collateral, which consists of pledges by the Issuer of the shares of Golden Legacy and by Golden Legacy of the shares of Golden Mountain.

The 2021 Notes Indenture contains covenants and events of default substantially similar to the covenants and events of default in the Indenture for the Notes.

***6.875% Senior Notes Due 2024***

On March 27, 2017, Golden Legacy issued US$150.0 million of the 6.875% Senior Notes due 2024 (the "2024 Notes") under an indenture dated March 27, 2017 governing the 2024 Notes. The 2024 Notes bear interest at a fixed rate of 6.875% per annum. The 2024 Notes mature on March 27, 2024. The Issuer and the Subsidiary 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 2024 Notes. As of June 30, 2019, the aggregate principal amount of 2024 Notes outstanding was US$150.0 million.

At any time on or after March 27, 2021, Golden Legacy may redeem the 2024 Notes, in whole or in part, at the redemption prices specified in the 2024 Notes Indenture, plus accrued and unpaid interest, if any, to the redemption date. At any time prior to March 27, 2021, Golden Legacy may at its option redeem all or any portion of the 2024 Notes at a redemption price equal to 100.0% of the principal amount of the 2024 Notes plus the Applicable Premium (as defined in the 2024 Notes Indenture) and accrued and unpaid interest, if any, to the redemption date. At any time prior to March 27, 2020, Golden Legacy may redeem up to 35.0% of the aggregate principal amount of the 2024 Notes with proceeds from certain equity offerings at a redemption price of 106.875% of the principal amount of the 2024 Notes, plus accrued and unpaid interest, if any, to the redemption date.

The obligations of Golden Legacy and the Issuer under the 2024 Notes are secured on a first priority basis by a lien on certain collateral, which consists of pledges by the Issuer of the shares of Golden Legacy and by Golden Legacy of the shares of Golden Mountain.

## 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.

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, 2016, 2017 and 2018 and June 30, 2019, we had US$12.3 million, US$10.9 million, US$13.1 million and US$12.5 million, respectively, of trade receivables due from PT Adikencana Mahkotabuana and US$0.2 million, US$0.0, US$0.0 and US$0.0 of trade payables due to PT Adikencana Mahkotabuana. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we also had US$17.0 million, US$8.0 million, US$20.7 million and US$9.8 million, respectively, of sales and US$8.7 million, US$28.1 million, US$35.5 million and US$15.1 million, respectively, of purchases. See Note 11 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. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had US$0.0, US$0.0 million, US$0.0 and US$0.0, respectively, of sales and US$0.0, US$0.2 million, US$0.1 million and US$0.4 million, respectively, of purchases. See Note 11 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, 2016, 2017 and 2018 and June 30, 2019, we had US$0.0, US$0.0, US$0.9 million and US$1.1 million, respectively of trade receivables due from PT Djohar and US$0.4 million, US$0.0, US$0.0 and US$0.0, respectively, of trade payables due to PT Djohar. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we also had US$2.7 million, US$1.2 million, US$4.0 million and US$1.9 million, respectively, of sales and US$7.0 million, US$3.4 million, US$6.4 million and US$2.2 million, respectively, of purchases. See Note 11 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, 2016, 2017 and 2018 and June 30, 2019, we had US$5.7 million, US$0.3 million, US$14.6 million and US$14.0 million, respectively, of trade receivables due from PT Sari Warna Asli Textile Industry. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we also had US$16.3 million, US$32.4 million, US$30.0 million and US$14.4 million, respectively, of sales and US$13.2 million, US$19.6 million, US$14.9 million and US$12.7 million, respectively, of purchases. See Note 11 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, 2016, 2017 and 2018 and June 30, 2019, we had US$16.7 million, US$12.4 million, US$14.2 million and US$13.5 million, respectively, of trade receivables due from PT Senang Kharisma Textile. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we also had US$23.8 million, US$10.8 million, US$13.7 million and US$6.6 million, respectively, of sales and US$9.0 million, US$5.6 million, US$10.8 million and US$4.4 million, respectively, of purchases. See Note 11 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, 2016, 2017 and 2018 and June 30, 2019, we had US$0.0, US$0.9 million, US$0.0 and US$0.0, respectively, of trade receivables due from PT Sinar Central Sandang. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had US$0.0, US$0.8 million, US$0.0 and US$0.0, respectively, of sales. In 2018, PT Sinar Central Sandang was no longer a company under common control with us. See Note 11 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, 2016, 2017 and 2018 and June 30, 2019, we had US$0.7 million, US$1.7 million, US$2.9 million and US$3.1 million, respectively, of trade receivables due from PT Yogyakarta Tekstil. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had US$1.2 million, US$11.2 million, US$11.4 million and US$5.6 million, respectively, of sales and US$0.0, US$0.0, US$8.7 million and US$5.6 million, respectively, of purchases. See Note 11 to our consolidated financial statements included elsewhere in this Offering Memorandum.

***Transactions with PT Sri Wahana Adityakarta Tbk***

We purchase paper tubes, lubricating oils and other raw materials from PT Sri Wahana Adityakarta Tbk. PT Sri Wahana Adityakarta Tbk is a company under common control with us. As of December 31, 2016, 2017 and 2018 and June 30, 2019, we had US$0.0, US$0.0, US$0.6 million and US$0.6 million, respectively, of trade payables due to PT Sri Whana Adityakarta Tbk. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had US$3.7 million, US$4.1 million, US$4.9 million and US$2.4 million, respectively, of purchases. See Note 11 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. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had US$0.0, US$0.3 million, US$0.5 million and US$0.2 million, respectively, of purchases. See Note 11 to our consolidated financial statements included elsewhere in this Offering Memorandum.

***Transactions with PT Sukoharjo Multi Indah Textile Mill***

We purchase greige 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, 2016, 2017 and 2018 and June 30, 2019, we had US$0.0, US$0.0, US$3.9 million and US$4.5 million, respectively, of trade receivables due from Sukoharjo Multi Indah Textile Mill. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had US$0.0, US$8.5 million, US$26.3 million and US$13.6 million, respectively of sales and US$0.0, US$0.0, US$5.2 million and US$3.0 million, respectively, of purchases. See Note 11 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 December 31, 2016, 2017 and 2018 and June 30, 2019, we had US$0.0 million,

US$0.0 million, US$0.0 and US$0.0, respectively, of trade receivables from PT Jaya Perkasa Textile. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we also had US$0.0 million, US$0.0 million, US$0.0 million and US$0.0, respectively, of sales to PT Jaya Perkasa Textile and US$0.0, US$0.4 million, US$0.9 million and US$0.6 million, respectively, of purchases from PT Jaya Perkasa Textile.

***Transactions with PT Rayon Utama Makmur***

We entered into a purchase and sale agreement with PT Rayon Utama Makmur ("RUM") on January 7, 2019 for the purchase of rayon fiber. RUM is a company under common control with us. Under the agreement, we have agreed that prices for the purchase of rayon fiber 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. Terms and conditions of each purchase will be set out in individual purchase orders. 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. The term of the agreement expires two years from the date of the agreement and will automatically renew thereafter. As of December 31, 2016, 2017 and 2018 and June 30, 2019, we had US$0.0, US$0.0, US$1.8 million and US$2.7 million of trade payables due to PT Rayon Utama Makmur. For the years ended December 31, 2016, 2017 and 2018 and the six months ended June 30, 2019, we had US$0.0, US$0.0 million, US$0.0 and US$0.0, respectively, of sales and US$0.0, US$2.2 million, US$2.6 million and US$3.0 million, respectively of purchases. See Note 11 to our consolidated financial statements included elsewhere in this Offering Memorandum and "Risk Factors — Risks Relating to Our Business — 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".

## 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 and Bapepam-LK/OJK 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 June 30, 2019.

| Name | Position | Age |
|---|---|---|
| Hj. Susyana Lukminto | President Commissioner | 72 |
| Megawati | Commissioner | 43 |
| Prof. Ir Sudjarwadi, M. Eng., Ph.D | Independent Commissioner | 72 |
| Alpino Kianjaya | Independent Commissioner | 57 |

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 Issuer in 2014. She previously served as a commissioner of the Issuer from 2006 to 2014 and as President Director of the Issuer from 1996 to 2006. Prior to this, she served as Director of the Issuer 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 Issuer in 2014. She previously served as the Issuer's Head of Treasury Department from 2011 to 2014. Prior to this, she served as Assistant to Marketing Director and Project Manager of the Issuer 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, M. Eng., Ph.D.*

Professor Ir Sudjarwadi was first appointed as an Independent Commissioner of the Issuer 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.

#### *Alpino Kianjaya*

Mr. Alpino Kianjaya was appointed as Independent Commissioner of the Issuer in 2019. He previously served as Director of Trade and Exchange Member at Indonesian Stock Exchange from 2015 to 2018, President Director at PT Indo Premier from 2002 to 2012 and also Operational Director at PT DBS Securities Indonesia from 1991 to 2002. He graduated in 1987 and holds a bachelor degree in accounting from Tarumanegara University (Indonesia).

**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 June 30, 2019.

| Name | Position | Age |
|---|---|---|
| Iwan Setiawan Lukminto | President Director | 44 |
| Iwan Kurniawan Lukminto | Vice President Director | 36 |
| Arief Halim | Marketing Director | 69 |
| Allan Moran Severino | Finance Director | 63 |
| Eddy Prasetyo Salim | Operational Director | 51 |
| Karunakaran Ramamoorthy | Production Director | 52 |
| Nasir Tamara Tamimi | Independent Director | 68 |
| Mira Christina Setiady | General and Administration Director | 36 |

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 Issuer in 2006. He previously served as Vice President Director of the Issuer from 1999 to 2005 and Assistant Director of the Issuer 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 Issuer in 2012. He previously served as Garment Division Director of the Issuer 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 Issuer in 1990. He previously served as Marketing Manager of the Issuer 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 Issuer in 2006. He previously served as Controller of the Issuer 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 Issuer 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.

***Karunakaran Ramamoorthy***

Mr. Karunakaran Ramamoorthy was appointed as Director of the Issuer in 2017. He previously worked as Unit Head at PT Indah Jaya Group from 2010 to 2017, Chief Executive Officer at M.P Spinning Mills Limited in

Bangladesh from February 2010 to October 2010, General Manager at Shri Govindaraja Mills Limited in Aruppukottai, India from 2009 to 2010, Technical Director at Thiennam Textile & Co. Limited in Vietnam from 2008 to 2009 and Plant Manager at Sunflag Textile & Knitwear Mills Limited in Nairobi, Kenya from 1997 to 2007. Mr. Ramamoorthy holds a Bachelor's Degree in Engineering (Textile) from Kensington University and a Master of Business Administration in Marketing from West Coast University.

***Nasir Tamara Tamimi***

Mr. Nasir Tamara Tamimi was first appointed as Director of the Issuer in 2013. He previously served as Vice President Director at 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. Mr. 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.

***Mira Christina Setiady***

Mrs. Mira Christina Setiady was appointed as Director of the Issuer in 2019. She previously worked as Head of Financial Controller at the Company from 2010 to June 2019, Founder and Creative Director MCS Design from 2005 to 2010, Art Director at Buletin Indonesia Newspaper in Australia from 2002 to 2004. Mrs. Mira Christina Setiady holds a Bachelor of Art Degree from KyB Institute of Technology, Sydney, Australia.

**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, 2016, 2017 and 2018 and the six months ended June 30, 2019 was US$1.7 million, US$2.6 million, US$3.6 million and US$3.2 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 Indonesian laws and regulations, we appointed an audit committee. 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 June 30, 2019.

| Name | Position | Age |
|---|---|---|
| Prof. Ir Sudjarwadi, M. Eng., Ph.D | Chairman | 72 |
| Yose Rizal | Member | 54 |
| Ida Bagus Oka Nila | Member | 63 |

***Yose Rizal***

Mr. Yose Rizal was first appointed as member of the Audit Committee of the Issuer 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 Issuer 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 appointed an internal audit unit, 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 June 30, 2019.

| Name | Position | Age |
|---|---|---|
| Dony Endrastomo | Chairman | 45 |
| F. Andri Lawu Cahyo Nugroho | Member | 46 |
| Benny Frihatten | Member | 40 |
| Esther Chries Marlina | Member | 35 |

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 Issuer 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's 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 Issuer 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 Issuer 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 and holds a Bachelor's Degree in Accounting from STIESIA.

***Esther Chries Marlina***

Ms. Esther Chries Marlina was appointed as Internal Auditor of the Issuer 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 Issuer on the one hand, and the shareholders of the Issuer, the OJK and other stakeholders on the other.

Mr. Welly Salam has served as the Corporate Secretary of the Issuer 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 June 30, 2019:

| Name | Number of Shares Held | Percentage of Total Outstanding Shares |
|---|---|---|
| PT Huddleston Indonesia[1] | 12,072,841,076 | 59.03% |
| Public | 8,158,734,000 | 39.89% |
| Other[1] | 220,601,768 | 1.08% |
| **Total** | **20,452,176,844** | **100.00%** |

(1) Indirectly beneficially owned by the Lukminto family.

## DESCRIPTION OF THE NOTES

For purposes of this "Description of the Notes", the term "Company" refers only to PT Sri Rejeki Isman Tbk, a public company incorporated with limited liability under the laws of Indonesia, and not to any of its Subsidiaries. Each subsidiary of the Company that guarantees the Notes is referred to as a "Guarantor" and each such guarantee is referred to as a "Guarantee".

The Notes are to be issued under an indenture (the "Indenture"), to be dated as of the Original Issue Date, among the Company, 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 and the Guarantees. 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 and the Guarantees. 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 Company;
- be senior in right of payment to any obligations of the Company 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 Company (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 "— Guarantees" and in "Risk Factors — Risks Relating to the Notes and the Guarantees"; and
- be effectively subordinated to the secured obligations of the Company and the Guarantors (including the existing credit facilities), to the extent of the value of the assets serving as security therefor.

The Notes will mature on January 16, 2025 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 7.25% 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 January 16 and July 16 of each year (each an "Interest Payment Date"), commencing July 16, 2020.

Interest on the Notes will be paid on the Interest Payment Date to Holders of record at the close of business on January 1 or July 1 immediately preceding an Interest Payment Date (each a "Record Date"), notwithstanding any transfer, exchange or cancelation 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 Company 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 Company at the office or agency of the Company maintained for that purpose (which will initially 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 Company, payment of interest may be made by check mailed (at the expense of the Company) 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.

**Guarantees**

On the Original Issue Date, Golden Legacy Pte. Ltd., Golden Mountain Textile and Trading Pte. Ltd., PT Sinar Pantja Djaja, PT Bitratex Industries and PT Primayudha Mandirijaya will be the only subsidiaries of the Company and each will be a Restricted Subsidiary, and PT Sinar Pantja Djaja, PT Bitratex Industries and PT Primayudha Mandirijaya will be the initial Guarantors. The Company 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 Company 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 Guarantee of payment of the Notes by such Restricted Subsidiary.

The Guarantee of each Guarantor will:

- be a general obligation of such Guarantor;
- be senior in right of payment to all future obligations of such Guarantor expressly subordinated in right of payment to such Guarantee;
- rank at least *pari passu* in right of payment with all other unsecured, unsubordinated Indebtedness of such Guarantor (subject to any priority rights of such unsecured, unsubordinated Indebtedness pursuant to applicable law); and
- be effectively subordinated to secured obligations of such Guarantor (including the existing credit facilities), to the extent of the value of the assets serving as security therefor.

See “Risk Factors — Risks Relating to the Notes and the Guarantees”.

Under the Indenture, and any supplemental indenture to the Indenture, as applicable, each of the 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 Guarantors will (1) agree that their obligations under the 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 Company prior to exercising its rights under the 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 Guarantees will be reinstated with respect to such payments as though such payment had not been made. All payments under the Guarantees are required to be made in U.S. dollars.

Concurrently with the execution of the Indenture, each Guarantor incorporated in the Republic of Indonesia will enter into a Deed of Guarantee governed by the laws of Indonesia before a notary in Jakarta, Indonesia which will provide for such 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 Guarantee will be limited to an amount not to exceed the maximum amount that can be guaranteed by the applicable Guarantor

without rendering the Guarantee, as it relates to such 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 Guarantor's obligations under its Guarantee could be significantly less than amounts payable with respect to the Notes, or a Guarantor may effectively have no obligation under its Guarantee. If a 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 Guarantor, and, depending on the amount of such Indebtedness, a Guarantor's liability on its Guarantee could be reduced to zero.

See "Risk Factors — Risks Relating to the Notes and the Guarantees — 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 Guarantees***

A Guarantee given by a 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 Company of such 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 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 Guarantor no longer being a Restricted Subsidiary.

No release of a Guarantor from its Guarantee shall be effective against the Trustee or the Holders until the Company 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 Company will be permitted to designate certain of its Subsidiaries as "Unrestricted Subsidiaries". The Company's Unrestricted Subsidiaries will generally not be subject to the restrictive covenants in the Indenture. The Company's Unrestricted Subsidiaries will not guarantee the Notes.

**Further Issues**

Subject to the covenants described below and in accordance with the terms of the Indenture, the Company 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) 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 series 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 Company will be subject to the following conditions:

(1) all Obligations with respect to the Additional Notes shall be 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 Company has 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 October 16, 2022, the Company 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 October 16 of any year set forth below:

| Period | Redemption Price |
|---|---|
| 2022 | 103.625% |
| 2023 | 101.8125% |
| 2024 | 100.000% |

At any time and from time to time prior to October 16, 2022, the Company 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 107.250% 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 Company 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 Company's discretion, be conditioned on the completion of the related Equity Offering.

At any time and from time to time prior to October 16, 2022, the Company 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 Company 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 cancelation 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 Company 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 Company will agree in the Indenture that it 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 Company, it is important to note that if the Company 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 Company 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 Company

may also (i) prohibit the Company 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 Company 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 Company. The ability of the Company to pay cash to the Holders following the occurrence of a Change of Control may be limited by the Company'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 and the Guarantees — The Company 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 Company. 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 Company to repurchase such Holder's Notes as a result of a sale of "all or substantially all" the assets of the Company 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 Company 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 Company 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 Company 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 Company and any 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. The Company will notify the Registrar and the Transfer Agent in writing at the completion of any such open market purchases. Any Notes acquired by the Company or any Restricted Subsidiary will be canceled.

**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 Company, 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 applicable 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 Company, 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 or enforcement of rights thereunder, 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 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 Company, 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) is payable other than by deduction or withholding from payments made on or with respect to any Note;

(iv) 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 Company or any Guarantor and the United States or any authority thereof entered into for FATCA purposes;

(v) any combination of taxes, duties, assessments or other governmental charges referred to in the preceding clauses (i), (ii), (iii) and (iv); 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.

The Company will upon request, make reasonable efforts to obtain certified copies of tax receipts evidencing the payment of any taxes so deducted or withheld from the Relevant Jurisdiction imposing such taxes. Upon request, the Company will furnish to Holders, within 60 days after the date the payment of any taxes so deducted or withheld is due pursuant to applicable law, either certified copies of tax receipts evidencing such payment or, if such receipts are not obtainable, other evidence of such payments.

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 Company, 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).

At least 30 days prior to the first date on which any payment under or with respect to the Notes is due and payable, if the Company, a Surviving Person or any Guarantor will be obligated to pay Additional Amounts with respect to such payment, the Company 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. The Company will deliver to the Trustee an Officer's Certificate 30 days prior to any subsequent payment date if there has been a change in the matters set forth in the previously furnished certification (unless the change occurred after the 30th day prior to such date).

In addition, the Company will pay any stamp, issue, registration, documentary, value added or other similar taxes and other duties (including interest and penalties) payable in any Relevant Jurisdiction in respect of the creation, issue, offering, execution or enforcement of the Notes (other than with respect to transfers of the Notes in the secondary market following the Original Issue Date), or any documentation with respect thereto.

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.

The above obligation will survive the repayment of the Notes, any Guarantee, termination, defeasance or discharge of the Indenture and any transfer by a Holder or beneficial owner of the Notes.

**Redemption for Taxation Reasons**

The Notes may be redeemed, at the option of the Company 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 Company 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 or a Guarantee (or, in the case of a Surviving Person or future Guarantor, the date such Person became a Surviving Person or Guarantor, as the case may be), the Company, 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, and such requirement cannot be avoided by the taking of reasonable measures by the Company, such Guarantor or the Surviving Person, as the case may be; *provided* that changing the jurisdiction of the Company, 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 Company, a Guarantor or the Surviving Person, as the case may be, would be obligated to pay such Additional Amounts if a payment in respect of the Notes were then due; *provided further* that where any such requirement to pay Additional Amounts 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 is in excess of 20.0%.

Prior to the mailing of any notice of redemption of the Notes pursuant to the foregoing, the Company, 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 Company, 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 canceled.

**Certain Covenants**

Set forth below are summaries of certain covenants contained in the Indenture.

***Limitation on Indebtedness***

(a) The Company will not, and will not permit any Restricted Subsidiary to, Incur, directly or indirectly, any Indebtedness (including Acquired Indebtedness); *provided* that the Company, any 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 Company will not permit any Restricted Subsidiary to Incur any Disqualified Stock (other than Disqualified Stock held by the Company or a Guarantor so long as it is so held).

(b) Notwithstanding the foregoing, the Company and, to the extent provided below, the Company, any 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 Company or any Restricted Subsidiary under Credit Facilities (with letters of credit being deemed to have a principal amount equal to the maximum potential liability of the Company and the Restricted Subsidiaries 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 Company and the Guarantors;

(3) Indebtedness of the Company or any Restricted Subsidiary outstanding on the Original Issue Date, excluding Indebtedness permitted under clause (b)(1), (b)(2) or (4) of this covenant;

(4) Indebtedness of the Company or any Restricted Subsidiary owed to the Company or any 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 Company 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 Company is the obligor on such Indebtedness, such Indebtedness must be unsecured and expressly be subordinated in right of payment to the Notes and (z) if a Guarantor is the obligor on such Indebtedness and a Restricted Subsidiary that is not a Guarantor is the obligee, such Indebtedness must be unsecured and expressly subordinated in right of payment to the Guarantee of such Guarantor;

(5) Indebtedness of the Company or any 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 in an amount not to exceed the amount so refinanced or refunded (plus premiums, accrued interest, fees and expenses); *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 Company or any Guarantor be refinanced pursuant to this clause by means of any Indebtedness of any Restricted Subsidiary (other than any Finance Subsidiary) that is not a Guarantor;

(6) Indebtedness Incurred by the Company or any Restricted Subsidiary (other than any FS Subsidiary) pursuant to Hedging Obligations for the purpose of protecting the Company or any Restricted Subsidiary from fluctuations in interest rates, currencies or commodity prices and not for speculation;

(7) Indebtedness of the Company or any Restricted Subsidiary (other than 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 Company 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 Company or any Restricted Subsidiary from the disposition of such business, assets or Capital Stock of a Restricted Subsidiary;

(8) Indebtedness Incurred by the Company or any 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 Company or any 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 Company 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 Company or any Restricted 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 the Company or any Guarantor of Indebtedness of the Company, any Guarantor 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 Company or any 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 Company or such Restricted Subsidiary of a demand for reimbursement;

(13) Indebtedness of a Finance Subsidiary that is guaranteed by the Company or any Guarantor to the extent the Company or such Guarantor was permitted to incur such indebtedness under this covenant (other than 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 Company, 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.

(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 Company as accrued.

(e) Notwithstanding any other provision of this covenant, the maximum amount of Indebtedness that the Company 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 Company will not Incur, and will not permit any Guarantor to Incur, any Indebtedness if such Indebtedness is contractually subordinated in right of payment to any other Indebtedness of the Company or such 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 Company or any Guarantor solely by virtue of being unsecured or by virtue of being secured on a junior priority basis.

***Limitation on Restricted Payments***

The Company will not, and 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 Company's or any Restricted Subsidiary's Capital Stock (other than dividends or distributions payable or paid solely in shares of the Company'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 Company 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 Company, any Restricted Subsidiary or any direct or indirect parent of the Company held by any Persons other than the Company 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 any intercompany Indebtedness between or among the Company 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 Company 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 Company and its Restricted Subsidiaries after the 2019 Notes Original Issue Date (excluding the approximately US$8.0 million dividend paid by the Company in July 2015) would exceed the sum (without duplication) of:

  (i) 50% of the aggregate amount of the Consolidated Net Income of the Company (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 Company's most recently ended fiscal quarter for which consolidated financial statements of the Company (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 Company after the 2019 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 Company, including any such Net Cash Proceeds received upon (x) the conversion of any Indebtedness (other than Subordinated Indebtedness) of the Company or any Restricted Subsidiary into Capital Stock (other than Disqualified Stock) of the Company, or (y) the exercise by a Person who is not a Subsidiary of the Company of any options, warrants or other rights to acquire Capital Stock of the Company (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 Company; *provided* that this clause (C)(ii) shall not include proceeds from Excluded Contributions; *plus*

(iii) the amount by which Indebtedness of the Company or any Restricted Subsidiary is reduced on the Company's statement of financial position upon conversion or exchange (other than by a Subsidiary of the Company) subsequent to the 2019 Notes Original Issue Date of any Indebtedness of the Company or any Restricted Subsidiary into Capital Stock (other than Disqualified Stock) of the Company (less the amount of any cash, or the Fair Market Value of any other property, distributed by the Company or such Restricted Subsidiary upon such conversion or exchange); *plus*

(iv) (a) an amount equal to the net reduction in Investments (other than reductions in Permitted Investments) that were made after the 2019 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 Company 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 Company or any Restricted Subsidiary after the 2019 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 Company or a Restricted Subsidiary after the 2019 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 Company or any 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 Company) of, shares of Capital Stock (other than Disqualified Stock) of the Company (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 Company, in each case on a pro rata basis or on a basis more favorable to the Company;

(5) the redemption, purchase or other acquisition or retirement for value of any Capital Stock of the Company 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 Company 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 Company; *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 2019 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 clause (1) 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 clause (1) of the preceding paragraph will be included in such calculation only to the extent such Restricted Payments are made to Persons other than the Company or a Restricted Subsidiary. Each Restricted Payment made pursuant to clauses (2), (3), (4), (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 Company 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$15.0 million (or the Dollar Equivalent thereof).

Not later than the date of making any Restricted Payment in excess of US$15.0 million (or the Dollar Equivalent thereof), the Company 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 Company 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 Company or any other Restricted Subsidiary;

(2) pay any Indebtedness or other obligation owed to the Company or any other Restricted Subsidiary;

(3) make loans or advances to the Company or any other Restricted Subsidiary; or

(4) sell, lease or transfer any of its property or assets to the Company 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 Company or any Restricted Subsidiary to other Indebtedness Incurred by the Company or any Restricted Subsidiary; and (iii) the provisions contained in documentation governing Indebtedness requiring transactions between or among the Company 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 Indentures), or in the Notes, the Guarantees, the Indenture 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 Company 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 Company 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 Company or any Restricted Subsidiary in any manner material to the Company 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 Company to make required payments on the Notes;

(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; or

(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 Company to make required payments on the Notes.

***Limitation on Sales and Issuances of Capital Stock in Restricted Subsidiaries***

The Company will not sell, and 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 Company 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 Company or a Restricted Subsidiary;

(c) the issuance or sale of the shares of Capital Stock of a Restricted Subsidiary 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 which remains a Restricted Subsidiary after any such issuance or sale; *provided* that the Company or such Restricted Subsidiary applies, to the extent required, 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 Company or its other Restricted Subsidiaries.

***Limitation on Issuances of Guarantees by Restricted Subsidiaries***

The Company will not permit any Restricted Subsidiary which is not a Guarantor, directly or indirectly, to provide any guarantee for any Indebtedness ("Guaranteed Indebtedness") of the Company or any Restricted Subsidiary, unless (a) such Restricted Subsidiary simultaneously executes and delivers a supplemental indenture to the Indenture providing for an unsubordinated 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 Company or any other Restricted Subsidiary as a result of any payment by such Restricted Subsidiary under its 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 Guarantors***

The Company 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 Company 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 Guarantee of payment of the Notes by such Restricted Subsidiary.

***Limitation on Transactions with Shareholders and Affiliates***

The Company will not, and 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 Company or (b) any Affiliate of the Company (each an "Affiliate Transaction"), unless:

(1) the Affiliate Transaction is on terms that are no less favorable to the Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's-length

transaction by the Company or the relevant Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Company or such Restricted Subsidiary; and

(2) the Company delivers to the Trustee:

(A) 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), 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$15.0 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 Company 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 Company or the relevant Restricted Subsidiary than those that would have been obtained in a comparable arm's length transaction by the Company or such Restricted Subsidiary with a Person that is not such a holder or an Affiliate of the Company 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 Company or any Restricted Subsidiary who are not employees of the Company 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 Company 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 Company 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 Company) that is an Affiliate of the Company solely because the Company, directly or indirectly, owns Capital Stock in, or controls, such Person or solely because the Company 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 Company or acquired from an Affiliate of the Company) that is acquired by or merged into the Company or any of its Restricted Subsidiaries and an Affiliate of the Company 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 Company; and

(11) loans or advances to, or guarantees of obligations of, directors, commissioners, officers or employees of the Company 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 Company and its Restricted Subsidiaries than the original agreement in effect on the Original Issue Date, (ii) any transaction between or among any of the Company 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), or (iii) any transaction between or among the Company, Golden Legacy Pte. Ltd. or Golden Mountain Textile and Trading Pte. Ltd. permitted under the Old Notes Indentures, 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 Company will not, and 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 Company will not, and will not permit any Restricted Subsidiary to, enter into any Sale and Leaseback Transaction; *provided* that the Company may enter into a Sale and Leaseback Transaction if:

(a) the Company 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 Company 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 Company will not, and will not permit any Restricted Subsidiary to, consummate any Asset Sale (other than an Event of Loss), unless:

(a) the consideration received by the Company 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 Company or such Restricted Subsidiary receives Replacement Assets involving aggregate consideration in excess of US$15.0 million (or the Dollar Equivalent thereof), the Company shall deliver to the Trustee an opinion as to the fairness to the Company 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 Company's most recent consolidated statement of financial position, of the Company 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 Company or such Restricted Subsidiary from further liability; and

(B) any securities, notes or other obligations received by the Company or any Restricted Subsidiary from such transferee that are promptly, but in any event within 30 days of closing, converted by the Company 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 Company (or the applicable Restricted Subsidiary, as the case may be) may apply such Net Cash Proceeds to:

(1) permanently repay Senior Indebtedness (and, if such Senior Indebtedness repaid is revolving credit Indebtedness, to correspondingly reduce commitments with respect thereto) of the Company and the Restricted Subsidiaries (in each case other than Indebtedness owed to the Company or an Affiliate of the Company); or

(2) acquire Replacement Assets.

Pending application of such Net Cash Proceeds as set forth in the preceding paragraph, the Company (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 Company 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 Company 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 Company 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 Company 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 Company's Business Activities***

The Company 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 Company or any Restricted Subsidiary 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".

***Maintenance of Insurance***

The Company 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 Company or such Restricted Subsidiary conducts its businesses.

***Designation of Restricted and Unrestricted Subsidiaries***

The Board of Directors may designate any Restricted Subsidiary 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 Company 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 Company or any other Restricted Subsidiary; (d) such Restricted Subsidiary does not own any Disqualified Stock of the Company or Disqualified Stock or Preferred Stock of another Restricted Subsidiary or hold any Indebtedness of, or any Lien on any property of, the Company 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 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 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.

***Use of Proceeds***

The Company will not, and will not permit any Restricted Subsidiary to, use the net proceeds from the sale of the Notes issued on the Original Issue Date, in any amount, for any purpose other than (a) for the purposes specified under the caption "Use of Proceeds" in the 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 Company will, and 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 Company and its Restricted Subsidiaries, taken as a whole, or (2) the ability of the Company or any 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 first paragraph and clause (C) of the second 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 Company'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 Company 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 Company will file with the Trustee and the Trustee shall at the expense of the Company 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 Company'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 Company ceases to be listed for trading on the Indonesia Stock Exchange or any other national stock exchange, the Company will file with the Trustee and the Trustee shall at the expense of the Company 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 Company, annual reports containing, and in a level of detail that is comparable in all material respects to that included in the Offering Memorandum, the following information: (i) audited consolidated statements of financial position of the Company 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 Company 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 the Offering Memorandum) and liquidity and capital resources of the Company, 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 Company (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 Company, semi-annual reports of the Company 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 Company 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 Company to the effect that such financial statements present fairly the financial position of the Company 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 the Offering Memorandum) and liquidity and capital resources of the Company, 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 Company, quarterly reports of the Company 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 Company 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 Company, together with a certificate signed by the person then authorized to sign financial statements on behalf of the Company to the effect that such financial statements present fairly the financial position of the Company 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 Company 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 Company's external auditors verifying the accuracy and correctness of the calculation and arithmetic computation; *provided* that the Company 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 Company and the Restricted Subsidiaries and their performance under the Indenture, the Notes and the Guarantees, and that the Company 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 Company becomes aware of the occurrence of a Default and/or an Event of Default, an Officer's Certificate of the Company setting forth the details thereof and the action the Company is taking or proposes to take with respect thereto.

At any time that any of the Company'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 Company, 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 the Offering Memorandum), net income, cash, total assets, total debt, shareholders equity, capital expenditures and interest expense of such Unrestricted Subsidiaries.

Furthermore, the Company has 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 the Company is not 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 Company 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 Company 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" or (y) the Company fails 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";

(d) the Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company or any Guarantor from performing its payment obligations under the Indenture, the Notes or any Guarantee; or

(l) it becomes unlawful for the Company 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.

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 Company (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 Company 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 Company 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 or the Indenture. The Trustee may maintain a proceeding even if it does not possess any of the Notes or does not produce any of them in the proceeding.

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 exercising any trust or power conferred on the Trustee. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture that may involve the Trustee 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 Company 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 Company and its Restricted Subsidiaries and the Company's and its Restricted Subsidiaries' performance under the Indenture and the Notes and that the Company has 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 Company 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 Company becomes aware of the occurrence of such default. See "— Provision of Financial Statements and Reports". None of the Trustee 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 Company 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 Company 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 Company under the Indenture and the Notes and the Indenture and the Notes 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 Company 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 Company 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 Guarantor, unless such Guarantor is the Person with which the Company has entered into a transaction described under this covenant, shall execute and deliver a supplemental indenture to the

Indenture confirming that its Guarantee shall apply to the obligations of the Company or the Surviving Person in accordance with the Notes and the Indenture; and

(f) no Rating Decline will have occurred.

No 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 Company or another Guarantor), unless:

(A) such 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 Company or a Guarantor or will become a 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 Guarantor under the Indenture, the Notes and the Guarantee, as the case may be, including the obligation to pay Additional Amounts, and the Indenture, the Notes and the 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 Company 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 Company 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 Guarantor whose Guarantee is unconditionally released in accordance with the provisions of the Indenture and (b) a consolidation or merger of any Guarantor with and into the Company or any other Guarantor, so long as the Company or such Guarantor survives such consolidation or merger.

The requirements of clause (c) of the first paragraph of this covenant will not apply to any consolidation, or other combination or merger, of the Company into an Affiliate incorporated or organized for the purpose of changing the legal domicile of the Company or changing the legal form of the Company.

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 Company that may adversely affect Holders.

**No Payments for Consents**

The Company 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 Company 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 Company or any of its Restricted Subsidiaries to (i) file a registration statement, prospectus or similar document or subject the Company 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 Company 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 Company in its sole discretion.

**Defeasance**

***Defeasance and Discharge***

The Indenture will provide that the Company 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 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 Company 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 Company 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 Company 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 Company'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 Company 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 Company or any Restricted Subsidiary is a party or by which the Company or any Restricted Subsidiary is bound; and

(e) the Company 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 Guarantees will terminate.

***Defeasance of Certain Covenants***

The Indenture will provide that the provisions of the Indenture will no longer be in effect with respect to clauses (c), (d)(1) and (e) under the first paragraph and clauses (C), (D)(1) and (E) under the second 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 first paragraph and clauses (C), (D)(1) and (E) under the second 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 Company 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 Company 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 Company and the Guarantors under the Indenture will remain liable for such payments.

**Amendments and Waiver**

***Amendments Without Consent of Holders***

The Indenture, the Notes and the Guarantees may be amended, without the consent of any Holder, to:

(a) cure any ambiguity, defect, omission or inconsistency in the Indenture, the Notes or the Guarantees;

(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;

(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 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; or

(j) conform the text of the Indenture, the Notes or the Guarantees 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 or the Guarantees.

***Amendments With Consent of Holders***

Amendments of the Indenture, the Notes or the Guarantees may be made by the Company, the 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 Company or the Guarantors with any provision of the Indenture, the Notes or the Guarantees; *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 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) 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;

(k) change the redemption date or the redemption price of the Notes from that stated under "— Optional Redemption" or "— Redemption for Tax Reasons";

(l) amend, change or modify the obligation of the Company or any Guarantor to pay Additional Amounts; or

(m) 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 Company or any 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 Company or any 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 Company and thereafter repaid to the Company) have been delivered to the Trustee for cancelation; or

(b) all Notes not theretofore delivered to the Trustee or the Paying Agent for cancelation have become due and payable pursuant to an optional redemption notice or otherwise or will become due and

payable within one year, and the Company 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 cancelation, for principal of, premium, if any, and interest on the Notes to the date of deposit together with irrevocable written instructions from the Company 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 Company 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 Company or any Guarantor is a party or by which the Company or any Guarantor is bound (other than the Indenture, the Notes or the Guarantees).

In addition, the Company 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 Company 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 Company or any of the 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 Company or any of the 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 will be appointed as Trustee under the Indenture. Citibank, N.A., London Branch will 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. 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 Company or any of the 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 Company and its Affiliates; *provided* that if it acquires any conflicting interest, it must eliminate such conflict or resign.

If the Company 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 Company 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 Company nor any of the Guarantors, the Trustee nor any of the Agents 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 Company 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 Company 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 Company 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 Company, any of the Guarantors, the Trustee or the Agents 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 Company within 90 days, the Company 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 Company 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 Purchasers. 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 Company, 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 Company or any Guarantor) addressed to the Company or such Guarantor at the registered office of the Company, 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 Company and each of the 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 Deeds of Corporate Guarantee will be governed by and construed in accordance with, the laws of the Republic of Indonesia.

**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.

"*2019 Notes Original Issue Date*" means April 24, 2014.

"*2021 Notes*" means the 8.25% Senior Notes due 2021 issued by Golden Legacy Pte. Ltd.

"*2021 Notes Indenture*" means the indenture, dated June 7, 2016, among Golden Legacy Pte. Ltd., the Company, PT Sinar Pantja Djaja and Citicorp Investment Bank (Singapore) Limited.

"*2024 Notes*" means the 6.875% Senior Notes due 2024 issued by Golden Legacy Pte. Ltd.

"*2024 Notes Indenture*" means the indenture, dated March 27, 2017, among Golden Legacy Pte. Ltd., the Company, PT Sinar Pantja Djaja and Citicorp Investment Bank (Singapore) Limited.

"*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 October 16, 2022 (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 October 16, 2022 (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 nor any of the Agents will be responsible for calculating or verifying the Applicable Premium.

"*Asset Acquisition*" means (i) an Investment by the Company 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 Company or any Restricted Subsidiary, or (ii) an acquisition by the Company or any Restricted Subsidiary of the property and assets of any Person other than the Company 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 Company or any Restricted Subsidiary (other than to the Company 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 Company 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 Company 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 Company 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 Company or any Restricted Subsidiary to the Company or to a Guarantor;

(h) any transfer resulting from any casualty or condemnation of property;

(i) any sale, transfer 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 Company elected or appointed by the stockholders of the Company to manage the business of the Company 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, 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 Company 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 Company 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 Company, in any such event pursuant to a transaction in which any of the outstanding Voting Stock of the Company 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 Company 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 Company 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 Company.

"*Clearstream*" means Clearstream Banking, société anonyme, Luxembourg or any successor thereof.

"*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 October 16, 2022.

"*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 Company 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 Company 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 Company or any Restricted Subsidiary held by Persons other than the Company or any Restricted Subsidiary, except for dividends payable in the Company'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 Company 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 Company 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 Company or any Restricted Subsidiary or secured by a Lien on assets of the Company 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 Company or any Restricted Subsidiary or all or substantially all of the property and assets of such Person are acquired by the Company 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 Company 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 Company realized on sales of Capital Stock of the Company 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 Company'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 Company after the Original Issue Date to any Person other than to an Affiliate of the Company 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 Company 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 Company and its Restricted Subsidiaries which, in each case of (a) or (b), results in compensation, damages or other payments to the Company or any Restricted Subsidiary in an amount equal to or greater than 35% of the Total Assets of the Company 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 Company from

(a) contributions to its common equity capital; and

(b) the sale (other than to a Subsidiary of the Company or to any management equity plan or stock option plan or any other management or employee benefit plan or agreement of the Company) of Capital Stock (other than Disqualified Stock) of the Company,

in each case designated as Excluded Contributions pursuant to an Officer's Certificate of the Company 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".

"*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 Company or another Finance Subsidiary (i) the operations of which are primarily comprised of Incurring Indebtedness to Persons other than the Company or any of its Subsidiaries from time to time to finance the operations of the Company 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 Company 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 cancelation thereof and (z) cash or Temporary Cash Investments and which shall include, for the avoidance of doubt, Golden Legacy Pte. Ltd. and Golden Mountain Textile and Trading Pte. Ltd.

"*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 Company 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 Company 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 Company (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 any guarantee of the obligations of the Company under the Indenture and the Notes by the Guarantors.

"*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.

"*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 Company will be deemed to have made an Investment in an Unrestricted Subsidiary in an amount equal to the Fair Market Value of the Company's proportionate interest in the assets (net of the Company's proportionate interest in the liabilities owed to any Person other than the Company or a Restricted Subsidiary and that are not

guaranteed by the Company 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 Company 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 Company 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, Fitch or any of their 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 Company as having been substituted for S&P, Fitch or Moody's, 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 Company 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 Company 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 Company, 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 Company 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 Company from the Holders commenced by the Company 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 Company 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 Company 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 Company for payment on the Offer to Purchase Payment Date. On the Offer to Purchase Payment Date, the Company 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 Company. 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 Company 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 Company and its Subsidiaries which the Company 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 Company 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 Company 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 Company 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 one of the executive officers of the Company, in the case of the Company, or, in the case of a Guarantor, one of the directors or executive officers of such Guarantor.

"*Officer's Certificate*" means a certificate signed by an Officer.

"*Old Notes*" means, collectively, the 2021 Notes and the 2024 Notes.

"*Old Notes Indentures*" means, collectively, the 2021 Notes Indenture and the 2024 Notes Indenture.

"*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 Company and any Subsidiary of the Company as to matters of fact.

"*Original Issue Date*" means the date on which the Notes are originally issued under the Indenture.

"*Permitted Business*" means any business conducted or proposed to be conducted (as described in the Offering Memorandum) by the Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company 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 Company'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 Company 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 Company or any of its Restricted Subsidiaries and prepayments made in connection with the acquisition of real property by the Company or any Restricted Subsidiary, in each case, in the ordinary course of business;

(17) any guarantee of Indebtedness of the Company 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 Company 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 Company 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 Company 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 Company or any Guarantor;

(8) Liens arising from attachment or the rendering of a final judgment or order against the Company 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 Company 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 Company or any Restricted Subsidiary;

(14) Liens under the security documents securing the Old Notes or any guarantee thereunder;

(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 and any intercompany loans or advances from such Finance Subsidiary to the Company 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 Company 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 Company or any 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 Company 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 Company 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 Company solely to secure Indebtedness of such Unrestricted Subsidiaries or such Person, in each case that is non-recourse to the Company or any Restricted Subsidiary, unless the Company 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 Company and its Restricted Subsidiaries;

(26) licenses or leases or subleases as licensor, lessor or sublessor of any of the Company'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 acquisition or disposition of assets;

(28) Liens encumbering property or assets under construction arising from progress or partial payments by a customer of the Company 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 inventories and accounts receivable to secure working capital facilities of the Company or any Restricted Subsidiary used for working capital; and

(31) Liens with respect to obligations that do not exceed US$25.0 million (or the Dollar Equivalent thereof) at any one time outstanding.

"*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 Company 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 Company'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 Company 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 Company 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 Company 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 Company or any Restricted Subsidiary transfers such property to another Person and the Company or any Restricted Subsidiary leases it from such Person.

"*Securities Act*" means the U.S. Securities Act of 1933, as amended.

"*Senior Indebtedness*" of the Company or any Restricted Subsidiary, as the case may be, means all Indebtedness of the Company 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, in respect of the Indebtedness of the Company or a Guarantee, in respect of the Indebtedness of any Restricted Subsidiary that is a Guarantor; *provided* that Senior Indebtedness does not include (a) any obligation to the Company 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 Company or any 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 Notes or any 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 any 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 Company or any Guarantor which is contractually subordinated or junior in right of payment to the Notes or any 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.

"*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 Company) 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 Danamon Indonesia Tbk, PT Bank Bukopin Tbk, PT Bank UOB Indonesia, PT Bank Negara Indonesia (Persero) Tbk, PT Bank CTBC Indonesia, PT Bank BRI Syariah, PT Bank Mandiri (Persero) Tbk, PT Mega Tbk, Deutsche Bank AG, PT Bank Sumitomo Indonesia, Citibank N.A., PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk, PT Bank HSBC Indonesia, PT Bank Maybank Syariah Indonesia, PT Bank Rabobank Indonesia, PT Bank KEB Hana Indonesia, PT Bank DBS Indonesia, The Development Bank of Singapore Limited and Taipei Fubon Bank; (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 Company 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 Company 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 Company 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 Company 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 twelve-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 of principal under the Notes by the Company or Subsidiary Guarantors are not subject to withholding tax in Indonesia.

As stipulated by the Income Tax Law No. 36 Year 2008, included in the definition of interest are premium, discount and other types of remuneration in connection with a loan repayment guarantee. Premiums may arise when an obligation note is sold above its nominal value, whereas a discount occurs when an obligation note is bought below its nominal value. Such premium is classified as income for the issuer of the obligation note and a discount is classified as income for the buyer of the obligation note.

Payments of interest and Additional Amounts made by the Company or Subsidiary Guarantors to a non-resident taxpayer in whatever name or form under the Guarantees are subject to withholding tax at the rate of 20.0% on the gross amount, amount which becomes payable when the interest is actually paid or when the interest becomes due (whichever occurs first), and this withholding tax is a final tax. However, the effective rate of tax may be reduced by virtue of a tax treaty, subject to satisfying the eligibility and reporting requirements for the relevant tax treaty and the domestic tax regulations. Please refer to the section "— Application of Tax Treaties under Indonesian Tax Regulations".

***Taxation on Capital Gains***

Income derived by non-resident taxpayers, without a permanent establishment in Indonesia, from the disposal of Notes to other non-resident taxpayers, without a permanent establishment in Indonesia should not be subject to Indonesian income tax. However, if the seller of the Notes is an Indonesian resident taxpayer or an Indonesian permanent establishment, any capital gain from disposal of the Notes is subject to income tax in Indonesia up to a maximum rate of 30.0% for individuals, or 25.0% for companies and permanent establishment.

On the other hand, non-resident individuals and corporations without a permanent establishment in Indonesia may be subject to a 20% Indonesian withholding tax on any gain derived from the sale or other disposal of Notes to an Indonesian resident individual or corporation, including any purchase of the Notes by the Guarantor to the extent the gain is considered as payment of premium or interest.

However if the investor or the interest income recipient is a tax resident of a country that has signed a tax treaty with Indonesia, relief from the imposition of such withholding tax may be available to the extent that the relevant treaty treats the gain as taxable only by the country in which the investor is resident for tax purposes, rather than treating the gain as interest. Please note that for the tax treaty to apply, the non- resident individuals and corporations need to provide the Indonesian resident individual or corporation with a valid DGT Form and the requirements as set out below. Please refer to "— Application of Tax Treaties under Indonesian Tax Regulations", "— Certificate of Domicile (COD)" and "— Beneficial Owner".

***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 (if there is no abuse of the tax treaty), and the administrative requirements under Indonesian tax regulations are met, then 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 Issuer or the Subsidiary Guarantors.

To obtain the benefit of an applicable tax treaty, the non-resident taxpayer must be the actual owner of the economic benefits of the income (referred to as beneficial owner of the income) and comply with the eligibility requirements for application of the treaty in Indonesia. Please refer to "— Application of Tax Treaties under Indonesian Tax Regulations", "— Certificate of Domicile (COD)" and "— Beneficial Owner".

***Application of Tax Treaties under Indonesian Tax Regulations.***

Based on the Indonesian Director General of Taxation Regulation No. PER-25/PJ/2018 dated November 21, 2018 ("PER 25/2018") which came into effect on January 1, 2019 concerning Procedures for Application of a Tax Treaty, the Indonesian tax withholder (i.e. the Indonesian party making a payment to a non-resident taxpayer) is allowed to withhold Indonesian tax at a reduced rate in accordance with a tax treaty, *provided* that:

- the income recipient shall not be an Indonesian resident tax subject, which must submits its Certificate of Domicile ("COD") that meets administrative and certain other requirements;

- the income recipient shall be an individual or entity constituting resident tax subject of a partner country or partner jurisdiction of the Tax Treaty;
- there is no abuse of the Tax Treaty; and
- the income recipient shall be the beneficial owner, in the event of being required in the Tax Treaty.

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 PER 25/2018, a non-resident taxpayer is not considered to be participating in tax treaty abuse if:

- The entity has relevant economic substance either in the entity's establishment or the execution of its transaction;
- The entity has the same legal form and economic substance either in the entity's establishment or the execution of its transaction;
- The entity has its own management to conduct the business and such management enjoys independent discretion;
- The entity has sufficient assets to conduct business other than the assets generating income from Indonesia;
- The entity has sufficient and qualified personnel to conduct the business;
- The entity has business activity other than receiving dividend, interest, and/or royalty sources from Indonesia.
- There is no arrangement of transactions either directly or indirectly with the objective to obtain benefits from implementation of double avoidance agreement such as reduction of tax burden and/or double non-taxation in any country or jurisdiction.

In cases where tax treaty abuse arises, the Indonesian tax withholder is not allowed to apply the tax treaty benefits and must withhold tax in accordance with Indonesian tax regulations, i.e. withholding tax at the rate of 20.0%.

If there is a difference between the legal form of a structure/scheme and the economic substance, the tax regulations will be applied in accordance with the economic substance (the principle of "substance over form").

***Beneficial Owner***

Based on Indonesian Director General of Taxation Regulation No. PER-25/PJ/2018 dated November 21, 2018 ("PER 25/2018") concerning Procedures for Application of a Tax Treaty, the actual owner of the economic benefits of the income (beneficial owner) is defined as the income recipient that is not acting as:

- an Agent, which refers to an individual or company that acts as an intermediary and carries out activities for and/or on behalf of another party;
- a Nominee, which refers to an individual or company that is the legal owner of an asset and/or income, for the benefit of, or acting under the instruction of, the actual asset owner and/or the party that actually enjoys the benefit of the income; and
- a conduit company, which refers to a company that enjoys benefits from the tax treaty in relation to income arising in Indonesia, whilst the economic benefits from that income are owned by an individual or a body in another country that would not be able to enjoy tax treaty benefits if the income were to be received directly,

and must meet the following requirements:

i. The individual or entity has controlling rights or disposal rights on the income or the assets or rights that generate the income;

ii. No more than 50 per cent of the income of the individual or entity is used to satisfy obligations to other parties;

iii. The individual or entity bears the risks of its own assets, capital, and/or liabilities; and

iv. The entity does not have obligation to partly or wholly transfer the income received to other parties.

In connection with point (ii) of the above condition, it is not regarded as obligation to other parties if it is for the payment of remuneration at a fair amount to:

- employee in accordance with their employment; and
- other parties in accordance with the business activities of the company.

In case the above requirements are not fulfilled, then the following will apply:

- the Indonesian tax withholder is not allowed to apply the tax treaty benefits and must withhold tax which is payable in accordance with the Indonesian tax regulations, i.e. article 26 withholding income tax at the rate of 20.0%; and
- the non-resident taxpayer who abuses the tax treaty cannot apply for a refund for the overpayment of the tax which should not have been payable.

These concepts are implemented in the regulations by requiring non-residents to satisfy certain tests to be viewed as the "beneficial owner" and not engaged in treaty abuse.

***Certificate of Domicile ("COD")***

Under PER 25/2018, a Certificate of Domicile ("COD") of a non-resident taxpayer is considered to have satisfied the administrative criteria if the following conditions are met:

a. It is in the form prescribed by the Indonesia Tax Authority (i.e Form DGT);

b. It is filled in correctly, completely and clearly;

c. It is signed by the non-resident taxpayers;

d. It is certified by the competent tax authority of the treaty country of the non-resident taxpayers;

e. There is a statement made by the non-resident taxpayers stating that there is no tax treaty abuse;

f. There is a statement made by the non-resident taxpayers is the Beneficial Owner in case it is required by the tax treaty;

g. It is used for the period specified in the COD; and

h. It is submitted by the tax withholder/collector through electronic submission to Indonesian Tax Authority's website before filing deadline for submission of the monthly tax return for the month in which the withholding tax is due.

If a certification from the tax authority (as set out in point (d) above) of the treaty country cannot be obtained on part II of the DGT Form (as applicable), the non-resident taxpayers may replace this with the COD that is commonly validated or issued by the competent tax authority of the treaty country. In this case, the COD that is commonly validated or issued by the competent tax authority is required to be attached to the DGT Form that has been completed and signed by the non-resident taxpayer. The COD must satisfy certain requirements set by the DGT. The DGT Form with the certified part II DGT Form or the COD that is commonly validated or issued by the competent tax authority used in lieu thereof may applicable for 12 (twelve) months.

The DGT Form must be submitted electronically by the Company as the tax withholder to the Director General of Taxation through the official website of the Directorate General of Taxation and shall only be done once to receive benefits of the Tax Treaty during the period specified in the DGT Form. After the submission, the Indonesia Tax Withholder shall receive the DGT Form acknowledgement receipt to be given to the non-resident taxpayer.

In order to use the Tax Treaty benefits, the Indonesian Tax Withholder shall attach the acknowledgement receipt of the DGT Form with the relevant monthly Article 26 withholding income tax return. In the case that there is income received or earned by a non-resident taxpayer but no tax is withheld in Indonesia according to the tax treaty, the Indonesian tax withholder is still obliged to arrange reporting of the COD.

In Form DGT, there are many requirements that must be satisfied by the non-resident taxpayer including what is known as the twelve questions:

- The entity has relevant economic substance either in the entity's establishment or the execution of its transaction.

- The entity has the same legal form and economic substance either in the entity's establishment or the execution of its transaction.
- The entity has its own management to conduct the business and such management enjoys independent discretion.
- The entity has sufficient assets to conduct business other than the assets generating income from Indonesia.
- The entity has sufficient and qualified personnel to conduct the business.
- The entity has business activity other than receiving dividend, interest, and/or royalty sourced from Indonesia.
- The purpose of the transactions is to directly or indirectly obtain the benefit under the convention that is contrary to the object and purpose of the DTC.
- The entity is acting as an agent, nominee or conduit.
- The entity has controlling rights or disposal rights on the income or the assets or rights that generate the income.
- No more than 50 per cent of the entity's income is used to satisfy claims by other persons.
- The entity bear the risk on its own asset, capital, or the liability.
- The entity has contract/s which obliges the entity to transfer the income received to resident of third party.

***Stamp Duty***

Based on Government Regulation No. 24 of 2000, generally any documents issued in Indonesia that contain monetary value such as marketable securities or documents that are to be used as supporting evidence in court proceedings, are subject to stamp duty. Currently, the nominal amount of Indonesian stamp duty is Rp.6,000 for documents with a transaction value greater than Rp.l,000,000, and Rp.3,000 for documents with a transaction value of up to Rp.l,000,000. Generally, stamp duty is due at the time the document is executed. Stamp duty is payable by the party that benefits from the executed document unless both parties agreed otherwise.

**Singapore Taxation**

The statements below are general in nature and are based on certain aspects of current tax laws in Singapore, and administrative guidelines and circulars issued by the Monetary Authority of Singapore ("MAS") in force as at 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, guidelines or circulars, occurring after such date, which changes could be made on a retroactive basis. 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 tax considerations that may be relevant to a decision to 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 which 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 advisors as to 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 issuance of the Notes accepts responsibility for any tax effects or liabilities resulting from the subscription for, purchase, holding or disposal of the Notes.

***Interest and Other Payments***

Subject to the following paragraphs, under Section 12(6) of the Income Tax Act, Chapter 134 of Singapore ("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 tax purposes, are generally subject to withholding tax in Singapore. The rate at which tax is to be withheld for 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 rate for non-resident individuals is currently 22.0%. However, if the payment is derived by a person not resident in Singapore otherwise than from any trade, business, profession or vocation carried on or exercised by such person in Singapore and is not effectively connected with any permanent establishment in Singapore of that person, the payment is subject to a final withholding tax of 15.0%. The rate of 15.0% may be reduced by applicable tax treaties.

However, certain Singapore-sourced 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 addition, as the issue of the Notes is jointly lead-managed by Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and The Hongkong and Shanghai Banking Corporation Limited, and on the basis that more than half of them are Financial Sector Incentive — Standard Tier ("FSI-ST") or Financial Sector Incentive — Capital Market ("FSI-CM") Companies (as defined in the ITA) at such time and more than half of the Notes issued are distributed by such FSI-ST or FSI-CM Companies, and the Notes are issued as debt securities prior to December 31, 2023, the Notes would be qualifying debt securities ("QDS") for the purposes of the ITA, to which the following treatment applies:

- subject to certain prescribed conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require 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 is derived by any 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 qualifying debt securities shall not apply if the non-resident person acquires the Notes using the funds and profits of such person's operations through a permanent establishment in Singapore), 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 any permanent establishment in Singapore or (bb) carries on any operation 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;
- subject to certain conditions having been fulfilled (including the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require), Qualifying Income from the Notes derived by any company or body of persons (as defined in the ITA) in Singapore is subject to tax at a concessionary rate of 10.0% (except for holders of the relevant Financial Sector Incentive(s) who may be taxed at different rates); and
- subject to:

  (i) the Issuer including in all offering documents relating to the Notes a statement to the effect that any person whose interest, discount income, break cost, prepayment fee or redemption premium derived

from the Notes is not exempt from tax shall include such income in a return of income made under the ITA; and

(ii) the furnishing by the Issuer, or such other person as the MAS may direct, to the MAS of a return on debt securities for the Notes in the prescribed format within such period as the MAS may specify and such other particulars in connection with the Notes as the MAS may require,

payments of Qualifying Income derived from the Notes are not subject to withholding of tax (if applicable) by the Issuer.

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 such Notes is beneficially held or funded, directly or indirectly, by related parties of the Issuer, such Notes would not qualify as QDS; and

(b) even though the Notes are QDS, if at any time during the tenure of the Notes, 50.0% or more of such Notes which are outstanding at any time during the life of their issue is beneficially held or funded, directly or indirectly, by any related party(ies) of the Issuer, Qualifying Income derived from such Notes held by:

(i) any related party of the Issuer; or

(ii) any other person where the funds used by such person to acquire such Notes are obtained, directly or indirectly, from any related party of the Issuer,

shall not be eligible for the tax exemption or concessionary rate of tax as described above.

All foreign-sourced income received in Singapore on or after January 1, 2004 by Singapore tax-resident individuals will be exempted from tax, provided such foreign-sourced income is not received through a partnership in Singapore.

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 he 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 qualifying debt securities, 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 qualifying debt securities, 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 qualifying debt securities, 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 Singapore tax disclosure 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 such 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 (including for the reasons described above) shall include such income in a return of income made under the ITA.

***Capital Gains***

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 ("FRS") 39, FRS 109 or Singapore Financial Reporting Standard (International) 9 (Financial Instruments) ("SFRS(I) 9") (as the case may be) 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, FRS 109 or SFRS(I) 9 (as the case may be). Please see the section below on "Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes".

***Adoption of FRS 39, FRS 109 or SFRS(I) 9 for Singapore Income Tax Purposes***

Section 34A of the ITA provides for the tax treatment for financial instruments in accordance with FRS 39 (subject to certain exceptions and "opt-out" provisions) to taxpayers who are required to comply with FRS 39 for financial reporting purposes. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax Implications Arising from the Adoption of FRS 39 — Financial Instruments: Recognition and Measurement".

FRS 109 or SFRS(I) 9 (as the case may be) is mandatorily effective for annual periods beginning on or after January 1, 2018, replacing FRS 39. Section 34AA of the ITA requires taxpayers who comply or who are required to comply with FRS 109 or SFRS(I) 9 for financial reporting purposes to calculate their profit, loss or expense for Singapore income tax purposes in respect of financial instruments in accordance with FRS 109 or SFRS(I) 9 (as the case may be), subject to certain exceptions. The Inland Revenue Authority of Singapore has also issued a circular entitled "Income Tax: Income Tax Treatment Arising from Adoption of FRS 109 — Financial Instruments".

Holders of the Notes who may be subject to the tax treatment under Sections 34A or 34AA of the ITA 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 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, U.S. Holders that are required for U.S. federal income tax purposes to conform the timing of income accruals with respect to the Notes to their financial statements pursuant to recently enacted changes to Section 451 of the Code, 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. No rulings from the IRS have been or will be sought regarding the characterization of the Notes or any matter

discussed herein. No assurance can be given that the IRS would not assert, or that a court would not sustain, a position contrary to any of the statements made and conclusions reached with respect to the U.S. federal income tax consequences of acquiring, owning and disposing of the Notes.

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 one or more U.S. persons have the authority to control all substantial decisions of the trust 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.

***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", "— Optional Redemption" and "— Additional Amounts"). 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 not expected to be issued with original issue discount for U.S. federal income tax purposes. Accordingly, stated 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 for U.S. federal income tax purposes.

If 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. However, a U.S. holder will not be entitled to claim U.S. foreign tax credits for amounts withheld in excess of the rate applicable to interest under the Convention Between the Government of the United States of America and the Government of the Republic of Indonesia for the Avoidance of Double Taxation of Income and the Prevention of Fiscal Evasion with Respect to Taxes on Income or any other applicable tax treaty between the United States and a foreign jurisdiction imposing withholding taxes. 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 (including redemption) 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 tax as described above under "Taxation — Indonesian Taxation" a U.S. Holder may only be able to claim a U.S. foreign tax credit for the amount of Indonesian 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. U.S. Holders should consult their own tax advisors as to the foreign tax credit implications of a sale, exchange, retirement or other taxable disposition of the Notes.

***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. U.S. Holders who are required to establish their exempt status generally must provide such certification on IRS Form W-9. U.S. Holders should consult their tax advisors regarding the application of the U.S. information reporting and backup withholding rules.

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 of any excess amounts withheld under the backup withholding rules, provided the U.S. Holder timely files the appropriate claim for refund and furnishes the required information to the IRS.

***Foreign Financial Asset Reporting***

U.S. Holders may be required to report information to the IRS with respect to their investment in "specified foreign financial assets" unless certain requirements are met. Investors who fail to report required information could become subject to substantial penalties. The Notes generally are expected to constitute "specified foreign financial assets" unless they are held in accounts maintained by financial institutions. Prospective investors are encouraged to consult with their own tax advisers regarding the possible implications of this reporting requirement on their investment in Notes.

THE ABOVE DISCUSSION IS NOT LEGAL ADVICE RELATING TO THE ACQUISITION, OWNERSHIP AND DISPOSITION OF THE NOTES. INVESTORS SHOULD CONSULT THEIR OWN TAX ADVISOR CONCERNING THE TAX CONSEQUENCES OF THEIR PARTICULAR SITUATION.

## PLAN OF DISTRIBUTION

Citigroup Global Markets Singapore Pte. Ltd., Credit Suisse (Singapore) Limited and The Hongkong and Shanghai Banking Corporation Limited (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$ 90,000,000 |
| Credit Suisse (Singapore) Limited | US$ 90,000,000 |
| The Hongkong and Shanghai Banking Corporation Limited | US$ 45,000,000 |
| **Total** | **US$225,000,000** |

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 October 16, 2019.

The Issuer and the Subsidiary 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 Subsidiary 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 Subsidiary 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 Purchasers.

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."

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 and/or its 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 October 16, 2019, which is the fifth business day following the date of this Offering Memorandum (such settlement cycle being referred to as "T+5"). Under Rule 15c6-1 under the Exchange Act, trades in the secondary market generally are required to settle in two 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 two business days will be required, because the Notes initially will settle in T+5, to specify an alternate settlement cycle at the time of any such trade to prevent a failed settlement and should consult their own advisers.

## Selling Restrictions

### *General*

No action has been taken or will be taken in any jurisdiction by the Issuer, the Subsidiary 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 Subsidiary 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***

Each Initial Purchaser has represented and agreed that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes to any retail investor in the European Economic Area. For the purposes of this provision:

(1) the expression "retail investor" means a person who is one (or more) of the following:

   i. a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, "MiFID II"); or

   ii. a customer within the meaning of Directive 2002/92/EC (as amended, the "Insurance Mediation Directive"), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or

   iii. not a qualified investor as defined in the Prospectus Directive; and

(2) the expression "offer" includes 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 the Notes.

***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 have not and will 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 purchase of any Notes be circulated or distributed, whether directly or indirectly, to any person in Singapore other than (i) to an institutional investor (as defined in Section 4A of the Securities and Futures Act (Chapter 289) of Singapore, as modified or amended from time to time (the "SFA") pursuant Section 274 of the SFA, (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA and (where applicable) Regulation 3 of the Securities and Futures (Classes of Investors) Regulations 2018 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) 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

(b) 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 or securities-based derivative contracts (each term as defined in Section 2(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:

(1) to an institutional investor or to a relevant person, or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) of the SFA;

(2) where no consideration is or will be given for the transfer;

(3) where the transfer is by operation of law;

(4) as specified in Section 276(7) of the SFA; or

(5) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018.

Any reference to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and any reference to any term or provision as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

***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 SUBSIDIARY 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 SUBSIDIARY 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, and Assegaf Hamzah & Partners as to matters of Indonesian law. Certain legal matters will be passed upon for the Initial Purchasers by Milbank 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, 2016, 2017 and 2018 have been audited by TSFBR, 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 condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2018 and 2019 have been reviewed by TSFBR 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 TSFBR to obtain assurance that they would become aware of all significant matters that might be identified in an audit. Accordingly, TSFBR does not express an audit opinion on our unaudited condensed consolidated financial statements as of June 30, 2019 and for the six months ended June 30, 2018 and 2019.

## RATINGS

The Notes have been assigned a rating of "Ba3" 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 and the Subsidiary Guarantees — 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 elsewhere 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, control is evaluated using a single control model for all entities. 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. Potential voting rights are considered. Notion of "de facto control" is also considered. Uniform accounting policies between parent and subsidiary are required.

Under Indonesian FAS, non-controlling interest in an acquiree is measured at fair value or at the non-controlling interest's proportionate share of the acquiree's net identifiable assets. Non-controlling interest is presented in the shareholders' equity section of the consolidated statement of financial position as equity but is presented separately from the parent's shareholders equity. Losses in a subsidiary may create a deficit balance in non-controlling interest.

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. Potential voting rights are generally not included in either evaluation. The notion of "de facto control" is not considered. 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. Uniform accounting policies between parent and subsidiary are not required within a consolidation group to address issues relevant to certain specialized industries. Exceptions to the requirement to consistently apply standards in a consolidated group do not exist under Indonesian FAS. In addition, potential adjustments may occur in situations where a parent company has a fiscal year-end different from that of a consolidated subsidiary (and the subsidiary is consolidated on a lag). Under U.S. GAAP, significant transactions in the gap period may require disclosure only, whereas Indonesian FAS may require recognition of transactions in the gap period in the consolidated financial statements.

Under U.S. GAAP, non-controlling interest is 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 interest is presented as part of equity in the consolidated statement of financial position as equity but is presented separately from the parent shareholders' equity. Losses in a subsidiary may create a deficit balance in non-controlling interest.

Under Indonesian FAS, an exception is provided for an investment entity from consolidating its subsidiaries unless those subsidiaries are providing investment-related services. The exception from consolidation only applies to the financial reporting of an investment entity. This exception does not apply to the financial reporting by a noninvestment entity, even if it is the parent of an investment entity. U.S. GAAP provides industry-specific exceptions. With this exception, there are no exemptions for consolidating subsidiaries in general purpose financial statements.

**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 an 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.

**Inventories**

Under both Indonesian FAS and U.S. GAAP, inventories are measured at the lower of cost or net realizable value. 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, while under U.S. GAAP the use of the LIFO method in determining the cost of inventory is 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 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).

Indonesian FAS includes a requirement to review residual values and useful lives at each balance sheet date. Under U.S. GAAP, while it would generally be expected that the appropriateness of significant assumptions within the financial statements would be reassessed at each reporting period, there is no explicit requirement for an annual review of residual values.

**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 by the lessee as short-term leases, finance leases, or operating leases. In general, a lessee should recognize a right-of-use asset and a lease liability for each lease. However, a lessee may elect not to apply the recognition requirements to short-term leases, and instead recognize the lease payments over the lease term. Lessors can classify leases as sales-type leases, direct financing leases, or operating leases. For sales-type and direct financing leases, the lessor should derecognize the underlying asset and recognize or defer additional profits and expenses associated with the lease. For operating leases, the lessor should defer initial direct costs at commencement of the lease and recognize lease payments and initial direct costs over the lease term.

ASC 842 and PSAK 73 provide the requirements of financial accounting and reporting for leases and lessors. ASC 842 is effective for public business entities for annual reporting periods beginning after December 15, 2018 (i.e., calendar periods beginning on January 1, 2019). PSAK 73 is effective for the financial year beginning January 1, 2020 and early adoption is permitted only for entities that apply PSAK 72.

**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.

**Foreign Currency translation**

Under both Indonesian FAS and U.S. GAAP, 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.

Under Indonesian FAS, 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, 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 Indonesian FAS, management can elect to translate equity accounts at historical rates while 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. 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. 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. Prior service costs from plan amendments are recognized immediately in profit or loss for vested and unvested benefits. 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. Contributions that are linked to service, and do not vary with the length of employee service, to be deducted from the cost of benefits earned in the period that the service is provided. Contributions that are linked to service, and vary according to the length of employee service, must be spread over the employees' working lives.

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. 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. The actuarial gains and losses in net income may be recognized in net income as they occur or deferred through a corridor approach. 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. 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. Employee contributions typically reduce service cost in the period of contribution.

**Provisions/Contingent liabilities**

Under Indonesian FAS, a contingent liability is defined as a possible obligation whose outcome will be confirmed only by the occurrence or nonoccurrence of one or more uncertain future events outside the entity's control. A contingent liability becomes a provision and is recorded when three criteria are met: (1) a present obligation from a past event exists, (2) it is probable that an outflow of resources will be required to settle the obligation, and (3) a reliable estimate can be made. The term probable is used for describing a situation in which the outcome is more likely than not to occur. Generally, the phrase more likely than not denotes any chance greater than 50%.

Under U.S. GAAP, a loss contingency is an existing condition, situation, or set of circumstances involving uncertainty as to possible loss to an entity that will ultimately be resolved when one or more future events occur or fail to occur. An accrual for a loss contingency is required if two criteria are met: (1) if it is probable that a liability has been incurred and (2) the amount of loss can be reasonably estimated. Implicit in the first condition above is that it is probable that one or more future events will occur confirming the fact of the loss.

Under U.S. GAAP, the guidance uses the term probable to describe a situation in which the outcome is likely to occur. While a numeric standard for probable does not exist, practice generally considers an event that has a 75% or greater likelihood of occurrence to be probable.

Under Indonesian FAS, the amount recognized should be the best estimate of the expenditure required (the amount an entity would rationally pay to settle or transfer to a third party the obligation at the balance sheet date). Where there is a continuous range of possible outcomes and each point in that range is as likely as any other, the midpoint of the range is used.

Under U.S. GAAP, a single standard does not exist to determine the measurement of obligations. Instead, entities must refer to guidance specifically established for specific obligations (e.g., environmental or restructuring) to determine the appropriate measurement methodology. Pronouncements related to provisions do not necessarily have settlement price or even fair value as an objective in the measurement of liabilities, and the guidance often describes an accumulation of the entity's cost estimates. When no amount within a range is a better estimate than any other amount, the low end of the range is accrued.

**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.

**Levies**

Under Indonesian FAS, the obligating event that gives rise to a liability to pay a levy is the event described in the relevant legislation that triggers the payment of the levy. A liability to pay a levy is recognized when the obligating event occurs.

Under U.S. GAAP, there is no specific guidance. Levies and their related fines and penalties follow the guidance in ASC 450 unless other guidance established for the specific obligation exists (e.g., environmental).

**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.

Under U.S. GAAP, an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. To achieve that core principle, an entity should apply the following steps: (1) identify the contract(s) with a customer; (2) identify the performance obligations in the contract; (3) determine the transaction price; (4) allocate the transaction price to the performance obligations in the contract; and (5) recognize revenue when (or as) the entity satisfies a performance obligation. This is effective for public business entities for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017.

ASC 606 and PSAK 72 provide accounting guidance related to revenue from contracts with customers. ASC 606 is effective for public business entities for annual reporting periods (including interim reporting periods within those periods) beginning after December 15, 2017. PSAK 72 is effective for the financial year beginning January 1, 2020 but early adoption is permitted.

**Fair Value Measurement**

The fair value standards define fair value as "the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date".

Under Indonesian FAS, a single source of guidance for fair value measurement and disclosures about fair value measurements is established. This applies when another standard requires or permits fair value measurements or disclosures about fair value measurements (and measurements, such as fair value less costs to sell, based on fair value or disclosures about those measurements), except as specified in paragraphs except share-based payment transactions, leasing transactions, measurements that have similarities to fair value but are not fair value (e.g. net realizable value in or value in use), plan assets measured at fair value, retirement benefit plan investments measured at fair value assets for which recoverable amount is fair value less costs of disposal.

Under U.S. GAAP, there is a specific guidance on fair value measurement, including fair value hierarchy and general valuation guidance and disclosure requirements. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. A fair value measurement assumes that the transaction occurs in the principal market for the asset or liability, or, in the absence of a principal market, the most advantageous market. The fair value definition of a liability is based on a transfer concept and includes nonperformance risk, which generally considers the reporting entity's own credit risk.

**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 ANAK/*AND SUBSIDIARIES***

**LAPORAN KEUANGAN KONSOLIDASIAN INTERIM/**
***INTERIM CONSOLIDATED FINANCIAL STATEMENTS***

**30 JUNI 2019 (TIDAK DIAUDIT), 31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**DAN UNTUK PERIODE ENAM BULAN YANG BERAKHIR PADA 30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR PADA 31 DECEMBER 2018, 2017 DAN 2016 (DIAUDIT)/**
***30 JUNE 2019 (UNAUDITED), 31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***AND FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED 31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***

**DAN/*AND***

**LAPORAN ATAS REVIU INFORMASI KEUANGAN INTERIM/**
***REPORT ON REVIEW OF INTERIM FINANCIAL INFORMATION***

**DAN/*AND***

**LAPORAN AUDITOR INDEPENDEN/**
***INDEPENDENT AUDITORS' REPORT***

*The original interim consolidated financial statements included herein are in the Indonesian language*

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**LAPORAN KEUANGAN KONSOLIDASIAN INTERIM**
**30 JUNI 2019 (TIDAK DIAUDIT),**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**DAN UNTUK PERIODE ENAM BULAN YANG BERAKHIR**
**PADA 30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***INTERIM CONSOLIDATED FINANCIAL STATEMENTS***
***30 JUNE 2019 (UNAUDITED),***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***AND FOR THE SIX-MONTH PERIODS ENDED***
***30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***

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| Laporan Laba Rugi dan Penghasilan Komprehensif Lain Konsolidasian Interim | B | *Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income* |
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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 INTERIM**
**30 JUNI 2019 (TIDAK DIAUDIT),**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**DAN UNTUK PERIODE ENAM BULAN YANG BERAKHIR PADA**
**30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR PADA**
**31 DECEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**PT SRI REJEKI ISMAN TBK DAN ENTITAS ANAK**

***DIRECTORS' STATEMENT***
***REGARDING THE RESPONSIBILITY FOR THE***
***INTERIM CONSOLIDATED FINANCIAL STATEMENTS***
***30 JUNE 2019 (UNAUDITED),***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***AND FOR THE SIX-MONTH PERIODS ENDED***
***30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***PT SRI REJEKI ISMAN TBK AND SUBSIDIARIES***

Kami yang bertanda tangan di bawah ini:

| | | | | |
|---|---|---|---|---|
| 1. | Nama | Iwan Setiawan Lukminto | 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* | | *Residential address* |
| | Nomor telepon | (62-271) 593 488 | | *Telephone number* |
| | Jabatan | Direktur Utama/*President Director* | | *Title* |
| 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* | | *Residential address* |
| | Nomor telepon | (62-271) 593 488 | | *Telephone number* |
| | Jabatan | Direktur Keuangan/*Finance Director* | | *Title* |

Menyatakan bahwa:

1. Kami bertanggung jawab atas penyusunan dan penyajian laporan keuangan konsolidasian interim PT Sri Rejeki Isman Tbk dan Entitas Anaknya tanggal 30 Juni 2019 (tidak diaudit), 31 Desember 2018, 2017 dan 2016 (diaudit); dan untuk periode enam bulan yang berakhir pada 30 Juni 2019 dan 2018 (tidak diaudit) dan untuk tahun yang berakhir pada 31 Desember 2018 2017 dan 2016 (diaudit).

2. Laporan keuangan konsolidasian interim PT Sri Rejeki Isman Tbk dan Entitas Anak telah disusun dan disajikan sesuai dengan Standar Akuntansi Keuangan di Indonesia;

*Declare that:*

1. *We are responsible for the preparation and presentation of the interim consolidated financial statements of PT Sri Rejeki Isman Tbk and its Subsidiaries as of 30 June 2019 (unaudited), 31 December 2018 2017 and 2016 (audited); and for the six-month periods ended 30 June 2019 and 2018 (unaudited) and for the years ended 31 December 2018, 2017 and 2016 (audited).*

2. *The interim consolidated financial statements of PT Sri Rejeki Isman Tbk and Subsidiaries have been prepared and presented in accordance with Indonesian Financial Accounting Standards;*

**CORPORATE & PRODUCTION COMPLEX :**
Jl. KH. Samanhudi 88 Jetis, Sukoharjo 57511, Solo, Jawa Tengah, Indonesia • Tel: +62-271-593 188 • Fax: +62-271-593 488
e-mail : cmo@sritex.co.id • website : www.sritex.co.id

PT Sri Rejeki Isman Tbk

**Integrated Vertical Textile Garment Company**
Spinning-Weaving-Dyeing-Printing-Garment

| | |
|---|---|
| 3. a. Semua informasi dalam laporan keuangan konsolidasian interim PT Sri Rejeki Isman Tbk dan Entitas Anak telah dimuat secara lengkap dan benar; | *3. a. All information contained in the interim consolidated financial statements of PT Sri Rejeki Isman Tbk and Subsidiaries has been disclosed in a complete and truthful manner;* |
| b. Laporan keuangan konsolidasian interim PT Sri Rejeki Isman Tbk dan Entitas Anak tidak mengandung informasi atau fakta material yang tidak benar, dan tidak menghilangkan informasi atau fakta material; | *b. The interim consolidated financial statements of PT Sri Rejeki Isman Tbk and Subsidiaries do not contain any incorrect material information or fact, nor omit material information or fact;* |
| 4. Kami bertanggung jawab atas sistem pengendalian internal dalam PT Sri Rejeki Isman Tbk dan Entitas Anak. | *4. We are responsible for the internal control system of PT Sri Rejeki Isman Tbk and Subsidiaries.* |
| Demikian pernyataan ini dibuat dengan sebenarnya. | *Thus this statement is made truthfully.* |

Atas nama dan mewakili Direksi/ *For and on behalf of the Board of Directors*
Sukoharjo, 11 September 2019/ *11 September 2019*

METERAI TEMPEL 6000 ENAM RIBU RUPIAH

| | |
|---|---|
| Iwan Setiawan Lukminto | Allan Moran Severino |
| Direktur Utama/*President Director* | Direktur Keuangan/*Finance Director* |

**CORPORATE & PRODUCTION COMPLEX :**
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e-mail : cmo@sritex.co.id • website : www.sritex.co.id

**Ekshibit A** | ***Exhibit A***

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**LAPORAN POSISI KEUANGAN KONSOLIDASIAN INTERIM**
**30 JUNI 2019 (TIDAK DIAUDIT),**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***
***30 JUNE 2019 (UNAUDITED),***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

| | Catatan/ *Notes* | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Desember/ *December* 2018 (Diaudit/ *Audited*) | 31 Desember/ *December* 2017 (Diaudit/ *Audited*) | 31 Desember/ *December* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| **A S E T** | | | | | | ***ASSETS*** |
| **ASET LANCAR** | | | | | | ***CURRENT ASSETS*** |
| Kas dan setara kas | **5** | 136.840.216 | 128.073.266 | 127.232.030 | 60.487.294 | *Cash and cash equivalents* |
| Piutang usaha – Neto | | | | | | *Trade receivables - Net* |
| Pihak ketiga | **6** | 203.989.431 | 146.396.588 | 162.481.172 | 114.130.407 | *Third parties* |
| Pihak berelasi | **6,11** | 48.607.411 | 49.698.074 | 26.177.882 | 35.430.215 | *Related parties* |
| Persediaan | **8** | 326.310.948 | 331.841.525 | 266.238.820 | 147.615.967 | *Inventories* |
| Pajak dibayar di muka | **15a** | 2.647.862 | 2.775.668 | - | 1.029.689 | *Prepaid taxes* |
| Uang muka pembelian persediaan dan beban dibayar di muka | **9** | 32.851.506 | 32.330.290 | 47.889.306 | 11.688.616 | *Advances for purchases of inventories and prepaid expenses* |
| Uang muka penyertaan saham | **10** | - | - | 5.000.000 | - | *Advance for investment in shares* |
| Aset lancar lainnya | **7** | 15.948.155 | 15.137.134 | 10.031.530 | 7.643.010 | *Other current assets* |
| **Jumlah Aset Lancar** | | 767.195.529 | 706.252.545 | 645.050.740 | 378.025.198 | ***Total Current Assets*** |
| **ASET TIDAK LANCAR** | | | | | | ***NON-CURRENT ASSETS*** |
| Penyertaan saham | **10** | 27.561 | 27.561 | 27.561 | 27.561 | *Investment in shares* |
| Uang muka jangka panjang untuk pembelian aset tetap | | | | | | *Long-term advances for purchases of fixed assets* |
| Pihak ketiga | **9** | 7.025.588 | 633.558 | 1.114.808 | 23.131.558 | *Third parties* |
| Aset tetap – Neto | **12** | 655.972.248 | 653.580.976 | 546.707.929 | 519.304.496 | *Fixed assets – Net* |
| Aset pajak tangguhan | **15g** | 3.679.732 | 3.215.137 | - | - | *Deferred tax assets* |
| Aset tidak lancar lainnya | **7** | 563.499 | 562.214 | - | 26.680.897 | *Other non-current assets* |
| **Jumlah Aset Tidak Lancar** | | 667.268.628 | 658.019.446 | 547.850.298 | 569.144.512 | ***Total Non-Current Assets*** |
| **JUMLAH ASET** | | 1.434.464.157 | 1.364.271.991 | 1.192.901.038 | 947.169.710 | ***TOTAL ASSETS*** |

**Lihat Catatan atas Laporan Keuangan Konsolidasian Interim pada Ekshibit E terlampir yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan Konsolidasian Interim secara keseluruhan**

***See accompanying Notes to the Interim Consolidated Financial Statements on Exhibit E which are an integral part of the Interim Consolidated Financial Statements taken as a whole***

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**LAPORAN POSISI KEUANGAN KONSOLIDASIAN INTERIM**
**30 JUNI 2019 (TIDAK DIAUDIT),**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***
***30 JUNE 2019 (UNAUDITED),***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

| | Catatan/ *Notes* | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Desember/ *December* 2018 (Diaudit/ *Audited*) | 31 Desember/ *December* 2017 (Diaudit/ *Audited*) | 31 Desember/ *December* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| **LIABILITAS DAN EKUITAS** | | | | | | ***LIABILITIES AND EQUITY*** |
| **LIABILITAS** | | | | | | ***LIABILITIES*** |
| **LIABILITAS JANGKA PENDEK** | | | | | | ***CURRENT LIABILITES*** |
| Utang bank jangka pendek | **13** | 22.324.183 | 122.993.804 | 101.720.124 | 52.914.090 | *Short-term bank loans* |
| Utang usaha | | | | | | *Trade payables* |
| Pihak ketiga | **14** | 26.374.502 | 56.544.709 | 54.941.724 | 4.947.294 | *Third parties* |
| Pihak berelasi | **14,11** | 3.212.140 | 2.325.096 | - | 576.381 | *Related parties* |
| Utang pajak | **15b** | 13.546.246 | 13.251.185 | 3.969.012 | 6.169.008 | *Taxes payable* |
| Beban akrual | **16** | 14.630.691 | 11.255.439 | 8.101.973 | 6.365.833 | *Accrued expenses* |
| Utang lancar lainnya | **22** | 3.907.249 | 11.846.399 | 2.882.822 | 2.259.194 | *Other current liabilities* |
| Liabilitas imbalan kerja jangka pendek | **21** | 135.745 | 109.458 | 105.639 | 59.472 | *Short-term employee benefit liability* |
| Liabilitas jangka panjang, yang jatuh tempo dalam satu tahun: | | | | | | *Current maturities of long-term debts:* |
| Utang bank jangka panjang | **17** | 7.926.767 | 10.629.232 | 3.466.666 | 3.466.666 | *Long-term bank loans* |
| Surat utang jangka menengah | **19** | - | - | - | 30.000.000 | *Medium-term notes* |
| Utang sewa pembiayaan | **23** | - | - | - | 14.406 | *Obligation under finance lease* |
| **Jumlah Liabilitas Jangka Pendek** | | 92.057.523 | 228.955.322 | 175.187.960 | 106.772.344 | ***Total Current Liabilities*** |
| **LIABILITAS JANGKA PANJANG** | | | | | | ***NON-CURRENT LIABILITES*** |
| Liabilitas jangka panjang, setelah dikurangi bagian yang jatuh tempo dalam satu tahun: | | | | | | *Long-term debts net of current maturities:* |
| Utang bank jangka panjang | **17** | 358.612.309 | 29.183.557 | 17.702.606 | 47.142.799 | *Long-term bank loans* |
| Surat utang jangka menengah | **19** | 65.000.000 | 65.000.000 | 40.000.000 | - | *Medium-term notes* |
| Liabilitas derivatif | **18** | 438.592 | - | - | - | *Derivative liabilities* |
| Wesel bayar – Neto | **20** | 319.439.750 | 493.098.425 | 491.273.002 | 434.729.957 | *Notes payable – Net* |
| Liabilitas imbalan kerja jangka panjang | **24** | 24.102.487 | 21.838.046 | 17.561.192 | 12.864.368 | *Long-term employee benefits liability* |
| Liabilitas pajak tangguhan - Neto | **15g** | 9.617.700 | 9.949.110 | 9.017.449 | 14.550.734 | *Deferred tax liabilities - Net* |
| **Jumlah Liabilitas Jangka Panjang** | | 777.210.838 | 619.069.138 | 575.554.249 | 509.287.858 | ***Total Non-Current Liabilities*** |
| **JUMLAH LIABILITAS** | | 869.268.361 | 848.024.460 | 750.742.209 | 616.060.202 | ***TOTAL LIABILITIES*** |

**Lihat Catatan atas Laporan Keuangan Konsolidasian Interim pada Ekshibit E terlampir yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan Konsolidasian Interim secara keseluruhan**

***See accompanying Notes to the Interim Consolidated Financial Statements on Exhibit E which are an integral part of the Interim Consolidated Financial Statements taken as a whole***

*The original interim consolidated financial statements included herein are in the Indonesian language*

Ekshibit A/3 | *Exhibit A/3*

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**LAPORAN POSISI KEUANGAN KONSOLIDASIAN INTERIM**
**30 JUNI 2019 (TIDAK DIAUDIT),**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION***
***30 JUNE 2019 (UNAUDITED),***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

| | Catatan/ *Notes* | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Desember/ *December* 2018 (Diaudit/ *Audited*) | 31 Desember/ *December* 2017 (Diaudit/ *Audited*) | 31 Desember/ *December* 2016 (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 dengan nilai nominal Rp 100 per saham | | | | | | *Authorized - 50,000,000,000 shares at par value per share of Rp 100* |
| Modal ditempatkan dan disetor penuh - 20.452.176.844 saham | 25 | 167.476.063 | 167.476.063 | 167.476.063 | 152.250.966 | *Issued and fully paid - 20,452,176,844 shares* |
| Tambahan modal disetor | 26 | 44.669.942 | 44.669.942 | 44.669.942 | 10.477.799 | *Additional paid-in capital* |
| Akumulasi rugi aktuarial atas imbalan kerja | | ( 3.021.857 ) | ( 2.376.580 ) | ( 3.986.118 ) | ( 1.710.500 ) | *Accumulated actuarial loss on employee benefits liabilities* |
| Kerugian belum direalisasi atas transaksi lindung nilai | | ( 328.944 ) | - | - | - | *Unrealized loss on hedge transaction* |
| Saldo laba | | 363.949.245 | 314.026.759 | 241.547.595 | 177.639.896 | *Retained earnings* |
| Selisih penjabaran mata uang pelaporan | | ( 7.548.653 ) | ( 7.548.653 ) | ( 7.548.653 ) | ( 7.548.653 ) | *Cumulative translation adjustment* |
| Jumlah ekuitas yang dapat diatribusikan kepada pemilik entitas induk | | 565.195.796 | 516.247.531 | 442.158.829 | 331.109.508 | *Total equity attributable to the owners of the parent entity* |
| Kepentingan non-pengendali | | - | - | - | - | *Non-controlling interest* |
| **Jumlah Ekuitas** | | 565.195.796 | 516.247.531 | 442.158.829 | 331.109.508 | ***Total Equity*** |
| **JUMLAH LIABILITAS DAN EKUITAS** | | 1.434.464.157 | 1.364.271.991 | 1.192.901.038 | 947.169.710 | ***TOTAL LIABILITIES AND EQUITY*** |

**Lihat Catatan atas Laporan Keuangan Konsolidasian Interim pada Ekshibit E terlampir yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan Konsolidasian Interim secara keseluruhan**

***See accompanying Notes to the Interim Consolidated Financial Statements on Exhibit E which are an integral part of the Interim Consolidated Financial Statements taken as a whole***

Sukoharjo, 11 September 2019/*11 September 2019*

PT SRI REJEKI ISMAN Tbk SRITEX SUKOHARJO

Iwan Setiawan Lukminto
Direktur Utama/*President Director*

Allan Moran Severino
Direktur Keuangan/*Finance Director*

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN INTERIM**
**UNTUK PERIODE ENAM BULAN YANG BERAKHIR PADA 30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT) DAN TAHUN YANG BERAKHIR PADA 31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***
***FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 2018 (UNAUDITED) AND THE YEARS ENDED 31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

| | Catatan/ *Notes* | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Desember/ *December* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Desember/ *December* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Desember/ *December* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|---|
| Penjualan | **28,11** | 632.442.001 | 538.768.868 | 1.033.945.566 | 759.349.865 | 679.939.490 | *Sales* |
| Beban pokok penjualan | **29,11** | ( 504.476.176 ) | ( 439.292.268 ) | ( 850.167.512 ) | ( 588.079.100 ) | ( 534.588.503 ) | *Cost of goods sold* |
| **LABA BRUTO** | | 127.965.825 | 99.476.600 | 183.778.054 | 171.270.765 | 145.350.987 | ***GROSS PROFIT*** |
| Beban penjualan | **30** | ( 8.236.693 ) | ( 9.559.436 ) | ( 15.644.415 ) | ( 12.536.689 ) | ( 13.021.633 ) | *Selling expenses* |
| Beban umum dan administrasi | **31** | ( 17.361.172 ) | ( 15.280.501 ) | ( 31.978.840 ) | ( 24.545.553 ) | ( 22.234.341 ) | *General and administrative expenses* |
| (Kerugian) keuntungan selisih kurs - Neto | **34** | ( 389.599) | ( 436.892) | 28.400 | ( 576.279) | ( 929.728) | *(Loss) gain on foreign exchanges - Net* |
| *Negative goodwill* | **4** | - | 24.919.783 | 24.919.783 | - | - | *Negative goodwill* |
| Pendapatan operasi lainnya | **33** | 389.055 | 153.288 | 811.754 | 1.069.661 | 6.287.205 | *Other operating income* |
| **LABA DARI OPERASI** | | 102.367.416 | 99.272.842 | 161.914.736 | 134.681.905 | 115.452.490 | ***PROFIT FROM OPERATIONS*** |
| Pendapatan keuangan | | 514.869 | 556.156 | 933.116 | 408.886 | 1.105.080 | *Finance income* |
| Beban keuangan | | ( 43.597.729 ) | ( 38.729.614 ) | ( 63.434.510 ) | ( 62.949.649 ) | ( 50.529.779 ) | *Finance charges* |
| **LABA SEBELUM PAJAK PENGHASILAN** | | 59.284.556 | 61.099.384 | 99.413.342 | 72.141.142 | 66.027.791 | ***PROFIT BEFORE INCOME TAX*** |
| **BEBAN PAJAK PENGHASILAN** | **15e,f** | ( 5.125.033 ) | ( 5.421.491 ) | ( 14.857.309 ) | ( 4.105.822 ) | ( 6.662.101 ) | ***INCOME TAX EXPENSE*** |
| **LABA PERIODE BERJALAN** | | 54.159.523 | 55.677.893 | 84.556.033 | 68.035.320 | 59.365.690 | ***PROFIT FOR THE PERIOD*** |
| **PENGHASILAN (RUGI) KOMPREHENSIF LAIN** | | | | | | | ***OTHER COMPREHENSIVE INCOME (LOSS)*** |
| **Item yang tidak akan direklasifikasi ke laba rugi periode berikutnya:** | | | | | | | ***Item that will not be reclassified to profit or loss in subsequent period:*** |
| (Kerugian) keuntungan aktuarial dari program imbalan pasti | **24** | ( 860.369) | 1.772.906 | 2.146.050 | ( 2.874.776) | ( 1.304.094) | *Actuarial (loss) gain from defined benefit plan* |
| Manfaat (beban) pajak tangguhan terkait | | 215.092 | ( 443.227) | ( 536.512) | 599.158 | 326.024 | *Related deferred tax benefit (expenses)* |
| | | ( 645.277) | 1.329.679 | 1.609.538 | ( 2.275.618) | ( 978.070) | |
| **Item yang akan direklasifikasi ke laba rugi periode berikutnya:** | | | | | | | ***Item that will be reclassified to profit or loss in subsequent period:*** |
| Kerugian belum direalisasi atas transaksi lindung nilai | | ( 438.592) | - | - | - | - | *Unrealized loss on hedge transaction* |
| Manfaat pajak tangguhan terkait | | 109.648 | - | - | - | - | *Related deferred tax benefit* |
| | | ( 328.944) | - | - | - | - | |
| **Jumlah (rugi) penghasilan komprehensif lain** | | ( 974.221) | 1.329.679 | 1.609.538 | ( 2.275.618) | ( 978.070) | ***Total other comprehensive (loss) income*** |
| **JUMLAH PENGHASILAN KOMPREHENSIF PERIODE BERJALAN** | | 53.185.302 | 57.007.572 | 86.165.571 | 65.759.702 | 58.387.620 | ***TOTAL COMPREHENSIVE INCOME FOR THE PERIOD*** |

**Lihat Catatan atas Laporan Keuangan Konsolidasian Interim pada Ekshibit E terlampir yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan Konsolidasian Interim secara keseluruhan**

***See accompanying Notes to the Interim Consolidated Financial Statements on Exhibit E which are an integral part of the Interim Consolidated Financial Statements taken as a whole***

*The original interim consolidated financial statements included herein are in the Indonesian language*

Ekshibit B/2

*Exhibit B/2*

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**LAPORAN LABA RUGI DAN PENGHASILAN KOMPREHENSIF LAIN KONSOLIDASIAN INTERIM**
**UNTUK PERIODE ENAM BULAN YANG BERAKHIR PADA 30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT) DAN TAHUN YANG BERAKHIR PADA 31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***INTERIM CONSOLIDATED STATEMENTS OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME***
***FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 2018 (UNAUDITED) AND THE YEARS ENDED 31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

| | Catatan/ *Notes* | 30 Juni/ *June* 2019 (Enam bulan/ *Six months*) (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months*) (Tidak diaudit/ *Unaudited*) | 31 Desember/ *December* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Desember/ *December* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Desember/ *December* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|---|
| Laba periode berjalan yang dapat diatribusikan kepada: | | | | | | | *Profit for the period attributable to:* |
| Pemilik entitas induk | | 54.159.523 | 55.677.893 | 84.556.033 | 68.035.320 | 59.365.690 | *Owners of the parent entity* |
| Kepentingan non-pengendali | | - | - | - | - | - | *Non-controlling interest* |
| Jumlah | | 54.159.523 | 55.677.893 | 84.556.033 | 68.035.320 | 59.365.690 | *Total* |
| Jumlah penghasilan komprehensif periode berjalan yang dapat diatribusikan kepada: | | | | | | | *Total comprehensive income for the period attributable to:* |
| Pemilik entitas induk | | 53.185.302 | 57.007.572 | 86.165.571 | 65.759.702 | 58.387.620 | *Owners of the parent entity* |
| Kepentingan non-pengendali | | - | - | - | - | - | *Non-controlling interest* |
| Jumlah | | 53.185.302 | 57.007.572 | 86.165.571 | 65.759.702 | 58.387.620 | *Total* |
| LABA PER SAHAM DASAR | 35 | 0,0026 | 0,0027 | 0,0041 | 0,0036 | 0,0032 | *BASIC EARNINGS PER SHARE* |

Lihat Catatan atas Laporan Keuangan Konsolidasian Interim pada Ekshibit E terlampir yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan Konsolidasian Interim secara keseluruhan

*See accompanying Notes to the Interim Consolidated Financial Statements on Exhibit E which are an integral part of the Interim Consolidated Financial Statements taken as a whole*

Sukoharjo, 11 September 2019/*11 September 2019*

Iwan Setiawan Lukminto
Direktur Utama/*President Director*

Allan Moran Severino
Direktur Keuangan/*Finance Director*

*The original interim consolidated financial statements included herein are in the Indonesian language*

Ekshibit C

*Exhibit C*

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN INTERIM**
**UNTUK PERIODE ENAM BULAN YANG BERAKHIR PADA 30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR 31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY***
***FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED 31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(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 rugi aktuarial atas imbalan kerja/ *Accumulated actuarial loss on employee benefits* | Kerugian belum direalisasi atas transaksi lindung nilai/ *Unrealized loss on hedge transaction* | Saldo laba/*Retained earnings* | | Selisih penjabaran mata uang pelaporan/ *Cumulative translation adjustment* | Ekuitas yang dapat diatribusikan kepada pemilik induk/ *Equity attributable to owners of the parent* | Kepentingan non-pengendali/ *Non-controlling interest* | Jumlah ekuitas/ *Total equity* | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Telah ditentukan penggunaannya/ *Appropriated* | Belum ditentukan penggunaannya/ *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* |
| Laba tahun berjalan | | - | - | - | - | - | 59.365.690 | - | 59.365.690 | ( 8.719) | 59.356.971 | *Profit for the year* |
| Kerugian komprehensif lain | | - | - | ( 978.070) | - | - | - | - | ( 978.070) | - | ( 978.070) | *Other comprehensive loss* |
| Pengampunan pajak | | - | 5.499 | - | - | - | - | - | 5.499 | - | 5.499 | *Tax amnesty* |
| Dividen tunai | 36 | - | - | - | - | - | ( 4.016.064) | - | ( 4.016.064) | - | ( 4.016.064) | *Cash dividend* |
| Pencadangan saldo laba | 36 | - | - | - | - | 11.132.786 | ( 11.132.786) | - | - | - | - | *Appropriation of retained earnings* |
| Saldo per 31 Desember 2016 | | 152.250.966 | 10.477.799 | ( 1.710.500) | - | 22.619.361 | 155.020.535 | ( 7.548.653) | 331.109.508 | - | 331.109.508 | *Balance as of 31 December 2016* |
| Setoran modal | | 15.225.097 | - | - | - | - | - | - | 15.225.097 | - | 15.225.097 | *Additioanl share capital* |
| Tambahan modal disetor | | - | 34.192.143 | - | - | - | - | - | 34.192.143 | - | 34.192.143 | *Additional paid-in capital* |
| Laba tahun berjalan | | - | - | - | - | - | 68.035.320 | - | 68.035.320 | - | 68.035.320 | *Profit for the year* |
| Kerugian komprehensif lain | | - | - | ( 2.275.618) | - | - | - | - | ( 2.275.618) | - | ( 2.275.618) | *Other comprehensive loss* |
| Dividen tunai | 36 | - | - | - | - | - | ( 4.127.621) | - | ( 4.127.621) | - | ( 4.127.621) | *Cash dividend* |
| Pencadangan saldo laba | 36 | - | - | - | - | 11.873.138 | ( 11.873.138) | - | - | - | - | *Appropriation of retained earnings* |
| Saldo per 31 Desember 2017 | | 167.476.063 | 44.669.942 | ( 3.986.118) | - | 34.492.499 | 207.055.096 | ( 7.548.653) | 442.158.829 | - | 442.158.829 | *Balance as of 31 December 2017* |
| | | Catatan 25/ *Note 25* | Catatan 26/ *Note 26* | | | | | | | | | |

Lihat Catatan atas Laporan Keuangan Konsolidasian Interim pada Ekshibit E terlampir yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan Konsolidasian Interim secara keseluruhan

*See accompanying Notes to the Interim Consolidated Financial Statements on Exhibit E which are an integral part of the Interim Consolidated Financial Statements taken as a whole*

*The original interim consolidated financial statements included herein are in the Indonesian language*

Ekshibit C/2

*Exhibit C/2*

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**LAPORAN PERUBAHAN EKUITAS KONSOLIDASIAN INTERIM**
**UNTUK PERIODE ENAM BULAN YANG BERAKHIR PADA 30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR 31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY***
***FOR THE SIX-MONTH PERIODS ENDED 30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED 31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(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 rugi aktuarial atas imbalan kerja/ *Accumulated actuarial loss on employee benefits* | Kerugian belum direalisasi atas transaksi lindung nilai/ *Unrealized loss on hedge transaction* | Saldo laba/*Retained earnings* | | Selisih penjabaran mata uang pelaporan/ *Cumulative translation adjustment* | Ekuitas yang dapat diatribusikan kepada pemilik induk/ *Equity attributable to owners of the parent* | Kepentingan non-pengendali/ *Non-controlling interest* | Jumlah ekuitas/ *Total equity* | |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | | | | | Telah ditentukan penggunaannya/ *Appropriated* | Belum ditentukan penggunaannya/ *Unappropriated* | | | | | |
| Saldo per 31 Desember 2017 | | 167.476.063 | 44.669.942 | ( 3.986.118 ) | - | 34.492.499 | 207.055.096 | ( 7.548.653 ) | 442.158.829 | - | 442.158.829 | *Balance as of 31 December 2017* |
| Laba tahun berjalan | | - | - | - | - | - | 84.556.033 | - | 84.556.033 | - | 84.556.033 | *Profit for the year* |
| Penghasilan komprehensif lain | | - | - | 1.609.538 | - | - | - | - | 1.609.538 | - | 1.609.538 | *Other comprehensive income* |
| Dividen tunai | 36 | - | - | - | - | - | ( 12.076.869) | - | ( 12.076.869) | - | ( 12.076.869) | *Cash dividend* |
| Pencadangan saldo laba | 36 | - | - | - | - | 13.607.064 | ( 13.607.064) | - | - | - | - | *Appropriation of retained earnings* |
| Saldo per 31 Desember 2018 | | 167.476.063 | 44.669.942 | ( 2.376.580 ) | - | 48.099.563 | 265.927.196 | ( 7.548.653 ) | 516.247.531 | - | 516.247.531 | *Balance as of 31 December 2018* |
| Laba periode berjalan | | - | - | - | - | - | 54.159.523 | - | 54.159.523 | - | 54.159.523 | *Profit for the period* |
| Kerugian komprehensif lain | | - | - | ( 645.277 ) | ( 328.944) | - | - | - | ( 974.221) | - | ( 974.221) | *Other comprehensive loss* |
| Dividen tunai | 36 | - | - | - | - | - | ( 4.237.037) | - | ( 4.237.037) | - | ( 4.237.037) | *Cash dividend* |
| Pencadangan saldo laba | 36 | - | - | - | - | 16.911.206 | ( 16.911.206) | - | - | - | - | *Appropriation of retained earnings* |
| Saldo per 30 Juni 2019 | | 167.476.063 | 44.669.942 | ( 3.021.857 ) | ( 328.944) | 65.010.769 | 298.938.476 | ( 7.548.653 ) | 565.195.796 | - | 565.195.796 | *Balance as of 30 June 2019* |
| | | Catatan 25/ *Note 25* | Catatan 26/ *Note 26* | | | | | | | | | |

Lihat Catatan atas Laporan Keuangan Konsolidasian Interim pada Ekshibit E terlampir yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan Konsolidasian Interim secara keseluruhan

*See accompanying Notes to the Interim Consolidated Financial Statements on Exhibit E which are an integral part of the Interim Consolidated Financial Statements taken as a whole*

**Ekshibit D** | ***Exhibit D***

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**LAPORAN ARUS KAS KONSOLIDASIAN INTERIM**
**UNTUK PERIODE ENAM BULAN YANG BERAKHIR PADA**
**30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS***
***FOR THE SIX-MONTH PERIODS ENDED***
***30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Desember/ *December* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Desember/ *December* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Desember/ *December* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| **ARUS KAS DARI AKTIVITAS OPERASI** | | | | | | ***CASH FLOWS FROM OPERATING ACTIVITIES*** |
| Penerimaan kas dari pelanggan | 575.939.821 | 500.115.430 | 1.026.509.958 | 720.251.433 | 632.560.807 | *Cash received from customers* |
| Penerimaan dari pendapatan operasi lainnya | 389.055 | 153.288 | 811.754 | 675.350 | 6.287.205 | *Cash received from other operating income* |
| Penerimaan dari pendapatan bunga | 514.869 | 556.156 | 933.116 | 408.886 | 1.105.080 | *Cash received from interest income* |
| Pembayaran kepada pemasok dan kontraktor | ( 477.181.667) | ( 388.397.095) | ( 794.519.547) | ( 617.141.434) | ( 511.799.931) | *Payments to suppliers and contractors* |
| Pembayaran untuk gaji dan imbalan kerja karyawan | ( 36.110.793) | ( 31.185.988) | ( 58.053.590) | ( 36.378.914) | ( 30.934.663) | *Payments for salaries and employee benefits* |
| Pembayaran bunga | ( 38.040.895) | ( 38.573.655) | ( 60.978.431) | ( 58.007.132) | ( 54.544.526) | *Interest paid* |
| Pembayaran pajak penghasilan | ( 3.415.409) | ( 7.098.704) | ( 12.945.022) | ( 11.967.788) | ( 10.019.967) | *Payments of income taxes* |
| Pembayaran untuk beban operasional | ( 17.294.877) | ( 17.684.164) | ( 37.249.508) | ( 26.686.222) | ( 27.216.896) | *Payments for operational expenses* |
| **Kas neto diperoleh dari (digunakan untuk) aktivitas operasi** | 4.800.104 | 17.885.268 | 64.508.730 | ( 28.845.821) | 5.437.109 | ***Net cash provided by (used in) operating activities*** |
| **ARUS KAS DARI AKTIVITAS INVESTASI** | | | | | | ***CASH FLOWS FROM INVESTING ACTIVITIES*** |
| Pengeluaran modal | ( 34.728.616) | ( 18.425.346) | ( 37.178.924) | ( 23.971.983) | ( 79.633.786) | *Capital expenditure* |
| Penjualan aset tetap | 656 | 1.715.439 | 1.741.778 | - | - | *Sales of fixed assets* |
| Realisasi (pembayaran) uang muka penyertaan saham | - | 5.000.000 | 5.000.000 | ( 5.000.000) | - | *Realization (payment) of advance for investment in shares* |
| Akuisisi Entitas Anak | - | ( 85.002.409) | ( 85.002.409) | - | - | *Acquisition of Subsidiaries* |
| Pembayaran uang muka pembelian aset tetap | - | - | - | ( 1.114.808) | ( 3.827.061) | *Payment of advances for purchases of fixed assets* |
| **Kas neto digunakan untuk aktivitas investasi** | ( 34.727.960) | ( 96.712.316) | ( 115.439.555) | ( 30.086.791) | ( 83.460.847) | ***Net cash used in investing activities*** |
| **ARUS KAS DARI AKTIVITAS PENDANAAN** | | | | | | ***CASH FLOWS FROM FINANCING ACTIVITIES*** |
| Pembayaran dividen | - | ( 12.076.869) | ( 12.076.869) | ( 4.127.621) | ( 4.016.064) | *Dividend paid* |
| Pembayaran wesel bayar | ( 184.989.877) | - | - | - | - | *Payments of notes payable* |
| Penerimaan dari surat utang jangka menengah | - | 25.000.000 | 25.000.000 | 40.000.000 | - | *Proceeds of medium-term notes* |
| Pembayaran surat utang jangka menengah | - | - | - | ( 30.000.000) | - | *Payments of medium-term notes* |
| Penerimaan utang bank jangka pendek | 22.324.183 | 34.976.922 | 48.374.652 | 70.981.557 | 39.906.323 | *Proceeds of short-term bank loans* |
| Penerimaan utang bank jangka panjang | 364.556.692 | 24.814.783 | 22.110.183 | 14.747.346 | 52.459.366 | *Proceeds of long-term bank loans* |
| Pembayaran utang bank jangka pendek | ( 122.993.804) | ( 28.232.356) | ( 27.635.424) | ( 22.163.478) | ( 5.043.345) | *Payments of short-term bank loans* |
| Pembayaran utang bank jangka panjang | ( 39.812.789) | ( 1.733.333) | ( 3.466.667) | ( 44.156.775) | ( 142.108.315) | *Payments of long-term bank loans* |
| Kas yang dibatasi penggunaannya | - | - | ( 562.214) | - | ( 28.020.528) | *Restricted cash* |
| Penerimaan dari penambahan modal | - | - | - | 49.417.240 | - | *Proceeds from additional share capital* |
| Penerimaan neto dari wesel bayar | - | - | - | 147.284.898 | 149.234.944 | *Proceeds of notes payable* |
| Pembayaran wesel bayar | - | - | - | ( 89.264.000) | - | *Payments of notes payable* |
| Pembayaran jasa penerbitan wesel bayar dan premium | - | - | - | ( 6.420.370) | - | *Payment on services of notes payable and premium* |
| Pembayaran utang sewa pembiayaan | - | - | - | ( 14.406) | ( 108.216) | *Payments of obligation under finance lease* |
| **Kas neto diperoleh dari aktivitas pendanaan** | 39.084.405 | 42.749.147 | 51.743.661 | 126.284.391 | 62.304.165 | ***Net cash provided by financing activities*** |

Lihat Catatan 41 atas Laporan Keuangan Kondolidasian Interim untuk tambahan informasi arus kas/
*See Note 41 to the Interim Consolidated Financial Statements for supplementary cash flows information*

**Lihat Catatan atas Laporan Keuangan Konsolidasian Interim pada Ekshibit E terlampir yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan Konsolidasian Interim secara keseluruhan**

***See accompanying Notes to the Interim Consolidated Financial Statements on Exhibit E which are an integral part of the Interim Consolidated Financial Statements taken as a whole***

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**LAPORAN ARUS KAS KONSOLIDASIAN INTERIM**
**UNTUK PERIODE ENAM BULAN YANG BERAKHIR PADA**
**30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS***
***FOR THE SIX-MONTH PERIODS ENDED***
***30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Desember/ *December* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Desember/ *December* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Desember/ *December* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| **KENAIKAN (PENURUNAN) KAS DAN SETARA KAS** | 9.156.549 | ( 36.077.901) | 812.836 | 67.351.779 | ( 15.719.573) | ***INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS*** |
| Pengaruh neto perubahan nilai tukar pada kas dan setara kas | ( 389.599) | ( 436.892) | 28.400 | ( 607.043) | ( 929.728) | *Net effect of changes in exchange rates on cash and cash equivalents* |
| **KAS DAN SETARA KAS AWAL PERIODE** | 128.073.266 | 127.232.030 | 127.232.030 | 60.487.294 | 77.136.595 | ***CASH AND CASH EQUIVALENTS AT BEGINNING OF PERIOD*** |
| **KAS DAN SETARA KAS AKHIR PERIODE** | 136.840.216 | 90.717.237 | 128.073.266 | 127.232.030 | 60.487.294 | ***CASH AND CASH EQUIVALENTS AT END OF PERIOD*** |

Lihat Catatan 41 atas Laporan Keuangan Kondolidasian Interim untuk tambahan informasi arus kas/
*See Note 41 to the Interim Consolidated Financial Statements for supplementary cash flows information*

**Lihat Catatan atas Laporan Keuangan Konsolidasian Interim pada Ekshibit E terlampir yang merupakan bagian yang tidak terpisahkan dari Laporan Keuangan Konsolidasian Interim secara keseluruhan**

***See accompanying Notes to the Interim Consolidated Financial Statements on Exhibit E which are an integral part of the Interim Consolidated Financial Statements taken as a whole***

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**CATATAN ATAS LAPORAN KEUANGAN**
**KONSOLIDASIAN INTERIM**
**30 JUNI 2019 (TIDAK DIAUDIT),**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**DAN UNTUK PERIODE ENAM BULAN YANG BERAKHIR**
**PADA 30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS***
***30 JUNE 2019 (UNAUDITED),***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***AND FOR THE SIX-MONTH PERIODS ENDED***
***30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

## 1. UMUM

### a. Pendirian Perusahaan

PT Sri Rejeki Isman ("Perusahaan") didirikan berdasarkan akta Notaris No. 48 tanggal 22 Mei 1978 yang dibuat dihadapan 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 Notaris Perusahaan telah mengalami beberapa kali perubahan, dengan perubahan terakhir melalui akta Notaris No. 62 tanggal 18 Juni 2019 yang dibuat dihadapan Neilly Iralita Iswari, S.H., M.Si., M.Kn., mengenai perubahan susunan Dewan Direksi dan telah diberitahukan dan diterima oleh Kementerian Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-AH-01.03-0296474 tanggal 11 Juli 2019.

Berdasarkan Anggaran Dasar Perusahaan, ruang lingkup kegiatan utama Perusahaan meliputi usaha-usaha dalam bidang industri pemintalan, pertenunan, 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.

Perusahaan induk langsung adalah PT Huddleston Indonesia (dahulu PT Busana Indah Makmur) dan perusahaan pemegang saham terakhir adalah Kantaras Investments Pte Ltd.

### 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 sebanyak 5.600.000.000 lembar dengan nominal saham baru Rp 100 per saham.

## *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 Minister 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. 62 dated 18 June 2019 of Neilly Iralita Iswari, S.H., M.Si., M.Kn., regarding changes in Board of Directors and the changes have been notified and accepted by the Ministy of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-AH-01.03-0296474 dated 11 July 2019.*

*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 since 1978.*

*The Company is domiciled at Jalan K.H. Samanhudi No. 88, Jetis, Sukoharjo, Central Java.*

*The immediate holding company is PT Huddleston Indonesia (formerly PT Busana Indah Makmur) and the ultimate shareholder is Kantaras Investments Pte Ltd.*

### *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 Initial Public Offering 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 shares with par value of new share Rp 100 per share.*

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**CATATAN ATAS LAPORAN KEUANGAN KONSOLIDASIAN INTERIM**
**30 JUNI 2019 (TIDAK DIAUDIT),**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**DAN UNTUK PERIODE ENAM BULAN YANG BERAKHIR PADA 30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS***
***30 JUNE 2019 (UNAUDITED),***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***AND FOR THE SIX-MONTH PERIODS ENDED***
***30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

1. **UMUM** (Lanjutan)

c. **Dewan Komisaris dan Direksi, Sekretaris Perusahaan dan Karyawan**

Susunan Dewan Komisaris dan Direksi Perusahaan (manajemen utama) dan Sekretaris Perusahaan pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 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 as of 30 June 2019, 31 December 2018, 2017 and 2016 is as follows:*

| | | **30 Juni 2019/ *30 June 2019*** | | |
|---|---|---|---|---|
| **Dewan Komisaris** | | | | ***Board of Commissioners*** |
| Komisaris Utama | : | Hj. Susyana Lukminto | : | *President Commissioner* |
| Komisaris | : | Megawati | : | *Commissioner* |
| Komisaris Independen | : | Prof. Ir., Sudjarwadi M. Eng., Ph.D. | : | *Independent Commissioner* |
| | : | Alpino Kianjaya | : | |
| **Direksi** | | | | ***Board of Directors*** |
| Direktur Utama | : | Iwan Setiawan Lukminto | : | *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 | : | Karunakaran Ramamoorthy | : | *Production Director* |
| Direktur Operasional | : | Eddy Prasetyo Salim | : | *Operational Director* |
| Direktur Umum dan Administrasi | : | Mira Christina Setiady | : | *General and Administration Director* |
| Direktur Independen | : | Nasir Tamara Tamimi | : | *Independent Director* |
| Sekretaris Perusahaan | : | Welly Salam | : | *Corporate Secretary* |

| | | **31 Desember 2018 dan 2017/ *31 December 2018 and 2017*** | **31 Desember 2016/ *31 December 2016*** | | |
|---|---|---|---|---|---|
| **Dewan Komisaris** | | | | | ***Board of Commissioners*** |
| Komisaris Utama | : | Hj. Susyana Lukminto | Hj. Susyana Lukminto | : | *President Commissioner* |
| Komisaris | : | Megawati | Megawati | : | *Commissioner* |
| Komisaris Independen | : | Prof. Ir., Sudjarwadi M. Eng., Ph.D. | Prof. Ir., Sudjarwadi M. Eng., Ph.D. | : | *Independent Commissioner* |
| **Direksi** | | | | | ***Board of Directors*** |
| Direktur Utama | : | Iwan Setiawan Lukminto | Iwan Setiawan Lukminto | : | *President Director* |
| Wakil Direktur Utama | : | Iwan Kurniawan Lukminto | Iwan Kurniawan Lukminto | : | *Vice President Director* |
| Direktur Keuangan | : | Allan Moran Severino | Allan Moran Severino | : | *Finance Director* |
| Direktur Pemasaran | : | Arief Halim | Arief Halim | : | *Marketing Director* |
| Direktur Produksi | : | Karunakaran Ramamoorthy | Phalguni Mukhopadhyay | : | *Production Director* |
| Direktur Operasional | : | Eddy Prasetyo Salim | Eddy Prasetyo Salim | : | *Operational Director* |
| Direktur Independen | : | Nasir Tamara Tamimi | Nasir Tamara Tamimi | : | *Independent Director* |
| Sekretaris Perusahaan | : | Welly Salam | Welly Salam | : | *Corporate Secretary* |

1. **UMUM** (Lanjutan) / 1. ***GENERAL*** *(Continued)*

c. **Dewan Komisaris dan Direksi, Sekretaris Perusahaan dan Karyawan** (Lanjutan) / c. ***Boards of Commissioners and Directors, Corporate Secretary and Employees*** *(Continued)*

Susunan Komite Audit pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

*The composition of the Company's Audit Committee as of 30 June 2019, 31 December 2018, 2017 and 2016 is as follow:*

| | | | | |
|---|---|---|---|---|
| Ketua | : | Prof. Ir., Sudjarwadi, M. Eng., Ph.D. | : | *Chairman* |
| Anggota | : | Ida Bagus Oka Nila | : | *Member* |
| Anggota | : | Yose Rizal | : | *Member* |

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, Perusahaan dan Entitas Anak memiliki masing-masing 19.458, 18.713, 16.334 dan 17.890 karyawan (tidak diaudit).

*As of 30 June 2019, 31 December 2018, 2017 and 2016, the Company and Subsidiaries had a total number of 19,458, 18,713, 16,334 and 17,890 employees, respectively (unaudited).*

d. **Entitas Anak** / 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*** | | | |
|---|---|---|---|---|---|---|---|---|---|
| | | | | | | **30 Juni/** ***June*** **2019 (Tidak diaudit/** ***Unaudited*****)** | **31 Desember/** ***December*** **2018 (Diaudit/** ***Audited*****)** | **31 Desember/** ***December*** **2017 (Diaudit/** ***Audited*****)** | **31 Desember/** ***December*** **2016 (Diaudit/** ***Audited*****)** |
| PT Sinar Pantja Djaja (1) | Semarang | Perusahaan pemintalan benang/ *Company spinning yarn* | 2013 | 1972 | 99,90% | 153.019.662 | 163.559.809 | 147.924.637 | 139.919.400 |
| Golden Legacy Pte. Ltd. (1) | Singapura/ Singapore | Perusahaan investasi/ *Investment Company* | 2014 | 2014 | 100% | 465.650.289 | 554.611.354 | 640.984.767 | 502.256.580 |
| Golden Mountain Textile and Trading Pte. Ltd. (3) | Singapura/ Singapore | Perusahaan perdagangan grosir/ *Wholesale trading Company* | 2014 | 2014 | 100% | 539.364.498 | 709.225.912 | 694.448.630 | 502.002.681 |
| PT Primayudha Mandirijaya (1,2) | Boyolali | Perusahaan pemintalan benang/ *Company spinning yarn* | 2018 | 1998 | 100% | 91.238.494 | 99.831.949 | - | - |
| PT Bitratex Industries (1,2) | Semarang | Perusahaan pemintalan benang/ *Company spinning yarn* | 2018 | 1981 | 100% | 103.627.150 | 91.277.046 | - | - |

Pemilikan langsung oleh/ *Equity interest directly held by:*
1. Perusahaan / *The Company*
2. PT Sinar Pantja Djaja
3. Golden Legacy Pte. Ltd.

1. **UMUM** (Lanjutan)

d. **Entitas Anak** (Lanjutan)

**PT Sinar Pantja Djaja (SPD)**

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) 38, "Kombinasi Bisnis Entitas Sepengendali", transaksi akuisisi penyertaan modal saham pada SPD ini merupakan kombinasi bisnis entitas sepengendali.

Sesuai dengan PSAK 38 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 interim Perusahaan dan Entitas Anak untuk tahun yang berakhir pada 31 Desember 2012 telah disajikan kembali. Sesuai dengan PSAK 38, selisih antara jumlah imbalan yang dialihkan dan jumlah tercatat dari transaksi kombinasi entitas sepengendali dibukukan sebagai bagian dari akun "Tambahan modal disetor, neto" sebagai salah satu komponen Ekuitas dalam Laporan Posisi Keuangan Konsolidasian Interim.

SPD adalah Perusahaan yang bergerak dibidang pemintalan benang dan berdomisili di Semarang, Indonesia.

**Golden Legacy Pte. Ltd. (GL)**

Pada tanggal 3 Maret 2014, Perusahaan mendirikan 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.

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 Singapura.

GL dan Entitas Anak adalah perusahaan yang bergerak di bidang perdagangan dan berdomilisi di Singapura.

*1. **GENERAL** (Continued)*

*d. **Subsidiaries** (Continued)*

***PT Sinar Pantja Djaja (SPD)***

*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) 38 "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 38, 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 Subsidiaries interim consolidated financial statements for the year ended 31 December 2012 have been restated. In accordance with PSAK 38, the difference between the amount of the consideration transferred and the carrying amount from the business combination of entities under common control transaction is recorded as part of "Additional paid-in capital, net" account and as part of component of Equity in the Interim Consolidated Statements of Financial Position.*

*SPD is a Company engaged in spinning yarn and domiciled in Semarang, Indonesia.*

***Golden Legacy Pte. Ltd. (GL)***

*On 3 March 2014 the Company established 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.*

*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 in Singapore.*

*GL and Subsidiary are a Company engaged in trading and domiciled in Singapore.*

1. **UMUM** (Lanjutan)

d. **Entitas Anak** (Lanjutan)

**PT Primayudha Mandirijaya (PM)**

Pada bulan Februari 2018, Perusahaan (selaku pembeli) dan pemegang saham PM (selaku penjual) menandatangani perjanjian jual beli saham terkait pengambilalihan saham milik THG Pte Ltd, Tolaram Industries Pte Ltd, Krishna Kumar Agrawal, Manmeet Singh dan Arvind Kumar Shankerlal Ladha di PT Primayudha Mandirijaya, masing-masing sejumlah 172.630.677, 70.242.085, 29.618.629, 14.809.314 dan 8.885.588 lembar saham yang merepresentasikan 82% dari jumlah modal saham ditempatkan dan disetor penuh PM.

Berdasarkan akta Notaris No. 11 tanggal 2 April 2018, Notaris Muhammad Alting, S.H., Perusahaan dan PT Sinar Pantja Djaja, Entitas Anak (selaku pembeli) dan pemegang saham PT Primayudha Mandirijaya (PM) (selaku penjual) menandatangani perjanjian jual beli saham terkait pengambilalihan saham milik THG Pte Ltd, Tolaram Industries Pte Ltd, Krishna Kumar Agrawal, Manmeet Singh dan Arvind Kumar Shankerlal Ladha di PT Primayudha Mandirijaya, masing-masing sejumlah 37.894.539, 15.418.995, 6.501.651, 3.250.826 dan 1.939.496 lembar saham, sehingga kepemilikan saham Perusahaan dan Entitas Anak menjadi 361.191.800 dan 11.000 lembar saham yang merepresentasikan 99,9969% dan 0,0031% dari jumlah modal saham ditempatkan dan disetor penuh PM.

PM adalah Perusahaan yang bergerak dibidang pemintalan benang dan berdomisili di Boyolali, Indonesia.

**PT Bitratex Industries (BI)**

Pada bulan Februari 2018, Perusahaan (selaku pembeli) dan pemegang saham BI (selaku penjual) menandatangani perjanjian jual beli saham terkait pengambilalihan saham milik Thakral Investments Limited, One Sovereign Investments (Pte) Limited, Asean Interest Ltd, Sohans Enterprise (H) Ltd, Sohans Emporium Pte Ltd, Arvind Kumar Shankerlal Ladha dan Krisna Kumar Agrawal di PT Bitratex Industries, masing-masing sejumlah 11.550, 8.200, 8.036, 586, 820, 310 dan 1.553 lembar saham yang merepresentasikan 82% dari jumlah modal saham ditempatkan dan disetor penuh BI.

*1. **GENERAL** (Continued)*

*d. **Subsidiaries** (Continued)*

***PT Primayudha Mandirijaya (PM)***

*In February 2018, the Company (as the purchaser) and shareholders' of PM (as the seller), signed a share purchase agreement related to the acquisition by the Company of 172,630,677, 70,242,085, 29,618,629, 14,809,314 and 8,885,588 shares PT Primayudha Mandirijaya shares belonging to THG Pte Ltd, Tolaram Industries Pte Ltd, Krishna Kumar Agrawal, Manmeet Singh and Arvind Kumar Shankerlal Ladha, respectively, representing 82%, respectively of the total issued and fully paid shares of PM.*

*Based on Notarial deed No. 11 dated 2 April 2018, Notary Muhammad Alting, S.H., the Company and the Subsidiary, PT Sinar Pantja Djaja (as the purchaser) and shareholders' of PT Primayudha Mandirijaya (PM) (as the seller) signed a share purchase agreement related to the acquisition by the company of 37,894,539, 15,418,995, 6,501,651, 3,250,826 dan 1,939,496 shares PT Primayudha Mandirijaya shares belonging THG Pte Ltd, Tolaram Industries Pte Ltd, Krishna Kumar Agrawal, Manmeet Singh dan Arvind Kumar Shankerlal Ladha, respectively, so share ownerhip of the Company and the Subsidiary become 361,191,800 and 11,000 shares representing 99.9969% and 0.0031% shares of the total issued and fully paid shares of PM.*

*PM is a Company engaged in spinning yarn and domiciled in Boyolali, Indonesia.*

***PT Bitratex Industries (BI)***

*In February 2018, the Company (as the purchaser) and shareholders' of BI (as the seller), signed a share purchase agreement related to the acquisition by the Company of 11,550, 8,200, 8,036, 586, 820, 310 and 1,553 shares Thakral Investments Limited, One Sovereign Investments (Pte) Limited, Asean Interest Ltd, Sohans Enterprise (H) Ltd, Sohans Emporium Pte Ltd, Arvind Kumar Shankerlal Ladha and Krisna Kumar Agrawal, respectively, representing 82%, respectively of the total issued and fully paid shares of BI.*

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**CATATAN ATAS LAPORAN KEUANGAN**
**KONSOLIDASIAN INTERIM**
**30 JUNI 2019 (TIDAK DIAUDIT),**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**DAN UNTUK PERIODE ENAM BULAN YANG BERAKHIR**
**PADA 30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS***
***30 JUNE 2019 (UNAUDITED),***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***AND FOR THE SIX-MONTH PERIODS ENDED***
***30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

1. **UMUM** (Lanjutan)

d. **Entitas Anak** (Lanjutan)

**PT Bitratex Industries (BI)** (Lanjutan)

Berdasarkan akta Notaris No. 2 tanggal 2 April 2018, Notaris Muhammad Alting, S.H., Perusahaan dan PT Sinar Pantja Djaja, Entitas Anak (selaku pembeli) dan pemegang saham PT Bitratex Industries (BI) (selaku penjual) menandatangani perjanjian jual beli saham terkait pengambilalihan saham milik Thakral Investments Limited, One Sovereign Investments (Pte) Limited, Asean Interest Ltd, Sohans Enterprise (H) Ltd, Sohans Emporium Pte Ltd, Arvind Kumar Shankerlal Ladha dan Krisna Kumar Agrawal di PT Bitratex Industries, masing-masing sejumlah 2.535, 1.800, 1.764, 129, 180, 68 dan 341 lembar saham, sehingga kepemilikan saham Perusahaan dan Entitas Anak masing-masing menjadi 37.872 dan 1 lembar saham yang merepresentasikan 99,9973% dan 0,0027% dari jumlah modal saham ditempatkan dan disetor penuh BI.

BI adalah Perusahaan yang bergerak dibidang pemintalan benang dan berdomisili di Semarang, Indonesia.

Sesuai dengan Pernyataan Standar Akuntansi Keuangan PSAK 22, "Kombinasi Bisnis", transaksi akuisisi penyertaan modal saham pada PM dan BI ini merupakan kombinasi bisnis.

Sesuai dengan PSAK 22, kombinasi bisnis sebagai suatu transaksi atau peristiwa lain dimana pihak pengakuisisi memperoleh pengendalian atas satu atau lebih bisnis. Selisih lebih rendah antara jumlah imbalan yang dialihkan dan jumlah setiap kepentingan nonpengendali; dengan jumlah neto dari aset teridentifikasi yang diperoleh dan liabilitas yang diambil alih dibukukan sebagai *Negative Goodwill* sebagai salah satu komponen pendapatan lain-lain dalam Laporan Laba Rugi dan Penghasilan Komprehensif Lain Konsolidasian Interim.

*1. **GENERAL** (Continued)*

*d. **Subsidiaries** (Continued)*

***PT Bitratex Industries (BI)** (Continued)*

*Based on Notarial deed No. 2 dated 2 April 2018, Notary Muhammad Alting, S.H., the Company and the Subsidiary, PT Sri Rejeki Isman Tbk dan PT Sinar Pantja Djaja (as the purchaser) and shareholders' of PT Bitratex Industries (BI) (as the seller) signed a share purchase agreement related to the acquisition by the company of 2,535, 1,800, 1,764, 129, 180, 68 and 341 shares PT Bitratex Industries shares belonging Thakral Investments Limited, One Sovereign Investments (Pte) Limited, Asean Interest Ltd, Sohans Enterprise (H) Ltd, Sohans Emporium Pte Ltd, Arvind Kumar Shankerlal Ladha dan Krisna Kumar Agrawal, respectively, so share ownerhip of the Company and the Subsidiary become 37,872 and 1 shares representing 99.9973% and 0.0027% shares of the total issued and fully paid shares of BI.*

*BI is a Company engaged in spinning yarn and domiciled in Semarang, Indonesia.*

*In accordance with Statement of Financial Accounting Standards PSAK 22, "Business Combinations", the acquisition transaction in equity shares of PM and BI is considered as a business combination.*

*In accordance with PSAK 22, business combination as a transaction or other event in which the acquirer obtains control over one or more businesses. The lower of the amount of the transferred amount and the amount of any non-controlling interest; with the net amount of the identifiable assets acquired and the liabilities taken over are recorded as Negative Goodwill as one component of other income in the Interim Consolidated Statements of Profit or Loss and Other Comprehensive Income.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN**

a. **Pernyataan kepatuhan**

Laporan keuangan konsolidasian interim 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).

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES***

*a. **Statement of compliance***

*The interim 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).*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

b. **Dasar penyusunan laporan keuangan konsolidasian interim**

Laporan keuangan konsolidasian interim disusun berdasarkan basis akrual, kecuali untuk laporan arus kas konsolidasian interim 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.

Laporan arus kas konsolidasian interim 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 interim adalah Dolar Amerika Serikat (USD), yang juga merupakan mata uang fungsional Perusahaan.

Penyusunan laporan keuangan konsolidasian interim berdasarkan SAK mensyaratkan penggunaan estimasi akuntansi kritikal tertentu. Penyusunan laporan keuangan konsolidasian interim juga mensyaratkan manajemen Perusahaan untuk menggunakan pertimbangan dalam menerapkan kebijakan akuntansi Perusahaan. Hal-hal di mana pertimbangan dan estimasi yang signifikan telah dibuat dalam penyusunan laporan keuangan konsolidasian interim beserta dampaknya diungkapkan dalam Catatan 3.

**Perubahan pada Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK")**

Penerapan dari interpretasi baru, amandemen dan penyesuaian tahunan terhadap standar akuntansi, yang berlaku efektif sejak tanggal 1 Januari 2019 tidak menyebabkan perubahan signifikan atas kebijakan akuntansi Perusahaan dan Entitas Anak dan tidak memberikan dampak yang material terhadap jumlah yang dilaporkan di laporan keuangan konsolidasian interim pada periode berjalan:

- ISAK 33, Transaksi Valuta Asing dan Imbalan di Muka
- ISAK 34, Ketidakpastian dalam Perlakuan Pajak Penghasilan
- Amandemen PSAK 24, Imbalan Kerja - Amandemen, Kurtailmen atau Penyelesaian Program
- Penyesuaian tahunan PSAK 22, Kombinasi Bisnis
- Penyesuaian tahunan PSAK 26, Biaya Pinjaman
- Penyesuaian tahunan PSAK 46, Pajak Penghasilan
- Penyesuaian tahunan PSAK 66, Pengendalian Bersama

*2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

*b. **Basis of preparation of the interim consolidated financial statements***

*The interim consolidated financial statements have been prepared on the accrual basis, except for the interim statement of cash flows 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.*

*The interim 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 interim consolidated financial statements is the United States Dollar (USD), which is also the functional currency of the Company.*

*The preparation of interim consolidated financial statements in compliance with SAK requires the use of certain critical accounting estimates. It also requires Company management to exercise judgement in applying the Company's accounting policies. The areas where significant judgements and estimates have been made in preparing the interim consolidated financial statements and their effect are disclosed in Note 3.*

***Changes to Statement of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK")***

*The adoption of the following new interpretations, amendment and annual improvements to accounting standards which are effective from 1 January 2019 did not result in substantial changes to the Company and Subsidiaries's accounting policies and had no material effect on the amounts reported in the interim consolidated financial statements for the current period:*

- *ISAK 33, Foreign Currency Transactions and Advance Consideration*
- *ISAK 34, Uncertainty over Income Tax Treatments*
- *Amendment to PSAK 24, Employee Benefits - Plan Amendment, Curtailment or Settlement*
- *Annual improvement to PSAK 22, Business Combinations*
- *Annual improvement to PSAK 26, Borrowing Costs*
- *Annual improvement to PSAK 46, Income Taxes*
- *Annual improvement to PSAK 66, Joint Arrangements*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

b. **Dasar penyusunan laporan keuangan konsolidasian interim** (Lanjutan)

**Perubahan pada Pernyataan Standar Akuntansi Keuangan ("PSAK") dan Interpretasi Standar Akuntansi Keuangan ("ISAK")** (Lanjutan)

Standar baru, amandemen, penyesuaian tahunan dan interpretasi yang telah diterbitkan, namun belum berlaku efektif untuk tahun buku yang dimulai pada 1 Januari 2019 adalah sebagai berikut:

- PSAK 71, Instrumen Keuangan
- PSAK 72, Pendapatan dari Kontrak dengan Pelanggan
- PSAK 73, Sewa
- PSAK 112, Akuntansi Wakaf
- Amandemen PSAK 1, Penyajian Laporan Keuangan Tentang Judul Laporan Keuangan
- Amandemen PSAK 15, Investasi pada Entitas Asosiasi dan Ventura Bersama
- Amandemen PSAK 22, Kombinasi Bisnis
- Amandemen PSAK 25, Kebijakan Akuntansi, Perubahan Estimasi Akuntansi dan Kesalahan
- Amandemen PSAK 62, Kontrak Asuransi
- Amandemen PSAK 71, Instrumen Keuangan - Fitur Percepatan Pelunasan dengan Kompensasi Negatif
- Penyesuaian tahunan PSAK 1, Penyajian Laporan Keuangan
- ISAK 35, Penyajian Laporan Keuangan Entitas Berorientasi Nonlaba

Standar baru, amandemen, penyesuaian tahunan dan interpretasi di atas berlaku efektif mulai 1 Januari 2020, kecuali PSAK 112 dan amandemen PSAK 22 yang berlaku efektif mulai 1 Januari 2021.

Penerapan dini atas standar-standar tersebut diperkenankan kecuali untuk ISAK 35, Amandemen PSAK 1 dan PSAK 1, sementara penerapan dini atas PSAK 73 diperkenankan jika telah menerapkan dini PSAK 72.

Pada saat penerbitan laporan keuangan konsolidasian interim ini, Perusahaan dan Etitas Anak sedang mempelajari dampak yang mungkin timbul dari penerapaan standar baru dan amandemen, penyesuaian tahunan dan interpretasi pada laporan keuangan konsolidasian interim Perusahaan dan Entitas Anak.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*b. **Basis of preparation of the interim consolidated financial statements** (Continued)*

***Changes to Statement of Financial Accounting Standards ("PSAK") and Interpretations of Financial Accounting Standards ("ISAK")** (Continued)*

*New standards, amendments, annual improvements and interpretations issued but not yet effective for the financial year beginning 1 January 2019 are as follows:*

- *PSAK 71, Financial Instruments*
- *PSAK 72, Revenue from Contracts with Customers*
- *PSAK 73, Leases*
- *PSAK 112, Accounting for Endowments*
- *Amendment to PSAK 1, Presentation of Financial Statements Concerning the Title of Financial Statements*
- *Amendment to PSAK 15, Investments in Associates and Joint Ventures*
- *Amendment to PSAK 22, Business Combinations*
- *Amendment to PSAK 25, Accounting Policies, Accounting Estimates and Errors*
- *Amendment to PSAK 62, Insurance Contracts*
- *Amendment to PSAK 71, Financial Instruments - Prepayment Features with Negative Compensation*
- *Annual improvement to PSAK 1, Presentation of Financial Statements*
- *ISAK 35, Presentation of Non-profit Oriented Entity Financial Statements*

*The above new standards, amendments, annual improvements and interpretations are effective beginning 1 January 2020, except for PSAK 112 and Amendment PSAK 22 which are effective from 1 January 2021.*

*Early adoption of the above standards is permitted except for ISAK 35, Amendment to PSAK 1 and PSAK 1, while early adoption of PSAK 73 is permitted only upon the early adoption of PSAK 72.*

*As at the issuance date of these interim consolidated financial statements, the Company and Subsidiaries is evaluating the potential impact of these new standards and amendments, annual improvements and interpretations on the Company and Subsidiaries interim consolidated financial statements.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

c. **Prinsip konsolidasi**

Laporan keuangan konsolidasian interim meliputi akun-akun Induk Perusahaan dan seluruh Entitas Anak seperti yang dijelaskan di Catatan 1d. Pengendalian didapat ketika Perusahaan dan Entitas Anak 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, Perusahaan dan Entitas Anak mengendalikan *investee* jika dan hanya jika Perusahaan dan Entitas Anak 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 Perusahaan dan Entitas Anak mempunyai hak suara kurang dari mayoritas atau hak serupa terhadap *investee*, Perusahaan dan Entitas Anak 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 Perusahaan dan Entitas Anak dan hak suara potensial.

Perusahaan dan Entitas Anak 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 Perusahaan dan Entitas Anak dan dihentikan untuk dikonsolidasi sejak tanggal pengendalian ditransfer keluar dari Perusahaan dan Entitas Anak. Aset, liabilitas, pendapatan dan beban dari Entitas Anak, yang diakuisisi atau dijual selama tahun berjalan, termasuk dalam laporan laba rugi dari tanggal Perusahaan dan Entitas Anak mendapatkan pengendalian sampai dengan tanggal Perusahaan dan Entitas Anak berhenti untuk mengendalikan Entitas Anak.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*c. **Principles of consolidation***

*The interim consolidated financial statements include the accounts of the Parent Company and all the Subsidiaries mentioned in Note 1d. Control is achieved when the Company's and Subsidiaries 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 Company and Subsidiaries 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 Company's and Subsidiaries has less than majority of the voting rights or similar rights to an investee, the Company and Subsidiaries 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 Company's and Subsidiaries voting rights and potential voting rights.*

*The Company's and Subsidiaries 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 Company's and Subsidiaries and cease to be consolidated from the control date is transferred out of the Company's and Subsidiaries. Assets, liabilities, income and expenses of a Subsidiary acquired or disposed of during the year are included in the statements of income from the date the Company's and Subsidiaries gains control until the date the Company's and Subsidiaries ceases to control the Subsidiary.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

c. **Prinsip konsolidasi** (Lanjutan)

Laba rugi dan setiap komponen penghasilan komprehensif lain diatribusikan ke pemilik entitas induk dari Perusahaan dan Entitas Anak dan kepentingan non-pengendali ("KNP"), 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 Perusahaan dan Entitas Anak. Seluruh aset dan liabilitas, ekuitas, pendapatan, beban dan arus kas dalam intra Perusahaan dan Entitas Anak terkait dengan transaksi antar entitas dalam Perusahaan dan Entitas Anak dieliminasi seluruhnya dalam konsolidasi.

Jika kehilangan pengendalian atas suatu Entitas Anak, maka Perusahaan dan Entitas Anak:

- 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 interim; dan
- mereklasifikasi bagian induk atas komponen yang sebelumnya diakui sebagai penghasilan komprehensif ke laporan laba rugi dan penghasilan komprehensif lain konsolidasian interim, 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 interim.

Kepentingan non-pengendali 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 interim dan dalam ekuitas pada laporan posisi keuangan konsolidasian interim, terpisah dari bagian yang dapat diatribusikan kepada pemilik entitas induk.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*c. **Principles of consolidation** (Continued)*

*Profit or loss and each component of other comprehensive income are attributed to the equity holders of the parent of the Company's and Subsidiaries and to the non-controlling interests ("NCI"), 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 Company's and Subsidiaries accounting policies. All assets and liabilities, equity, income expenses and cash flows relating to transactions between members of the Company and Subsidiaries are eliminated in full on consolidation.*

*In case of loss of control over a Subsidiary, the Company's and Subsidiaries:*

- *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 interim consolidated statements of profit or loss and other comprehensive income; and*
- *reclassifies the parent's share of components previously recognized in comprehensive income to interim consolidated statements 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 recognized in interim consolidated statements of profit or loss and other comprehensive income.*

*Non-controlling interest 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 interim consolidated statements of profit or loss and other comprehensive income and under the equity section of the interim consolidated statements of financial position, respectively, separately from the corresponding portion attributable to the equity holders of the parent company.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

d. **Kombinasi bisnis**

Ketika Perusahaan dan Entitas Anak melakukan akuisisi atas sebuah bisnis, Perusahaan dan Entitas Anak 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 interim.

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 interim. Sebelum mengakui keuntungan dari pembelian dengan diskon, Perusahaan menilai kembali apakah telah teridentifikasi 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:

- aset teridentifikasi yang diperoleh dan liabilitas yang diambil alih;
- kepentingan non-pengendali pada pihak yang diakuisisi, jika ada;
- untuk kombinasi bisnis yang dilakukan secara bertahap, kepentingan ekuitas pihak pengakuisisi yang dimiliki sebelumnya pada pihak yang diakuisisi; dan
- imbalan yang dialihkan.

Tujuan dari kajian ini untuk meyakinkan bahwa pengukuran kembali tersebut telah mencerminkan dengan tepat semua informasi yang tersedia pada tanggal akuisisi.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*d. **Business combination***

*When the Company's and Subsidiaries acquires a business, they assess 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 interim consolidated statements 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 interim consolidated statements 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:*

- *identifiable assets acquired and liabilities taken over;*
- *non-controlling interests of the acquired party, if any;*
- *for business combinations achieved in stages, the acquirer's previously held equity interests in the acquired party; and*
- *consideration transferred.*

*The purpose of the review is to ensure that the remeasurement accurately reflects all the information available at the acquisition date.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

d. **Kombinasi bisnis** (Lanjutan)

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 interim atau penghasilan komprehensif lain sesuai dengan PSAK 55. 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 Perusahaan dan Entitas Anak 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)*

*d. **Business combination** (Continued)*

*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 55 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 Company's and Subsidiaries 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 CGU.*

*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 SIGNIFIKAN** (Lanjutan)

e. **Mata uang asing**

Transaksi yang terjadi pada Perusahaan dan Entitas Anak dalam mata uang selain mata uang lingkungan ekonomi utama dimana entitas Perusahaan dan Entitas Anak 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 diakui dalam laba rugi. Keuntungan dan kerugian nilai tukar atas aset keuangan non-moneter tersedia untuk dijual membentuk secara keseluruhan keuntungan atau kerugian yang diakui 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 Perusahaan dan Entitas Anak atas translasian *item* moneter jangka panjang yang membentuk investasi neto milik Perusahaan dan Entitas Anak 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 negeri dilepaskan, kumulatif perbedaan nilai tukar diakui dalam cadangan nilai tukar asing terkait dengan operasi tersebut sampai dengan tanggal pelepasan dialihkan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian interim sebagai bagian dari keuntungan atau kerugian pelepasan.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*e. **Foreign currency***

*Transactions entered into by the Company's and Subsidiaries 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 recognized 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 recognized 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 recognized in profit or loss. Exchange gains and losses on non-monetary available for sale financial assets form part of the overall gain or loss recognized 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 recognized in other comprehensive income and accumulated in the foreign exchange reserve.*

*Exchange differences recognized profit or loss in the Company's and Subsidiaries separate financial statements on the translation of long-term monetary items forming part of the Company's and Subsidiaries 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 recognized in the foreign exchange reserve relating to that operation up to the date of disposal are transferred to the interim consolidated statements of profit or loss and other comprehensive income as part of the profit or loss on disposal.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

e. **Mata uang asing** (Lanjutan)

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, nilai tukar yang digunakan adalah sebagai berikut:

| | 30 Juni/ *June* 2019 | 31 Desember/ *December* 2018 | 31 Desember/ *December* 2017 | 31 Desember/ *December* 2016 | |
|---|---|---|---|---|---|
| 1 Euro Eropa | 1,136801 | 1,143550 | 1,193801 | 1,054000 | *1 European Euro* |
| 1 Franc Swiss | 1,024959 | 1,015797 | 1,021712 | 0,980780 | *1 Swiss Franc* |
| 1 Rupiah | 0,000071 | 0,000069 | 0,000074 | 0,000074 | *1 Rupiah* |
| 1 Yuan China | 0,145461 | 0,145705 | 0,153041 | 0,144155 | *1 Chinese Yuan* |
| 100 Yen Jepang | 0,929153 | 0,905428 | 0,887352 | 0,858923 | *100 Japan Yen* |
| 1 Dolar Hongkong | 0,127992 | 0,127702 | 0,127906 | 0,128942 | *1 Hongkong Dollar* |
| 1 Dolar Singapura | 0,738690 | 0,732198 | 0,747972 | 0,692090 | *1 Singapore Dollar* |
| 1 Ringgit Malaysia | 0,241342 | 0,241226 | 0,246185 | 0,222991 | *1 Malaysian Ringgit* |
| 1 Dolar Australia | 0,700401 | 0,705151 | 0,779251 | 0,723750 | *1 Australian Dollar* |
| 1 Korean Won | 0,000863 | 0,000900 | 0,000937 | 0,000829 | *1 Korean Won* |

Transaksi dalam mata uang asing lainnya dianggap tidak signifikan.

Transaksi dan penjabaran mata uang asing

(i) Fungsional dan presentasi *item* mata uang dalam laporan keuangan dari masing-masing entitas Perusahaan dan Entitas Anak diukur dengan menggunakan mata uang dari lingkungan ekonomi primer dimana entitas beroperasi ("mata uang fungsional"). Laporan keuangan konsolidasian interim disajikan dalam USD, yang merupakan mata uang fungsional dan penyajian entitas.

(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.

f. **Pengakuan pendapatan dan beban**

Pendapatan diakui bila besar kemungkinan manfaat ekonomi akan diperoleh Perusahaan dan Entitas Anak dan jumlahnya dapat diukur secara andal. Pendapatan diukur pada nilai wajar pembayaran yang diterima, tidak termasuk diskon, rabat dan Pajak Pertambahan Nilai ("PPN").

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

e. ***Foreign currency*** *(Continued)*

*The exchange rates used as 30 June 2019, 31 December 2018, 2017 and 2016 were as follows:*

*Transactions in other foreign currencies are considered not significant.*

*Foreign currency transactions and translations*

*(i) Functional and presentation currency items included in the financial statements of each of the Company's and Subsidiaries are measured using the currency of the primary economic environment in which the entity operates ("functional currency"). The interim consolidated financial statements are presented in USD, which is the functional and presentation currency of the entity.*

*(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.*

*f.* ***Revenue and expenses recognition***

*Revenue is recognized to the extent that it is probable that the economic benefits will flow to the Company and 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 SIGNIFIKAN** (Lanjutan)

f. **Pengakuan pendapatan dan beban** (Lanjutan)

Perusahaan dan Entitas Anak mengevaluasi penetapan pendapatan terhadap kriteria spesifik untuk menentukan apakah Perusahaan dan Entitas Anak bertindak sebagai prinsipal atau agen. Perusahaan dan Entitas Anak 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 Anak 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 Anak 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.

g. **Transaksi dengan pihak-pihak berelasi**

Suatu pihak dianggap berelasi dengan Perusahaan dan Entitas Anak adalah orang atau entitas yang terkait dengan entitas menyiapkan laporan keuangannya (dirujuk sebagai "entitas pelapor"), sebagai berikut:

- Orang atau anggota keluarga terdekat mempunyai relasi dengan entitas pelapor jika orang tersebut:
  (i) memiliki pengendalian atau pengendalian bersama atas entitas pelapor;
  (ii) memiliki pengaruh signifikan atas entitas pelapor; atau
  (iii) personil manajemen kunci entitas pelapor atau entitas induk dari entitas pelapor.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*f. **Revenue and expenses recognition** (Continued)*

*The Company and Subsidiaries assess their revenue arrangements against specific criteria in order to determine if they are acting as principals or agents. The Company and 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 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:*

*Sales of goods*

*Revenue from sales arising from physical delivery of the Company and 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 liabilities.*

*Expenses are recognized when they are incurred.*

*g. **Transactions with related parties***

*Parties considered to be related to the Company and Subsidiaries are those persons or entities related to the entity preparing financial statements (referred to as "reporting entity"), as follow:*

- *A person or family member has a relationship with a reporting entity if that person:*
  *(i) has control or joint control over the reporting entity;*
  *(ii) has significant influence over the reporting entity; or*
  *(iii) key management personnel of the reporting entity or of the parent of the reporting entity.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

g. **Transaksi dengan pihak-pihak berelasi** (Lanjutan)

Suatu pihak dianggap berelasi dengan Perusahaan dan Entitas Anak adalah orang atau entitas yang terkait dengan entitas menyiapkan laporan keuangannya (dirujuk sebagai "entitas pelapor"), sebagai berikut: (Lanjutan)

- Suatu entitas berelasi dengan entitas pelapor jika memenuhi salah satu hal berikut:
  a. Entitas dan entitas pelapor adalah anggota dari Perusahaan dan Entitas Anak yang sama (artinya entitas induk, entitas anak, dan entitas anak berikutnya terkait dengan entitas lain);
  b. satu entitas adalah entitas asosiasi atau ventura bersama dari entitas lain (atau entitas asosiasi atau ventura bersama yang merupakan anggota suatu Perusahaan dan Entitas Anak, yang mana entitas lain tersebut adalah anggotanya;
  c. kedua entitas tersebut adalah ventura bersama dari pihak ketiga yang sama;
  d. satu entitas adalah ventura bersama dari entitas ketiga dan entitas yang lain adalah entitas asosiasi dari entitas ketiga;
  e. entitas tersebut adalah suatu program imbalan pasca-kerja untuk imbalan kerja dari salah satu entitas pelapor atau entitas yang terkait dengan entitas pelapor. Jika entitas pelapor adalah entitas yang menyelenggarakan program tersebut, maka entitas sponsor juga berelasi dengan entitas pelapor;
  f. entitas yang dikendalikan atau dikendalikan bersama oleh orang yang diidentifikasikan dalam (i), (ii) dan (iii);
  g. orang yang diidentifikasi dalam sub-paragraf (i) memiliki pengaruh signifikan atas entitas atau personil manajemen kunci entitas (atau entitas induk dari entitas);
  h. entitas, atau anggota dari kelompok yang mana entitas merupakan bagian dari kelompok tersebut, menyediakan jasa personal manajemen kunci kepada entitas pelapor atau kepada entitas induk dari entitas pelapor.

Transaksi tersebut dilakukan berdasarkan persyaratan yang disepakati oleh pihak-pihak.

Rincian saldo dan transaksi yang signifikan dengan pihak-pihak berelasi disajikan dalam Catatan 11.

h. **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.

*2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)*

*g. **Transactions with related parties** (Continued)*

*Parties considered to be related to the Company and Subsidiaries are those persons or entities related to the entity preparing financial statements (referred to as "reporting entity"), as follow: (Continued)*

- *An entity is related to the reporting entity if it meets one of the following:*
  *a. The entity and the reporting entity are members of the same business Company and Subsidiaries (i.e. a parent, subsidiaries, and entities associated with the next subsidiaries of another entity);*
  *b. one entity is an associate or joint venture of the other entity (or an associate or joint venture of a member of a business group, which the other entity is a member;*
  *c. both entities are joint ventures of the same third party;*
  *d. one entity is a joint venture of a third entity and the other entity is an associate of the third entity;*
  *e. the entity has a post-employment benefits plan for the benefit of employees of either the reporting entity or an entity related to the reporting entity. If the reporting entity is itself such a plan, the sponsoring employers are also related entities to the reporting entity;*
  *f. entities controlled or jointly controlled by a person identified in (i), (ii) and (iii);*
  *g. person identified in sub-paragraph (i) has significant influence over the entity or the key management personnel of the entity (or the entity's parent entity);*
  *h. the entity, or any member of a group of which it is a part, provides key management personal services to the reporting entity or to the parent of the reporting entity.*

*The transaction is conducted on the terms agreed by the parties.*

*The details of the accounts and the significant transactions entered into with related parties are presented in Note 11.*

*h. **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.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

i. **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.

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 Anak menentukan penyisihan untuk keusangan dan/atau penurunan nilai persediaan berdasarkan hasil penelaahan atas kondisi fisik dan penilaian masing-masing persediaan pada akhir tahun.

j. **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:

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

*i.* ***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 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.*

*j.* ***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:*

| | **Tahun/*Years*** | |
|---|---|---|
| Bangunan | 20 | *Buildings* |
| Mesin dan instalasi | 15 – 16 | *Machineries and installations* |
| Kendaraan dan alat-alat berat | 8 | *Vehicles and heavy equipment* |
| Peralatan kantor | 4 – 10 | *Office equipment* |

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

j. **Aset tetap** (Lanjutan)

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 konsolidasian interim 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.

k. **Penurunan nilai aset non-keuangan (tidak termasuk persediaan 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 non-keuangan 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 Perusahaan dan Entitas Anak 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.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*j. **Fixed assets** (Continued)*

*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 interim consolidated 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.*

*k. **Impairment of non-financial assets (excluding inventories 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 Company and Subsidiaries'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 recognized in other comprehensive income. An impairment loss recognized for goodwill is not reversed.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

l. **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 dihitung 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 dibayar 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 interim 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 Perusahaan dan Entitas Anak 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.

Jumlah aset atau liabilitas ditentukan dengan menggunakan tarif pajak pada saat tanggal pelaporan dan diharapkan akan digunakan ketika liabilitas/(aset) pajak tangguhan telah diselesaikan/(dipulihkan).

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*l. **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 recognized where the carrying amount of an asset or liability in the interim consolidated statements 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 Company's and Subsidiaries 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.*

*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 SIGNIFIKAN** (Lanjutan)

I. **Perpajakan** (Lanjutan)

Pajak tangguhan (Lanjutan)

Aset dan liabilitas pajak tangguhan disaling hapus ketika Perusahaan dan Entitas Anak memiliki hak hukum untuk saling hapus aset dan liabilitas pajak kini yang berhubungan dengan pungutan oleh otoritas pajak yang sama atas:

- Perusahaan dan Entitas Anak yang dikenakan pajak adalah sama; atau
- Perusahaan dan Entitas Anak 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 diselesaikan atau dipulihkan.

Pengampunan pajak

**PSAK 70, "Akuntansi untuk Aset dan Liabilitas Pengampunan Pajak"**

Aset pengampunan pajak diakui sebesar biaya perolehan aset pengampunan pajak. Liabilitas pengampunan pajak diakui sebesar kewajiban kontraktual untuk menyerahkan kas atau setara kas untuk menyelesaikan kewajiban yang berkaitan langsung dengan perolehan aset pengampunan pajak.

Perusahaan dan Entitas Anak mengakui selisih antara aset pengampunan pajak dan liabilitas pengampunan pajak sebagai bagian dari tambahan modal disetor di ekuitas.

Aset dan liabilitas pengampunan pajak disajikan secara terpisah dari aset dan liabilitas lainnya dalam laporan posisi keuangan konsolidasian interim.

Hal-hal perpajakan lainnya

Penyesuaian atas liabilitas pajak dicatat pada saat Surat Ketetapan Pajak diterima atau pada saat keberatan yang diajukan ditetapkan.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*I. **Taxation** (Continued)*

*Deferred tax (Continued)*

*Deferred tax assets and liabilities are offset when the Company's and Subsidiaries 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 the Company's and Subsidiaries; or*
- *Different the Company's and Subsidiaries 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.*

*Tax amnesty*

***PSAK 70 "Accounting for Tax Amnesty Assets and Liabilities"***

*Tax amnesty assets are measured at acquisition cost based on tax amnesty letter. Tax amnesty liabilities are measured at contractual obligation to deliver cash or cash equivalents to settle the obligations directly related to the acquisition of tax amnesty assets.*

*The Company's and its Subsidiaries recognise the difference between assets and liabilities of tax amnesty as part of additional paid in capital in equity.*

*Assets and liabilities of tax amnesty are presented separately from other assets and liabilities in the interim consolidated statements of financial position.*

*Other taxation matters*

*Amendments to taxation obligations are recorded when a Tax Assessment Letter is received or, if appealed against, when the results of the appeal are determined.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

m. **Liabilitas imbalan kerja karyawan**

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 didiskonto 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; dikurangi
- Dampak persyaratan pendanaan minimum yang disetujui dengan skema wali amanat.

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 diakui dalam laporan laba rugi, dan termasuk biaya jasa kini dan masa lalu, serta keuntungan dan kerugian kurtailmen.

Beban (pendapatan) bunga neto diakui dalam laporan laba rugi dan dihitung dengan menerapkan tingkat diskonto untuk mengukur kewajiban (aset) imbalan pasti pada awal periode tahunan hingga pembayaran manfaat selama periode.

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 (dua belas) bulan setelah akhir perode pelaporan disajikan sebagai liabilitas jangka pendek.

Imbalan kerja lain yang tidak diharapkan untuk diselesaikan secara keseluruhan dalam 12 (dua belas) 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.

2. ***SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES*** *(Continued)*

m. ***Employee benefits liability***

*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*
- *Unrecognized past service costs; less*
- *The effect of minimum funding requirements agreed with scheme trustees.*

*Remeasurements of the net defined obligation are recognized 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 recognized in profit or loss, and include current and past service costs, as well as gains and losses on curtailments.*

*Net interest expense (income) is recognized 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 benefit payments during the period.*

*Gains or losses arising from changes to scheme benefits or scheme curtailment are recognized immediately in profit or loss.*

*Settlements of defined benefit schemes are recognized 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 (twelve) 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 (twelve) 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.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

n. **Aset keuangan**

Perusahaan dan Entitas Anak mengakui aset keuangan atau liabilitas keuangan dalam laporan posisi keuangan konsolidasian interim, jika dan hanya jika, Perusahaan dan Entitas Anak menjadi salah satu pihak dalam ketentuan kontrak instrument keuangan tersebut.

Aset keuangan diklasifikasikan sebagai aset keuangan yang diukur pada nilai wajar melalui laporan laba atau rugi, pinjaman yang diberikan dan piutang, investasi dimiliki hingga jatuh tempo, aset keuangan tersedia untuk dijual, atau sebagai derivatif yang ditetapkan sebagai instrument lindung nilai dalam lindung nilai yang efektif.

Perusahaan dan Entitas Anak mengklasifikasikan aset keuangannya ke dalam kategori yang dijelaskan di bawah ini, tergantung pada tujuan pengakuisisian aset. Aset keuangan tersebut meliputi kas dan setara kas, piutang usaha, aset lancar lainnya dan penyertaan saham, dalam laporan posisi keuangan konsolidasian interim.

Selain daripada aset keuangan untuk tujuan nilai lindung, kebijakan akuntansi Perusahaan dan Entitas Anak dikategorikan sebagai berikut:

Nilai wajar melalui laporan laba rugi

Kategori ini meliputi hanya derivatif *in-the-money* (lihat "liabilitas keuangan" untuk derivatif *out-of-the-money*). Derivatif tersebut dibawa dalam laporan posisi keuangan konsolidasian interim pada nilai wajar dengan perubahan nilai wajar diakui dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian interim pada baris pendapatan atau beban keuangan. Selain daripada instrumen keuangan derivatif yang digunakan sebagai instrumen lindung nilai, Perusahaan dan Entitas Anak 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.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*n. **Financial assets***

*The Company's and Subsidiaries recognized financial assets or financial liabilities in interim consolidated statements of financial position, when and only when, the Company's and Subsidiaries become party to contractual provision of the financial instrument.*

*Financial assets are classified as financial assets as fair value through profit or loss, loans and receivables, held-to-maturity investments, available-for-sale financial assets, or as derivatives designated as heging instruments in an effective hedge.*

*The Company's and Subsidiaries classifies its financial assets into one of the categories discussed below, depending on the purpose for which the asset was acquired. Financial assets comprise cash and cash equivalents, trade receivables, other current assets and investment in shares, in the interim consolidated statements of financial position.*

*Other than financial assets in a qualifying hedging relationship, the Company and Subsidiaries'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" for out-of-the-money derivatives). They are carried in the interim consolidated statements of financial position at fair value with changes in fair value recognized in the interim consolidated statements 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 Company's and Subsidiaries 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 recognized 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.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

n. **Aset keuangan** (Lanjutan)

Pinjaman dan piutang (Lanjutan)

Cadangan penurunan nilai diakui ketika ada bukti objektif (seperti kesulitan keuangan signifikan pada pihak lawan atau gagal bayar atau penundaan pembayaran signifikan) bahwa Perusahaan dan Entitas Anak 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 interim. Ketika terkonfirmasi bahwa piutang usaha tidak dapat ditagih, nilai tercatat bruto dari aset tersebut dihapuskan terhadap cadangannya.

Dari waktu ke waktu, Perusahaan dan Entitas Anak 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 interim (laba operasi).

Tersedia untuk dijual

Aset keuangan non-derivatif yang tidak termasuk dalam kategori diatas diklasifikasikan sebagai tersedia untuk dijual dan secara prinsip merupakan strategi investasi milik entitas Perusahaan dan Entitas Anak 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 diakumulasi dalam cadangan tersedia untuk dijual. Perbedaan nilai tukar pada investasi yang didenominasi dalam mata uang asing dan bunga dihitung dengan menggunakan metode tingkat suku bunga efektif dan diakui di laporan laba rugi.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*n. **Financial assets** (Continued)*

*Loans and receivables (Continued)*

*Impairment provisions are recognized 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 Company's and Subsidiaries 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 recognized within administrative expenses in the interim consolidated statements 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.*

*From time to time, the Company's and Subsidiaries 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 recognized in the interim consolidated statements of profit or loss and other comprehensive income (operating profit).*

*Available-for-sale*

*Non-derivative financial assets not included in the above categories are classified as available-for-sale and comprise principally the Company's and Subsidiaries 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, recognized 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 recognized in profit or loss.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

n. **Aset keuangan** (Lanjutan)

Tersedia untuk dijual (Lanjutan)

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 direklasifikasikan dari cadangan tersedia untuk dijual ke laporan laba rugi.

o. **Liabilitas keuangan**

Perusahaan dan Entitas Anak mengklasifikasikan liabilitas keuangannya ke dalam 1 (satu) atau 2 (dua) kategori, tergantung pada tujuan liabilitas tersebut diakuisisi.

Selain daripada liabilitas keuangan untuk tujuan nilai lindung (lihat penjelasan dibawah ini), kebijakan akuntansi milik Perusahaan dan Entitas Anak untuk setiap kategori dijelaskan sebagai berikut:

Nilai wajar melalui laporan laba rugi

Kategori ini hanya terdiri dari instrumen derivatif *out-of-the-money* (lihat "aset keuangan" untuk derivatif *in-the-money*). Instrumen tersebut dinilai didalam laporan posisi keuangan konsolidasian interim pada nilai wajar dengan perubahan nilai wajar yang diakui di dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian interim. Perusahaan dan Entitas Anak tidak mempunyai atau mengeluarkan instrumen derivatif untuk tujuan spekulasi melainkan untuk tujuan lindung nilai. Selain instrumen derivatif tersebut, Perusahaan dan Entitas Anak tidak memiliki liabilitas untuk diperdagangkan maupun ditujukan bagi semua liabilitas keuangan yang dikelompokkan sebagai nilai wajar melalui laporan laba rugi.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*n. **Financial assets** (Continued)*

*Available-for-sale (Continued)*

*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 recognized in other comprehensive income, is recognized in profit or loss.*

*Purchases and sales of available for sale financial assets are recognized on settlement date with any change in fair value between trade date and settlement date being recognized in the available-for-sale reserve.*

*On sale, the cumulative gain or loss recognized in other comprehensive income is reclassified from the available-for-sale reserve to profit or loss.*

*o. **Financial liabilities***

*The Company's and Subsidiaries classifies its financial liabilities into 1 (one) of 2 (two) categories, depending on the purpose for which the liability was acquired.*

*Other than financial liabilities in a qualifying hedging relationship (see below), the Company's and Subsidiaries 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 interim consolidated statements of financial position at fair value with changes in fair value recognized in the interim consolidated statements of profit or loss and other comprehensive income. The Company and Subsidiaries does not hold or issue derivative instruments for speculative purposes, but for hedging purposes. Other than these derivative financial instruments, the Company's and Subsidiaries does not have any liabilities held for trading nor has it designated any financial liabilities as being at fair value through profit or loss.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

o. **Liabilitas keuangan** (Lanjutan)

Liabilitas keuangan lain

Liabilitas keuangan lain termasuk hal-hal berikut:

- Pinjaman bank Perusahaan dan Entitas Anaknya 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 interim. 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, liabilitas imbalan kerja jangka pendek, utang bank jangka panjang, liabilitas derivatif, surat utang jangka menengah dan wesel bayar Perusahaan termasuk dalam kategori ini.

p. **Akuntansi Lindung Nilai**

Akuntansi lindung nilai diterapkan untuk aset dan liabilitas keuangan hanya ketika seluruh kriteria berikut terpenuhi:

- Pada awal lindung nilai terdapat penentuan dan dokumentasi formal atas hubungan lindung nilai dan tujuan manajemen risiko Kelompok Usaha dan strategi untuk melakukan lindung nilai
- Untuk lindung nilai arus kas, item yang dilindung nilai dalam transaksi yang diperkirakan kemungkinan besar terjadi dan menyajikan eksposur terhadap variasi dalam arus kas yang pada akhirnya dapat mempengaruhi laba rugi
- Perubahan kumulatif nilai wajar instrumen lindung nilai diharapkan berkisar antara 80% - 125% dari perubahan kumulatif nilai wajar atau arus kas item yang dilindung nilai dapat diatribusikan pada risiko yang dilindung nilai (misalnya diperkirakan sangat efektif)
- Efektifitas lindung nilai dapat di perkirakan secara andal
- Lindung nilai masih sangat efektif pada tanggal pengujian. Efektifitas diuji setiap kuartal

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*o. **Financial liabilities** (Continued)*

*Other financial liabilities*

*Other financial liabilities include the following items:*

- *Bank borrowings in the Company's and its Subsidiaries are initially recognized 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 interim consolidated statements 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 recognized at fair value and subsequently carried at amortised cost using the effective interest method.*

*The Company's short-term bank loans, trade payables, accrued expenses, other current liabilities, short-term employee benefit liability, long-term bank loans, derivative liablities, medium-term notes and notes payable are included in this category.*

*p. **Hedge accounting***

*Hedge accounting is applied to financial assets and financial liabilities only where all of the following criteria are met:*

- *At the inception of the hedge there is formal designation and documentation of the hedging relationship and the Group's risk management objective and strategy for undertaking the hedge*
- *For cash flow hedges, the hedged item in a forecast transaction is highly probable and presents an exposure to variations in cash flows that could ultimately affect profit or loss*

- *The cumulative change in the fair value of the hedging instrument is expected to be between 80-125% of the cumulative change in the fair value or cash flows of the hedged item attributable to the risk hedged (i.e. it is expected to be highly effective)*

- *The effectiveness of the hedge can be reliably measured*
- *The hedge remains highly effective on each date tested. Effectiveness is tested quarterly*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

p. **Akuntansi Lindung Nilai** (Lanjutan)

Lindung nilai arus kas

Bagian yang efektif dari kontrak *forward* sebagai lindung nilai dari variabilitas arus kas dari risiko mata uang asing yang terjadi karena adanya komitmen entitas dan transaksi yang diperkirakan kemungkinan besar terjadi, diukur pada nilai wajar dengan perubahan pada nilai wajar diakui pada penghasilan komprehensif lain dan diakumulasikan dalam cadangan lindung nilai arus kas. Kelompok Usaha menggunakan kontrak *forward* seperti ini untuk memperbaiki biaya perlengkapan, persediaan dan servis, dan penghasilan dari penjualan menggunakan mata uang asing, dalam mata uang fungsional milik Kelompok Usaha.

Jika transaksi yang diperkirakan sangat mungkin terjadi menghasilkan pengakuan aset nonmoneter, maka kerugian/ (keuntungan) kumulatif ditambahkan pada/ (dikurangi dari) biaya aset yang diakuisisi ("dasar penyesuaian"). Jika tidak, maka keuntungan atau kerugian yang diakui dalam penghasilan komprehensif lain di reklasifikasi dari cadangan lindung nilai arus kas ke laporan laba rugi dalam waktu yang bersamaan pada saat transaksi lindung nilai mempengaruhi laba rugi. Kedua transaksi tersebut diakui pada satu pos laporan yang sama.

Jika perkiraan transaksi ini dipertimbangkan tidak mungkin akan terjadi namun masih diharapkan untuk terjadi, maka keuntungan atau kerugian kumulatif yang diakui dalam penghasilan komprehensif lain dihentikan dan diakui dalam laporan laba rugi sesuai dengan kebijakan yang di ungkapkan dalam paragraf di atas. Perubahan nilai wajar derivatif selanjutnya diakui dalam laporan laba rugi. Jika Kelompok Usaha menyelesaikan posisinya sebelum transaksi terjadi (meski masih diharapkan untuk terjadi), maka keuntungan atau kerugian kumulatif atas perubahan nilai wajar derivatif diakui sesuai dengan kebijakan yang diungkapkan di paragraf di atas.

Jika, pada titik tertentu, transaksi lindung nilai ini tidak lagi diharapkan untuk terjadi, maka keuntungan atau kerugian kumulatif direklasifikasikan dari cadangan lindung nilai arus kas ke laporan laba rugi secara langsung.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*p. **Hedge accounting** (Continued)*

*Cash flow hedges*

*The effective part of forward contracts designated as a hedge of the variability in cash flows of foreign currency risk arising from firm commitments and highly probable forecast transactions, are measured at fair value with changes in fair value recognised in other comprehensive income and accumulated in the cash flow hedge reserve. The Group uses such contracts to fix the cost of equipment, inventories and services, and the income from foreign currency sales, in the functional currency of the Group entity concerned.*

*If a highly probable forecast transaction results in the recognition of a non-monetary asset, the cumulative loss/(gain) is added to/(subtracted from) the cost of the asset acquired ("basis adjustment"). Otherwise the cumulative gain or loss recognised in other comprehensive income is reclassified from the cash flow hedge reserve to profit or loss at the same time as the hedged transaction affects profit or loss. The two transactions are recognised in the same line item.*

*If a forecast transaction is no longer considered highly probable but the forecast transaction is still expected to occur, the cumulative gain or loss recognised in other comprehensive income is frozen and recognized in profit or loss in accordance with the policy set out in the paragraph above. Subsequent changes in the fair value of the derivative are recognised in profit or loss. If the Group closes out its position before the transaction takes place (even though it is still expected to take place) the cumulative gain or loss on changes in fair value of the derivative is similarly recognised in accordance with the policy set out in the paragraph above.*

*If, at any point, the hedged transaction is no longer expected to occur, the cumulative gain or loss is reclassified from the cash flow hedge reserve to profit or loss immediately.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

p. **Akuntansi Lindung Nilai** (Lanjutan)

Lindung nilai arus kas (Lanjutan)

Bagian efektif dari keuntungan atau kerugian transaksi derivatif yang digunakan untuk mengelola arus kas dari risiko tingkat suku bunga (seperti pertukaran antara suku bunga mengambang dengan suku bunga tetap) juga diakui dalam penghasilan komprehensif lain dan diakumulasi dalam cadangan arus kas lindung nilai. Akan tetapi, jika Kelompok Usaha menyelesaikan posisinya lebih awal, keuntungan atau kerugian kumulatif yang telah diakui dalam penghasilan komprehensif lain dihentikan dan direklasifikasikan dari cadangan arus kas lindung nilai ke dalam laporan laba rugi dengan menggunakan tingkat suku bunga efektif. Bagian yang tidak efektif dari laba atau rugi derivative yang digunakan untuk mengelola arus kas dari risiko tingkat suku bunga diakui dalam laporan laba rugi dalam pos pendapatan atau beban keuangan.

Lindung nilai wajar

Ketika derivatif digunakan untuk lindung nilai eksposur Kelompok Usaha terhadap risiko nilai wajar tingkat suku bunga (seperti pertukaran tingkat suku bunga tetap menjadi tingkat suku bunga mengambang), maka item lindung nilai diukur kembali untuk memperhitungkan keuntungan atau kerugian yang diatribusikan pada risiko yang dilindung nilai (dalam hal pinjaman dengan tingkat bunga tetap, maka risiko yang dilindung nilai adalah perubahan nilai wajar dari tingkat suku bunga) dengan keuntungan atau kerugian yang muncul diakui dalam laporan laba rugi. Hal ini akan menyebabkan saling hapus keuntungan atau kerugian yang muncul atas instrumen lindung nilai yang diukur pada nilai wajar melalui laporan laba rugi.

Lindung nilai investasi neto pada operasi luar negeri

Kelompok Usaha masuk dalam kontrak derivatif mata uang asing untuk melindungi perubahan nilai pada investasi neto dari operasi luar negeri yang muncul dari pergerakan tingkat nilai tukar forward. Apabila lindung nilai yang dilakukan efektif, maka keuntungan dan kerugian yang muncul dari derivatif tersebut diakui dalam penghasilan komprehensif lain. Bagian yang tidak efektif dari lindung nilai seperti ini diakui dalam laporan laba rugi.

q. **Biaya pinjaman**

Bunga yang timbul dari pinjaman bank yang digunakan untuk membeli mesin baru milik Perusahaan dan Entitas Anak dikapitalisasi sebagai bagian dari biaya, dikurangi penerimaan bunga neto atas penarikan kas yang belum dibebankan. Perusahaan dan Entitas Anak tidak dikenakan beban bunga lain yang dapat dikapitalisasikan.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*p. **Hedge accounting** (Continued)*

*Cash flow hedges (Continued)*

*The effective portion of gains and losses on derivatives used to manage cash flow interest rate risk (such as floating to fixed interest rate swaps) are also recognised in other comprehensive income and accumulated in the cash flow hedge reserve. However, if the Group closes out its position early, the cumulative gains and losses recognised in other comprehensive income are frozen and reclassified from the cash flow hedge reserve to profit or loss using the effective interest method. The ineffective portion of gains and losses on derivatives used to manage cash flow interest rate risk are recognised in profit or loss within finance expense or finance income.*

*Fair value hedges*

*Where derivatives are used to hedge the Group's exposure to fair value interest rate risk (such as fixed to floating rate swaps), the hedged item is remeasured to take into account the gain or loss attributable to the hedged risk (in the case of a fixed rate loan, the hedged risk is changes in the fair value of interest rates) with the gains or losses arising recognised in profit or loss. This offsets the gain or loss arising on the hedging instrument which is measured at fair value through profit or loss.*

*Hedges of a net investment in a foreign operation*

*The Group enters into derivative currency contracts to hedge changes in the net investment of foreign operations arising from movements in the forward exchange rate. To the extent that the hedge is effective, gains and losses arising on the derivative are recognised in other comprehensive income. The ineffective portion of such hedges is recognised in profit or loss.*

*q. **Borrowing costs***

*Interest incurred on the bank loan used to buy the Company's and Subsidiaries new machinery is being capitalized as part of its cost, net of interest received on cash drawn down yet to be expended. The Company's and Subsidiaries does not incur any other interest costs that qualify for capitalization.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

r. **Provisi**

Perusahaan dan Entitas Anak mengakui provisi untuk liabilitas yang 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.

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 ("RUPS").

Dividen diklasifikasikan sebagai liabilitas keuangan diperlakukan sebagai biaya keuangan dan diakui atas dasar akrual ketika kewajiban muncul pada tanggal pelaporan.

t. **Modal saham**

Modal saham diukur pada nilai nominal untuk seluruh saham yang ditempatkan.

Pada saat saham terjual pada premium, selisih antara penerimaan dan nilai nominal dikreditkan pada akun "Tambahan modal disetor" dalam laporan posisi keuangan konsolidasian interim. Pada saat saham ditempatkan dengan kompensasi selain kas, penerimaan diukur dengan nilai wajar kompensasi yang diterima. Apabila saham ditempatkan untuk menghapus atau melunaskan liabilitas Perusahaan, saham harus diukur baik pada nilai wajar saham yang ditempatkan atau nilai wajar liabilitas yang dilunasi, mana yang lebih dapat ditentukan secara andal.

Biaya langsung yang terjadi sehubungan dengan penerbitan ekuitas, seperti biaya underwriting, akuntansi dan legal, biaya percetakan dan pajak dapat dibebankan pada akun "Tambahan modal disetor" dalam laporan posisi keuangan konsolidasian interim.

Instrumen keuangan yang diterbitkan oleh Perusahaan dan Entitas Anak diklasifikasikan sebagai ekuitas hanya sebatas ketika instrumen keuangan tersebut tidak memenuhi definisi aset atau liabilitas keuangan.

Saham biasa Perusahaan dan Entitas Anak diklasifikasikan sebagai instrumen ekuitas.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*r. **Provision***

*The Company's and Subsidiaries has recognized 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 is wasted, the provision takes into account the potential that the properties in question may be sublet for some or all of the remaining lease term.*

*s. **Dividend***

*Dividends are recognized 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 Annual General Shareholders' Meeting ("AGM").*

*Dividends which are classified as a financial liability, are treated as finance costs and are recognized on an accruals basis when an obligation exists at the reporting date.*

*t. **Share capital***

*Share capital is measured at par value for all shares issued.*

*When the shares are sold at premium, the difference between the proceeds and the par value is credited to the "Additional paid-in capital" account in the interim consolidated statements of financial position. When shares are issued for a consideration other than cash, the proceeds are measured by the fair value of the consideration received. In case the shares are issued to extinguish or settle the liability of the Company, the shares shall be measured either at the fair value of the shares issued or fair value of the liability settled, whichever is more reliably determinable.*

*Direct costs incurred related to equity issuance, such as underwriting, accounting and legal fees, printing costs and taxes are chargeable to the "Additional paid-in capital" account in the interim consolidated statements of financial position.*

*Financial instruments issued by the Company's and Subsidiaries are classified as equity only to the extent that they do not meet the definition of a financial liabilities or financial asset.*

*The Company's and Subsidiaries ordinary shares are classified as equity instruments.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

u. **Laba per saham dasar**

Berdasarkan PSAK 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 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, Perusahaan dan Entitas Anak 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 interim.

v. **Pelaporan segmen**

Segmen adalah bagian khusus dari Perusahaan dan Entitas Anak 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.

w. **Kontijensi**

Liabilitas kontijensi tidak diakui di dalam laporan keuangan konsolidasian interim. Liabilitas kontijensi diungkapkan di dalam Catatan atas Laporan Keuangan Konsolidasian Interim kecuali kemungkinan arus keluar sumber daya ekonomi adalah kecil.

Aset kontijensi tidak diakui di dalam laporan keuangan konsolidasian interim, namun diungkapkan di dalam Catatan atas Laporan Keuangan Konsolidasian Interim jika terdapat kemungkinan suatu arus masuk manfaat ekonomis mengalir ke dalam entitas.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*u. **Earnings per share***

*In accordance with PSAK 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 30 June 2019, 31 December 2018, 2017 and 2016, the Company and Subsidiaries had no outstanding potential dilutive ordinary shares; accordingly, no diluted earnings per share amount is calculated and presented in the interim consolidated statements of profit or loss and other comprehensive income.*

*v. **Segment reporting***

*A segment is a distinguishable component of the Company and 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.*

*w. **Contingencies***

*Contingent liabilities are not recognized in the interim consolidated financial statements. They are disclosed in the Notes to Interim Consolidated Financial Statements unless the possibility of an outflow of resources emboying economic benefits is remote.*

*Contingent assets are not recognized in the interim consolidated financial statements but not disclosed in the Notes to Interim Consolidated Financial Statements when an inflow of economic benefits is probable.*

2. **IKHTISAR KEBIJAKAN AKUNTANSI SIGNIFIKAN** (Lanjutan)

x. **Peristiwa setelah periode pelaporan**

Peristiwa setelah periode pelaporan menyajikan bukti kondisi yang terjadi pada akhir periode pelaporan (peristiwa penyesuaian) yang dicerminkan di dalam laporan keuangan konsolidasian interim.

Peristiwa setelah periode pelaporan yang bukan merupakan peristiwa penyesuaian, diungkapkan di dalam Catatan atas Laporan Keuangan Konsolidasian Interim bila material.

3. **PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN**

Penyusunan laporan keuangan konsolidasian interim Perusahaan dan Entitas Anak 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.

**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 interim:

Klasifikasi aset keuangan dan liabilitas keuangan

Perusahaan dan Entitas Anak menetapkan klasifikasi atas aset dan liabilitas tertentu sebagai aset keuangan dan liabilitas keuangan dengan mempertimbangkan bila definisi yang ditetapkan PSAK 55 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 Anak: PT Sinar Pantja Djaja, Golden Legacy Pte. Ltd., Golden Mountain Textile and Trading Pte. Ltd., PT Bitratex Industries dan PT Primayudha Mandirijaya, 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 Anak dari barang yang dijual.

*2. **SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES** (Continued)*

*x. **Events after the reporting period***

*Events after the reporting period that provide evidence of conditions that existed at the end of the reporting period (adjusted events) are reflected in the interim consolidated financial statement.*

*Events after the reporting period that are not adjusting events are disclosed in the Notes to Interim Consolidated Financial Statements.*

*3. **JUDGMENTS, ESTIMATES AND SIGNIFICANT ACCOUNTING ASSUMPTIONS***

*The preparation of the Company and Subsidiaries interim 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.*

***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 interim consolidated financial statements:*

*Classification of financial assets and financial liabilities*

*The Company and 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 55. 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 Subsidiaries is the United States Dollar for PT Sinar Pantja Djaja, Golden Legacy Pte. Ltd., Golden Mountain Textile and Trading Pte. Ltd., PT Bitratex Industries and PT Primayudha Mandirijaya, which is the currency of the primary economic environment in which they operate. It is the currency that mainly influences the Company and Subsidiaries revenue and cost of goods sold.*

3. **PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN** (Lanjutan)

**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:

Instrumen keuangan

Perusahaan dan Entitas Anak mencatat aset dan liabilitas keuangan tertentu pada nilai wajar, yang mengharuskan penggunaan estimasi akuntansi. Sementara komponen signifikan dalam pengukuran nilai wajar ditentukan menggunakan bukti objektif yang dapat diverifikasi, jumlah perubahan nilai wajar dapat berbeda bila Perusahaan dan Entitas Anak menggunakan metodologi penilaian yang berbeda. Perubahan nilai wajar aset dan liabilitas keuangan tersebut dapat mempengaruhi secara langsung laba atau rugi Perusahaan dan Entitas Anak. Penjelasan lebih lanjut diungkapkan dalam Catatan 2n, 2o dan 38.

Cadangan untuk penurunan nilai atas piutang

Apabila terdapat bukti objektif bahwa penurunan nilai telah terjadi atas piutang usaha, Perusahaan dan Entitas Anak 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 Anak 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 Anak 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 Anak 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.

*3. **JUDGMENTS, ESTIMATES AND SIGNIFICANT ACCOUNTING ASSUMPTIONS** (Continued)*

***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:*

*Financial instruments*

*The Company and 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 value would differ if the Company and Subsidiaries utilized different valuation methodology. Any changes in fair value of these financial assets and liabilities would affect directly the Company and Subsidiaries profit or loss. Further details are disclosed in Notes 2n, 2o and 38.*

*Allowance for impairment of trade receivables*

*If there is an objective evidence that an impairment has been incurred on trade receivables, the Company and 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 Subsidiaries use judgement 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 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 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.*

3. **PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN** (Lanjutan)

**Estimasi dan asumsi** (Lanjutan)

Cadangan untuk penurunan nilai atas piutang (Lanjutan)

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 6.

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 2i dan 8.

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 dimana Perusahaan dan Entitas Anak 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 2j dan 12.

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 2k.

*3. **JUDGMENTS, ESTIMATES AND SIGNIFICANT ACCOUNTING ASSUMPTIONS** (Continued)*

***Estimates and assumptions** (Continued)*

*Allowance for impairment of trade receivables (Continued)*

*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 6.*

*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 2i and 8.*

*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 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 2j and 12.*

*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 2k.*

3. **PERTIMBANGAN, ESTIMASI DAN ASUMSI AKUNTANSI SIGNIFIKAN** (Lanjutan)

**Estimasi dan asumsi** (Lanjutan)

Imbalan kerja

Penentuan liabilitas serta biaya pensiun dan imbalan kerja Perusahaan dan Entitas Anak 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 Anak 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 Anak berkeyakinan bahwa asumsi tersebut adalah wajar dan sesuai, perbedaan signifikan pada hasil aktual atau perubahan signifikan dalam asumsi yang ditetapkan Perusahaan dan Entitas Anak dapat mempengaruhi secara material liabilitas diestimasi atas pensiun dan imbalan kerja serta beban imbalan kerja karyawan neto. Penjelasan lebih lanjut diungkapkan dalam Catatan 2m dan 24.

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 Anak mengakui liabilitas atas pajak penghasilan badan berdasarkan estimasi apakah akan terdapat tambahan pajak penghasilan badan. Penjelasan lebih rinci diungkapkan dalam Catatan 2l dan 15.

*3. **JUDGMENTS, ESTIMATES AND SIGNIFICANT ACCOUNTING ASSUMPTIONS** (Continued)*

***Estimates and assumptions** (Continued)*

*Employee benefits*

*The determination of the Company and 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 turnover rate, disability rate, retirement age and mortality rate. Actual results that differ from the Company and 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 Subsidiaries believes that their assumptions are reasonable and appropriate, significant differences in the Company and 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 2m and 24.*

*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 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 2l and 15.*

4. **KOMBINASI BISNIS**

**PT Primayudha Mandirijaya**

Pada tanggal 12 Desember 2017, Perusahaan menandatangani *Conditional Sale and Purchase Agreeement* dengan PT Primayudha Mandirijaya (PM) untuk mengambil alih PM dengan nilai sebesar USD 34.193.999, untuk Perusahaan mendapatkan kepemilikan di PM sebesar 82%.

Berdasarkan akta Notaris No. 11 tanggal 2 April 2018, Notaris Muhammad Alting, S.H., Perusahaan dan PT Sinar Pantja Djaja (SPD), Entitas Anak, mengambil alih PM dengan nilai sebesar USD 49.494.983, sehingga kepemilikan Perusahaan di PM menjadi 99,9969% atau sebanyak 361.191.800 lembar saham; dan nilai sebesar USD 1.268 sehingga kepemilikan SPD di PM menjadi 0,0031% atau sebanyak 11.000 lembar saham.

Atas transaksi pembelian saham beredar PM dari pemegang saham lama, seperti yang disebutkan sebelumnya, Grup memperoleh pengendalian atas PM dengan kepemilikan Grup sebesar 100%.

*4. **BUSINESS COMBINATION***

***PT Primayudha Mandirijaya***

*On 12 December 2017, the Company signed a Conditional Sale and Purchase Agreeement with PT Primayudha Mandirijaya (PM) to take over PM for USD 34,193,999, for the Company to obtain 82% ownership in PM.*

*Based on Notarial deed No. 11 dated 2 April 2018, Notary Muhammad Alting, S.H., the Company and its Subsidiary, PT Sinar Pantja Djaja (SPD) taking over PM amounting USD 49,494,983, so the Company's ownerhip in PM become 99,9969% or 361,191,800 shares; and amounting USD 1,268 so SPD's ownerhip in PM become 0,0031% or 11,000 shares.*

*From the above purchase transactions of outstanding shares of PM from the previous shareholders, as previously stated above, the Group obtained control of PM with 100% ownership.*

4. **KOMBINASI BISNIS** (Lanjutan)

**PT Bitratex Industries**

Pada tanggal 12 Desember 2017, Perusahaan menandatangani *Conditional Sale and Purchase Agreeement* dengan PT Bitratex Industries (BI) untuk mengambilalih BI dengan nilai sebesar USD 35.505.017, untuk Perusahaan mendapatkan kepemilikan di BI sebesar 82%.

Berdasarkan akta Notaris No. 2 tanggal 2 April 2018, Notaris Muhammad Alting, S.H., Perusahaan dan PT Sinar Pantja Djaja (SPD), Entitas Anak, mengambil alih BI dengan nilai sebesar USD 35.505.017, sehingga kepemilikan Perusahaan di BI menjadi 99,9973% atau sebanyak 37.872 lembar saham; dan nilai sebesar USD 1.141 sehingga kepemilikan SPD di BI menjadi 0,0027% atau sebanyak 1 lembar saham.

Atas transaksi pembelian saham beredar BI dari pemegang saham lama, seperti yang disebutkan sebelumnya, Grup memperoleh pengendalian atas BI dengan kepemilikan Grup sebesar 100%.

Tabel berikut menunjukkan nilai buku atas aset teridentifikasi dan liabilitas yang diambil alih pada tanggal akuisisi:

*4. **BUSINESS COMBINATION** (Continued)*

***PT Bitratex Industries***

*On 12 December 2017, the Company signed a Conditional Sale and Purchase Agreeement with PT Bitratex Industries (BI) to take over BI for USD 35,505,017, for the Company obtained 82% ownership in BI.*

*Based on Notarial deed No. 2 dated 2 April 2018, Notary Muhammad Alting, S.H., the Company and the Subsidiary, PT Sinar Pantja Djaja (SPD) taking over BI amounting USD 35,505,017, so the Company's ownerhip to BI become 99.9973% or 37,872 shares and amounting USD 1,141 so the SPD's ownerhip to BI become 0.0027% or 1 share.*

*From the above purchase transactions of outstanding shares of BI from the previous shareholders, as previously stated above, the Group obtained control of BI with 100% ownership.*

*The following table shows the book value of the identifiable assets and liabilities acquired at acquisition date:*

| | Nilai buku/ *Book value* | | |
|---|---|---|---|
| | **PM** | **BI** | |
| **A S E T** | | | ***ASSETS*** |
| Kas dan setara kas | 184.998 | 252.862 | *Cash and cash equivalents* |
| Piutang usaha – Neto | 11.376.885 | 14.495.831 | *Trade receivables - Net* |
| Persediaan | 12.199.072 | 15.915.526 | *Inventories* |
| Pajak dibayar di muka | 2.202.152 | 705.640 | *Prepaid taxes* |
| Aset lancar lainnya | 187.556 | 497.126 | *Other current assets* |
| Aset tetap – Neto | 59.792.411 | 63.125.353 | *Fixed assets – Net* |
| Aset pajak tangguhan | - | 4.622.396 | *Deferred tax assets* |
| Aset tidak lancar lainnya | 365.268 | 320.611 | *Other non-current assets* |
| **JUMLAH ASET** | 86.308.342 | 99.935.345 | ***TOTAL ASSETS*** |

| | Nilai buku/ *Book value* | | |
|---|---|---|---|
| | **PM** | **BI** | |
| **LIABILITAS** | | | ***LIABILITIES*** |
| Utang bank jangka pendek | 10.476.648 | 22.709.623 | *Short-term bank loans* |
| Utang usaha | 5.485.472 | 6.147.767 | *Trade payables* |
| Utang pajak | 71.866 | 311.898 | *Taxes payable* |
| Beban akrual | 1.181.632 | 2.883.186 | *Accrued expenses* |
| Utang bank jangka panjang | 11.091.700 | 10.853.500 | *Long-term bank loans* |
| Liabilitas imbalan kerja jangka panjang | 1.013.683 | 3.501.001 | *Long-term employee benefits liability* |
| Liabilitas pajak tangguhan - Neto | 593.519 | - | *Deferred tax liabilities - Net* |
| **JUMLAH LIABILITAS** | 29.914.520 | 46.406.975 | ***TOTAL LIABILITIES*** |

4. **KOMBINASI BISNIS** (Lanjutan) / 4. ***BUSINESS COMBINATION*** *(Continued)*

Berikut adalah perhitungan selisih antara nilai buku atas aset bersih yang diakuisisi dengan jumlah imbalan yang dibayarkan pada tanggal akuisisi:

*The calculation of difference between book value of acquired net assets and the amount of compensation paid at acquisition date:*

| | PT Primayudha Mandirijaya | PT Bitratex Industries | Jumlah/ *Total* | |
|---|---|---|---|---|
| Jumlah aset | 86.308.342 | 99.935.345 | 186.243.687 | *Total assets* |
| Jumlah liabilitas | ( 29.914.520 ) | ( 46.406.975 ) | ( 76.321.495 ) | *Total liabilities* |
| Aset neto | 56.393.822 | 53.528.370 | 109.922.192 | *Net assets* |
| Kepemilikan yang diakuisisi | 100% | 100% | 100% | *Ownership acquired* |
| Nilai buku atas aset bersih yang diakuisisi | 56.393.822 | 53.528.370 | 109.922.192 | *Book value of acquired net assets* |
| Jumlah imbalan yang dibayarkan | ( 49.496.251 ) | ( 35.506.158 ) | ( 85.002.409 ) | *The amount of compensation paid* |
| *Negative goodwill* | 6.897.571 | 18.022.212 | 24.919.783 | *Negative goodwill* |

5. **KAS DAN SETARA KAS** / 5. ***CASH AND CASH EQUIVALENTS***

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| **K a s** | | | | | ***Cash on hand*** |
| Rupiah | 158.550 | 66.744 | 16.834 | 30.136 | *Rupiah* |
| Dolar Amerika Serikat | 25.664 | 61.874 | 24.950 | 20.850 | *United States Dollar* |
| Dolar Australia | 2.077 | 1 | 2.295 | - | *Australian dollar* |
| Yuan China | 1.240 | 2.077 | 87 | 565 | *Chinese Yuan* |
| Euro Eropa | 601 | 790 | 836 | - | *European Euro* |
| Ringgit Malaysia | 364 | 364 | 271 | 1 | *Malaysian Ringgit* |
| Dolar Singapura | 222 | 1.240 | 14.968 | 83 | *Singapore Dollar* |
| Yen Jepang | 73 | 14.872 | 7.196 | 70 | *Japan Yen* |
| Won Korea | 8 | 8 | 8 | - | *Won Korea* |
| Dolar Hongkong | 1 | 7.343 | 781 | 142 | *Hongkong Dollar* |
| Pengampunan pajak Rupiah | - | - | - | 5.499 | *Tax amnesty Rupiah* |
| **Jumlah kas** | 188.800 | 155.313 | 68.226 | 57.346 | ***Total cash on hand*** |

5. **KAS DAN SETARA KAS** (Lanjutan) / 5. ***CASH AND CASH EQUIVALENTS*** *(Continued)*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| **Kas di bank** | | | | | ***Cash in banks*** |
| **Rupiah** | | | | | ***Rupiah*** |
| PT Bank Rakyat Indonesia (Persero) Tbk | 6.624.055 | 11.376.012 | 2.235.943 | 467.420 | *PT Bank Rakyat Indonesia (Persero) Tbk* |
| PT Bank Central Asia Tbk | 2.676.448 | 7.495.999 | 2.262.244 | 777.664 | *PT Bank Central Asia Tbk* |
| PT Bank Negara Indonesia (Persero) Tbk | 183.374 | 228.950 | 83.296 | 1.248 | *PT Bank Negara Indonesia (Persero) Tbk* |
| PT Bank Chinatrust Indonesia | 124.890 | 35.799 | 79.058 | 11.140 | *PT Bank Chinatrust Indonesia* |
| Lembaga Pembiayaan Ekspor Indonesia | 79.183 | 1.215.921 | 40.738 | 37.272 | *Lembaga Pembiayaan Ekspor Indonesia* |
| PT Bank HSBC Indonesia | 78.691 | 95.689 | 35.016 | 6.968 | *PT Bank HSBC Indonesia* |
| PT Bank Pembangunan Daerah Jawa Tengah | 70.914 | - | - | - | *PT Bank Pembangunan Daerah Jawa Tengah* |
| PT Bank Danamon Indonesia Tbk | 68.167 | 314.165 | 58.294 | 58.553 | *PT Bank Danamon Indonesia Tbk* |
| Deutsche Bank AG | 62.440 | 746 | 46 | - | *Deutsche Bank AG* |
| PT Bank BNP Paribas Indonesia | 59.047 | 60.200 | 63.204 | 4.603 | *PT Bank BNP Paribas Indonesia* |
| PT Bank Rabobank International Indonesia | 52.639 | 16.075 | 28.476 | - | *PT Bank Rabobank International Indonesia* |
| Citibank N.A. | 45.430 | 2.448 | 24.878 | - | *Citibank N.A.* |
| Standard Chartered Bank | 34.185 | 21.204 | - | - | *Standard Chartered Bank* |
| PT Bank Maybank Indonesia Tbk | 23.656 | 623.837 | 2.123.214 | - | *PT Bank Maybank Indonesia Tbk* |
| PT Bank DBS Indonesia | 10.138 | 25.691 | 18.100 | 753 | *PT Bank DBS Indonesia* |
| PT Bank KEB Hana Indonesia | 7.990 | 51.882 | 18.884 | 1.450.769 | *PT Bank KEB Hana Indonesia* |
| The Development Bank of Singapore Limited | 7.667 | 7.498 | 4.779 | - | *The Development Bank of Singapore Limited* |
| PT Bank Mandiri (Persero) Tbk | 3.748 | 105.112 | 12.096 | 109 | *PT Bank Mandiri (Persero) Tbk* |
| PT Bank SBI Indonesia | 2.226 | 1.151 | - | - | *PT Bank SBI Indonesia* |
| PT Bank BRI Syariah | 1.792 | 1.720 | 1.470 | 868 | *PT Bank BRI Syariah* |
| PT Bank UOB Indonesia | 822 | 819 | 911 | 943 | *PT Bank UOB Indonesia* |
| PT Bank CIMB Niaga Tbk | 354 | - | - | - | *PT Bank CIMB Niaga Tbk* |
| PT Bank Bukopin Tbk | - | - | 613 | 650 | *PT Bank Bukopin Tbk* |
| PT Bank Maybank Syariah Indonesia | - | - | 69 | - | *PT Bank Maybank Syariah Indonesia* |
| **Sub-jumlah** | 10.217.856 | 21.680.918 | 7.091.329 | 2.818.960 | ***Sub-total*** |
| **Dolar Amerika Serikat** | | | | | ***United States Dollar*** |
| PT Bank Rakyat Indonesia (Persero) Tbk | 57.025.886 | 36.761.911 | 61.998.620 | 1.119.333 | *PT Bank Rakyat Indonesia (Persero) Tbk* |
| PT Bank Central Asia Tbk | 2.745.340 | 3.053.182 | 3.958.918 | 496.109 | *PT Bank Central Asia Tbk* |
| PT Bank Negara Indonesia (Persero) Tbk | 2.303.507 | 122.973 | 125.957 | 38.974 | *PT Bank Negara Indonesia (Persero) Tbk* |
| PT Bank HSBC Indonesia | 1.431.632 | 1.198.109 | 709.411 | 645.365 | *PT Bank HSBC Indonesia* |
| PT Bank Maybank Syariah Indonesia | 418.557 | 422.927 | - | - | *PT Bank Maybank Syariah Indonesia* |
| PT Bank Maybank Indonesia Tbk | 411.390 | 254.588 | 130.569 | - | *PT Bank Maybank Indonesia Tbk* |
| PT Bank Danamon Indonesia Tbk | 232.287 | 207.764 | 172.828 | 172.689 | *PT Bank Danamon Indonesia Tbk* |
| Citibank N.A. | 186.748 | 92.116 | 126.953 | 381.237 | *Citibank N.A.* |
| PT Bank Mandiri (Persero) Tbk | 172.438 | 221.299 | 61.939 | 244.206 | *PT Bank Mandiri (Persero) Tbk* |
| PT Bank BNP Paribas Indonesia | 147.732 | 429.609 | 148.498 | 3.556 | *PT Bank BNP Paribas Indonesia* |
| PT Bank DBS Indonesia | 122.776 | 306.150 | 1.145 | 744 | *PT Bank DBS Indonesia* |
| Dipindahkan | 65.198.293 | 43.070.628 | 67.434.838 | 3.102.213 | *Carrying forward* |

5. **KAS DAN SETARA KAS** (Lanjutan) / 5. ***CASH AND CASH EQUIVALENTS*** *(Continued)*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| **Kas di bank** (Lanjutan) | | | | | ***Cash in banks*** *(Continued)* |
| **Dolar Amerika Serikat** (Lanjutan) | | | | | ***United States Dollar*** *(Continued)* |
| Pindahan | 65.198.293 | 43.070.628 | 67.434.838 | 3.102.213 | *Brought forward* |
| PT Bank KEB Hana Indonesia | 106.650 | 277.100 | 91.368 | 35.576 | *PT Bank KEB Hana Indonesia* |
| PT Bank CIMB Niaga Tbk | 63.500 | - | - | - | *PT Bank CIMB Niaga Tbk* |
| PT Bank Chinatrust Indonesia | 45.794 | 97.000 | 96.194 | 10.661 | *PT Bank Chinatrust Indonesia* |
| Lembaga Pembiayaan Ekspor Indonesia | 31.601 | 243.175 | 280.248 | 73.226 | *Lembaga Pembiayaan Ekspor Indonesia* |
| The Development Bank of Singapore Limited | 19.674 | 19.736 | 22.154 | - | *The Development Bank of Singapore Limited* |
| PT Bank Rabobank International Indonesia | 4.915 | 4.942 | 4.981 | - | *PT Bank Rabobank International Indonesia* |
| PT Bank Sumitomo Indonesia | 2.470 | 2.472 | 2.476 | 2.487 | *PT Bank Sumitomo Indonesia* |
| Standard Chartered Bank | 1.773 | 48.855 | - | - | *Standard Chartered Bank* |
| Deutsche Bank AG | 943 | - | 62.086 | 101.482 | *Deutsche Bank AG* |
| PT Bank Mega Tbk | 939 | 91.059 | 91.051 | 90.972 | *PT Bank Mega Tbk* |
| PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk | 763 | 772 | 790 | 808 | *PT Bank Pembangunan Daerah Jawa Barat dan Banten Tbk* |
| Taipei Fubon Bank | - | 910.915 | 907.270 | - | *Taipei Fubon Bank* |
| PT Bank Bukopin Tbk | - | - | 20.017 | 20.016 | *PT Bank Bukopin Tbk* |
| **Sub-jumlah** | 65.477.315 | 44.766.654 | 69.013.473 | 3.437.441 | ***Sub-total*** |
| **Euro Eropa** | | | | | ***European Euro*** |
| PT Bank Rakyat Indonesia (Persero) Tbk | 103.424 | 21.045 | 9.273 | 4.992 | *PT Bank Rakyat Indonesia (Persero) Tbk* |
| PT Bank HSBC Indonesia | 9.069 | 5.705 | 149.729 | 7.797 | *PT Bank HSBC Indonesia* |
| **Sub-jumlah** | 112.493 | 26.750 | 159.002 | 12.789 | ***Sub-total*** |
| **Yen Jepang** | | | | | ***Japan Yen*** |
| PT Bank HSBC Indonesia | 4.940 | 4.831 | - | - | *PT Bank HSBC Indonesia* |
| **Franc Swiss** | | | | | ***Swiss Franc*** |
| PT Bank HSBC Indonesia | 3.812 | 3.800 | - | - | *PT Bank HSBC Indonesia* |
| **Jumlah kas di bank** | 75.816.416 | 66.482.953 | 76.263.804 | 6.269.190 | ***Total cash in banks*** |
| **Deposito berjangka** | | | | | ***Time deposits*** |
| **Dolar Amerika Serikat** | | | | | ***United States Dollar*** |
| PT Bank Rakyat Indonesia (Persero) Tbk | 60.835.000 | 61.435.000 | 50.900.000 | 49.020.000 | *PT Bank Rakyat Indonesia (Persero) Tbk* |
| **Rupiah** | | | | | ***Rupiah*** |
| PT Bank Rakyat Indonesia (Persero) Tbk | - | - | - | 1.135.556 | *PT Bank Rakyat Indonesia (Persero) Tbk* |
| **Euro Eropa** | | | | | ***European Eropa*** |
| PT Bank HSBC Indonesia | - | - | - | 4.005.202 | *PT Bank HSBC Indonesia* |
| **Jumlah deposito berjangka** | 60.835.000 | 61.435.000 | 50.900.000 | 54.160.758 | ***Total time deposits*** |
| **Jumlah kas dan setara kas** | 136.840.216 | 128.073.266 | 127.232.030 | 60.487.294 | ***Total cash and cash equivalents*** |

5. **KAS DAN SETARA KAS** (Lanjutan)

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, tidak ada kas dan setara kas Perusahaan dan Entitas Anak yang ditempatkan pada pihak berelasi.

Kisaran tingkat suku bunga tahunan deposito berjangka adalah sebagai berikut:

5. ***CASH AND CASH EQUIVALENTS*** *(Continued)*

*As of 30 June 2019, 31 December 2018, 2017 and 2016, none of cash and cash equivalents in the Company and Subsidiaries are held by related parties.*

*The ranges of the annual interest rates of time deposits are as follows:*

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| Dolar Amerika Serikat | 3,00% | 2,00% - 3,00% | 1,50% - 1,75% | 1,50% - 2,00% | *United States Dollar* |
| Rupiah | - | - | - | 6,00% | *Rupiah* |
| Euro Eropa | - | - | - | 0,75% | *European Euro* |

6. **PIUTANG USAHA** / 6. ***TRADE RECEIVABLES***

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| Pihak ketiga | | | | | *Third parties* |
| Rupiah | 76.409.514 | 85.179.423 | 61.275.287 | 52.308.603 | *Rupiah* |
| Dolar Amerika Serikat | 127.631.217 | 61.268.465 | 101.257.185 | 61.873.104 | *United States Dollar* |
| Sub-jumlah | 204.040.731 | 146.447.888 | 162.532.472 | 114.181.707 | *Sub-total* |
| Pihak berelasi (Catatan 11) | | | | | *Related parties (Note 11)* |
| Rupiah | 48.607.411 | 36.838.612 | 23.923.060 | 34.544.413 | *Rupiah* |
| Dolar Amerika Serikat | - | 12.859.462 | 2.254.822 | 885.802 | *United States Dollar* |
| Sub-jumlah | 48.607.411 | 49.698.074 | 26.177.882 | 35.430.215 | *Sub-total* |
| **Jumlah** | 252.648.142 | 196.145.962 | 188.710.354 | 149.611.922 | ***T o t a l*** |
| Dikurangi: cadangan penurunan nilai | ( 51.300) | ( 51.300) | ( 51.300) | ( 51.300) | *Less: allowance for impairment* |
| **N e t o** | 252.596.842 | 196.094.662 | 188.659.054 | 149.560.622 | ***N e t*** |

Analisa umur piutang usaha pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

*The aging analysis of trade receivables as of 30 June 2019, 31 December 2018, 2017 and 2016 is as follows:*

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| **Lancar** | 158.151.742 | 125.188.742 | 116.282.224 | 100.319.619 | ***Current*** |
| **Jatuh tempo:** | | | | | ***Overdue:*** |
| 1 – 30 hari | 43.358.412 | 42.183.236 | 52.308.073 | 30.971.010 | *1 – 30 days* |
| 31 – 60 hari | 30.372.775 | 13.274.365 | 8.438.116 | 9.443.216 | *31 – 60 days* |
| 61 – 90 hari | 20.238.413 | 8.250.718 | 7.333.223 | 5.479.553 | *61 – 90 days* |
| Lebih dari 90 hari | 526.800 | 7.248.901 | 4.348.718 | 3.398.524 | *Over 90 days* |
| **Jumlah** | 252.648.142 | 196.145.962 | 188.710.354 | 149.611.922 | ***T o t a l*** |
| Dikurangi: cadangan penurunan nilai | ( 51.300) | ( 51.300) | ( 51.300) | ( 51.300) | *Less: allowance for impairment* |
| **N e t o** | 252.596.842 | 196.094.662 | 188.659.054 | 149.560.622 | ***N e t*** |

6. **PIUTANG USAHA** (Lanjutan)

Manajemen berkeyakinan bahwa cadangan yang dibentuk cukup untuk menutup risiko kemungkinan tidak tertagihnya piutang usaha.

Mutasi cadangan penurunan nilai:

6. ***TRADE RECEIVABLES*** *(Continued)*

*Management believes that the allowance for impairment is adequate to cover the possible risk of uncollectible trade receivables.*

*Movements in the allowance for impairment:*

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| Saldo awal | 51.300 | 51.300 | 51.300 | 51.300 | *Beginning balance* |
| Penambahan penyisihan penurunan nilai | - | - | - | - | *Additional allowance for impairment* |
| Pemulihan penyisihan penurunan nilai | - | - | - | - | *Recovery of allowance for impairment* |
| **Saldo akhir** | 51.300 | 51.300 | 51.300 | 51.300 | ***Ending balance*** |

Pada 31 Desember 2018, 2017 dan 2016, piutang usaha Perusahaan digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 13 dan 17).

Pada 30 Juni 2019, tidak ada piutang usaha Perusahaan digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 13 dan 17).

*As of 31 December 2018, 2017 and 2016, the Company trade receivables were used as collateral for short-term and long-term bank loans (Notes 13 and 17).*

*As of 30 June 2019, there were no trade receivables the Company that were used as collateral for short-term and long-term bank loans (Notes 13 and 17).*

7. **ASET LANCAR DAN TIDAK LANCAR LAINNYA**

7. ***OTHER CURRENT AND NON-CURRENT ASSETS***

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| **Aset Lancar Lainnya** | | | | | ***Other Current Assets*** |
| Piutang lain-lain | 14.046.137 | 13.235.116 | 10.031.530 | 6.303.379 | *Other receivables* |
| Bank garansi | 1.902.018 | 1.902.018 | - | - | *Guarantee deposit* |
| Kas yang dibatasi penggunaannya | - | - | - | 1.339.631 | *Restricted cash* |
| **Jumlah aset lancar lainnya** | 15.948.155 | 15.137.134 | 10.031.530 | 7.643.010 | ***Total other current assets*** |
| **Aset Tidak Lancar Lainnya** | | | | | ***Other Non-Current Assets*** |
| Deposit yang dapat dikembalikan | 551.780 | 546.589 | - | - | *Refundable deposit* |
| Kas yang dibatasi penggunaannya | - | - | - | 26.680.897 | *Restricted cash* |
| Lain-lain | 11.719 | 15.625 | - | - | *Others* |
| **Jumlah aset tidak lancar lainnya** | 563.499 | 562.214 | - | 26.680.897 | ***Total other non-current assets*** |

7. **ASET LANCAR DAN TIDAK LANCAR LAINNYA** (Lanjutan)

Piutang lain-lain merupakan piutang karyawan dan piutang non-usaha dari pihak ketiga.

Pada 31 Desember 2016, kas yang dibatasi penggunaannya untuk aset lancar lainnya 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 20); kas yang dibatasi penggunaannya, untuk aset tidak lancar lainnya merupakan jaminan berupa deposito berjangka dan kas di bank atas pinjaman bank jangka panjang – fasilitas *cash collateral* (Catatan 17).

Manajemen berkeyakinan bahwa seluruh piutang lain-lain dapat ditagih secara penuh dan tidak diperlukan pencadangan penurunan nilai.

*7.* ***OTHER CURRENT AND NON-CURRENT ASSETS*** *(Continued)*

*Other receivables represent employee receivables and non-trade receivables from third parties.*

*As of 31 December 2016, restricted cash of other current assets represents overpayment of interest on long-term bank loans which is considered as prepaid interest by the bank and payment guarantee of interest on notes payable (Debt Service Accrual Account) (Note 20); restricted cash of other non-current asset represents guarantee in the form of time deposits and cash in bank of of long-term bank loan – cash collateral facility (Note 17).*

*Management believes that all other receivables are collectible in full and no allowance for impairment is necessary.*

8. **PERSEDIAAN** / *8.* ***INVENTORIES***

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| Bahan baku | 170.250.937 | 175.906.351 | 124.245.763 | 48.311.525 | *Raw materials* |
| Barang dalam proses | 89.966.313 | 90.038.490 | 99.994.106 | 72.107.367 | *Work in process* |
| Barang jadi | 55.935.406 | 55.355.706 | 38.339.935 | 20.003.411 | *Finished goods* |
| Bahan pembantu | 10.415.877 | 10.798.563 | 3.916.601 | 7.451.249 | *Indirect materials* |
| **Jumlah** | 326.568.533 | 332.099.110 | 266.496.405 | 147.873.552 | ***T o t a l*** |
| Dikurangi: cadangan atas penurunan nilai pasar dan keusangan persediaan | ( 257.585) | ( 257.585) | ( 257.585) | ( 257.585) | *Less: allowance for impairment in market value and obsolescence of inventories* |
| **N e t o** | 326.310.948 | 331.841.525 | 266.238.820 | 147.615.967 | ***N e t*** |

Manajemen berkeyakinan bahwa cadangan atas penurunan nilai pasar dan keusangan persediaan yang dibentuk cukup.

*Management believes that the allowance for impairment in market value and obsolescence of inventories is adequate.*

Mutasi cadangan atas penurunan nilai pasar dan keusangan persediaan:

*Movements in the allowance for impairment in market value and obsolescence of inventories:*

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| Saldo awal | 257.585 | 257.585 | 257.585 | 257.585 | *Beginning balance* |
| Penambahan penyisihan penurunan nilai | - | - | - | - | *Additional allowance for impairment* |
| **Saldo akhir** | 257.585 | 257.585 | 257.585 | 257.585 | ***Ending balance*** |

8. **PERSEDIAAN** (Lanjutan)

Persediaan diasuransikan terhadap risiko kerugian atas kebakaran dan risiko lainnya berdasarkan paket polis dengan nilai pertanggungan gabungan masing-masing sebesar USD 400.251.179 (setara dengan Rp 5.659.951.922.328) dan USD 410.269.724 untuk periode enam bulan yang berakhir pada 30 Juni 2019; USD 298.193.240 (setara dengan Rp 4.318.136.307.652) dan USD 84.780.313 untuk tahun yang berakhir pada 31 Desember 2018; USD 246.459.987 (setara dengan Rp 3.298.620.460.476) dan USD 106.496.967 untuk tahun yang berakhir pada 31 Desember 2017; USD 212.384.291 (setara dengan Rp 2.826.197.758.796) dan USD 140.015.730 untuk tahun yang berakhir pada 31 Desember 2016 yang menurut pendapat manajemen cukup untuk menutup kemungkinan kerugian yang timbul dari risiko yang dipertanggungkan. Manajemen berpendapat bahwa nilai pertanggungan 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 (Rp 1.900.000.000.000), PT Asuransi ASEI Indonesia (USD 5.000.000 dan Rp 45.000.000.000), PT Asuransi Purna Artanugraha (Rp 186.604.690.866), PT Asuransi Wahana Tata (USD 17.000.000) dan PT Asuransi Central Asia (USD 388.269.724 dan Rp 3.528.347.231.462) untuk mengasuransikan persediaannya.

Pada 31 Desember 2018, 2017 dan 2016, persediaan Perusahaan dan Entitas Anak digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 13 dan 17).

Pada 30 Juni 2019, tidak ada persediaan Perusahaan dan Entitas Anak digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 13 dan 17).

*8.* ***INVENTORIES*** *(Continued)*

*Inventories are covered by insurance against losses from fire and other risks under blanket policies with a total coverage of USD 400,251,179 (equivalent to Rp 5,659,951,922,328) and USD 410,269,724 for the six-month period ended 30 June 2019; USD 298,193,240 (equivalent to Rp 4,318,136,307,652) and USD 84,780,313 for the year ended 31 December 2018; USD 246,459,987 (equivalent to Rp 3,298,620,460,476) and USD 106,496,967 for the year ended 31 December 2017; USD 212,384,291 (equivalent to Rp 2,826,197,758,796) and USD 140,015,730 for the year ended 31 December 2016 in management's opinion, it 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 (Rp 1,900,000,000,000), PT Asuransi ASEI Indonesia (USD 5,000,000 and Rp 45,000,000,000), PT Asuransi Purna Artanugraha (Rp 186,604,690,866), PT Asuransi Wahana Tata (USD 17,000,000) and PT Asuransi Central Asia (USD 388,269,724 and Rp 3,528,347,231,462) for insurance of the inventories.*

*As of 31 December 2018, 2017 and 2016, the Company and Subsidiaries inventories were used as collateral for short-term and long-term bank loans (Notes 13 and 17).*

*As of 30 June 2019, there were no inventories the Company and Subsidiaries that were used as collateral for short-term and long-term bank loans (Notes 13 and 17).*

9. **UANG MUKA PEMBELIAN DAN BEBAN DIBAYAR DI MUKA** / *9.* ***ADVANCES AND PREPAID EXPENSES***

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| **Bagian lancar** | | | | | ***Current portion*** |
| Uang muka pembelian persediaan | | | | | *Advances for purchases of inventories* |
| Pihak ketiga | 32.300.054 | 32.009.155 | 47.590.059 | 11.445.853 | *Third parties* |
| Biaya dibayar di muka | 551.452 | 321.135 | 299.247 | 242.763 | *Prepaid expenses* |
| | 32.851.506 | 32.330.290 | 47.889.306 | 11.688.616 | |
| **Bagian tidak lancar** | | | | | ***Non-current portion*** |
| Uang muka pembelian aset tetap | | | | | *Advances for purchases of fixed assets* |
| Pihak ketiga | 7.025.588 | 633.558 | 1.114.808 | 23.131.558 | *Third parties* |

9. **UANG MUKA PEMBELIAN DAN BEBAN DIBAYAR DI MUKA** (Lanjutan)

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.

9. ***ADVANCES AND PREPAID EXPENSES*** *(Continued)*

*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 machineries.*

10. **PENYERTAAN SAHAM DAN UANG MUKA PENYERTAAN SAHAM**

**Penyertaan saham**

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.

Mutasi jumlah penyertaan saham Perusahaan di saham SSV, untuk tahun yang berakhir pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

10. ***INVESTMENT IN SHARES AND ADVANCES FOR INVESTMENT IN SHARES***

***Investment in shares***

*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.*

*The movements in the Company's investment in shares of stock of SSV, for the years ended 30 June 2019, 31 December 2018, 2017 and 2016 were as follows:*

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| Saldo awal | 27.561 | 27.561 | 27.561 | 27.561 | *Beginning balance* |
| Akumulasi penambahan dari dividen saham | - | - | - | - | *Accumulated additions from stock dividends* |
| **Saldo akhir** | 27.561 | 27.561 | 27.561 | 27.561 | ***Ending balance*** |

**Uang muka penyertaan saham**

Pada 31 Desember 2017, akun ini merupakan uang muka penyertaan saham di PT Bitratex Industries dan *Escrow Account* sebesar USD 5.000.000.

***Advances for investment in shares***

*As of 31 December 2017, this account represents advance for investment in shares to PT Bitratex Industries's shareholder and Escrow Account amounted USD 5,000,000.*

11. **SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI**

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.

11. ***BALANCES AND TRANSACTIONS WITH RELATED PARTIES***

*In its regular conduct of business, the Company has engaged in business and financial transactions, which were conducted at agreed terms and conditions with related parties, which the companies are under same common of control.*

11. **SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI** (Lanjutan) / *11. **BALANCES AND TRANSACTIONS WITH RELATED PARTIES** (Continued)*

(i) Saldo dengan pihak berelasi pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut: / *(i) The related party balances as of 30 June 2019, 31 December 2018, 2017 and 2016 were as follows:*

a. Piutang usaha (Catatan 6) / *a. Trade receivables (Note 6)*

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| PT Sari Warna Asli Textile Industry | 13.952.117 | 14.643.939 | 337.349 | 5.683.252 | *PT Sari Warna Asli Textile Industry* |
| PT Senang Kharisma Textile | 13.534.993 | 14.206.131 | 12.395.855 | 16.736.175 | *PT Senang Kharisma Textile* |
| PT Adikencana Mahkotabuana | 12.471.336 | 13.089.732 | 10.879.050 | 12.315.284 | *PT Adikencana Mahkotabuana* |
| PT Sukoharjo Multi Indah Textile Mill | 4.517.320 | 3.924.716 | - | - | *PT Sukoharjo Multi Indah Textile Mill* |
| PT Yogyakarta Tekstil | 3.065.919 | 2.944.603 | 1.677.679 | 658.290 | *PT Yogyakarta Tekstil* |
| PT Djohar | 1.065.726 | 888.953 | - | - | *PT Djohar* |
| PT Sinar Central Sandang | - | - | 863.222 | - | *PT Sinar Central Sandang* |
| PT Jaya Perkasa Textile | - | - | 24.727 | 37.214 | *PT Jaya Perkasa Textile* |
| **Jumlah** | 48.607.411 | 49.698.074 | 26.177.882 | 35.430.215 | ***T o t a l*** |
| Persentase terhadap jumlah aset konsolidasian | 3,39% | 3,64% | 2,19% | 3,74% | *Percentage to total consolidated assets* |

b. Utang usaha (Catatan 14) / *b. Trade payables (Note 14)*

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| PT Rayon Utama Makmur | 2.660.678 | 1.765.265 | - | - | *PT Rayon Utama Makmur* |
| PT Sri Wahana Adityakarta Tbk | 551.462 | 559.831 | - | - | *PT Sri Wahana Adityakarta Tbk* |
| PT Djohar | - | - | - | 376.381 | *PT Djohar* |
| PT Adikencana Mahkotabuana | - | - | - | 200.000 | *PT Adikencana Mahkotabuana* |
| **Jumlah** | 3.212.140 | 2.325.096 | - | 576.381 | ***T o t a l*** |
| Persentase terhadap jumlah liabilitas konsolidasian | 0,37% | 0,27% | - | 0,09% | *Percentage to total consolidated liabilities* |

11. **SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI** (Lanjutan) / *11. **BALANCES AND TRANSACTIONS WITH RELATED PARTIES** (Continued)*

(ii) Transaksi dengan pihak berelasi untuk periode enam bulan yang berakhir pada 30 Juni 2019 dan 2018, dan tahun yang berakhir pada 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut: / *(ii) Transactions with related parties for the six-month periods ended 30 June 2019 and 2018, and the years ended 31 December 2018, 2017 and 2016 were as follows:*

a. Penjualan / *a. Sales*

| | **30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|---|
| PT Sari Warna Asli Textile Industry | 14.440.889 | 18.693.228 | 29.998.854 | 32.423.213 | 16.264.772 | *PT Sari Warna Asli Textile Industry* |
| PT Sukoharjo Multi Indah Textile Mill | 13.588.998 | 4.098.073 | 26.321.275 | 8.534.050 | - | *PT Sukoharjo Multi Indah Textile Mill* |
| PT Adikencana Mahkotabuana | 9.752.644 | 4.940.572 | 20.668.853 | 8.029.434 | 16.989.818 | *PT Adikencana Mahkotabuana* |
| PT Senang Kharisma Textile | 6.618.089 | 5.877.552 | 13.719.328 | 10.771.143 | 23.837.451 | *PT Senang Kharisma Textile* |
| PT Yogyakarta Tekstil | 5.601.837 | 5.366.998 | 11.424.206 | 11.160.899 | 1.149.907 | *PT Yogyakarta Tekstil* |
| PT Djohar | 1.903.293 | 600.222 | 4.012.382 | 1.180.009 | 2.733.565 | *PT Djohar* |
| PT Jaya Perkasa Textile | - | - | 369 | 6.233 | 37.214 | *PT Jaya Perkasa Textile* |
| PT Sinar Central Sandang | - | - | - | 783.521 | - | *PT Sinar Central Sandang* |
| PT Dasar Rukun | - | - | - | 14.051 | - | *PT Dasar Rukun* |
| PT Rayon Utama Makmur | - | - | - | 6.452 | - | *PT Rayon Utama Makmur* |
| **Jumlah** | 51.905.750 | 39.576.645 | 106.145.267 | 72.909.005 | 61.012.727 | ***T o t a l*** |
| Persentase terhadap jumlah penjualan konsolidasian | 8,21% | 7,35% | 10,27% | 9,60% | 8,97% | *Percentage to total consolidation sales* |

b. Pembelian / *b. Purchases*

| | **30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|---|
| PT Adikencana Mahkotabuana | 15.062.799 | 29.970.337 | 35.518.629 | 28.145.662 | 8.660.054 | *PT Adikencana Mahkotabuana* |
| PT Sari Warna Asli Textile Industry | 12.683.588 | 8.055.811 | 14.900.312 | 19.585.833 | 13.171.468 | *PT Sari Warna Asli Textile Industry* |
| PT Yogyakarta Tekstil | 5.586.096 | 4.002.912 | 8.655.646 | - | - | *PT Yogyakarta Tekstil* |
| PT Senang Kharisma Textile | 4.391.710 | 3.899.028 | 10.838.627 | 5.626.152 | 9.049.628 | *PT Senang Kharisma Textile* |
| PT Rayon Utama Makmur | 3.013.263 | - | 2.649.725 | 2.156.991 | - | *PT Rayon Utama Makmur* |
| PT Sukoharjo Multi Indah Textile Mill | 3.009.191 | 1.802.173 | 5.184.283 | - | - | *PT Sukoharjo Multi Indah Textile Mill* |
| PT Sri Wahana Adityakarta Tbk | 2.377.109 | 1.558.139 | 4.931.115 | 4.074.418 | 3.680.082 | *PT Sri Wahana Adityakarta Tbk* |
| PT Djohar | 2.169.554 | 2.052.441 | 6.369.410 | 3.395.886 | 6.976.534 | *PT Djohar* |
| PT Jaya Perkasa Textile | 574.038 | 400.827 | 939.833 | 412.895 | - | *PT Jaya Perkasa Textile* |
| PT Dasar Rukun | 417.585 | 120.821 | 133.303 | 233.129 | - | *PT Dasar Rukun* |
| PT Citra Busana Semesta | 188.912 | 150.639 | 509.873 | 288.708 | - | *PT Citra Busana Semesta* |
| **Jumlah** | 49.473.845 | 52.013.128 | 90.630.756 | 63.919.674 | 41.537.766 | ***T o t a l*** |
| Persentase terhadap jumlah pembelian konsolidasian | 12,62% | 15,90% | 12,82% | 10,90% | 9,11% | *Percentage to total consolidation purchases* |

11. **SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI** (Lanjutan) / *11. BALANCES AND TRANSACTIONS WITH RELATED PARTIES (Continued)*

(ii) Transaksi dengan pihak berelasi untuk periode enam bulan yang berakhir pada 30 Juni 2019 dan 2018, dan tahun yang berakhir pada 31 Desember 2018, 2017 dam 2016 adalah sebagai berikut: (Lanjutan) / *(ii) Transactions with related parties for the six-month periods ended 30 June 2019 and 2018, and the years ended 31 December 2018, 2017 and 2016 were as follows: (Continued)*

c. Kompensasi manajemen utama: / *c. Key management compensation:*

Manajemen utama termasuk direksi dan komisaris. Kompensasi yang dibayar atau terutang pada manajemen kunci atas jasa pekerja adalah sebagai berikut: / *Key management includes directors and commissioners. The compensation paid or payable to key management for employee service is shown below:*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| Gaji | 3.172.280 | 2.487.504 | 3.581.237 | 2.672.819 | 1.729.993 | *Salaries* |
| Beban imbalan kerja jangka pendek | 14.738 | 1.783 | 1.810 | 22.587 | 30.451 | *Short-term employee benefit expenses* |
| Beban imbalan kerja jangka panjang | 456.646 | 311.138 | 622.561 | 620.187 | 503.390 | *Long-term employee benefit expenses* |
| Beban (pendapatan) imbalan kerja jangka panjang pada penghasilan komprehensif lain | 205.085 | 1.390.577 | 1.272.649 | ( 40.149) | 265.324 | *Long-term employee benefit expenses (income) in other comprehensive income* |
| **Jumlah** | 3.848.749 | 4.191.002 | 5.478.257 | 3.275.444 | 2.529.158 | ***T o t a l*** |

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 berelasi/** ***Related parties*** | **Hubungan/** ***Relationship*** | **Sifat transaksi/** ***Nature of transactions*** |
|---|---|---|
| PT Sari Warna Asli Textile Industry | Perusahaan sepengendali/ *Entity under common control* | Penjualan yang mencakup serat rayon, benang, kain *greige* dan kain jadi; dan pembelian yang mencakup benang, kain *greige*, maklon dan kain jadi/ *Sales of rayon fibers, yarns, greige fabrics and fabrics; and purchases of yarn, greige fabrics and fabrics.* |
| PT Sri Wahana Adityakarta Tbk | Perusahaan non sepengendali/ *Entity not under common control* | Pembelian atas bahan pembantu dan pengepakan/ *Purchases of indirect material and packing.* |
| PT Dasar Rukun | Perusahaan sepengendali/ *Entity under common control* | Penjualan untuk pakaian jadi dan pembelian benang untuk kegiatan produksi/ *Sales for garment and purchases of yarn for production.* |
| PT Adikencana Mahkotabuana | Perusahaan sepengendali/ *Entity under common control* | Penjualan serat polyester dan benang; dan pembelian benang, kain *greige* dan serat polyester/ *Sales of polyester fiber and yarn; and purchases of yarn, greige fabric and polyester fiber.* |

11. **SALDO DAN TRANSAKSI DENGAN PIHAK BERELASI** (Lanjutan) / *11. **BALANCES AND TRANSACTIONS WITH RELATED PARTIES** (Continued)*

Ringkasan hubungan dan sifat transaksi dengan pihak berelasi adalah sebagai berikut: (Lanjutan) / *The summary of the relationship and nature of transactions with the related parties is as follows: (Continued)*

| **Pihak berelasi/** ***Related parties*** | **Hubungan/** ***Relationship*** | **Sifat transaksi/** ***Nature of transactions*** |
|---|---|---|
| PT Senang Kharisma Textile | Perusahaan sepengendali/ *Entity under common control* | Penjualan atas benang, kain jadi dan pakaian jadi; dan pembelian kain *greige*/ *Sales of yarn, fabrics and garment; and purchases of greige fabrics.* |
| PT Djohar | Perusahaan sepengendali/ *Entity under common control* | Penjualan atas benang, kain jadi dan kain *greige*; dan pembelian atas kain *greige*/ *Sales of yarn, fabrics and greige fabrics; and purchases of greige fabrics.* |
| PT Yogyakarta Tekstil | Perusahaan sepengendali/ *Entity under common control* | Penjualan benang; dan pembelian kain *greige*/ *Sales of yarn; and purchases of greige fabrics.* |
| PT Sinar Central Sandang *) | Perusahaan sepengendali/ *Entity under common control* | Penjualan serat kapas dan pakaian jadi/ *Sales of cotton fibers and garment.* |
| PT Sukoharjo Multi Indah Textile Mill | Perusahaan sepengendali/ *Entity under common control* | Penjualan benang, kain *greige* dan kain jadi; dan pembelian kain *greige*/ *Sales of yarn, greige fabrics and fabrics; and purchases of greige fabrics.* |
| PT Citra Busana Semesta | Perusahaan sepengendali/ *Entity under common control* | Pembelian maklon/ *Purchases of maklon.* |
| PT Rayon Utama Makmur | Perusahaan sepengendali/ *Entity under common control* | Penjualan pakaian jadi dan pembelian serat rayon/ *Sales of garment and purchases of viscose fibers.* |
| PT Jaya Perkasa Textile | Perusahaan sepengendali/ *Entity under common control* | Penjualan kain jadi dan pakaian jadi; dan pembelian maklon/ *Sales of fabric and garment; and purchases of maklon.* |

*) Pada tahun 2018 dan 2019, merupakan pihak ketiga/ *In 2018 and 2019, is third party*

## 12. ASET TETAP / *12. FIXED ASSETS*

| | 30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*) | | | | |
|---|---|---|---|---|---|
| | **Saldo awal/ *Beginning balance*** | **Penambahan/ *Additions*** | **Pengurangan/ *Deductions*** | **Saldo akhir/ *Ending balance*** | |
| **Harga perolehan** | | | | | ***Cost*** |
| Pemilikan langsung | | | | | *Direct ownership* |
| Tanah | 71.444.168 | - | - | 71.444.168 | *Land* |
| Bangunan | 130.738.610 | 1.816.067 | - | 132.554.677 | *Buildings* |
| Mesin dan instalasi | 830.162.256 | 23.735.616 | - | 853.897.872 | *Machineries and installations* |
| Kendaraan dan alat-alat berat | 2.598.065 | - | ( 1.166) | 2.596.899 | *Vehicles and heavy equipment* |
| Peralatan kantor | 8.181.858 | 2.615.441 | - | 10.797.299 | *Office equipment* |
| Aset tetap dalam pelaksanaan | 8.978.085 | 169.462 | - | 9.147.547 | *Construction-in-progress* |
| Jumlah harga perolehan | 1.052.103.042 | 28.336.586 | ( 1.166) | 1.080.438.462 | *Total cost* |
| **Akumulasi penyusutan** | | | | | ***Accumulated depreciation*** |
| Pemilikan langsung | | | | | *Direct ownership* |
| Bangunan | 69.608.503 | 2.322.978 | - | 71.931.481 | *Buildings* |
| Mesin dan instalasi | 323.792.650 | 23.248.366 | - | 347.041.016 | *Machineries and installations* |
| Kendaraan dan alat-alat berat | 1.950.425 | 111.886 | ( 510) | 2.061.801 | *Vehicles and heavy equipment* |
| Peralatan kantor | 3.170.488 | 261.428 | - | 3.431.916 | *Office equipment* |
| Jumlah akumulasi penyusutan | 398.522.066 | 25.944.658 | ( 510) | 424.466.214 | *Total accumulated depreciation* |
| **Nilai tercatat** | 653.580.976 | | | 655.972.248 | ***Carrying value*** |

12. **ASET TETAP** (Lanjutan) / *12.* ***FIXED ASSETS*** *(Continued)*

| | 31 Desember/*December* 2018 (Diaudit/*Audited*) | | | | | | |
|---|---|---|---|---|---|---|---|
| | **Saldo awal/ *Beginning balance*** | **Penambahan dari akuisisi/ *Addition due to acquisition*** | **Penambahan/ *Additions*** | **Pengurangan/ *Deductions*** | **Reklasifikasi/ *Reclassification*** | **Saldo akhir/ *Ending balance*** | |
| **Harga perolehan** | | | | | | | ***Cost*** |
| Pemilikan langsung | | | | | | | *Direct ownership* |
| Tanah | 58.493.270 | 12.950.898 | - | - | - | 71.444.168 | *Land* |
| Bangunan | 66.827.233 | 63.419.439 | 2.431.380 | ( 1.939.442) | - | 130.738.610 | *Buildings* |
| Mesin dan instalasi | 593.987.471 | 205.434.437 | 29.874.035 | ( 793.506) | 1.659.819 | 830.162.256 | *Machineries and installations* |
| Kendaraan dan alat-alat berat | 908.074 | 1.119.597 | 54.360 | ( 2.689) | 518.723 | 2.598.065 | *Vehicles and heavy equipment* |
| Peralatan kantor | 2.491.919 | 2.381.858 | 3.884.974 | ( 576.893) | - | 8.181.858 | *Office equipment* |
| Aset tetap dalam pelaksanaan | 2.879.075 | 4.683.585 | 1.415.425 | - | - | 8.978.085 | *Construction-in-progress* |
| | 725.587.042 | 289.989.814 | 37.660.174 | ( 3.312.530) | 2.178.542 | 1.052.103.042 | |
| Aset sewa pembiayaan | | | | | | | *Leased assets* |
| Mesin | 1.659.819 | - | - | - | ( 1.659.819) | - | *Machineries* |
| Kendaraan | 518.723 | - | - | - | ( 518.723) | - | *Vehicles* |
| Jumlah harga perolehan | 727.765.584 | 289.989.814 | 37.660.174 | ( 3.312.530) | - | 1.052.103.042 | *Total cost* |
| **Akumulasi penyusutan** | | | | | | | ***Accumulated depreciation*** |
| Pemilikan langsung | | | | | | | *Direct ownership* |
| Bangunan | 27.962.178 | 36.870.886 | 5.092.728 | ( 317.289) | - | 69.608.503 | *Buildings* |
| Mesin dan instalasi | 150.505.393 | 127.305.464 | 45.996.403 | ( 768.205) | 753.595 | 323.792.650 | *Machineries and installations* |
| Kendaraan dan alat-alat berat | 519.461 | 968.286 | 127.721 | ( 1.650) | 336.607 | 1.950.425 | *Vehicles and heavy equipment* |
| Peralatan kantor | 1.155.917 | 1.927.412 | 570.767 | ( 483.608) | - | 3.170.488 | *Office equipment* |
| | 180.142.949 | 167.072.048 | 51.787.619 | ( 1.570.752) | 1.090.202 | 398.522.066 | |
| Aset sewa pembiayaan | | | | | | | *Leased assets* |
| Mesin | 642.939 | - | 110.656 | - | ( 753.595) | - | *Machineries* |
| Kendaraan | 271.767 | - | 64.840 | - | ( 336.607) | - | *Vehicles* |
| Jumlah akumulasi penyusutan | 181.057.655 | 167.072.048 | 51.963.115 | ( 1.570.752) | - | 398.522.066 | *Total accumulated depreciation* |
| **Nilai tercatat** | 546.707.929 | | | | | 653.580.976 | ***Carrying value*** |

12. **ASET TETAP** (Lanjutan) / 12. ***FIXED ASSETS*** *(Continued)*

| | 31 Desember/*December* 2017 (Diaudit/*Audited*) | | | | | |
|---|---|---|---|---|---|---|
| | **Saldo awal/ *Beginning balance*** | **Penambahan/ *Additions*** | **Pengurangan/ *Deductions*** | **Reklasifikasi/ *Reclassification*** | **Saldo akhir/ *Ending balance*** | |
| **Harga perolehan** | | | | | | ***Cost*** |
| Pemilikan langsung | | | | | | *Direct ownership* |
| Tanah | 58.493.270 | - | - | - | 58.493.270 | *Land* |
| Bangunan | 64.098.519 | 2.728.714 | - | - | 66.827.233 | *Buildings* |
| Mesin dan instalasi | 547.827.800 | 54.243.715 | ( 16.207.522 ) | 8.123.478 | 593.987.471 | *Machineries and installations* |
| Kendaraan dan alat-alat berat | 660.166 | 247.908 | - | - | 908.074 | *Vehicles and heavy equipment* |
| Peralatan kantor | 1.607.791 | 884.128 | - | - | 2.491.919 | *Office equipment* |
| Aset tetap dalam pelaksanaan | 2.250.000 | 8.752.553 | - | ( 8.123.478 ) | 2.879.075 | *Construction-in-progress* |
| | 674.937.546 | 66.857.018 | ( 16.207.522 ) | - | 725.587.042 | |
| Aset sewa pembiayaan | | | | | | *Leased assets* |
| Mesin | 1.659.819 | - | - | - | 1.659.819 | *Machineries* |
| Kendaraan | 518.723 | - | - | - | 518.723 | *Vehicles* |
| Jumlah harga perolehan | 677.116.088 | 66.857.018 | ( 16.207.522 ) | - | 727.765.584 | *Total cost* |
| **Akumulasi penyusutan** | | | | | | ***Accumulated depreciation*** |
| Pemilikan langsung | | | | | | *Direct ownership* |
| Bangunan | 25.329.855 | 2.632.323 | - | - | 27.962.178 | *Buildings* |
| Mesin dan instalasi | 130.324.067 | 25.187.992 | ( 5.006.666 ) | - | 150.505.393 | *Machineries and installations* |
| Kendaraan dan alat-alat berat | 429.645 | 89.816 | - | - | 519.461 | *Vehicles and heavy equipment* |
| Peralatan kantor | 988.814 | 167.103 | - | - | 1.155.917 | *Office equipment* |
| | 157.072.381 | 28.077.234 | ( 5.006.666 ) | - | 180.142.949 | |
| Aset sewa pembiayaan | | | | | | *Leased assets* |
| Mesin | 532.284 | 110.655 | - | - | 642.939 | *Machineries* |
| Kendaraan | 206.927 | 64.840 | - | - | 271.767 | *Vehicles* |
| Jumlah akumulasi penyusutan | 157.811.592 | 28.252.729 | ( 5.006.666 ) | - | 181.057.655 | *Total accumulated depreciation* |
| **Nilai tercatat** | 519.304.496 | | | | 546.707.929 | ***Carrying value*** |

12. **ASET TETAP** (Lanjutan) / 12. ***FIXED ASSETS*** *(Continued)*

| | 31 Desember/*December* 2016 (Diaudit/*Audited*) | | | | | |
|---|---|---|---|---|---|---|
| | **Saldo awal/ *Beginning balance*** | **Penambahan/ *Additions*** | **Pengurangan/ *Deductions*** | **Reklasifikasi/ *Reclassification*** | **Saldo akhir/ *Ending balance*** | |
| **Harga perolehan** | | | | | | ***Cost*** |
| Pemilikan langsung | | | | | | *Direct ownership* |
| Tanah | 58.481.656 | 11.614 | - | - | 58.493.270 | *Land* |
| Bangunan | 57.166.390 | 6.932.129 | - | - | 64.098.519 | *Buildings* |
| Mesin dan instalasi | 456.637.751 | 72.525.223 | ( 215.024) | 18.879.850 | 547.827.800 | *Machineries and installations* |
| Kendaraan dan alat-alat berat | 652.092 | 8.074 | - | - | 660.166 | *Vehicles and heavy equipment* |
| Peralatan kantor | 1.451.045 | 156.746 | - | - | 1.607.791 | *Office equipment* |
| Aset tetap dalam pelaksanaan | 2.250.000 | 18.879.850 | - | ( 18.879.850) | 2.250.000 | *Construction-in-progress* |
| | 576.638.934 | 98.513.636 | ( 215.024) | - | 674.937.546 | |
| 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 | 98.513.636 | ( 215.024) | - | 677.116.088 | *Total cost* |
| **Akumulasi penyusutan** | | | | | | ***Accumulated depreciation*** |
| Pemilikan langsung | | | | | | *Direct ownership* |
| Bangunan | 23.476.005 | 1.853.850 | - | - | 25.329.855 | *Buildings* |
| Mesin dan instalasi | 112.586.559 | 17.792.027 | ( 54.519) | - | 130.324.067 | *Machineries and installations* |
| Kendaraan dan alat-alat berat | 395.823 | 33.822 | - | - | 429.645 | *Vehicles and heavy equipment* |
| Peralatan kantor | 923.718 | 65.096 | - | - | 988.814 | *Office equipment* |
| | 137.382.105 | 19.744.795 | ( 54.519) | - | 157.072.381 | |
| Aset sewa pembiayaan | | | | | | *Leased assets* |
| Mesin | 421.629 | 110.655 | - | - | 532.284 | *Machineries* |
| Kendaraan | 136.835 | 70.092 | - | - | 206.927 | *Vehicles* |
| Jumlah akumulasi penyusutan | 137.940.569 | 19.925.542 | ( 54.519) | - | 157.811.592 | *Total accumulated depreciation* |
| **Nilai tercatat** | 440.876.907 | | | | 519.304.496 | ***Carrying value*** |

12. **ASET TETAP** (Lanjutan)

Alokasi pembebanan penyusutan aset untuk periode enam bulan yang berakhir pada 30 Juni 2019 dan 2018, dan tahun yang berakhir pada 31 Desember 2018, 2017 dan 2016 pada laporan laba rugi dan penghasilan komprehensif lain konsolidasian interim adalah sebagai berikut:

*12. **FIXED ASSETS** (Continued)*

*The allocation of the depreciation expense for the six-month periods ended 30 June 2019 and 2018, and the years ended 31 December 2018, 2017 and 2016 in the interim consolidated statements of profit or loss and other comprehensive income was as follows:*

| | **30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|---|
| Biaya produksi tidak langsung (Catatan 29) | 25.636.707 | 24.712.464 | 51.199.785 | 27.930.970 | 19.756.532 | *Factory overhead (Note 29)* |
| Beban umum dan administrasi (Catatan 31) | 307.951 | 319.272 | 763.330 | 321.759 | 169.010 | *General and administrative expenses (Note 31)* |
| **Jumlah** | 25.944.658 | 25.031.736 | 51.963.115 | 28.252.729 | 19.925.542 | ***T o t a l*** |

Untuk periode enam bulan yang berakhir pada 30 Juni 2019 dan 2018, dan tahun yang berakhir pada 31 Desember 2018, 2017 dan 2016, Perusahaan melakukan kapitalisasi biaya pinjaman sebagai bagian dari biaya perolehan aset tetap masing-masing sebesar nihil, nihil, nihil, USD 8.123.478 dan USD 18.879.850.

*For the six-month periods ended 30 June 2019 and 2018, and the years ended 31 December 2018, 2017 and 2016, the Company capitalized borrowing costs as part of the costs of acquisition of fixed assets amounting to nil, nil, nil, USD 8,123,478 and USD 18,879,850, respectively.*

Tanah Perusahaan dan Entitas Anak 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 diperbarui/diperpanjang pada saat jatuh tempo.

*The titles of ownership of the Company and 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 HGB can be renewed/extended upon expiration.*

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, tanah seluas 187.397m$^2$ belum atas nama Perusahaan.

*As of 30 June 2019, 31 December 2018, 2017 and 2016, land covers 187,397m$^2$ not on behalf of the Company.*

Pada 31 Desember 2018, 2017 dan 2016, aset tetap berupa tanah, bangunan dan mesin-mesin Perusahaan dan Entitas Anak digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 13 dan 17).

*As of 31 December 2018, 2017 and 2016, the Company and Subsidiaries fixed assets consisting of land, buildings and machineries were used as collateral for short-term and long-term bank loans (Notes 13 and 17).*

Pada 30 Juni 2019, tidak ada aset tetap berupa tanah, bangunan dan mesin-mesin Perusahaan dan Entitas Anak digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang (Catatan 13 dan 17).

*As of 30 June 2019, there were no fixed assets consisting of land, buildings and machineries the Company and Subsidiaries that were used as collateral for short-term and long-term bank loans (Notes 13 and 17).*

Manajemen berkeyakinan bahwa tidak terdapat penurunan nilai aset tetap pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016.

*Management believes that there is no impairment in fixed asset values as of 30 June 2019, 31 December 2018, 2017 and 2016.*

12. **ASET TETAP** (Lanjutan)

Seluruh aset tetap Perusahaan dan Entitas Anak, kecuali tanah, diasuransikan terhadap risiko kerugian atas kebakaran dan risiko lainnya berdasarkan paket polis dengan nilai pertanggungan masing-masing sebesar USD 208.774.433 dan USD 1.317.078.736 (setara dengan Rp 18.624.810.408.175) untuk periode enam bulan yang berakhir pada 30 Juni 2019; USD 199.000.000 dan USD 932.546.034 (setara dengan Rp 13.504.199.122.652) untuk tahun yang berakhir pada 31 Desember 2018; USD 587.682.648 (setara dengan Rp 7.865.544.555.504) untuk tahun yang berakhir pada 31 Desember 2017; USD 963.689.507 (setara dengan Rp 12.823.816.267.214) untuk tahun yang berakhir pada 31 Desember 2016 yang menurut pendapat manajemen cukup untuk menutup kemungkinan kerugian yang timbul dari risiko yang dipertanggungkan.

Perusahaan menggunakan PT Asuransi Jasa Indonesia (Rp 1.427.172.600.000), PT Asuransi Wahana Tata (USD 183.000.000 dan Rp 61.187.365.344), PT Asuransi Multi Artha Guna Tbk (USD 2.300.000), PT Asuransi Central Asia (USD 21.541.872 dan Rp 13.933.634.464.089), PT Asuransi Purna Arthanugraha (Rp 1.451.071.603.342), PT Asuransi Intra Asia (Rp 1.244.000.000), PT Asuransi AXA Indonesia (Rp 150.000.000), PT Lippo General Insurance Tbk (USD 1.932.561), PT Malaca Trust Insurance (Rp 260.000.000), PT Asuransi Aspan (Rp 114.697.400.000), PT BRI Syariah (Rp 619.338.000.000) dan PT Asuransi ASEI Indonesia (Rp 1.016.054.975.400) untuk mengasuransikan aset tetapnya.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, tidak ada aset tetap yang tidak dipakai sementara atau dihentikan dari penggunaan aktif dan tidak diklasifikasikan sebagai tersedia untuk dijual.

*12. **FIXED ASSETS** (Continued)*

*All of the Company and 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 208,774,433 and USD 1,317,078,736 (equivalent to Rp 18,624,810,408,175) for the six-month period ended 30 June 2019; USD 199,000,000 and USD 932,546,034 (equivalent to Rp 13,504,199,122,652) for the year ended 31 December 2018; USD 587,682,648 (equivalent to Rp 7,865,544,555,504) for the year ended 31 December 2017; USD 963,689,507 (equivalent to Rp 12,823,816,267,214) for the year ended 31 December 2016, respectively, which, in management's opinion, it is adequate to cover possible losses that may arise from insured risks.*

*The Company uses PT Asuransi Jasa Indonesia (Rp 1,427,172,600,000), PT Asuransi Wahana Tata (USD 183,000,000 and Rp 61,187,365,344), PT Asuransi Multi Artha Guna Tbk (USD 2,300,000), PT Asuransi Central Asia (USD 21,541,872 and Rp 13,933,634,464,089), PT Asuransi Purna Arthanugraha (Rp 1,451,071,603,342), PT Asuransi Intra Asia (Rp 1,244,000,000), PT Asuransi AXA Indonesia (Rp 150,000,000), PT Lippo General Insurance Tbk (USD 1,932,561), PT Malaca Trust Insurance (Rp 260,000,000), PT Asuransi Aspan (Rp 114,697,400,000), PT BRI Syariah (Rp 619,338,000,000) and PT Asuransi ASEI Indonesia (Rp 1,016,054,975,400) for insurance of the fixed assets.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016, there are no fixed assets that are temporarily out of use or retired from use but not classified as held for sale.*

13. **UTANG BANK JANGKA PENDEK** / *13. **SHORT-TERM BANK LOANS***

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| PT Bank HSBC Indonesia | 11.300.857 | 25.973.119 | 7.844.141 | 830.937 | *PT Bank HSBC Indonesia* |
| PT Bank Central Asia Tbk | 9.995.187 | 6.038.894 | - | - | *PT Bank Central Asia Tbk* |
| PT Bank DBS Indonesia | 1.028.139 | 8.643.838 | 450.381 | - | *PT Bank DBS Indonesia* |
| Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank) | - | 28.050.312 | 50.675.381 | 44.305.909 | *Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)* |
| Cathay United Bank | - | 20.000.000 | 20.000.000 | - | *Cathay United Bank* |
| Taipei Fubon Commercial Bank Co., Ltd. | - | 10.000.000 | 10.000.000 | - | *Taipei Fubon Commercial Bank Co., Ltd.* |
| PT Bank Maybank Indonesia Tbk | - | 7.653.885 | - | - | *PT Bank Maybank Indonesia Tbk* |
| PT Bank Danamon Indonesia Tbk | - | 6.504.429 | - | - | *PT Bank Danamon Indonesia Tbk* |
| PT Bank BNP Paribas Indonesia | - | 5.000.000 | 5.000.000 | 5.000.000 | *PT Bank BNP Paribas Indonesia* |
| Deutsche Bank AG | - | 2.762.240 | 2.952.465 | 2.777.244 | *Deutsche Bank AG* |
| PT Bank Negara Indonesia (Persero) Tbk | - | 2.367.087 | - | - | *PT Bank Negara Indonesia (Persero) Tbk* |
| PT Bank Maybank Syariah Indonesia | - | - | 4.797.756 | - | *PT Bank Maybank Syariah Indonesia* |
| **Jumlah utang bank jangka pendek** | 22.324.183 | 122.993.804 | 101.720.124 | 52.914.090 | ***Total short-term bank loans*** |

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)**

Berdasarkan perjanjian No. JAK/150222/U/150225 tanggal 17 Maret 2015 dengan perubahan perjanjian No. JAK/150786/U/150728 tanggal 3 September 2015, No. JAK/160483/U/160329 tanggal 4 Mei 2016, No. JAK/170282/U/170119 tanggal 20 Maret 2017, No. JAK/000048/U/170426 tanggal 19 Mei 2017, No. JAK/000200/U/170710 tanggal 31 Juli 2017, No. JAK/180209/U/180301 tanggal 10 April 2018 dan perubahan perjanjian terakhir No. JAK/180560/U/180625 tanggal 26 September 2018, Perusahaan dan PT Sinar Pantja Djaja ("SPD"), Entitas Anak, memperoleh fasilitas kredit yang digunakan untuk pembiayaan kebutuhan Modal Kerja, termasuk untuk pembelian suku cadang dan perlengkapan lain dari mesin-mesin Perusahaan dan Entitas Anak yang bukan merupakan investasi baru. Fasilitas terdiri dari: Limit Gabungan 1, Surat Kredit Berdokumen Siaga 1, Surat Kredit Berdokumen Siaga 2 dan Limit Gabungan 2.

- Fasilitas Limit Gabungan 1 dengan maksimum kredit sebesar USD 20.000.000. Fasilitas ini terdiri atas sublimit sebagai berikut:

  a. Fasilitas Kredit Berdokumen. Maksimum kredit sebesar USD 20.000.000. Tujuan dari fasilitas ini adalah untuk mengakomodasi pembelian bahan mentah atau suku cadang. Jangka waktu wesel pada saat dokumen diunjukkan.

  b. Kredit Berdokumen Berjangka yang dibayar atas Unjuk (UPAS) 1. Maksimum kredit sebesar USD 20.000.000. Tujuan dari fasilitas ini adalah untuk mengakomodasi pembelian bahan mentah atau suku cadang, tersedia untuk dalam negeri dan impor. Jangka waktu wesel maksimum 180 hari. Fasilitas ini juga tersedia dalam mata uang USD dan Rupiah. Penggunaan dalam USD, bunga pada periode transit akan dibebankan secara harian sebesar 8% per tahun dibawah *Best Lending Rate (BL1*) dari bank (yang saat ini adalah sebesar 13,4801% per tahun dan akan berfluktuasi sesuai kebijakan bank). Penggunaan dalam IDR, bunga pada periode transit akan dibebankan secara harian sebesar 3% per tahun dibawah *Best Lending Rate (BL1*) dari bank (yang saat ini adalah sebesar 14,6487% per tahun dan akan berfluktuasi sesuai kebijakan bank).

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)***

*Based on agreement No. JAK/150222/U/150225 dated 17 March 2015, changes of agreement No. JAK/150786/U/150728 dated 3 September 2015, No. JAK/160483/U/160329 dated 4 May 2016, No. JAK/170282/U/170119 dated 20 March 2017 No. JAK/000048/U/170426 dated 19 May 2017, No. JAK/000200/U/170710 dated 31 July 2017, No. JAK/180209/U/180301 dated 10 April 2018 and the latest agreement No. JAK/180560/U/180625 dated 26 September 2018, the Company and Subsidiary, PT Sinar Pantja Djaja ("SPD"), obtained credit facility used to finance Working Capital, including for purchases of spareparts and other equipment of the Company and Subsidiary machineries that not a new investment. Facilities consists of: Combined Limit 1, Standby Letter of Credit 1, Standby Letter of Credit 2 and Combined Limit 2.*

- *Combined Limit 1 facilities with credit maximum USD 20,000,000. This facility consists of sublimit as follows:*

  *a. Documentary Credit Facilities. Credit maximum USD 20,000,000. The purpose of this facility is to accommodate purchase of raw material or spare part. Bill of exchange tenor is sight.*

  *b. Usance Payable at Sight (UPAS) 1. Credit maximum USD 20,000,000. The purpose of this facility is to accommodate purchase of raw material or spare part, available for domestic and import. Bill of exchange tenor is maximum 180 days. This facility is also available in USD and IDR currency. Utilization in USD, interest in transit will be charged on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.4801% per annum but subject to fluctuation at the bank's discretion). Utilization in IDR, interest in transit will be charged on a daily basis at 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 14.6487% per annum but subject to fluctuation at the bank's discretion).*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

– Fasilitas Limit Gabungan 1 dengan maksimum kredit sebesar USD 20.000.000. Fasilitas ini terdiri atas sublimit sebagai berikut: (Lanjutan)

c. Kredit Berdokumen Berjangka yang dibayar atas Unjuk (UPAS) 2. Maksimum kredit sebesar USD 1.000.000. Tujuan dari fasilitas ini adalah untuk mengakomodasi pembelian batubara dan bahan perlengkapan lain tersedia untuk dalam negeri dan impor. 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 8% per tahun dibawah *Best Lending Rate (BL1*) dari bank (yang saat ini adalah sebesar 13,4801% per tahun dan akan berfluktuasi sesuai kebijakan bank). Penggunaan dalam IDR, bunga pada periode transit akan dibebankan secara harian sebesar 3% per tahun dibawah *Best Lending Rate (BL1*) dari bank (yang saat ini adalah sebesar 14,6487% per tahun dan akan berfluktuasi sesuai kebijakan bank).

d. Pinjaman Impor. Maksimum kredit sebesar USD 20.000.000. 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 8% per tahun dibawah *Best Lending Rate (BL1*) dari bank (yang saat ini adalah sebesar 13,4801% per tahun dan akan berfluktuasi sesuai kebijakan bank).

e. Pinjaman Berulang. Maksimum kredit sebesar USD 3.000.000. Tujuan dari fasilitas ini adalah untuk menyediakan pembiayaan terhadap piutang dari pembeli Debitur dengan metode pembayaran melalui *Letter of Credit* atau lokal dimana dokumen aslinya belum diserahkan kepada Bank. Jangka waktu dari setiap pinjaman adalah maksimal 21 hari terhitung sejak tanggal penarikan dimana perpanjangan tidak diizinkan. Bunga akan dibebankan atas setiap penarikan secara harian sebesar 6% per tahun dibawah *Term Lending Rate* dari bank (yang saat ini adalah sebesar 12,0599% per tahun dan akan berfluktuasi sesuai kebijakan bank).

f. Dokumen terhadap Pembayaran. Maksimum kredit sebesar USD 20.000.000. Tujuan dari fasilitas ini adalah untuk membeli dokumen non-kredit berdokumen ekspor. Jangka waktu wesel adalah jatuh tempo pada saat diunjukan. Bunga akan dibebankan secara harian untuk USD sebesar 8% per tahun dibawah *Best Lending Rate (BL1) dari bank* (yang saat ini adalah sebesar 13,4801% per tahun dan akan berfluktuasi sesuai kebijakan bank) dan untuk Rupiah sebesar 3% per tahun dibawah *Best Lending Rate (BL1)* dari bank (yang saat ini adalah sebesar 14,6487% per tahun dan akan berfluktuasi sesuai kebijakan bank).

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

– *Combined Limit 1 facilities with credit maximum USD 20,000,000. This facility consists of sublimit as follows: (Continued)*

*c. Usance Payable at Sight (UPAS) 2. Credit maximum USD 1,000,000. The purpose of this facility is to accommodate procurement of coal and other supporting materials, available for domestic and import. Bill of exchange tenor is maximum 180 days. This facility is also available in USD and IDR currency. Utilization in USD, interest in transit will be charged on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.4801% per annum but subject to fluctuation at the bank's discretion). Utilization in IDR, interest in transit will be charged on a daily basis at 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 14.6487% per annum but subject to fluctuation at the bank's discretion).*

*d. Clean Import Loan. Credit maximum USD 20,000,000. Loan tenor maximum is 180 days from the due date of the relevant bill. The purpose of this facility is only to retire documentary credit only. Interest will be charged only on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.4801% per annum but subject to fluctuation at the bank's discretion).*

*e. Revolving Loan. Credit maximum USD 3,000,000. The purpose of this facility is to provide financing against the Borrower's receivable from buyers under export or local Letter of Credit whereby original documents have not been submitted to the Bank. Tenor of each loan is maximum 21 days from drawdown date whereby by roll-over is not allowed. Interest will be charged on each drawdown on daily basis at 6% per annum below the bank's Term Lending Rate (currently 12.0599% per annum, but subject to fluctuation at the bank's discretion).*

*f. Documents against Payment. Credit maximum USD 20,000,000. The purpose of this facility is to purchase of non-documentary credit export document. Bill's tenor due when presented (on demand). Interest will be charged on a daily basis at for USD at 8% per annum below the Bank's Best Lending Rate (BL1) (currently 13.4801% per annum but subject to fluctuation at the bank's discretion) and for Rupiah at 3% per annum below the bank's Best Lending Rate (BL1) (currently 14.6487% per annum but subject to fluctuation at the bank's discretion).*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

- Fasilitas Limit Gabungan 1 dengan maksimum kredit sebesar USD 20.000.000. Fasilitas ini terdiri atas sublimit sebagai berikut: (Lanjutan)

  g. Dokumen terhadap Akseptasi/Dokumen Teknis terhadap Akseptasi. Maksimum kredit sebesar USD 20.000.000. Tujuan dari fasilitas ini adalah untuk membeli dokumen non-kredit berdokumen ekspor. Jangka waktu wesel adalah 90 hari. Bunga akan dibebankan secara harian untuk USD sebesar 8% per tahun dibawah *Best Lending Rate (BL1) dari bank* (yang saat ini adalah sebesar 13,4801% per tahun dan akan berfluktuasi sesuai kebijakan bank) dan untuk Rupiah sebesar 3% per tahun dibawah *Best Lending Rate (BL1)* dari bank (yang saat ini adalah sebesar 14,6487% per tahun dan akan berfluktuasi sesuai kebijakan bank).

- Surat Kredit Berdokumen Siaga 1 dengan maksimum kredit sebesar USD 5.000.000.

- Surat Kredit Berdokumen Siaga 2 dengan maksimum kredit sebesar EUR 2.500.000.

- Limit Gabungan 2 dengan maksimum kredit sebesar USD 15.000.000. Fasilitas ini hanya tersedia untuk Perusahaan. Sub limit dalam fasilitas ini adalah sebagai berikut, dengan ketentuan bahwa total jumlah penggunaan dalam Fasilitas Limit Gabungan 2 ini tidak dapat melebihi USD 15.000.000.

  a. Pembiayaan Tagihan Pembeli yang telah Disetujui (BAIF) dengan maksimum kredit sebesar USD 15.000.000. Bertujuan untuk menyediakan pembiayaan untuk pembelian bahan mentah, bahan baku pendukung lainnya dan jasa. Jangka waktu maksimal 90 hari dari tanggal pencairan, namun tidak melebihi tanggal jatuh tempo tagihan.

  b. Solusi Rantai Pasokan - Tagihan yang Disetujui (SCS-AI) dengan maksimum kredit sebesar USD 15.000.000. Bertujuan untuk menyediakan pembiayaan untuk pembelian bahan mentah, bahan baku pendukung lainnya dan jasa. Jangka waktu maksimal 90 hari dari tanggal pencairan, namun tidak melebihi tanggal jatuh tempo tagihan.

  c. Pinjaman Impor 1 BAIF/SCS-AI dengan maksimum kredit sebesar USD 15.000.000. Bertujuan untuk untuk melunasi jumlah yang terhutang pada fasilitas BAIF atau SCS-AI. Jangka waktu maksimal 90 hari dari tanggal pencairan.

  Bunga akan dibebankan secara harian untuk USD sebesar 8% per tahun di bawah *Best Lending Rate* (BLI) dari bank (yang saat ini adalah sebesar 12,9471% per tahun) dan untuk Rupiah sebesar 3% per tahun dibawah *Best Lending Rate (BL1)* dari bank (yang saat ini adalah sebesar 13,2919% per tahun dan akan berfluktuasi sesuai kebijakan bank).

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

- *Combined Limit 1 facilities with credit maximum USD 20,000,000. This facility consists of sublimit as follows: (Continued)*

  *g. Documents against Acceptance/Technical Documents against Acceptance. Credit maximum USD 20,000,000. The purpose of this facility is to purchase of non-documentary credit export document. Bill's tenor up to 90 days. Interest will be charged on a daily basis at for USD at 8% per annum below the Bank's Best Lending Rate (BL1) (currently 13.4801% per annum but subject to fluctuation at the bank's discretion) and for Rupiah at 3% per annum below the bank's Best Lending Rate (BL1) (currently 14.6487% per annum but subject to fluctuation at the bank's discretion).*

- *Standby Letter of Credit 1 with credit maximum USD 5,000,000.*

- *Standby Letter of Credit 2 with credit maximum EUR 2,500,000.*

- *Combined Limit 2 with credit maximum USD 15,000,000. This facility only available in the Company. The sub limits under this facility are as follows, with condition that the total utilizations under this Combined Limit 2 Facility cannot exceed USD 15,000,000.*

  *a. Buyers Approved Invoice Financing (BAIF) with credit maximum USD 15,000,000. The purpose of this facility is to provide financing for purchase of raw materials, other supporting materials and services. Tenor maximum 90 days from drawdown date but not exceed invoice maturity date.*

  *b. Supply Chain Solution - Approved Invoice (SCS-AI) with credit maximum USD 15,000,000. The purpose of this facility is to provide financing for purchase of raw materials, other supporting materials and services. Tenor maximum 90 days from drawdown date but not exceed invoice maturity date.*

  *c. Clean Import Loan 1 BAIF/SCS-AI with credit maximum USD 15,000,000. The purpose of this facility is to retire the outstanding under BAIF or SCS-AI. Tenor maximum 90 days from drawdown date.*

  *Interest will be charged on a daily basis at for USD 8% per annum under the Best Lending Rate (BLI) of the bank (which is currently 12.9471% per annum) and for Rupiah at 3% per annum below the bank's Best Lending Rate (BL1) (currently 13.2919% per annum but subject to fluctuation at the bank's discretion).*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian No. JAK/000048/U/170426 tanggal 19 Mei 2017, jaminan atas fasilitas-fasilitas di atas sebagai berikut:

- Jaminan fidusia atas barang persediaan dari Perusahaan dan/atau Entitas Anak, senilai USD 32.000.000.
- Jaminan fidusia atas piutang dari Perusahaan dan/atau Entitas Anak senilai USD 32.000.000.
- Untuk menjamin fasilitas Surat Kredit Berdokumen Siaga 1: Surat Kredit Berdokumen Siaga dari PT Bank Maybank Indonesia Tbk atau bank lain yang dapat diterima sebagai jaminan pada HSBC Limited Singapura senilai USD 5.500.000.
- Untuk menjamin fasilitas Surat Kredit Berdokumen Siaga 2: Surat Kredit Berdokumen Siaga dari PT Bank Maybank Indonesia Tbk atau bank lain yang dapat diterima sebagai jaminan pada HSBC Limited Jerman senilai USD 3.025.000.

Pada 30 Juni 2019, tidak ada piutang usaha, persediaan dan aset tetap Perusahaan dan Entitas anak digunakan sebagai jaminan atas utang bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:

- *External Gearing Ratio* maksimum 2x
- *Current ratio* minimum 1x
- *EBITDA/Interest* minimum 1,5x

Perjanjian ini berlaku selama 1 (satu) tahun sejak tanggal perjanjian ini dan akan terus berlaku hingga HSBC secara tertulis membatalkan, menghentikan dan membebaskan Debitur dari kewajibannya berdasarkan perjanjian ini atau perjanjian lain yang terkait dengannya.

Saldo utang atas pinjaman ini sebesar nihil pada 30 Juni 2019; USD 7.115.180 dan USD 7.372.674 (setara dengan Rp 106.763.696.409) pada 31 Desember 2018; USD 2.764.895 dan USD 5.079.246 (setara dengan Rp 68.813.632.848) pada 31 Desember 2017; USD 830.937 (setara dengan Rp 11.164.470.298) pada 31 Desember 2016.

Berdasarkan perjanjian kredit No. JAK/000194/U/170523 tanggal 27 Juli 2017 dan perubahan perjanjian terakhir No. JAK/180562/U/180625 tanggal 26 September 2018, PT Bitratex Industries, Entitas Anak, memperoleh fasilitas kredit:

(i) Limit Gabungan 1 dengan maksimum kredit sebesar USD 7.500.000

a) Cerukan
- *Overdraft* 1. Maksimum kredit sebesar USD 1.000.000 dengan bunga 7% per tahun dibawah *Best Lending Rate (BL1*) dari bank.
- *Overdraft* 2. Maksimum kredit sebesar Rp 11.000.000.000 dengan bunga 3,75% per tahun dibawah *Best Lending Rate (BL1*) dari bank.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on agreement No. JAK/000048/U/170426 dated 19 May 2017, the collateral for the above facilities are:*

- *Fiduciary on inventories from the Company and/or Subsidiary for the amount of USD 32,000,000.*
- *Fiduciary on receivables from the Company and/or Subsidiary for the amount of USD 32,000,000.*
- *To cover Standby Letter of Credit 1 facility: Standby Letter of Credit from PT Bank Maybank Indonesia Tbk or any other bank acceptable by HSBC Limited Singapore for the amount of USD 5,500,000.*
- *To cover Standby Letter of Credit 2 facility: Standby Letter of Credit from PT Bank Maybank Indonesia Tbk or any other bank acceptable by HSBC Limited Germany for the amount of USD 3,025,000.*

*As of 30 June 2019, there were no the Company and Subsidiaries' trade receivables, inventories and fixed assets used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*

- *External Gearing Ratio maximum 2x*
- *Current ratio minimum 1x*
- *EBITDA/Interest minimum 1.5x*

*This agreement shall be valid for a period of 1 (one) year as of the date of this agreement and shall continue to be applicable until the HSBC cancel, cease or discharge in writing the Borrowers from its obligations under this agreement or otherwise any other agreement related hereto.*

*The loan balances amounted to nil as of 30 June 2019; USD 7,115,180 and USD 7,372,674 (equivalent to Rp 106,763,696,409) as of 31 December 2018; USD 2,764,895 and USD 5,079,246 (equivalent to Rp 68,813,632,848) as of 31 December 2017; USD 830,937 (equivalent to Rp 11,164,470,298) as of 31 December 2016, respectively.*

*Based on credit agreement No. JAK/000194/U/170523 dated 27 July 2017 and the latest agreement No. JAK/180562/U/180625 dated 26 September 2018, the Subsidiary, PT Bitratex Industries, obtained credit facility:*

*(i) Combined Limit 1 with credit maximum USD 7,500,000*

*a) Overdraft*
- *Overdraft 1. Credit maximum USD 1,000,000 with interest rate 7% per annum below the Bank Best's Lending Rate (BL1).*
- *Overdraft 2. Credit maximum Rp 11,000,000,000 with interest rate 3.75% per annum below the Bank Best's Lending Rate (BL1).*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian kredit No. JAK/000194/U/170523 tanggal 27 Juli 2017 dan perubahan perjanjian terakhir No. JAK/180562/U/180625 tanggal 26 September 2018, PT Bitratex Industries, Entitas Anak, memperoleh fasilitas kredit: (Lanjutan)

(i) Limit Gabungan 1 dengan maksimum kredit sebesar USD 7.500.000 (Lanjutan)

b) Fasilitas Impor. Maksimum kredit sebesar USD 7.500.000. Fasilitas ini terdiri dari:

- Fasilitas Kredit Berdokumen 1, dengan limit USD 7.500.000. Tujuan dari fasilitas ini adalah untuk membeli bahan baku atau barang terkait dengan produksi baik pembelian lokal atau import.
- Fasilitas Kredit Berdokumen 2, dengan limit USD 1.000.000. Tujuan dari fasilitas ini adalah untuk pembelian mesin dan suku cadang.
- Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda/Berjangka 1, dengan limit USD 7.500.000. Tujuan dari fasilitas ini adalah untuk membeli bahan baku atau bahan terkait dengan produksi baik pembelian lokal atau impor.
- Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda/Berjangka 2, dengan limit USD 1.000.000. Tujuan dari fasilitas ini adalah untuk pembelian mesin dan suku cadang.
- Pinjaman Impor, dengan limit USD 4.000.000 dan bunga akan dibebankan secara harian sebesar 7% (USD) dan 3% (IDR) per tahun dibawah *Best Lending Rate (BL1)* dari bank. Tujuan dari fasilitas ini adalah untuk pembayaran fasilitas kredit berdokumen.
- Fasilitas Kredit Berdokumen Berjangka atas Unjuk, dengan limit USD 7.500.000 dan bunga akan dibebankan secara harian sebesar 7% (USD) dan 3% (IDR) per tahun dibawah *Best Lending Rate (BL1*) dari bank. Tujuan dari fasilitas kredit ini adalah untuk membeli bahan baku.
- Pembiayaan Impor 1, dengan limit USD 7.500.000 dan bunga akan dibebankan secara harian sebesar 7% (USD) dan 3% (IDR) per tahun dibawah *Best Lending Rate (BL1*) dari bank. Tujuan dari fasilitas ini adalah membiayai pembelian bahan mentah dan pendukung. Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 3.699.383 (setara dengan Rp 53.570.762.778), nihil dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 4 Maret 2019.



*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on credit agreement No. JAK/000194/U/170523 dated 27 July 2017 and the latest agreement No. JAK/180562/U/180625 dated 26 September 2018, the Subsidiary, PT Bitratex Industries, obtained credit facility: (Continued)*

*(i) Combined Limit 1 with credit maximum USD 7,500,000 (Continued)*

*b) Import Facility. Credit maximum USD 7,500,000. This facility consists of:*

- *Documentary Credit Facility 1, with limit USD 7,500,000. The purpose of this facility is for purchase of raw material and goods related to the production of either local and import purchases.*
- *Documentary Credit Facility 2, with limit USD 1,000,000. The purpose of this facility is for purchase of machineries and spareparts.*
- *Deferred Payment Credit Facility 1, with limit USD 7,500,000. The purpose of this facility is for purchase of raw material and goods related to the production of either local and import purchases.*
- *Deferred Payment Credit Facility 2, with limit USD 1,000,000. The purpose of this facility is for purchase of machineries and spareparts.*
- *Clean Import Loan, with limit USD 4,000,000 and interest will be charged only on a daily basis at 7% (USD) and 3% (IDR) per annum below the Bank Best's Lending Rate (BL1). The purpose of this facility is for payment documentary credit facility.*
- *Usance Payable at Sight (UPAS), with limit USD 7,500,000 and interest will be charged only on a daily basis at 7% (USD) and 3% (IDR) per annum below the Bank Best's Lending Rate (BL1). The purpose of this facility is for purchase of raw material.*
- *Clean Import Loan 1, with limit USD 7,500,000 and interest will be charged only on a daily basis at 7% (USD) and 3% (IDR) per annum below the Bank Best's Lending Rate (BL1). The purpose of this facility is to financing procurement of raw material and supporting. As of 30 June 2019, 31 December 2018, 2017 and 2016, the loan balances amounted to nil, USD 3,699,383 (equivalent to Rp 53,570,762,778), nil and nil, respectively. The loan has been settled on 4 March 2019.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian kredit No. JAK/000194/U/170523 tanggal 27 Juli 2017 dan perubahan perjanjian terakhir No. JAK/180562/U/180625 tanggal 26 September 2018, PT Bitratex Industries, Entitas Anak, memperoleh fasilitas kredit: (Lanjutan)

(i) Limit Gabungan 1 dengan maksimum kredit sebesar USD 7.500.000 (Lanjutan)

c) Fasilitas Impor. Maksimum kredit sebesar USD 7.500.000. Fasilitas ini terdiri dari:
- Pinjaman atas Ekspor, dengan limit USD 7.500.000 dan bunga akan dibebankan secara harian sebesar 7% per tahun dibawah *Best Lending Rate* (BL1) dari bank.
- Dokumen terhadap Pembayaran, dengan limit USD 3.000.000 dan bunga akan dibebankan secara harian sebesar 7% per tahun dibawah *Best Lending Rate* (BL1) dari bank.

d) Pinjaman Berulang. Maksimum kredit sebesar USD 1.000.000 dan bunga akan dibebankan secara harian sebesar 7% per tahun dibawah *Best Lending Rate* (BL1) dari bank.

e) Fasilitas Bank Garansi. Maksimum kredit sebesar USD 250.000. Sub limit:
- Jaminan pembayaran di depan, dengan limit USD 250.000
- Jaminan Penerbitan Bea Cukai, dengan limit USD 250.000
- Jaminan pelaksanaan, dengan limit USD 250.000
- Jaminan penahanan, dengan limit USD 250.000
- Jaminan penawaran, dengan limit USD 250.000

(ii) Limit gabungan 4 dengan maksimum kredit sebesar USD 291.000

(iii) Limit gabungan 5 dengan maksimum kredit sebesar USD 3.062.500

(iv) Fasilitas *treasury* 2 (*Interest Rate Swap*) dengan maksimum kredit sebesar USD 2.500.000

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, perjanjian ini berlaku selama 1 (satu) tahun sejak tanggal perjanjian ini dan akan terus berlaku hingga HSBC secara tertulis membatalkan, menghentikan dan membebaskan Debitur dari kewajibannya berdasarkan perjanjian ini atau perjanjian lain yang terkait dengannya.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on credit agreement No. JAK/000194/U/170523 dated 27 July 2017 and the latest agreement No. JAK/180562/U/180625 dated 26 September 2018, the Subsidiary, PT Bitratex Industries, obtained credit facility: (Continued)*

*(i) Combined Limit 1 with credit maximum USD 7,500,000 (Continued)*

*c) Import Facility. Credit maximum USD 7,500,000. This facility consists of:*
- *Export Against Loan, with limit USD 7,500,000 and interest will be charged only on a daily basis at 7% per annum below the bank Best's Lending Rate (BL1).*
- *Documents Against Payment, with limit USD 3,000,000 and interest will be charged only on a daily basis at 7% per annum below the bank Best's Lending Rate (BL1).*

*d) Revolving Loan. Credit maximum USD 1,000,000 and interest will be charged only on a daily basis at 7% per annum below the bank Best's Lending Rate (BL1).*

*e) Bank Guarantee Facility. Credit maximum USD 250,000. Sub limit:*
- *Advance payment bonds, with limit USD 250,000*
- *Custom Bonds Issuance, with limit USD 250,000*
- *Performance bonds, with limit USD 250,000*
- *Retention bonds, with limit USD 250,000*
- *Bid bonds, with limit USD 250,000*

*(ii) Combined limit 4 with credit maximum USD 291,000*

*(iii) Combined limit 5 with credit maximum USD 3,062,500.*

*(iv) Treasury facility 2 (Interest Rate Swap) with credit maximum USD 2,500,000*

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, this agreement shall be valid for a period of 1 (one) year as of the date of this agreement and shall continue to be applicable until the HSBC cancel, cease or discharge in writing the Borrowers from its obligations under this agreement or otherwise any other agreement related hereto.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan pabrik di Semarang senilai USD 20.000.000 atas nama PT Bitratex Industries, Entitas Anak.
- Jaminan fidusia atas mesin-mesin senilai USD 88.709.000.
- Jaminan fidusia atas persediaan senilai USD 6.000.000.
- Jaminan fidusia atas piutang senilai USD 3.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 31.000.000.

Berdasarkan akta Notaris No. 89 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

Pada tahun 2019, PT Bank HSBC Indonesia merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *Gearing Ratio* maksimum 1,25x
- *Current Ratio* minimum 1x
- *Leverage Ratio* maksimum 1,5x
- *EBITDA Ratio* minimum 1,1x

Berdasarkan perjanjian kredit No. JAK/000193/U/170523 tanggal 27 Juli 2017, No. JAK/180036/U/171218 tanggal 18 Januari 2018 dan perubahan terakhir perjanjian kredit No. JAK/180561/U/180625 tanggal 26 September 2018, Entitas Anak, PT Primayudha Mandirijaya memperoleh fasilitas kredit sebagai berikut:

- Limit gabungan 1 dengan maksimum kredit sebesar USD 10.000.000.
  a. Fasilitas Kredit Berdokumen 1. Maksimum kredit sebesar USD 10.000.000. Tujuan dari fasilitas ini adalah untuk membeli bahan baku atau barang terkait dengan produksi.
  b. Fasilitas Kredit Berdokumen 2. Maksimum kredit sebesar USD 1.000.000. Tujuan dari fasilitas ini adalah untuk pembelian mesin atau suku cadang.
  c. Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda/Berjangka 1. Maksimum kredit sebesar USD 10.000.000. Tujuan dari fasilitas ini adalah untuk membeli bahan baku atau barang terkait dengan produksi.
  d. Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda/Berjangka 2. Maksimum kredit sebesar USD 1.000.000. Tujuan dari fasilitas ini adalah untuk pembelian mesin dan suku cadang dibawah syarat Fasilitas Kredit Berdokumen.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Collateral for the above facilities are:*
- *Land and factory building in Semarang amounting to USD 20,000,000 on behalf PT Bitratex Industries, the Subsidiary.*
- *Fiduciary of machineries amounting to USD 88,709,000.*
- *Fiduciary inventories amounting to USD 6,000,000.*
- *Fiduciary on receivables amounting to USD 3,000,000.*
- *Fiduciary of claim insurance amounting to USD 31,000,000.*

*Based on Notarial deed No. 89 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

*In 2019, PT Bank HSBC Indonesia released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*
- *Gearing Ratio maximum 1.25x*
- *Current Ratio minimum 1x*
- *Leverage Ratio maximum 1.5x*
- *EBITDA Ratio minimum 1.1x*

*Based on credit agreement No. JAK/000193/U/170523 dated 27 July 2017, No. JAK/180036/U/171218 dated 18 January 2018 and the latest credit agreement No. JAK/180561/U/180625 dated 26 September 2018, the Subsidiary, PT Primayudha Mandirijaya obtained the credit facilities:*

- *Combined limit 1 with credit maximum USD 10,000,000.*
  *a. Documentary Credit Facility 1. Credit maximum USD 10,000,000. The purpose of this facility is for purchase of raw material and goods related to the production.*
  *b. Documentary Credit Facility 2. Credit maximum USD 1,000,000. The purpose of this facility is for purchase of machineries and spareparts.*
  *c. Deferred Payment Credit Facility 1. Credit maximum USD 10,000,000. The purpose of this facility is for purchase of raw material and goods related to the production.*
  *d. Deferred Payment Credit Facility 2. Credit maximum USD 1,000,000. The purpose of this facility is for purchase of machineries and spareparts under Deferred Payment Credit Term.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian kredit No. JAK/000193/U/170523 tanggal 27 Juli 2017, No. JAK/180036/U/171218 tanggal 18 Januari 2018 dan perubahan terakhir perjanjian kredit No. JAK/180561/U/180625 tanggal 26 September 2018, Entitas Anak, PT Primayudha Mandirijaya memperoleh fasilitas kredit sebagai berikut: (Lanjutan)

- Limit gabungan 1 dengan maksimum kredit sebesar USD 10.000.000. (Lanjutan)
  e. Pinjaman Impor. Maksimum kredit sebesar USD 6.300.000 dengan bunga 7% (USD) and 3% (IDR) per tahun. Tujuan dari fasilitas ini adalah untuk pembayaran fasilitas kredit berdokumen. Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda/Kredit Berdokumen Berjangka yang Dibayar Atas Unjuk untuk pembelian bahan baku atau barang-barang terkait dengan produksi.
  f. Pinjaman Impor 1. Maksimum kredit sebesar USD 10.000.000 dengan bunga 7% (USD) dan 3% (IDR) per tahun. Tujuan dari fasilitas ini adalah membiayai pembelian bahan mentah dan pendukung berdasarkan akun terbuka.
  g. Pinjaman atas Ekspor. Maksimum kredit sebesar USD 3.000.000 dengan bunga 7% per tahun. Tujuan dari fasilitas ini adalah modal kerja untuk proses produksi.
  h. Dokumen terhadap Pembayaran. Maksimum kredit sebesar USD 1.000.000 dengan bunga 7% per tahun. Tujuan dari fasilitas ini adalah untuk membiayai dokumen wesel impor dengan ketentuan Dokumen terhadap Pembayaran.
  i. Kredit Berdokumen Berjangka yang dibayar atas Unjuk (UPAS). Maksimum kredit sebesar USD 10.000.000 dengan bunga 7% (USD) dan 3% (IDR) per tahun. Tujuan dari fasilitas kredit ini adalah untuk membeli bahan baku.
  j. Fasilitas Bank Garansi, dengan limit USD 1.500.000. Tujuan dari fasilitas ini adalah untuk memfasilitasi kebutuhan Debitur atas diterbitkannya bank garansi.
  k. Cerukan 1. Maksimum kredit sebesar USD 1.500.000 dengan bunga 7% per tahun.
  l. Cerukan 2. Maksimum kredit sebesar Rp 20.000.000.000 dengan bunga 3,75% per tahun.

  Jumlah penggunaan dalam Cerukan 1 dan Cerukan 2 tidak dapat melebihi USD 1.500.000.

  Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 6.368.840 (setara dengan Rp 92.227.176.095), nihil dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 4 Maret 2019.

- Pinjaman dengan cicilan tidak tetap dengan maksimum kredit sebesar USD 2.700.000.

- Limit gabungan 2 dengan maksimum kredit sebesar USD 1.509.200.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on credit agreement No. JAK/000193/U/170523 dated 27 July 2017, No. JAK/180036/U/171218 dated 18 January 2018 and the latest credit agreement No. JAK/180561/U/180625 dated 26 September 2018, the Subsidiary, PT Primayudha Mandirijaya obtained the credit facilities: (Continued)*

- *Combined limit 1 with credit maximum USD 10,000,000. (Continued)*
  *e. Clean Import Loan. Credit maximum USD 6,300,000 with interest rate 7% (USD) and 3% (IDR) per annum. The purpose of this facility is for payment of documentary credit facility. Deferred Payment Credit Facility/Usance Paid at Sight for purchasing of raw material or goods related to production.*
  *f. Clean Import Loan 1. Credit maximum USD 10,000,000 with interest rate 7% (USD) and 3% (IDR) per annum. The purpose of this facility is to finance procurement of raw material and supporting materials under open account basis.*
  *g. Export Against Loan. Credit maximum USD 3,000,000 with interest rate 7% per annum. The purpose of this facility is working capital for production process.*
  *h. Documents Against Payment. Credit maximum USD 1,000,000 with interest rate 7% per annum. The purpose of this facility is to finance import bill document under Documents against Payment Term.*
  *i. Usance Payable at Sight (UPAS). Credit maximum USD 10,000,000 with interest rate 7% (USD) and 3% (IDR) per annum. The purpose of this facility is for purchase of raw material.*
  *j. Bank Guarantee Facility, with limit USD 1,500,000. The purpose of this facility is to facilitate the Borrower's requirement in issuing bank guarantee.*
  *k. Overdraft 1. Credit maximum USD 1,500,000 with interest rate 7% per annum.*
  *l. Overdraft 2. Credit maximum Rp 20,000,000,000 with interest rate 3.75% per annum.*
  *Total utilization under Overdraft 1 and Overdraft 2 cannot exceed USD 1,500,000.*

  *As of 30 June 2019, 31 December 2018, 2017 and 2016, the loan balances amounted to nil, USD 6,368,840 (equivalent to Rp 92,227,176,095), nil and nil, respectively. The loan has been settled on 4 March 2019.*

- *Irregular installment loan with credit maximum USD 2,700,000.*

- *Combined limit 2 with credit maximum USD 1,509,200.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian kredit No. JAK/000193/U/170523 tanggal 27 Juli 2017, No. JAK/180036/U/171218 tanggal 18 Januari 2018 dan perubahan terakhir perjanjian kredit No. JAK/180561/U/180625 tanggal 26 September 2018, Entitas Anak, PT Primayudha Mandirijaya memperoleh fasilitas kredit sebagai berikut: (Lanjutan)

- Fasilitas *treasury* 1 dengan maksimum kredit sebesar USD 1.000.000. Tujuan dari fasilitas ini adalah untuk memfasilitasi transaksi lindung nilai terhadap eksposur nilai tukar murni melalui transaksi *Spot, Tom, Option* dan/atau *Forward*.

- Fasilitas *treasury* 2 (*interest rate swap*) dengan maksimum kredit sebesar USD 1.550.000. Tujuan dari fasilitas ini adalah memfasilitasi transaksi lindung nilai terhadap eksposur nilai tukar melalui transaksi *interest rate swap*.

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, perjanjian ini berlaku selama 1 (satu) tahun sejak tanggal perjanjian ini dan akan terus berlaku hingga HSBC secara tertulis membatalkan, menghentikan dan membebaskan Debitur dari kewajibannya berdasarkan perjanjian ini atau perjanjian lain yang terkait dengannya.

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan yang terletak di Boyolali, Jawa Tengah senilai USD 12.000.000.
- Jaminan fidusia atas persediaan senilai USD 4.000.000.
- Jaminan fidusia atas piutang senilai USD 2.000.000.
- Jaminan fidusia atas mesin-mesin senilai USD 52.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 60.000.000.

Berdasarkan akta Notaris No. 94 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

Pada tahun 2019, PT Bank HSBC Indonesia merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *Gearing Ratio* maksimum 1,25x
- *Current Ratio* minimum 1x
- *Leverage Ratio* maksimum 1,5x
- EBITDA dibagi (beban bunga + pinjaman jangka panjang yang jatuh tempo dalam 1 tahun) minimum 1,5x
- *Total assets/total liabilities* minimum 1,5%
- *Total assets/total external finance* minimum 2x

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on credit agreement No. JAK/000193/U/170523 dated 27 July 2017, No. JAK/180036/U/171218 dated 18 January 2018 and the latest credit agreement No. JAK/180561/U/180625 dated 26 September 2018, the Subsidiary, PT Primayudha Mandirijaya obtained the credit facilities: (Continued)*

- *Treasury facility 1 with credit maximum USD 1,000,000. The purpose of this facility is to facilitate for hedging foreign currency exposures through Spot, Tom, Option and/or Forward transactions.*

- *Treasury facility 2 (interest rate swap) with credit maximum USD 1,550,000. The purpose of this facility is to facilitate for hedging foreign currency exposures through interest rate swap transactions.*

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, this agreement shall be valid for a period of 1 (one) year as of the date of this agreement and shall continue to be applicable until the HSBC cancel, cease or discharge in writing the Borrowers from its obligations under this agreement or otherwise any other agreement related hereto.*

*Collateral for the above facilities are:*
- *Land and building located in Boyolali, Central Java amounting to USD 12,000,000.*
- *Fiduciary inventories amounting to USD 4,000,000.*
- *Fiduciary on receivables amounting to USD 2,000,000.*
- *Fiduciary of machineries amounting to USD 52,000,000.*
- *Fiduciary of claim insurance amounting to USD 60,000,000.*

*Based on Notarial deed No. 94 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

*In 2019, PT Bank HSBC Indonesia released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*
- *Gearing Ratio maximum 1.25x*
- *Current Ratio minimum 1x*
- *Leverage Ratio maximum 1.5x*
- *EBITDA divideds by (Interest + CPLTD) Ratio minimum 1.5x*
- *Total assets/total liabilities minimum 1.5%*
- *Total assets/total external finance minimum 2x*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian kredit tanggal 2 November 2017, Entitas Anak, Golden Mountain Textile and Trading Pte. Ltd. memperoleh *Trade Facility* berupa:

- *Trade Line 1 (Import Line 1/Documentary Credit Line 1)* maksimum kredit sebesar USD 5.000.000 dan maksimum tenor 180 hari
- *Trade Line 2 (Import Line 2/Documentary Credit Line 2)* maksimum kredit sebesar USD 15.000.000 dan maksimum tenor 180 hari

Setiap jumlah yang jatuh tempo atau berlebih akan dikenakan bunga, pada tingkat yang dibebankan oleh bank dari waktu ke waktu pada saat *overdraft* atau tarif lain yang dianggap sesuai oleh bank. Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 1.417.042, nihil dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 28 Juni 2019.

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, Perusahaan dan Entitas Anak, PT Sinar Pandja Djaja ("SPD"), PT Bitratex Industries ("BI") dan PT Primayudha Mandirijaya ("PM"), memperoleh fasilitas kredit yang terdiri dari:

(i) Fasilitas Kredit Berdokumen 1, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk mengakomodasi pembelian bahan mentah atau suku cadang dan tersedia untuk lokal dan impor. Jangka waktu wesel pada saat dokumen diunjukkan.

(ii) Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda 1, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk mengakomodasi pembelian bahan mentah atau suku cadang dan tersedia untuk lokal dan impor.

(iii) Kredit Berdokumen Berjangka yang Dibayar atas Unjuk (UPAS) 1, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk mengakomodasi pembelian bahan mentah atau suku cadang dan tersedia untuk lokal dan impor. Jangka waktu wesel maksimal 180 hari. Bunga akan dibebankan secara harian sebesar 8% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 3% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on credit agreement dated 2 November 2017, the Subsidiary, Golden Mountain Textile and Trading Pte. Ltd. obtained the Trade Facility of:*

- *Trade Line 1 (Import Line 1/Documentary Credit Line 1) credit maximum USD 5,000,000 and maximum tenor 180 days*
- *Trade Line 2 (Import Line 2/Documentary Credit Line 2) credit maximum USD 15,000,000 and maximum tenor 180 days*

*Any amount which is overdue or overdrawn will bear interest at such rate charged by the bank from time to time on unauthorized overdraft or any other rates deemed appropriated by the bank. As of 30 June 2019, 31 December 2018, 2017 and 2016, the loan balances amounted to nil, USD 1,417,042, nil and nil, respectively. The loan has been settled on 28 June 2019.*

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, the Company and Subsidiaries, PT Sinar Pantja Djaja ("SPD"), PT Bitratex Industries ("BI") and PT Primayudha Mandirijaya ("PM"), obtained credit facility consists of:*

*(i) Documentary Credit Facilities 1, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to accommodate purchase of raw material or spare part and available for domestic and import. Bill of exchange tenor is sight.*

*(ii) Deferred Payment Credit Facility 1, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to accommodate purchase of raw material or spare part and available for domestic and import.*

*(iii) Usance Payable at Sight (UPAS) 1, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to accommodate purchase of raw material or spare part and available for domestic and import. Bill of exchange tenor is maximum 180 days. Interest will be charged only on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, Perusahaan dan Entitas Anak, PT Sinar Pandja Djaja ("SPD"), PT Bitratex Industries ("BI") dan PT Primayudha Mandirijaya ("PM"), memperoleh fasilitas kredit yang terdiri dari: (Lanjutan)

(iv) Fasilitas Kredit Berdokumen 2, dengan limit USD 2.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk pembelian mesin dan tersedia untuk lokal dan impor.

(v) Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda 2, dengan limit USD 2.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk pembelian mesin dan tersedia untuk lokal dan impor.

(vi) Kredit Berdokumen Berjangka yang dibayar atas Unjuk (UPAS) 2, dengan limit USD 2.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk pembelian mesin dan tersedia untuk lokal dan impor. Jangka waktu wesel maksimal 180 hari. Bunga akan dibebankan secara harian sebesar 8% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 3% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

(vii) Pinjaman Impor, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk melunasi wesel impor Fasilitas Kredit Berdokumen 1/Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda 1 untuk pembelian bahan mentah atau barang uang terkait produksi. Jangka waktu pinjaman maksimal 180 hari dari tanggal jatuh tempo yang terkait. Bunga akan dibebankan secara harian sebesar 8% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 3% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, the Company and Subsidiaries, PT Sinar Pantja Djaja ("SPD"), PT Bitratex Industries ("BI") and PT Primayudha Mandirijaya ("PM"), obtained credit facility consists of: (Continued)*

*(iv) Documentary Credit Facility 2, with limit USD 2,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is for purchase of machineries and available for domestic and import.*

*(v) Deferred Payment Credit Facility 2, with limit USD 2,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is for purchase of machineries and available for domestic and import.*

*(vi) Usance Payable at Sight (UPAS) 2, with limit USD 2,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is for purchase of machineries and available for domestic and import. Bill of exchange tenor is maximum 180 days. Interest will be charged only on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

*(vii) Clean Import Loan, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to retire import bill under Documentary Credit Facility 1/ Deferred Payment Credit Facility 1 for purchasing of raw material or goods related to production. Loan tenor maximum is 180 days from the date of the relevant bill. Interest will be charged only on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, Perusahaan dan Entitas Anak, PT Sinar Pandja Djaja ("SPD"), PT Bitratex Industries ("BI") dan PT Primayudha Mandirijaya ("PM"), memperoleh fasilitas kredit yang terdiri dari: (Lanjutan)

(viii) Dokumen terhadap Pembayaran, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk membeli dokumen ekspor diluar Kredit Berdokumen. Jangka waktu wesel adalah yang dibayar pada saat diunjukan. Bunga akan dibebankan secara harian sebesar 7% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 3% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

(ix) Dokumen terhadap Akseptasi/Dokumen Teknis terhadap Akseptasi, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk membeli dokumen ekspor diluar Kredit Berdokumen. Jangka waktu wesel adalah 90 hari. Bunga akan dibebankan secara harian sebesar 7% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 3% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

(x) Pinjaman atas Ekspor, dengan limit USD 7.500.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk menyediakan pembiayaan modal kerja untuk biaya produksi terhadap kontrak penjualan atau pesanan pembelian dari para pembeli yang disetujui. Bunga akan dibebankan secara harian sebesar 7% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) .

(xi) Fasilitas Bank Garansi, dengan limit USD 1.500.000. Fasilitas ini hanya tersedia untuk BI dan PM. Tujuan dari fasilitas ini adalah untuk memfasilitasi kebutuhan bank garansi. Sub limit dalam fasilitas ini adalah: jaminan penawaran USD 250.000, jaminan bea cukai USD 1.500.000, jaminan pembayaran di depan USD 250.000, jaminan pelaksaaan USD 250.000, jaminan penahanan USD 250.000.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, the Company and Subsidiaries, PT Sinar Pantja Djaja ("SPD"), PT Bitratex Industries ("BI") and PT Primayudha Mandirijaya ("PM"), obtained credit facility consists of: (Continued)*

*(viii) Documents against Payment, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to purchase of non-Documentary Credit export document. Bill's tenor is sight. Interest will be charged only on a daily basis at 7% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

*(ix) Documents against Acceptance/Technical Documents against Acceptance, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to purchase of non-Documentary Credit export document. Bill's tenor up to 90 days. Interest will be charged only on a daily basis at 7% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

*(x) Loan Againts Export, with limit USD 7,500,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to provide working capital financing for production costs against sales contract or purchase order from approved buyers. Interest will be charged only on a daily basis at 7% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction).*

*(xi) Guarantee Facility, with limit USD 1,500,000. This facility is only available for the BI and PM. The purpose of this facility is facilitate bank guarantee requirement. The sub-limits under this facilities are: bid bonds USD 250,000, custom bonds USD 1,500,000, advance payment bonds USD 250,000, performance bonds USD 250,000, retention bonds USD 250,000.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, Perusahaan dan Entitas Anak, PT Sinar Pandja Djaja ("SPD"), PT Bitratex Industries ("BI") dan PT Primayudha Mandirijaya ("PM"), memperoleh fasilitas kredit yang terdiri dari: (Lanjutan)

(xii) Pinjaman Impor 1 untuk Pembiayaan Tagihan Pembelian yang Disetujui (BAIF)/Solusi Rantai Pasokan – Tagihan yang Disetujui (SCS-AI), dengan limit USD 5.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk melunasi jumlah terhutang fasilitas BAIF/SCS-AI. Jangka waktu pinjaman maksimal 180 hari dari tanggal tagihan. Bunga akan dibebankan secara harian sebesar 8% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 4% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

(xiii) Surat Kredit Berdokumen Siaga dengan limit EUR 2.500.000. Fasilitas ini hanya tersedia untuk Perusahaan. Tujuan dari fasilitas ini adalah untuk memfasilitasi penerbitan Surat Kredit Berdokumen Siaga kepada HSBC Jerman.

(xiv) Fasilitas Treasury 1 (*Interst Rate Swap*) dengan limit USD 6.000.000. Fasilitas ini hanya tersedia untuk Perusahaan. Tujuan dari fasilitas ini adalah untuk mengakomodasi persyaratan lindung nilai untuk pinjaman sindikasi yang diajukan dengan *notional* sampai dengan USD 100.000.000.

(xv) Fasilitas Treasury 2 (Limit Paparan terhadap Resiko (tertimbang)) dengan limit USD 500.000. Fasilitas ini hanya tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk transaksi lindung nilai terhadap eksposur nilai tukar melalui transaksi *spot, option, tom* dan *forward*. Jangka waktu maksimum 1 tahun.

Pada 30 Juni 2019, saldo utang atas pinjaman ini masing-masing sebesar USD 1.455.186 dan USD 5.084.109 (setara dengan Rp 71.894.389.859) untuk PT Bitratex Industries; dan USD 1.034.523 dan USD 3.727.039 (setara dengan Rp 52.704.055.612) untuk PT Primayudha Mandirijaya.

Jaminan atas pinjaman ini adalah *clean basis*.

Perjanjian ini berlaku selama 1 (satu) tahun sejak tanggal Perjanjian ini dan akan terus berlaku hingga Bank secara tertulis membatalkan, menghentikan atau membebaskan dari kewajibannya berdasarkan Perjanjian ini atau perjanjian lain yang berkaitan dengannya.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, the Company and Subsidiaries, PT Sinar Pantja Djaja ("SPD"), PT Bitratex Industries ("BI") and PT Primayudha Mandirijaya ("PM"), obtained credit facility consists of: (Continued)*

*(xii) Clean Import Loan 1 for Buyers Approved Invoice Financing (BAIF)/Supply Chain Solution – Approved Invoice (SCS-AI), with limit USD 5,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to retire the outstanding of BAIF/SCS-AI. Loan tenor maximum is 180 days from the date of invoice. Interest will be charged only on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 4% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

*(xiii) Standby Letter of Credit, with limit EUR 2,500,000. This facility is only available for the Company. The purpose of this facility is facilitate Standby Letter of Credit issuance to HSBC Germany.*

*(xiv) Treasury Facility 1 (Interest Rate Swap) with limit USD 6,000,000. This facility is only available for the Company. The purpose of this facility is to accommodate hedging requirement for the proposed syndicated loan with notional amount up to USD 100,000,000.*

*(xv) Treasury Facility 2 (Exposure Risk Limit (weighed)) with limit USD 500,000. This facility is only available for the Company, SPD, BI and PM. The purpose of this facility is to hedging foreign currency exposures through spot, option, tom and forward. Maximum tenor: 1 year.*

*As of 30 June 2019, the loan balances amounted to USD 1,455,186 and USD 5,084,109 (equivalent to Rp 71,894,389,859) for PT Bitratex Industries; and USD 1,034,523 and USD 3,727,039 (equivalent to Rp 52,704,055,612) for PT Primayudha Mandirijaya, respectively.*

*Collateral for this loan is clean basis.*

*This Agreement, shall be valid for a period of 1 (one) year as of the date of this Agreement and shall continue to be applicable until the Bank cancel, cease or discharge in writing from its obligations under this Agreement or otherwise any other agreement related hereto.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank Central Asia Tbk (BCA)**

Berdasarkan akta Notaris No. 12 tanggal 6 September 2002, Notaris Ida Sofia, S.H., akta Notaris No. 1 tanggal 2 Oktober 2006, Notaris Bonaventura Idi Pangestu Suhendro, S.H. dan perubahan terakhir akta Notaris No. 32 tanggal 11 Oktober 2018, Notaris Feliz Johansyah, S.H., Entitas Anak, PT Bitratex Industries memperoleh fasilitas kredit sebagai berikut:

a Fasilitas Multi dengan jumlah pokok maksimal USD 8.000.000. Fasilitas ini meliputi fasilitas:
- *Letter of Credit (L/C) berupa Sight/ Usance/UPAS*; fasilitas Surat Kredit Berdokumen Dalam Negri (SKBDN) dan fasilitas *Trust Receipt* (TR) dengan jumlah pokok maksimal USD 8.000.000.
- *Sight/Usance/UPAS LC* tanpa BL khusus transaksi di PLB dengan jumlah pokok maksimal USD 3.000.000.
- *Sight/Usance LC* untuk impor mesin pendukung dan spareparts dengan jumlah pokok maksimal ekuivalen USD 2.000.000 dalam mata uang lain yang tersedia di bank.
  Fasilitas *Trust Receipt* (TR) dan UPAS SKBDN dalam mata uang IDR dengan suku bunga 10,75% per tahun.
  Fasilitas *Trust Receipt* (TR) dengan suku bunga LIBOR 1 bulan + 3% per tahun dan UPAS LIBOR 1 bulan + 2,5% per tahun dalam mata uang USD.
- Fasilitas Negosiasi/Diskonto dengan Kondisi Khusus dengan jumlah pokok maksimal USD 7.000.000. Tingkat suku bunga LIBOR 1 bulan + 2,25% per tahun untuk USD dan 9,25% per tahun untuk Rupiah.
- Fasilitas *Time Loan Revolving* dengan jumlah pokok maksimal USD 4.000.000. Tingkat suku bunga 5,5% per tahun.

Saldo utang atas pinjaman ini masing-masing sebesar USD 523.668 dan USD 4.574.663 (setara dengan Rp 64.690.318.755) pada 30 Juni 2019; USD 1.628.235 dan USD 2.048.430 (setara dengan Rp 29.663.318.265) pada 31 Desember 2018; nihil pada 31 Desember 2017; nihil pada 31 Desember 2016.

b Fasilitas Kredit Investasi dengan jumlah pokok maksimal sebesar USD 5.000.000 dengan tingkat suku bunga 5,5% per tahun.

c Fasilitas Kredit Lokal 1 dengan jumlah pokok USD 500.000 dengan bunga 5,5% per tahun.

d Fasilitas Kredit Lokal 2 dengan jumlah pokok IDR 10.000.000.000 dengan bunga 10,75% per tahun.

e Fasilitas *Forex Forward Line (Tod/Tom/Spot, Forward dan Swap)* dengan jumlah pokok USD 2.000.000.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank Central Asia Tbk (BCA)***

*Based on Notarial deed No. 12 dated 6 September 2002, Notary of Ida Sofia, S.H., Notarial deed No. 1 dated 2 October 2006 Notary of Bonaventura Idi Pangestu Suhendro, S.H., and the latest Notarial deed No. 32 dated 11 October 2018, Notary of Feliz Johansyah, S.H., the Subsidiary, PT Bitratex Industries obtained credit facilities as follows:*

*a. Multi facilities with total principal maximum USD 8,000,000. Facilities include:*
- *Letter of Credit (L/C) facilities (such as Sight/ Usance/UPAS); "Surat Kredit Berdokumen Dalam Negri (SKBDN)" facilities and Trust Receipt (TR) facilities with total principal maximum USD 8,000,000.*
- *Sight/Usance/UPAS LC without BL especially transaction in PLB with total principal maximum USD 3,000,000.*
- *Sight/Usance LC for import machines and spareparts with total principal maximum equivalent USD 2,000,000 with other currency available by bank.*
  *Trust Receipt facilities (TR) and UPAS SKBDN in IDR with interest rate 10.75% per annum.*
  *Trust Receipt (TR) facility with interest rate LIBOR 1 month + 3% per annum and UPAS LIBOR 1 month + 2.5% per annum in USD.*
- *Negotiation/Discounting with Special Conditions ("Negosiasi/Diskonto dengan Kondisi Khusus") facilities with principal maximum USD 7,000,000. Interest rate LIBOR 1 month + 2.25% per annum for USD and 9.25% per annum for Rupiah.*
- *Time Loan Revolving facilities with principal maximum USD 4,000,000. Interest rate 5.5% per annum.*

*The loan balances amounted to USD 523,668 and USD 4,574,663 (equivalent to Rp 64,690,318,755) as of 30 June 2019; USD 1,628,235 and USD 2,048,430 (equivalent to Rp 29,663,318,265) as of 31 December 2018l; nil as of 31 December 2017; nil as of 31 December 2016, respectively.*

*b. Investment Credit Facilities with total principal maximum of USD 5,000,000 and interest rate 5.5% per annum.*

*c. Local Credit 1 facilities with principal USD 500,000 with interest rate 5.5% per annum.*

*d. Local credit 2 facilities with principal IDR 10,000,000,000 with interest rate 10.75% per annum.*

*e. Forex Forward Line facilities (Tod/Tom/Spot, Forward and Swap) with principal USD 2,000,000.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank Central Asia Tbk (BCA)** (Lanjutan)

Pinjaman ini jatuh tempo pada tanggal 14 September 2019, kecuali fasilitas kredit investasi. Jangka waktu fasilitas kredit investasi 72 bulan (atau jatuh tempo pada tanggal 17 Maret 2021).

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan pabrik di Semarang senilai USD 20.000.000 atas nama PT Bitratex Industries, Entitas Anak.
- Jaminan fidusia atas mesin-mesin senilai USD 88.709.000.
- Jaminan fidusia atas persediaan senilai USD 6.000.000.
- Jaminan fidusia atas piutang senilai USD 3.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 14.500.000 dan Rp 10.000.000.000.

Berdasarkan akta Notaris No. 89 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

Pada tahun 2019, PT Bank Central Asia Tbk merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *EBITDA*/(beban bunga + liabilitas jangka panjang yang jatuh tempo dalam satu tahun) minimum 1,25x
- *EBITDA*/Bunga minimum 2,75x
- *Total liabilities to Equity Ratio* maksimum 1,5x
- *Current Ratio* minimum *1x*

Berdasarkan perjanjian kredit no. 237/Add-KCK/2018 tanggal 31 Agustus 2018 dan perubahan terakhir akta Notaris No. 33 tanggal 11 Oktober 2018, Notaris Felix Johansyah, S.H., PT Primayudha Mandirijaya, Entitas Anak, memperoleh fasilitas kredit sebagai berikut:

a. Fasilitas Multi. Penggunaan dalam fasilitas ini tidak dapat melebihi USD 6.000.000. Fasilitas ini meliputi fasilitas:
   - *Sight L/C, Usance L/C, UPAS L/C, SKBDN Sight, SKBDN Usance, SKBDN UPAS dan fasilitas Trust Receipt (TR)*. Jumlah pokok maksimal ekuivalen USD 6.000.000.
   - Sub limit untuk *Sight L/C dan Usance L/C* fasilitas untuk impor mesin pendukung dan spareparts dengan jumlah pokok maksimal ekuivalen USD 1.000.000.
   - Fasilitas Negosiasi/Diskonto dengan Kondisi Khusus dan *Time Loan Revolving* dengan jumlah pokok maksimal ekuivalen USD 4.000.000.



*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank Central Asia Tbk (BCA)** (Continued)*

*The loan is due on 14 September 2019, except credit investment facility. The time period of credit investment facility is 72 months (or due on 17 March 2021).*

*Collateral for the above facilities are:*
- *Land and factory building in Semarang amounting to USD 20,000,000 on behalf PT Bitratex Industries, the Subsidiary.*
- *Fiduciary of machineries amounting to USD 88,709,000.*
- *Fiduciary inventories amounting to USD 6,000,000.*
- *Fiduciary on receivables amounting to USD 3,000,000.*
- *Fiduciary of claim insurance amounting to USD 14,500,000 and Rp 10,000,000,000.*

*Based on Notarial deed No. 89 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

*In 2019, PT Bank Central Asia Tbk released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*
- *EBITDA/(interest exp + current maturities of long-term debts) minimum 1.25x*
- *EBITDA/Interest minimum 2.75x*
- *Total liabilities to Equity Ratio maximum 1.5x*
- *Current Ratio minimum 1x*

*Based on agreement No. 237/Add-KCK/2018 dated 31 August 2018 and the latest Notarial deed No. 33 dated 11 October 2018, Notary of Felix Johansyah, S.H., the Subsidiary, PT Primayudha Mandirijaya obtained the following credit facilities:*

*a. Multi Facility. Total utilizations under this facility cannot exceed USD 6,000,000. Facilities include:*
   - *Sight L/C, Usance L/C, UPAS L/C, SKBDN Sight, SKBDN Usance, SKBDN UPAS and Trust Receipt facilities (TR). Total principal maximum equivalent USD 6,000,000.*
   - *Sub limit for Sight L/C and Usance L/C facilities for import machines and spareparts with total principal maximum equivalent USD 1,000,000.*
   - *Negotiation/Discounting with Special Conditions ("Negosiasi/Diskonto dengan Kondisi Khusus") and Time Loan Revolving facilities with principal maximum equivalent USD 4,000,000.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank Central Asia Tbk (BCA)** (Lanjutan)

Berdasarkan perjanjian kredit no. 237/Add-KCK/2018 tanggal 31 Agustus 2018 dan perubahan terakhir akta Notaris No. 33 tanggal 11 Oktober 2018, Notaris Felix Johansyah, S.H., PT Primayudha Mandirijaya, Entitas Anak, memperoleh fasilitas kredit sebagai berikut: (Lanjutan)

a. Fasilitas Multi. Penggunaan dalam fasilitas ini tidak dapat melebihi USD 6.000.000. Fasilitas ini meliputi fasilitas: (Lanjutan)

   Tingkat suku bunga sebagai berikut:
   - *UPAS* – LIBOR + 2,5% p.a dalam USD
   - *SKBDN UPAS* - 10,75% p.a dalam IDR
   - *Trust Receipt* – 10,75% p.a dalam IDR
   - *Trust Receipt* – LIBOR + 3% p.a dalam USD
   - *Negotiation/Discounting – clean (USD)* sebesar LIBOR + 2,25% p.a
   - *Negotiation/Discounting – clean (IDR)* BCA sebesar 9,25% p.a
   - *Time Loan* (USD) – 5,5% p.a
   - *Time Loan* (IDR) – 10,75% p.a

   Saldo utang atas pinjaman ini masing-masing sebesar USD 4.896.856 pada 30 Juni 2019; USD 477.170 dan USD 1.885.059 (setara dengan Rp 27.297.545.857) pada 31 Desember 2018; nihil pada 31 Desember 2017; nihil pada 31 Desember 2016.

b. Fasilitas Kredit Investasi 2 dengan jumlah pokok maksimal sebesar USD 5.000.000 dengan sublimit fasilitas *Sight L/C* dan *Usance L/C* dengan tingkat suku bunga 5,5% per tahun.

c. Fasilitas Kredit Investasi 3 dengan jumlah pokok maksimal sebesar USD 2.500.000 dengan sublimit fasilitas *Sight L/C* dan *Usance L/C* dengan tingkat suku bunga 5,5% per tahun.

d. Fasilitas Kredit Lokal 1 dengan jumlah pokok USD 500.000 dengan bunga 5,5% per tahun.

e. Fasilitas Kredit Lokal 2 dengan jumlah pokok Rp 11.750.000.000 dengan bunga 10,75% per tahun.

f. Fasilitas *Forex Forward Line (Tod/Tom/Spot, Forward* dan *Swap*) dengan jumlah pokok USD 2.000.000.

Pinjaman ini jatuh tempo pada tanggal 14 September 2019, kecuali fasilitas kredit investasi. Fasilitas kredit investasi jatuh tempo pada tanggal 5 Maret 2021.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank Central Asia Tbk (BCA)** (Continued)*

*Based on agreement No. 237/Add-KCK/2018 dated 31 August 2018 and the latest Notarial deed No. 33 dated 11 October 2018, Notary of Felix Johansyah, S.H., the Subsidiary, PT Primayudha Mandirijaya obtained the following credit facilities: (Continued)*

*a. Multi Facility. Total utilizations under this facility cannot exceed USD 6,000,000. Facilities include: (Continued)*

   *Interest rate:*
   - *UPAS – LIBOR + 2.5% p.a in USD*
   - *SKBDN UPAS - 10.75% p.a in IDR*
   - *Trust Receipt – 10.75% p.a in IDR*
   - *Trust Receipt – LIBOR + 3% p.a in USD*
   - *Negotiation/Discounting – clean (USD) is LIBOR + 2.25% p.a*
   - *Negotiation/Discounting – clean (IDR) BCA is 9.25% p.a*
   - *Time Loan (USD) – 5.5% p.a*
   - *Time Loan (IDR) – 10.75% p.a*

   *The loan balances amounted to USD 4,896,856 as of 30 June 2019; USD 477,170 and USD 1,885,059 (equivalent to Rp 27,297,545,857) as of 31 December 2018; nil as of 31 December 2017; nil as of 31 December 2016, respectively.*

*b. Investment Credit Facilities 2 with total principal maximum of USD 5,000,000 with sublimit facility Sight L/C and Usance L/C with interest rate 5.5% per annum.*

*c. Investment Credit Facilities 3 with total principal maximum of USD 2,500,000 with sublimit facility Sight L/C and Usance L/C with interest rate 5.5% per annum.*

*d. Local Credit 1 facilities with principal USD 500,000 with interest rate 5.5% per annum.*

*e. Local Credit 2 facilities with principal Rp 11,750,000,000 with interest rate 10.75% per annum.*

*f. Forex Forward Line facilities (Tod/Tom/Spot, Forward and Swap) with principal USD 2,000,000.*

*The loan is due on 14 September 2019, except credit investment facility. Credit investment facility is due on 5 March 2021.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank Central Asia Tbk (BCA)** (Lanjutan)

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan yang terletak di Boyolali, Jawa Tengah senilai USD 12.000.000.
- Jaminan fidusia atas mesin-mesin senilai USD 52.000.000.
- Jaminan fidusia atas piutang senilai USD 2.000.000.
- Jaminan fidusia atas persediaan senilai USD 4.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 60.000.000.

Berdasarkan akta Notaris No. 94 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

Pada tahun 2019, PT Bank Central Asia Tbk merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *EBITDA*/Bunga minimum 2x
- *Current Ratio* minimum *1x*
- *Debt to Equity Ratio* maksimum 2,5x
- *EBITDA*/(beban bunga + liabilitas jangka panjang yang jatuh tempo dalam satu tahun) minimum 1,25x

**PT Bank DBS Indonesia**

Berdasarkan akta Notaris No. 161 tanggal 24 Juni 2016, Notaris Ina Megahwati, S.H., dan perubahan terakhir akta Notaris No. 358 tanggal 29 Agustus 2017, Notaris Herry Hartanto Seputro, S.H., Perusahaan dan PT Sinar Pantja Djaja, Entitas Anak, memperoleh fasilitas kredit sebagai berikut:

a. Sub-fasilitas L/C Impor
Fasilitas pembiayaan impor berupa *uncommitted import letter of credit* berupa transaksi-transaksi *Sight L/C, Usance L/C, uncommitted usance letter of credit payment at sight facility* (UPAS) dan *uncommitted usance letter of credit payable at usance facility* (UPAU) dengan maksimum limit USD 40.000.000. Untuk penggunaan dalam mata uang USD, bunga sebesar LIBOR + 1% per tahun dan mata uang IDR, bunga sebesar COF *(Cost of Fund)* dari bank + 1% per tahun.

b. Sub-fasilitas APF
*Uncommitted account payables financing facility* dengan sub-jumlah maksimum USD 40.000.000. Bunga sebesar FTP *(Fund Transfer Pricing)* dari bank + 1% per tahun.

c. Sub-fasilitas SKBDN
Fasilitas jaminan perbankan berupa penerbitan Surat Berdokumen Dalam Negeri ("SKBDN") berupa *Sight SKBDN, Usance SKBDN, UPAS SKBDN, UPAU SKBDN* dengan sub-jumlah maksimum USD 40.000.000.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank Central Asia Tbk (BCA)*** *(Continued)*

*Collateral for the above facilities are:*
- *Land and building located in Boyolali, Central Java amounting to USD 12,000,000.*
- *Fiduciary of machineries amounting to USD 52,000,000.*
- *Fiduciary on receivables amounting to USD 2,000,000.*
- *Fiduciary inventories amounting to USD 4,000,000.*
- *Fiduciary of claim insurance amounting to USD 60,000,000.*

*Based on Notarial deed No. 94 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

*In 2019, PT Bank Central Asia Tbk released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*
- *EBITDA/Interest minimum 2x*
- *Current Ratio minimum 1x*
- *Debt to Equity Ratio maximum 2.5x*
- *EBITDA/(interest exp + current maturities of long-term debts) minimum 1.25x*

***PT Bank DBS Indonesia***

*Based on Notarial deed No. 161 dated 24 June 2016, Notary of Ina Megahwati, S.H., and the latest Notarial deed No. 358 dated 29 August 2017, Notary of Herry Hartanto Seputro, S.H., the Company and Subsidiary, PT Sinar Pantja Djaja obtained credit facilities as follows:*

*a. Sub-facility L/C Import*
*Import financing facility, uncommitted import letter of credit be in the form of Sight L/C, Usance L/C, uncommitted usance letter of credit payment at sight facility (UPAS) and uncommitted usance letter of credit payable at usance facility (UPAU) with maximum limit USD 40,000,000. For USD currency, interest rate LIBOR + 1% per annum and for IDR currency, interest rate COF (Cost of Fund) from the bank + 1% per annum.*

*b. Sub-facility APF*
*Uncommitted account payables financing facility with sub-total maximum USD 40,000,000. Interest rate FTP (Fund Transfer Pricing) from the bank + 1% per annum.*

*c. Sub-facility SKBDN*
*Bank guarantee facility in the form of letter "Surat Berdokumen Dalam Negeri" ("SKBDN"): Sight SKBDN, Usance SKBDN, UPAS SKBDN, UPAU SKBDN with sub-total maximum USD 40,000,000.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank DBS Indonesia** (Lanjutan)

Berdasarkan akta Notaris No. 161 tanggal 24 Juni 2016, Notaris Ina Megahwati, S.H., dan perubahan terakhir akta Notaris No. 358 tanggal 29 Agustus 2017, Notaris Herry Hartanto Seputro, S.H., Perusahaan dan PT Sinar Pantja Djaja, Entitas Anak, memperoleh fasilitas kredit sebagai berikut: (Lanjutan)

d. Sub-fasilitas TR
Fasilitas pembiayaan impor berupa *uncommitted trust receipt* dengan sub-jumlah maksimum USD 40.000.000. Bunga sebesar FTP *(Fund Transfer Pricing)* dari bank + 1% per tahun.

e. Sub-fasilitas EBLC-D
Fasilitas pembiayaan ekspor berupa *uncommitted export bill letter of credit with discrepancies* dengan sub-jumlah maksimum USD 40.000.000. Bunga sebesar FTP *(Fund Transfer Pricing)* dari bank + 1% per tahun.

Berdasarkan perjanjian No. 150/PFPA-DBSI/VIII/1-2/2018 tanggal 23 Agustus 2018, pinjaman akan jatuh tempo pada 24 Juni 2019.

Jaminan atas fasilitas-fasilitas di atas:
- Jaminan fidusia berupa piutang milik PT Sri Rejeki Isman Tbk senilai USD 15.000.000 sebagaimana tercantum dalam Sertifikat Jaminan Fidusia No. W13.00442353. AH.05.01 tahun 2016 tanggal 22 Juli 2016.
- Jaminan fidusia berupa piutang milik PT Sinar Pantja Djaja senilai USD 5.000.000.
- Jaminan fidusia berupa persediaan milik PT Sri Rejeki Isman Tbk senilai USD 15.000.000 sebagaimana tercantum dalam Sertifikat Jaminan Fidusia No. W13.00442347.AH.05.01 tahun 2016 tanggal 22 Juli 2016.
- Jaminan fidusia berupa persediaan milik PT Sinar Pantja Djaja senilai USD 5.000.000.

Pada tahun 2019, PT Bank DBS Indonesia merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *Interest Service Coverage Ratio* sekurang-kurangnya 2,25x pada setiap semester. Ketentuan ini hanya berlaku untuk PT Sri Rejeki Isman Tbk.
- Current Ratio sekurang-kurangnya 1x pada setiap semester. Ketentuan ini hanya berlaku untuk PT Sri Rejeki Isman Tbk.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas fasilitas ini masing-masing sebesar nihil, nihil, USD 450.381 (setara dengan Rp 6.101.763.548) dan nihil. Pinjaman ini dilunasi pada tanggal 19 November 2018.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank DBS Indonesia** (Continued)*

*Based on Notarial deed No. 161 dated 24 June 2016, Notary of Ina Megahwati, S.H., and the latest Notarial deed No. 358 dated 29 August 2017, Notary of Herry Hartanto Seputro, S.H., the Company and Subsidiary, PT Sinar Pantja Djaja obtained credit facilities as follows: (Continued)*

*d. Sub-facility TR*
*Import financing facility in the form of uncommitted trust receipt with sub-total maximum USD 40,000,000. Interest rate FTP (Fund Transfer Pricing) from the bank + 1% per annum.*

*e. Sub-facility EBLC-D*
*Export financing facility in the form of uncommitted export bill letter of credit with discrepancies with sub-total maximum USD 40,000,000. Interest rate FTP (Fund Transfer Pricing) from the bank + 1% per annum.*

*Based on agreement No. 150/PFPA-DBSI/VIII/1-2/2018 dated 23 August 2018, the loan will reach maturity on 24 June 2019.*

*Collateral for the above facilities are:*
- *Fiduciary guarantee of receivables owned PT Sri Rejeki Isman Tbk amounted USD 15,000,000 as stated in Fiduciary Guarantee Certificate No. W13.00442353. AH.05.01 year 2016 dated 22 July 2016.*
- *Fiduciary guarantee of receivables owned by PT Sinar Pantja Djaja amounted USD 5,000,000.*
- *Fiduciary guarantee of inventories owned PT Sri Rejeki Isman Tbk amounted USD 15,000,000 as stated in Fiduciary Guarantee Certificate No. W13.00442347.AH.05.01 year 2016 dated 22 July 2016.*
- *Fiduciary guarantee of inventories owned by PT Sinar Pantja Djaja amounted USD 5,000,000.*

*In 2019, PT Bank DBS Indonesia released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratio:*
- *Interest Service Coverage Ratio minimum 2.25x per semester. This ratio only applies to PT Sri Rejeki Isman Tbk.*
- *Current Ratio minimum 1x per semester. This ratio only applies to PT Sri Rejeki Isman Tbk.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, nil, USD 450,381 (equivalent to Rp 6,101,763,548) and nil, respectively. The loan has been settled on 19 November 2018.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank DBS Indonesia** (Lanjutan)

Berdasarkan perjanjian kredit No. 10 tanggal 16 Desember 2014 dan No. 029/PFPA-DBSI/XI/1-2/East/2017 tanggal 28 November 2017 dan perubahan terakhir perjanjian kredit No. 113/PFPA-DBSI/IV/1-2/2019 tanggal 24 April 2019, PT Bitratex Industries, Entitas Anak, memperoleh fasilitas kredit:

a. *Uncommitted overdraft facility* dengan jumlah pokok maksimal sebesar Rp 2.000.000.000.

b. *Uncommitted omnibus facility* dengan jumlah pokok maksimal sebesar USD 10.000.000. Fasilitas ini terdiri dari:

- Sub-fasilitas L/C Impor
  Fasilitas pembiayaan impor berupa *uncommitted import letter of credit* berupa transaksi-transaksi *Sight L/C, Usance L/C, uncommitted usance letter of credit payment at sight facility* (UPAS) dan *uncommitted usance letter of credit payable at usance facility* (UPAU) dengan maksimum limit USD 10.000.000. Untuk penggunaan dalam mata uang USD, bunga sebesar LIBOR + 1% per tahun dan mata uang IDR, bunga sebesar COF *(Cost of Fund)* dari bank + 1% per tahun.

- Sub-fasilitas SKBDN
  Fasilitas jaminan perbankan berupa penerbitan Surat Berdokumen Dalam Negeri ("SKBDN") berupa *Sight SKBDN, Usance SKBDN, UPAS SKBDN, UPAU SKBDN* dengan sub-jumlah maksimum USD 10.000.000.

- Sub-fasilitas TR
  Fasilitas pembiayaan impor berupa *uncommitted trust receipt* dengan sub-jumlah maksimum USD 10.000.000. Bunga sebesar FTP *(Fund Transfer Pricing)* dari bank + 1% per tahun.

- Sub-fasilitas EBLC-D
  Fasilitas pembiayaan ekspor berupa *uncommitted export bill letter of credit with discrepancies* dengan sub-jumlah maksimum USD 10.000.000. Bunga sebesar FTP *(Fund Transfer Pricing)* dari bank + 1% per tahun.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas fasilitas ini masing-masing sebesar USD 32.429, USD 6.830.220, nihil dan nihil.

Pinjaman akan jatuh tempo pada 23 April 2020.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank DBS Indonesia** (Continued)*

*Based on credit agreement No. 10 dated 16 December 2014 and No. 029/PFPA-DBSI/XI/1-2/East/2017 dated 28 November 2017 and the latest credit agreement No. 113/PFPA-DBSI/IV/1-2/2019 dated 24 April 2019, the Subsidiary, PT Bitratex Industries, obtained credit facility:*

*a. Uncommitted overdraft facility with total principal maximum of Rp 2,000,000,000.*

*b. Uncommitted omnibus facility with total principal maximum of USD 10,000,000. This facilities consists of:*

- *Sub-facility L/C Import*
  *Import financing facility, uncommitted import letter of credit be in the form of Sight L/C, Usance L/C, uncommitted usance letter of credit payment at sight facility (UPAS) and uncommitted usance letter of credit payable at usance facility (UPAU) with maximum limit USD 10,000,000. For USD currency, interest rate LIBOR + 1% per annum and for IDR currency, interest rate COF (Cost of Fund) from the bank + 1% per annum.*

- *Sub-facility SKBDN*
  *Bank guarantee facility in the form of letter "Surat Berdokumen Dalam Negeri" ("SKBDN"): Sight SKBDN, Usance SKBDN, UPAS SKBDN, UPAU SKBDN with sub-total maximum USD 10,000,000.*

- *Sub-facility TR*
  *Import financing facility in the form of uncommitted trust receipt with sub-total maximum USD 10,000,000. Interest rate FTP (Fund Transfer Pricing) from the bank + 1% per annum.*

- *Sub-facility EBLC-D*
  *Export financing facility in the form of uncommitted export bill letter of credit with discrepancies with sub-total maximum USD 10,000,000. Interest rate FTP (Fund Transfer Pricing) from the bank + 1% per annum.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to USD 32,429, USD 6,830,220, nil and nil, respectively.*

*The loan will be mature on 23 April 2020.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank DBS Indonesia** (Lanjutan)

Jaminan atas fasilitas-fasilitas di atas:
- Hak Tanggungan Peringkat Pertama atas 12 bidang tanah termasuk bangunan diatasnya yang terletak di Jalan Brigdjen S. Sudiarto Km 11, Kel. Plamongsari, Kec. Pedurungan, Semarang, Jawa Tengah atas nama PT Bitratex Industries senilai USD 20.000.000.
- Jaminan fidusia atas mesin-mesin senilai USD 88.709.000.
- Jaminan fidusia atas persediaan senilai USD 6.000.000.
- Jaminan fidusia atas piutang senilai USD 3.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 67.550.000 dan Rp 12.000.000.000.

Berdasarkan akta Notaris No. 89 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

Pada tahun 2019, PT Bank DBS Indonesia merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *Interest Service Coverage Ratio* minimum 2,5x
- *Net Debt/Total Net Worth* maksimum 1,5x untuk tahun 2018, 1,35x untuk tahun 2019, 1,2x untuk tahun 2020 dan 1,05x untuk tahun 2021
- *Net Debt/EBITDA* maksimum 3,5x untuk tahun 2018, 3x untuk tahun 2019, 2,75x untuk tahun 2020 dan 2,25x untuk tahun 2021

Berdasarkan perjanjian kredit No. 030/PFPA-DBSI/XI/1-2/East/2017 tanggal 28 November 2017 dan No. 026/PFPA-DBSI/XII/1-2/East/2018 tanggal 11 Desember 2018 dan perubahan terakhir perjanjian kredit No. 113/PFPA-DBSI/IV/1-2/2019 tanggal 24 April 2019, PT Primayudha Mandirijaya, Entitas Anak, memperoleh *Uncommitted Omnibus Facility* dengan maksimum kredit sebesar USD 10.000.000.

a. Sub-fasilitas L/C Impor
Fasilitas pembiayaan impor berupa *uncommitted import letter of credit* berupa transaksi-transaksi *Sight L/C, Usance L/C, uncommitted usance letter of credit payment at sight facility* (UPAS) dan *uncommitted usance letter of credit payable at usance facility* (UPAU) dengan maksimum limit USD 10.000.000. Bunga sebesar LIBOR + 1% per tahun.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank DBS Indonesia*** *(Continued)*

*Collateral for the above facilities are:*
- *First Rating Rights for 12 land include the buildings located at Jalan Brigdjen S. Sudiarto Km 11, Kel. Plamongsari, Kec. Pedurungan, Semarang, Central Java on behalf PT Bitratex Industries amounting to USD 20,000,000.*
- *Fiduciary of machineries amounting to USD 88,709,000.*
- *Fiduciary inventories amounting to USD 6,000,000.*
- *Fiduciary on receivables amounting to USD 3,000,000.*
- *Fiduciary of claim insurance amounting to USD 67,550,000 and Rp 12,000,000,000.*

*Based on Notarial deed No. 89 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

*In 2019, PT Bank DBS Indonesia released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratio:*
- *Interest Service Coverage Ratio minimum 2.5x*
- *Net Debt/Total Net Worth maximum 1.5x for 2018, 1.35x for 2019, 1.2x for 2020 and 1.05x for 2021*
- *Net Debt/EBITDA maximum 3.5x for 2018, 3x for 2019, 2.75x for 2020 and 2.25x for 2021*

*Based on credit agreement No. 030/PFPA-DBSI/XI/1-2/East/2017 dated 28 November 2017 and No. 026/PFPA-DBSI/XII/1-2/East/2018 dated 11 December 2018 and the latest credit agreement* No. 113/PFPA-DBSI/IV/1-2/2019 dated 24 April 2019 *the Subsidiary, PT Primayudha Mandirijaya, obtained Uncommitted Omnibus Facility with credit maximum USD 10,000,000.*

*a. Sub-facility L/C Import*
*Import financing facility: uncommitted import letter of credit be in the form of Sight L/C, Usance L/C, uncommitted usance letter of credit payment at sight facility (UPAS) and uncommitted usance letter of credit payable at usance facility (UPAU) with maximum limit USD 10,000,000. Interest rate LIBOR + 1% per annum.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank DBS Indonesia** (Lanjutan)

Berdasarkan perjanjian kredit No. 030/PFPA-DBSI/XI/1-2/East/2017 tanggal 28 November 2017 dan No. 026/PFPA-DBSI/XII/1-2/East/2018 tanggal 11 Desember 2018 dan perubahan terakhir perjanjian kredit No. 113/PFPA-DBSI/IV/1-2/2019 tanggal 24 April 2019, PT Primayudha Mandirijaya, Entitas Anak, memperoleh *Uncommitted Omnibus Facility* dengan maksimum kredit sebesar USD 10.000.000. (Lanjutan)

b. Sub-fasilitas SKBDN
Fasilitas jaminan perbankan berupa penerbitan Surat Kredit Berdokumen Dalam Negeri ("SKBDN") berupa *Sight SKBDN, Usance SKBDN, UPAS SKBDN, UPAU* SKBDN dengan sub-jumlah maksimum USD 10.000.000. Bunga sebesar LIBOR + 1% per tahun dalam mata uang USD dan bunga sebesar *Fund Transfer Pricing* (FTP) dari bank + 1% per tahun dalam mata uang IDR.

c. Sub-fasilitas TR
Fasilitas pembiayaan impor berupa *uncommitted trust receipt* dengan sub-jumlah maksimum USD 10.000.000. Bunga sebesar FTP *(Fund Transfer Pricing)* dari bank + 1% per tahun.

d. Sub-fasilitas EBLC-D
Fasilitas pembiayaan ekspor berupa *uncommitted export bill letter of credit with discrepancies* dengan sub-jumlah maksimum USD 10.000.000. Bunga sebesar FTP *(Fund Transfer Pricing)* dari bank + 1% per tahun.

Saldo utang atas pinjaman ini masing-masing sebesar USD 995.710 (setara dengan Rp 14.080.335.110) pada 30 Juni 2019; USD 857.183 dan USD 956.435 (setara dengan Rp 13.850.136.904) pada 31 Desember 2018; nihil pada 31 Desember 2017; nihil pada 31 Desember 2016.

Pinjaman akan jatuh tempo pada 23 April 2020.

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan yang terletak di Boyolali, Jawa Tengah senilai USD 12.000.000.
- Jaminan fidusia atas mesin-mesin senilai USD 52.000.000.
- Jaminan fidusia atas piutang senilai USD 2.000.000.
- Jaminan fidusia atas persediaan senilai USD 4.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 60.000.000.

Berdasarkan akta Notaris No. 94 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank DBS Indonesia*** *(Continued)*

*Based on credit agreement No. 030/PFPA-DBSI/XI/1-2/East/2017 dated 28 November 2017 and No. 026/PFPA-DBSI/XII/1-2/East/2018 dated 11 December 2018 and the latest credit agreement* No. 113/PFPA-DBSI/IV/1-2/2019 dated 24 April 2019 *the Subsidiary, PT Primayudha Mandirijaya, obtained Uncommitted Omnibus Facility with credit maximum USD 10,000,000. (Continued)*

*b. Sub-facility SKBDN*
*Bank guarantee facility in the form of letter "Surat Kredit Berdokumen Dalam Negeri" ("SKBDN"): Sight SKBDN, Usance SKBDN, UPAS SKBDN, UPAU SKBDN with sub-total maximum USD 10,000,000. Interest rate LIBOR + 1% per annum for USD and interest rate Fund Transfer Pricing (FTP) from the bank + 1% per annum for IDR.*

*c. Sub-facility TR*
*Import financing facility in the form of uncommitted trust receipt with sub-total maximum USD 10,000,000. Interest rate FTP (Fund Transfer Pricing) from the bank + 1% per annum.*

*d. Sub-facility EBLC-D*
*Export financing facility in the form of uncommitted export bill letter of credit with discrepancies with sub-total maximum USD 10,000,000. Interest rate FTP (Fund Transfer Pricing) from the bank + 1% per annum.*

*The loan balances amounted to USD 995,710 (equivalent to Rp 14,080,335,110) as of 30 June 2019; USD 857,183 and USD 956,435 (equivalent to Rp 13,850,136,904) as of 31 December 2018; nil as of 31 December 2017; nil as of 31 December 2016, respectively.*

*The loan will be mature on 23 April 2020.*

*Collateral for the above facilities are:*
- *Land and building located in Boyolali, Central Java amounting to USD 12,000,000.*
- *Fiduciary of machineries amounting to USD 52,000,000.*
- *Fiduciary on receivables amounting to USD 2,000,000.*
- *Fiduciary inventories amounting to USD 4,000,000.*
- *Fiduciary of claim insurance amounting to USD 60,000,000.*

*Based on Notarial deed No. 94 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank DBS Indonesia** (Lanjutan)

Pada tahun 2019, PT Bank DBS Indonesia merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *Interest Service Coverage Ratio* minimum 2,5x
- *Net Debt/Total Net Worth* maksimum 1,5x untuk tahun 2018, 1,35x untuk tahun 2019, 1,2x untuk tahun 2020 dan 1,05x untuk tahun 2021
- *Net Debt/EBITDA* maksimum 3,5x untuk tahun 2018, 3x untuk tahun 2019, 2,75x untuk tahun 2020 dan 2,25x untuk tahun 2021

**Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)**

Berdasarkan perjanjian No. PBD/SP3/07/2014 tanggal 25 Februari 2014, No. PBD/SP3/05/2017 tanggal 8 Februari 2017 dan perubahan perjanjian terakhir No. PBD/SP3/05/2018 tanggal 28 Februari 2018, Indonesia Eximbank menyetujui perpanjangan dan perubahan fasilitas:

a. Pembukaan L/C atau SKBDN (*Sight/Usance/UPAS*) dan/atau Pembiayaan L/C atau SKBDN dengan *plafond* sebesar USD 34.000.000 dan jatuh tempo tanggal 3 Maret 2019. Tingkat bunga untuk pembiayaan L/C dan SKBDN tergantung pada saat ketersediaan dana dari kreditur pada saat pembiayaan dilakukan. Fasilitas pembiayaan ini digunakan untuk pembelian bahan baku dan pembiayaan atas pembukaan L/C atau SKBDN (*Sight/Usance/UPAS*) untuk pembelian bahan baku. Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, saldo utang atas fasilitas ini masing-masing sebesar nihil, nihil, USD 20.000.000 dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 2 Maret 2018.

b. Kredit Modal Kerja Ekspor 1 (KMKE) dengan *plafond* Rp 50.000.000.000 dan dikenakan bunga tahunan sebesar 10% per tahun dan jatuh tempo tanggal 3 Maret 2019. Fasilitas pembiayaan ini digunakan untuk mendanai modal kerja terkait proyek pabrik Spinning VI dan VII. Pada 30 Juni 2019, 31 Desember 2018 dan 2017 saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 3.452.800 (setara dengan Rp 50.000.000.000) dan USD 3.690.582 (setara dengan Rp 50.000.000.000). Pada 31 Desember 2016, saldo utang atas pinjaman ini sebesar USD 3.721.346 (setara dengan Rp 50.000.000.000) diklasifikasikan sebagai utang bank jangka panjang. Pinjaman tersebut telah dilunasi pada tanggal 26 Februari 2019.

*13.* ***SHORT-TERM BANK LOANS*** *(Continued)*

***PT Bank DBS Indonesia*** *(Continued)*

*In 2019, PT Bank DBS Indonesia released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratio:*
- *Interest Service Coverage Ratio minimum 2.5x*
- *Net Debt/Total Net Worth maximum 1.5x for 2018, 1.35x for 2019, 1.2x for 2020 and 1.05x for 2021*
- *Net Debt/EBITDA maximum 3.5x for 2018, 3x for 2019, 2.75x for 2020 and 2.25x for 2021*

***Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)***

*Based on agreement No. PBD/SP3/07/2014 dated 25 February 2014, No. PBD/SP3/05/2017 dated 8 February 2017 and the latest agreement No. PBD/SP3/05/2018 dated 28 February 2018, Indonesia Eximbank agree extention and changes on facility:*

*a. Letter of Credit (L/C) Opening or SKBDN (Sight/ Usance/UPAS) and/or L/C financing or SKBDN with plafond USD 34,000,000 and maturity date of 3 March 2019. Interest rate for L/C financing or SKBDN depend on availability of funds from bank when financing done. This financing facility used to purchases of raw materials and financing for L/C opening or SKBDN (Sight/Usance/UPAS) for purchases of raw materials. As of 30 June 2019, 31 December 2018, 2017 and 2016, the loan balances from the facility amounted to nil, nil, USD 20,000,000 and nil, respectively. The loan has been settled on 2 March 2018.*

*b. Working Capital Export Credit 1 (KMKE) with plafond Rp 50,000,000,000 and the loan bears interest at the annual rate of 10% p.a. and maturity date of 3 March 2019. This financing facility used to fund working capital related with Spinning mill VI and VII projects. As of 30 June 2019, 31 December 2018 and 2017 the loan balances amounted to nil, USD 3,452,800 (equivalent to Rp 50,000,000,000) and USD 3,690,582 (equivalent to Rp 50,000,000,000), respectively. As of 31 December 2016, the loan balances amounted to USD 3,721,346 (equivalent to Rp 50,000,000,000) classified to long-term bank loan. The loan has been settled on 26 February 2019.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)** (Lanjutan)

Berdasarkan perjanjian No. PBD/SP3/07/2014 tanggal 25 Februari 2014, No. PBD/SP3/05/2017 tanggal 8 Februari 2017 dan perubahan perjanjian terakhir No. PBD/SP3/05/2018 tanggal 28 Februari 2018, Indonesia Eximbank menyetujui perpanjangan dan perubahan fasilitas: (Lanjutan)

c. Kredit Modal Kerja Ekspor 2 (KMKE) dengan *plafond* USD 10.000.000 dan dikenakan bunga tahunan sebesar 6% per tahun dan jatuh tempo tanggal 3 Maret 2019. Fasilitas pembiayaan ini digunakan untuk mendanai modal kerja untuk tekstil dan garmen. Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas fasilitas ini masing-masing sebesar nihil, USD 10.000.000, USD 10.000.000 dan USD 10.000.000. Pinjaman tersebut telah dilunasi pada tanggal 26 Februari 2019.

d. Kredit Modal Kerja Ekspor 3 (KMKE) dalam bentuk *Trade Finance* dengan *plafond* USD 10.000.000 dan dikenakan bunga tahunan sebesar LIBOR (6 bulan) + 1% per tahun dan jatuh tempo tanggal 3 Maret 2019. Fasilitas pembiayaan ini digunakan untuk membiayai kebutuhan modal kerja khususnya pembayaran atas pembelian bahan baku *cotton* dari Australia.

e. Kredit Modal Kerja Ekspor 4 (KMKE) Transaksional dengan *plafond* USD 10.000.000 dan dikenakan bunga tahunan sebesar 6% per tahun dan jatuh tempo tanggal 3 Maret 2019. Fasilitas pembiayaan ini digunakan untuk membiayai kebutuhan modal kerja dalam rangka penyediaan barang dan jasa untuk penjualan ekspor.

Jaminan atas fasilitas ini:
- Merujuk pada Akta Perjanjian Pembukuan dan Pembiayaan L/C dan/atau SKBDN No. 7 tanggal 4 Maret 2011 beserta perubahan dan turutannya.
- Merujuk pada Akta Perjanjian Kredit Modal Kerja Ekspor No. 45 tanggal 23 Agustus 2011 beserta perubahan dan turutannya.

Tambahan jaminan atas fasilitas ini:
- Hak Tanggungan Peringkat 1 atas tanah, bangunan, mesin dan sarana pelengkap lainnya untuk pabrik Garmen X dengan SHGB No. 00028 dan 00030 atas nama Perusahaan dengan nilai Rp 88.500.000.000.
- Fidusia piutang sebesar Rp 460.000.000.000.
- Fidusia persediaan sebesar Rp 460.000.000.000 yang terletak di seluruh lokasi pabrik Perusahaan.

Pada tahun 2019, Lembaga Pembiayaan Ekspor Indonesia merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)** (Continued)*

*Based on agreement No. PBD/SP3/07/2014 dated 25 February 2014, No. PBD/SP3/05/2017 dated 8 February 2017 and the latest agreement No. PBD/SP3/05/2018 dated 28 February 2018, Indonesia Eximbank agree extention and changes on facility: (Continued)*

*c. Working Capital Export Credit 2 (KMKE) with plafond USD 10,000,000 and the loan bears interest at the annual rate of 6% p.a. and maturity date of 3 March 2019. This financing facility used to fund working capital related for textile and garment. As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances from the facility amounted to nihil, USD 10,000,000, USD 10,000,000 and USD 10,000,000, respectively. The loan has been settle on 26 February 2019.*

*d. Working Capital Export Credit 3 (KMKE) in Trade Finance type with plafond USD 10,000,000 and the loan bears interest at the annual rate of LIBOR (6 months) + 1 % p.a. and maturity date of 3 March 2019. This financing facility used to fund working capital related for raw material cotton purchasing from Australia.*

*e. Working Capital Export Credit 4 (KMKE) Transaction type with plafond USD 10,000,000 and the loan bears interest at the annual rate of 6% p.a. and maturity date of 3 March 2019. This financing facility used to fund working capital for provides inventories and service related export sales.*

*Guarantee of this facilities:*
- *Depending on Notarial "Perjanjian Pembukuan dan Pembiayaan L/C dan/atau SKBDN" No. 7 dated 4 March 2011 along with its changes and sequences.*
- *Depending on Notarial "Kredit Modal Kerja Ekspor" No. 45 dated 23 August 2011 along with its changes and sequences.*

*Additional guarantee of this facilities:*
- *Ranking Security Right 1 of land, buildings, machine and other supporting equipments for Garment X with SHGB No. 00028 and 00030 on behalf the Company amounting to Rp 88,500,000,000.*
- *Fiduciary of receivables amounting to Rp 460,000,000,000.*
- *Fiduciary of inventories amounting to Rp 460,000,000,000 which on the Company factory location.*

*In 2019, Lembaga Pembiayaan Ekspor Indonesia released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)** (Lanjutan)

Rasio-rasio *financial covenant*:
- Merujuk pada Akta Perjanjian Pembukuan dan Pembiayaan L/C dan/atau SKBDN No. 7 tanggal 4 Maret 2011 beserta perubahan dan turutannya.
- Merujuk pada Akta Perjanjian Kredit Modal Kerja Ekspor No. 45 tanggal 23 Agustus 2011 beserta perubahan dan turutannya.

Penambahan *financial covenant* sebagai berikut:
- *Current ratio* ≥ 100%
- *Debt to equity ratio* < 300%

Penambahan *positive covenant* untuk perubahan Anggaran Dasar Perusahaan dan Susunan Direksi dan/atau Komisaris Perusahaan wajib memberitahukan secara tertulis kepada bank.

Berdasarkan surat No. 334/ADDPK/2014 tanggal 27 Oktober 2014, No. PBD/SP3/74/2017 tanggal 26 Oktober 2017 dan perubahan perjanjian terakhir No. PBD/SP3/47/2018 tanggal 25 Oktober 2018, Indonesia Eximbank menyetujui perubahan fasilitas Kredit Modal Kerja Ekspor (KMKE) sebesar USD 20.000.000 dan dikenakan bunga tahunan sebesar 9,5% untuk IDR dan 6,5% untuk USD. Pinjaman akan jatuh tempo pada tanggal 26 April 2019. PT Sinar Pantja Djaja (SPD), Entitas Anak, 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 sebesar Rp 590.000.000.000 dan jaminan pribadi dari Iwan Setiawan dan Iwan Kurniawan Lukminto.

Saldo utang atas fasilitas ini masing-masing sebesar nihil pada 30 Juni 2019; USD 5.434.673 (setara dengan Rp 78.699.500.000) dan USD 9.162.839 pada 31 Desember 2018; USD 16.984.799 pada 31 Desember 2017; USD 27.565.990 dan USD 6.739.919 (setara dengan Rp 90.557.557.631) pada 31 Desember 2016. Pinjaman tersebut telah dilunasi pada tanggal 26 Februari 2019.

**Cathay United Bank**

Berdasarkan perjanjian kredit ("Surat Fasilitas") No. T.08FC284E tanggal 19 Juni 2017, Perusahaan memperoleh fasilitas kredit modal kerja *revolving* tanpa komitmen sebesar USD 20.000.000 ("Fasilitas").

Debitur harus membayar bunga atas pencairan pinjaman atau *roll-over* pada suku bunga 2,5% per tahun diatas LIBOR dan pada hari terakhir dari periode bunga.

Berdasarkan surat tambahan tanggal 7 Juni 2018, pinjaman akan jatuh tempo 24 bulan dari tanggal Surat Fasilitas.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 20.000.000, USD 20.000.000 dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 25 Februari 2019.

*13.* ***SHORT-TERM BANK LOANS*** *(Continued)*

***Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)*** *(Continued)*

*Financial covenant ratios:*
- *Depending on Notarial "Perjanjian Pembukuan dan Pembiayaan L/C dan/atau SKBDN" No. 7 dated 4 March 2011 along with its changes and sequences.*
- *Depending on Notarial "Kredit Modal Kerja Ekspor" No. 45 dated 23 August 2011 along with its changes and sequences.*

*Additional of financial covenant:*
- *Current ratio ≥ 100%*
- *Debt to equity ratio < 300%*

*Additional of positive covenant for changes in Articles of Association and/or changes in Board of Directors and/or Commissioners, the Company shall be mention in writing to the bank.*

*Based on No. 334/ADDPK/2014 dated 27 October 2014, No. PBD/SP3/74/2017 dated 26 October 2017 and the latest agreement No. PBD/SP3/47/2018 dated 25 October 2018, Indonesia Eximbank agree to change Working Capital Export Credit facility (KMKE) amounting to USD 20,000,000 and the loan bears interest at the annual rate of 9.5% for IDR and 6.5% for USD. The loan was due for repayment on 26 April 2019. In connection with this facility, PT Sinar Pantja Djaja (SPD), Subsidiary, is required to provide collateral in the form of inventories amounting to Rp 86,250,000,000, trade receivables amounting to Rp 86,250,000,000, land, building, machineries and other supporting equipments amounting to Rp 590,000,000,000 and personal guarantee from Iwan Setiawan and Iwan Kurniawan Lukminto.*

*The loan balances from the facility amounted to nil as of 30 June 2019; USD 5,434,673 (equivalent to Rp 78,699,500,000) and USD 9,162,839 as of 31 December 2018; USD 16,984,799 as of 31 December 2017; USD 27,565,990 and USD 6,739,919 (equivalent to Rp 90,557,557,631) as of 31 December 2016, respectively. The loan has been settled on 26 February 2019.*

***Cathay United Bank***

*Based on agreement ("Facility Letter") No. T.08FC284E dated 19 June 2017, Company obtained credit facility of USD 20,000,000 uncommitted working capital revolving facility ("the facility").*

*The borrower shall pay interest on a drawing on roll-over at the rate of 2.5% per annum over LIBOR and on the last day of the interest period.*

*Based on supplemental letter dated 7 June 2018, the loan will reach maturity 24 months from date of the Facility Letter.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, USD 20,000,000, USD 20,000,000 and nil, respectively. The loan has been settled on 25 February 2019.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**Taipei Fubon Commercial Bank Co., Ltd.**

Berdasarkan perjanjian tanggal 10 Januari 2017, Perusahaan memperoleh *Revolving Credit Facility Agreement* senilai USD 10.000.000.

Perusahaan harus menggunakan seluruh dana pinjaman untuk tujuan modal kerja dan *refinancing* hutang keuangan Perusahaan.

Tingkat suku bunga pinjaman sebagai berikut:
- *Margin:* 2% per tahun
- *LIBOR*

Perusahaan harus memenuhi rasio keuangan sebagai berikut:
- Rasio *total debt* terhadap jumlah ekuitas tidak melebihi 2,75 sampai 1
- Rasio EBITDA terhadap beban bunga tidak kurang dari 1,5 sampai 1

Berdasarkan surat perpanjangan tanggal 21 Juni 2018, pinjaman akan jatuh tempo pada 20 Juni 2019.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 10.000.000, USD 10.000.000 dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 25 Februari 2019.

**PT Bank Maybank Indonesia Tbk**

Berdasarkan akta Notaris No. 386 tanggal 28 September 2017, Notaris Herry Hartanto Seputro, S.H., dan perubahan terakhir perjanjian No. S.2018.0186/DIR GLOBAL BANKING–LC&MNC tanggal 27 September 2018, PT Sinar Pantja Djaja ("SPD"), Entitas Anak, memperoleh fasilitas kredit berupa Fasilitas kredit *Uncommitted Omnibus Facility: LC/SKBDN Line (Sight/Usance/UPAS)* dengan *sub-limit BG/SBLC/ Demand Guarantee (DG)/Counter Guarantee (CG), Export Negotiation/Diskonto, Trust Receipt (TR)* untuk *LC/SKBDN payment* dengan jumlah limit USD 10.000.000. Pinjaman ini jatuh tempo pada tanggal 1 Oktober 2019.

Tujuan dari fasilitas ini adalah untuk pembelian bahan baku dan bahan pendukung.

Tingkat suku bunga pinjaman:
- Fasilitas kredit: USD – LIBOR + 3% p.a. dan IDR – LIBOR + 4,5% p.a.
- Pembiayaan syariah: LIBOR + 3% p.a.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 7.653.885 (setara dengan Rp 110.835.906.447), nihil dan nihil.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***Taipei Fubon Commercial Bank Co., Ltd.***

*Based on Agreement dated 10 January 2017, Company obtained the following Revolving Credit Facility Agreement amounted USD 10,000,000.*

*The Company must apply all amount borrowed by it under the Facility towards working capital and refinancing of the Company's existing financial indebtedness.*

*The rate of interest:*
- *Margin: 2% per annum*
- *LIBOR*

*The Company must ensure that financial ratio:*
- *The ratio of its total debt to its total equity does not exceed 2.75 to 1*
- *The ratio of its EBITDA to interest expense is not less than 1.5 to 1*

*Based on extention letter dated 21 June 2018, the loan will reach maturity on 20 June 2019.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, USD 10,000,000, USD 10,000,000 and nil, respectively. The loan has been settled on 25 February 2019.*

***PT Bank Maybank Indonesia Tbk***

*Based on Notarial deed No. 386 dated 28 September 2017, Notary Herry Hartanto Seputro, S.H., and the latest agreement No. S.2018.0186/DIR GLOBAL BANKING–LC&MNC dated 27 September 2018, the Subsidiary, PT Sinar Pantja Djaja ("SPD"), obtained credit facilities Uncommitted Omnibus Facility, credit facility: LC/SKBDN Line (Sight/ Usance/UPAS) with sub-limit BG/SBLC/Demand Guarantee (DG)/ Counter Guarantee (CG), Export Negotiation/ Diskonto, Trust Receipt (TR) for LC/SKBDN payment with credit limit USD 10,000,000. The loan is due on 1 October 2019.*

*The purpose of this facility is to purchase of raw material and supporting material.*

*The rate of interest:*
- *Credit facility: USD – LIBOR + 3% p.a. and IDR – LIBOR + 4.5% p.a.*
- *Syariah financing: LIBOR + 3% p.a.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, USD 7,653,885 (equivalent to Rp 110,835,906,447), nil and nil, respectively.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank Maybank Indonesia Tbk** (Lanjutan)

Jaminan atas fasilitas tersebut adalah persediaan dan piutang usaha SPD dengan nilai minimum 100% dari limit fasilitas.

Pada tahun 2019, PT Bank Maybank Indonesia Tbk merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *Debt to equity* maksimum 3x
- *Current Ratio* minimum 1x, berlaku sejak laporan keuangan audit periode 31 Desember 2018
- *Debt Service Coverage Ratio (DSCR)* minimum 1,25x

**PT Bank Danamon Indonesia Tbk**

Berdasarkan perjanjian kredit No. 546/PP&PWK/CBD/ X/2017 tanggal 30 Oktober 2017 dan perubahan perjanjian terakhir No. PPPTPK/172A/2018 tanggal 12 November 2018, PT Bitratex Industries, Entitas Anak, memperoleh fasilitas kredit:
a. *Pre-Shipment Financing* dengan jumlah pokok maksimal sebesar USD 3.000.000 dan bunga 3% per tahun.
b. *Sight L/C Impor atau SKBDN* dengan jumlah pokok maksimal sebesar USD 5.000.000.
c. *Usance Letter of Credit (L/C) Impor/SKBDN* dengan jumlah pokok maksimal sebesar USD 5.000.000.
d. *Usance Payable At Sight (UPAS)* dengan jumlah pokok maksimal sebesar USD 5.000.000 dan bunga 3% per tahun.
e. *Trust Receipt (TR)* dengan jumlah pokok maksimal sebesar USD 3.000.000 dan bunga 3% per tahun.
f. *Export Negotiation* dengan jumlah pokok maksimal sebesar USD 3.000.000 dan bunga 3% per tahun.
g. *Open Account Financing (OAF)* dengan jumlah pokok maksimal sebesar USD 7.500.000.

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan pabrik di Semarang senilai USD 20.000.000 atas nama PT Bitratex Industries, Entitas Anak.
- Jaminan fidusia atas mesin-mesin senilai USD 88.709.000.
- Jaminan fidusia atas persediaan senilai USD 6.000.000.
- Jaminan fidusia atas piutang senilai USD 3.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 10.250.000.

Berdasarkan akta Notaris No. 89 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank Maybank Indonesia Tbk** (Continued)*

*The facility is secured by inventories and trade receivables SPD with the minimum 100% from the limit facilities.*

*In 2019, PT Bank Maybank Indonesia Tbk released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*
- *Debt to equity maximum 3x*
- *Current ratio minimum 1x, valid since the audited financial statement as of 31 December 2018*
- *Debt Service Coverage Ratio (DSCR) minimum 1.25x*

***PT Bank Danamon Indonesia Tbk***

*Based on credit agreement No. 546/PP&PWK/CBD/ X/2017 dated 30 October 2017 and the latest agreement No. PPPTPK/172A/2018 dated 12 November 2018, the Subsidiary, PT Bitratex Industries, obtained credit facility:*

*a. Pre-Shipment Financing with total principal maximum of USD 3,000,000 and interest rate 3% per annum.*
*b. Sight L/C Import or SKBDN with total principal maximum of USD 5,000,000.*
*c. Usance Letter of Credit (L/C) Import/SKBDN with total principal maximum of USD 5,000,000.*
*d. Usance Payable At Sight (UPAS) with total principal maximum of USD 5,000,000 and interest rate 3% per annum.*
*e. Trust Receipt (TR) with total principal maximum of USD 3,000,000 and interest rate 3% per annum.*
*f. Export Negotiation with total principal maximum of USD 3,000,000 and interest rate 3% per annum.*
*g. Open Account Financing (OAF) with total principal maximum of USD 7,500,000.*

*Collateral for the above facilities are:*
- *Land and factory building in Semarang amounting to USD 20,000,000 on behalf PT Bitratex Industries, the Subsidiary.*
- *Fiduciary of machineries amounting to USD 88,709,000.*
- *Fiduciary inventories amounting to USD 6,000,000.*
- *Fiduciary on receivables amounting to USD 3,000,000.*
- *Fiduciary of claim insurance amounting to USD 10,250,000.*

*Based on Notarial deed No. 89 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank Danamon Indonesia Tbk** (Lanjutan)

Pada tahun 2019, PT Bank Danamon Indonesia Tbk merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *Leverage Ratio* maksimum 1x
- *Debt Service Coverage Ratio* minimum 1,2x

Saldo utang atas pinjaman ini sebesar nihil pada 30 Juni 2019; USD 2.381.827 dan USD 1.443.481 (setara dengan Rp 20.903.041.174) pada 31 Desember 2018; nihil pada 31 Desember 2017; nihil pada 31 Desember 2016. Pinjaman tersebut telah dilunasi pada tanggal 22 Maret 2019.

Berdasarkan perjanjian kredit No. 547/PP&PWK/CBD/X/2017 tanggal 30 Oktober 2017 dan perubahan terakhir perjanjian No. PPPTPK/172B/2018 tanggal 12 November 2018, PT Primayudha Mandirijaya, Entitas Anak, memperoleh *Omnibus Trade Financing* dengan jumlah pengunaan fasilitas ini tidak dapat melebihi USD 7.300.000 dengan tingkat suku bunga 4,63% per tahun.

a. *Sight L/C Impor* atau *SKBDN* dengan jumlah pokok maksimal sebesar USD 5.000.000.
b. *Usance Letter of Credit (L/C) Impor/SKBDN* dengan jumlah pokok maksimal sebesar USD 5.000.000.
c. *Trust Receipt (TR)* dengan jumlah pokok maksimal sebesar USD 3.000.000.
d. *Pre-Shipment Financing* (PSF) dengan jumlah pokok maksimal sebesar USD 3.000.000.
e. *Export Negotiation* dengan jumlah pokok maksimal sebesar USD 3.000.000.
f. *Usance Payable At Sight (UPAS)* dengan jumlah pokok maksimal sebesar USD 5.000.000.
g. *Open Account Financing (OAF)* dengan jumlah pokok maksimal sebesar USD 7.300.000.

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan yang terletak di Boyolali, Jawa Tengah senilai USD 12.000.000.
- Jaminan fidusia atas mesin-mesin senilai USD 52.000.000.
- Jaminan fidusia atas piutang senilai USD 2.000.000.
- Jaminan fidusia atas persediaan senilai USD 4.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 60.000.000.

Berdasarkan akta Notaris No. 94 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank Danamon Indonesia Tbk** (Continued)*

*In 2019, PT Bank Danamon Indonesia Tbk released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*
- *Leverage Ratio maximum 1x*
- *Debt Service Coverage Ratio minimum 1.2x*

*The loan balances amounted to nil as of 30 June 2019; USD 2,381,827 and USD 1,443,481 (equivalent to Rp 20,903,041,174) as of 31 December 2018; nil as of 31 December 2017; nil as of 31 December 2016, respectively. The loan has been settled on 22 March 2019.*

*Based on credit agreement No. 547/PP&PWK/CBD/X/2017 dated 30 October 2017 and the latest agreement No. PPPTPK/172B/2018 dated 12 November 2018, the Subsidiary, PT Primayudha Mandirijaya, with condition that the total utilizations under this Facility cannot exceed USD 7,300,000 with interest rate 4.63% per annum.*

*a. Sight L/C Import or SKBDN with total principal maximum of USD 5,000,000.*
*b. Usance Letter of Credit (L/C) Import/SKBDN with total principal maximum of USD 5,000,000.*
*c. Trust Receipt (TR) with total principal maximum of USD 3,000,000.*
*d. Pre-Shipment Financing (PSF) with total principal maximum of USD 3,000,000.*
*e. Export Negotiation with total principal maximum of USD 3,000,000.*
*f. Usance Payable At Sight (UPAS) with total principal maximum of USD 5,000,000.*
*g. Open Account Financing (OAF) with total principal maximum of USD 7,300,000.*

*Collateral for the above facilities are:*
- *Land and building located in Boyolali, Central Java amounting to USD 12,000,000.*
- *Fiduciary of machineries amounting to USD 52,000,000.*
- *Fiduciary on receivables amounting to USD 2,000,000.*
- *Fiduciary inventories amounting to USD 4,000,000.*
- *Fiduciary of claim insurance amounting to USD 60,000,000.*

*Based on Notarial deed No. 94 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank Danamon Indonesia Tbk** (Lanjutan)

Pada tahun 2019, PT Bank Danamon Indonesia Tbk merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *Debt to Equity Ratio* maksimum 1,2x
- *Current Ratio* minimum 1x
- *EBITDA*/(beban bunga + liabilitas jangka panjang yang jatuh tempo dalam satu tahun) minimum 1x

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 2.679.121, nihil dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 11 Maret 2019.

**PT Bank BNP Paribas Indonesia**

Berdasarkan perjanjian No. LC/ST-148/LA/2016 tanggal 31 Agustus 2016 dan perubahan perjanjian terakhir No. LC/ST-211/LA/2017 tanggal 5 Mei 2017, memperoleh fasilitas kredit yang digunakan untuk membiayai kebutuhan modal kerja untuk pembelian bahan baku. Fasilitas tersebut adalah sebagai berikut:

a. Fasilitas Pinjaman Bergulir dengan pinjaman maksimum USD 5.000.000 dengan tingkat suku bunga LIBOR 4%. Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas fasilitas ini adalah masing-masing sebesar nihil, USD 5.000.000, USD 5.000.000 dan USD 5.000.000. Pinjaman tersebut telah dilunasi pada tanggal 27 Februari 2019.

b. Fasilitas Perdagangan dengan pinjaman maksimum USD 30.000.000 dengan tingkat suku bunga LIBOR 1,50% per tahun dan masa berlaku 90 hari.

Jaminan atas fasilitas kredit ini adalah jaminan fidusia terhadap piutang, persediaan atau jaminan yang tersedia dengan jumlah keseluruhan 125% dari jumlah fasilitas.

Pada tahun 2019, PT Bank BNP Paribas Indonesia merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Berdasarkan surat No. LCB/DR/201711/05 tanggal 19 Desember 2017, terdapat perubahan *financial covenant* sebagai berikut:
- *Gross Gearing Ratio* maksimum 2x
- *Current Ratio* minimum 1x
- *EBITDA/CPLTD+Interest* minimum 1,25x
- *EBITDA/Interest* minimum 2,5x

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank Danamon Indonesia Tbk** (Continued)*

*In 2019, PT Bank Danamon Indonesia Tbk released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*
- *Debt to Equity Ratio maximum 1.2x*
- *Current Ratio minimum 1x*
- *EBITDA/(interest expenses + current maturities of long-term debts) minimum 1x*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, USD 2,679,121, nil and nil, respectively. The loan has been settled on 11 March 2019.*

***PT Bank BNP Paribas Indonesia***

*Based on agreement No. LC/ST-148/LA/2016 dated 31 August 2016 and the latest agreement No. LC/ST-211/LA/2017 dated 5 May 2017, obtained credit facility for working capital for purchases raw material. These facilities are as follows:*

*a. Revolving Credit Facility with maximum loan USD 5,000,000 with LIBOR interest rate 4%. As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, USD 5,000,000, USD 5,000,000 and USD 5,000,000, respectively. The loan has been settled on 27 February 2019.*

*b. Trade Facility with maximum loan USD 30,000,000 with LIBOR interest rate 1.50% per annum and maturity date around 90 days.*

*Collateral for the credit facility is fiduciary over receivables, inventories or available collaterals with combined amount at 125% of the facility amount.*

*In 2019, PT Bank BNP Paribas Indonesia released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Based on letter No. LCB/DR/201711/05 dated 19 December 2017, there is changes in financial covenant as follows:*
- *Gross Gearing Ratio maximum 2x*
- *Current Ratio minimum 1x*
- *EBITDA/CPLTD+Interest minimum 1.25x*
- *EBITDA/Interest minimum 2.5x*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**Deutsche Bank AG**

Berdasarkan perjanjian pinjaman tanggal 25 April 2014 dan perubahan perjanjian terakhir tanggal 16 April 2018, Perusahaan memperoleh fasilitas kredit yang digunakan untuk pembiayaan kebutuhan modal kerja. Fasilitas ini bersifat *uncommitted*. Fasilitas tersebut adalah sebagai berikut:

a. Pinjaman jangka pendek melalui uang muka jangka pendek, dengan jumlah pokok minimum Rp 1.000.000.000 atau yang setara dengannya dalam mata uang manapun. Bunga akan dikenakan pada harga yang sesuai di pasaran atau yang akan ditentukan oleh bank.

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 atas unjuk: komisi pembukaan 0,125% per kuartal tahun dan minimum USD 150, dibayar dimuka dan tidak dapat dikembalikan.
   - L/C berjangka: komisi pembukaan 0,125% per kuartal tahun dan minimum USD 150; komisi penangguhan pembayaran 0,25% per kuartal tahun dan minimum USD 250, dibayar dimuka 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 untuk wesel ekspor atas unjuk dan wesel ekspor berjangka masing-masing sebesar:
   - 3,75% per tahun untuk jangka waktu sampai dengan 1 bulan
   - 4% per tahun untuk jangka waktu antara 1 sampai dengan 3 bulan

d. Pembiayaan paska impor. Masa tidak melebihi 90 hari dari tanggal permohonan penarikan dan pembayaran dan nilai dari setiap faktur tidak melebihi USD 250.000. Bunga sebesar 3% per tahun.

Dengan keseluruhan jumlah pokok sebesar EUR 10.000.000; untuk fasilitas pinjaman jangka pendek tidak melebihi EUR 2.700.000 dan total gabungan yang terutang tidak melebihi EUR 10.000.000. Pinjaman akan jatuh tempo pada 31 Maret 2019.

Jaminan atas fasilitas kredit adalah piutang dan persediaan Perusahaan.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***Deutsche Bank AG***

*Based on loan agreement dated 25 April 2014 and the latest agreement dated 16 April 2018, the Company obtained credit facility for working capital purposes. These facilities are uncommitted. These facilities are as follows:*

*a. Short term loan by way of short term advances, which shall be a minimum of Rp 1,000,000,000 or the equivalent thereof in any other currency. Interest shall be charged at a rate of subject to market conditions or as may be determined by bank from time to time.*

*b. Letters of Credit can be issued for payment at sight or usance. Maximum validity each L/C shall have the validity period of not longer than 180 days; and each usance L/C shall have a tenor of not longer than 180 days.*
   - *Sight L/C: opening commission 0.125% per quarter year and minimum USD 150, payable unfront and non-refundable.*
   - *Usance L/C: opening commission 0.125% per quarter year and minimum USD 150; deferred payment commission 0.25% per quarter year and minimum USD 250, payable unfront and non-refundable.*

*c. Bill acceptances/financing for discounting, purchasing and/or financing and bills, invoices, and/or account receivables (including bills payable).*

   *Interest rate determined for sight export bill and usance export bill of:*

   - *3.75% per annum up to 1 month*
   - *4% per annum for 1 month up to 3 months*

*d. Post import financing. Period not exceeding 90 days from the date of the drawdown request and disbursement and the amount of each invoice not exceeding USD 250,000. Interest rate 3% per annum.*

*With aggregate principal amounted EUR 10,000,000; for Short term loan facility under and shall not exceed of EUR 2,700,000 and the combine total amount outstanding under and shall not exceed EUR 10,000,000. The loan will be maturity on 31 March 2019.*

*Collateral for the credit facility is the Company's accounts receivable and inventories.*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**Deutsche Bank AG** (Lanjutan)

Pada tahun 2019, Deutsche Bank AG merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Tingkat suku bunga yang disebutkan di atas berlaku hingga pemberitahuan lebih lanjut dan tunduk pada tinjauan internal serta perubahan, termasuk sesuai dengan peraturan yang berlaku.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas fasilitas ini masing-masing sebesar nihil, USD 2.762.240 (setara dengan Rp 40.000.000.000), USD 2.952.465 (setara dengan Rp 40.000.000.000) dan USD 2.777.244 (setara dengan Rp 37.315.050.000). Pinjaman tersebut telah dilunasi pada tanggal 28 Februari 2019.

**PT Bank Negara Indonesia (Persero) Tbk**

Berdasarkan perjanjian kredit No. SNG/CACPC/033/18 tanggal 3 September 2018, Golden Mountain Textile and Trading Pte. Ltd., memperoleh fasilitas kredit:

a. *Letter of credit (L/C)* berupa *Sight Letter of Credit (UPAS)* dengan jumlah pokok USD 30.000.000 atau jumlah lain seperti yang ditentukan oleh bank dari waktu ke waktu dan akan mencakup:

   - Penerbitan oleh bank atas kebijakan mutlaknya dan atas dasar kasus per kasus LC dan / atau *usance LC* untuk periode yang tidak melebihi 180 hari atau periode lain yang ditentukan oleh bank dari waktu ke waktu, dari tanggal *bill of lading* yang relevan; dan
   - Penerimaaan tagihan pertukaran yang ditarik pada bank sesuai dengan ketentuan LC yang dikeluarkan oleh bank

b. Fasilitas *Sight Letter of Credit* yang setiap saat tidak akan melebihi agregat USD 15.000.000 dan bersama dengan fasilitas LC tidak akan setiap saat melebihi agregat USD 30.000.000 atau jumlah lain seperti yang ditentukan oleh bank dari waktu ke waktu kewaktu dan akan terdiri dari:
   - Penerbitan oleh bank atas kebijakan mutlaknya dan atas dasar kasus per kasus LC dan / atau *usance LC* untuk periode yang tidak melebihi 180 hari atau periode lain yang ditentukan oleh bank dari waktu ke waktu, dari tanggal *bill of lading* yang relevan; dan
   - Penerimaaan tagihan pertukaran yang ditarik pada bank sesuai dengan ketentuan LC yang dikeluarkan oleh bank.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***Deutsche Bank AG** (Continued)*

*In 2019, Deutsche Bank AG released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*The rates of interest stated above are valid until the further notice and are subject to our internal reviews and changes including as prevailling regulations.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, USD 2,762,240 (equivalent to Rp 40,000,000,000), USD 2,952,465 (equivalent to Rp 40,000,000,000), USD 2,777,244 (equivalent to Rp 37,315,050,000), respectively. The loan has been settled on 28 February 2019.*

***PT Bank Negara Indonesia (Persero) Tbk***

*Based on credit agreement No. SNG/CACPC/033/18 dated 3 September 2018, Golden Mountain Textile and Trading Pte. Ltd., obtained credit facility:*

*a. Letter of Credit (L/C) facilities Sight Leter of Credit (UPAS) with total principal USD 30,000,000 or such other sum as may be specified by the bank to time and shall comprise:*

   - *The issuance by the bank in its absolute discretion and on a case-by-case basis LC and/or usance LC for a period not exceeding 180 days or such other period as may be determined by the bank form time to time, form the date of the relevant bill of lading; and*
   - *The acceptance of bills of exchange drawn on the bank pursuant to the terms of any LC issued by the bank*

*b. The Sight Letter of Credit facility which shall not at any time exceed in aggregate USD 15,000,000 and togethers with LC facility shall not at any time exceed in aggregate USD 30,000,000 or such other sum as may be specified by the bank from time to time and shall comprise:*
   - *The issuance by the bank in its absolute discretion and on a case-by-case basis LC and/or usance LC for a period not exceeding 180 days or such other period as may be determined by the bank form time to time, form the date of the relevant bill of lading; and*
   - *The acceptance of bills of exchange drawn on the bank pursuant to the terms of any LC issued by the bank*

13. **UTANG BANK JANGKA PENDEK** (Lanjutan)

**PT Bank Negara Indonesia (Persero) Tbk** (Lanjutan)

Fasilitas jatuh tempo pada tanggal 3 September 2019, kecuali diperpanjang oleh bank atas kebijakan sendiri.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 2.367.087, nihil dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 24 Juni 2019.

**PT Bank Maybank Syariah Indonesia**

Berdasarkan perjanjian No. 0338/Srt.CBD/MSI/04-2017 pada April 2017 dan akta Notaris No. 8 tanggal 5 Mei 2017, Notaris Aliya Sriwendayani Azhar, S.H., M.H., M.Kn., Perusahaan memperoleh fasilitas kredit berupa *Murabahah* dengan jumlah limit Rp 65.000.000.000 dan margin COF + 2% per tahun maksimal 17% per tahun. Tujuan dari fasilitas ini adalah untuk pembiayaan kebutuhan modal kerja untuk pembelian bahan baku. Jangka waktu fasilitas 12 bulan sejak penarikan pertama.

Jaminan atas fasilitas-fasilitas di atas:
- Jaminan fidusia atas piutang senilai minimum Rp 81.250.000.000 (125% dari total nilai pembiayaan).
- Jaminan fidusia atas persediaan senilai Rp 81.250.000.000 (125% dari total nilai pembiayaan).

Pada tahun 2019, PT Bank Maybank Syariah Indonesia merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Berdasarkan surat No. 0204/Srt.CBD/MSI/03-2018 tanggal 16 Maret 2018, terdapat perubahan *financial covenant* sebagai berikut:
- Hutang Berbunga/Modal tidak lebih dari 2,75x
- *Current Ratio* (Aktiva Lancar/Kewajiban Lancar) minimum 2x
- *EBITDA* (Penghasilan sebelum bunga, pajak, depresiasi dan amortisasi)/Bunga minimum 2,5x
- *EBITDA* (Penghasilan sebelum bunga, pajak, depresiasi dan amortisasi)/(Bunga + cicilan pokok hutang yang jatuh tempo dalam satu tahun) minimum 1,3x

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas fasilitas ini masing-masing sebesar nihil, nihil, USD 4.797.756 (setara dengan Rp 65.000.000.000) dan nihil. Pinjaman ini dilunasi pada tanggal 12 April 2018.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 Perusahaan dan Entitas Anak telah memenuhi persyaratan *financial covenant* untuk semua utang bank jangka pendek diatas.

*13. **SHORT-TERM BANK LOANS** (Continued)*

***PT Bank Negara Indonesia (Persero) Tbk*** *(Continued)*

*The facilities is due on 3 September 2019, unless extend by the bank in its discretion.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, USD 2,367,087, nil and nil, respectively. The loan has been settled on 24 June 2019.*

***PT Bank Maybank Syariah Indonesia***

*Based on the agreement No. 0338/Srt.CBD/MSI/04-2017 in April 2017 and Notarial deed No. 8 dated 5 May 2017, Notary of Aliya Sriwendayani Azhar, S.H., M.H., M.Kn., the Company obtained credit facility Murabahah with credit limit Rp 65,000,000,000 and margin COF (Cost of Fund) + 2% per annum maximum 17% per annum. The purpose of this facility is for working capital purposes for purchase raw material. Facility period 12 months since the first drawdown.*

*Collateral for the above facilities are:*
- *Fiduciary of account receivables amounting to minimum Rp 81,250,000,000 (125% from the financing amount).*
- *Fiduciary of inventories amounting to Rp 81,250,000,000 (125% from the financing amount).*

*In 2019, PT Bank Maybank Syariah Indonesia released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Based on letter No. 0204/Srt.CBD/MSI/03-2018 dated 16 March 2018, regarding changes in financial covenant, become:*
- *Interest Bearing Debt/Equity maximum 2.75x*
- *Current Ratio (Current Assets/Current Liabilities) minimum 2x*
- *EBITDA (Income before interest, tax, depreciation and amortization)/Interest minimum 2.5x*
- *EBITDA (Income before interest, tax, depreciation and amortization)/(Interest + installment of current maturity of long term debt) minimum 1.3x*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, nil, USD 4,797,756 (equivalent to Rp 65,000,000,000) and nil, respectively. The loan has been settled on 12 April 2018.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the Company and Subsidiaries have fulfilled all short-term bank loans financial covenants.*

## 14. UTANG USAHA / *TRADE PAYABLES*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| Pihak ketiga | | | | | *Third parties* |
| Rupiah | 19.425.774 | 14.910.048 | 204.800 | 910.184 | *Rupiah* |
| Dolar Amerika Serikat | 6.948.728 | 39.125.647 | 53.959.526 | 4.029.003 | *United States Dollar* |
| Euro Eropa | - | 2.508.984 | 777.398 | - | *European Euro* |
| Franc Swiss | - | 30 | - | - | *Swiss Franc* |
| Yen Jepang | - | - | - | 8.107 | *Japan Yen* |
| Sub-jumlah | 26.374.502 | 56.544.709 | 54.941.724 | 4.947.294 | *Sub-total* |
| Pihak berelasi (Catatan 11) | | | | | *Related parties (Note 11)* |
| Rupiah | 3.088.955 | 2.123.415 | - | 576.381 | *Rupiah* |
| Dolar Amerika Serikat | 123.185 | 201.681 | - | - | *United States Dollar* |
| Sub-jumlah | 3.212.140 | 2.325.096 | - | 576.381 | *Sub-total* |
| **Jumlah utang usaha** | 29.586.642 | 58.869.805 | 54.941.724 | 5.523.675 | ***Total trade payables*** |

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016, tidak terdapat jaminan yang diberikan oleh Perusahaan dan Entitas Anak atas utang usaha tersebut.

*As of 30 June 2019, 31 December 2018, 2017 and 2016, there is no collateral given by the Company and Subsidiaries for trade payables.*

## 15. PERPAJAKAN / *TAXATION*

a. Pajak dibayar di muka / *a. Prepaid taxes*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| Pajak penghasilan | | | | | *Income tax* |
| Pasal 28A | 1.605.932 | 1.533.643 | - | - | *Article 28A* |
| Pasal 19 | - | - | - | 1.029.689 | *Article 19* |
| Pajak Pertambahan Nilai | 1.041.930 | 1.242.025 | - | - | *Value Added Tax* |
| **Jumlah pajak dibayar di muka** | 2.647.862 | 2.775.668 | - | 1.029.689 | ***Total prepaid taxes*** |

b. Utang pajak / *b. Taxes payable*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| Pajak penghasilan | | | | | *Income tax* |
| Pasal 4(2) | 71.162 | 80.594 | 3.468 | 7.619 | *Article 4(2)* |
| Pasal 21 | 798.433 | 357.025 | 143.447 | 170.616 | *Article 21* |
| Pasal 23/26 | 6.611.637 | 5.657.691 | 14.435 | 4.095.119 | *Article 23/26* |
| Pasal 25 | 774.138 | 687.306 | 605.747 | 484.917 | *Article 25* |
| Pasal 29 | 4.237.362 | 4.396.969 | 547.771 | 642.618 | *Article 29* |
| Tahun 2016 | - | - | 484.827 | - | *Year 2016* |
| Pajak Pertambahan Nilai | 728.786 | 1.949.196 | 2.143.862 | 768.119 | *Value Added Tax* |
| Surat Tagihan Pajak (STP) | 324.728 | 122.404 | 25.455 | - | *Tax Collection Letters (STP)* |
| **Jumlah utang pajak** | 13.546.246 | 13.251.185 | 3.969.012 | 6.169.008 | ***Total taxes payable*** |

15. **PERPAJAKAN** (Lanjutan)

b. Utang pajak (Lanjutan)

Pada 31 Desember 2017, utang pajak pasal 29 untuk tahun pajak 2016 merupakan utang pajak SPD.

Pada tanggal 21 Oktober 2016, Perusahaan menyampaikan Surat Pernyataan Harta terkait dengan Undang-Undang No. 11 Tahun 2016 tentang Pengampunan Pajak kepada KPP PMA IV Kalibata sebesar USD 3.666 (setara dengan Rp 50.000.000) dan telah diterima Surat Keterangan Pengampunan Pajak No. KET-1169/PP/WPJ.07/2016 pada tanggal 24 Oktober 2016 dari Kementerian Keuangan Republik Indonesia Kantor Wilayah DJP Jakarta Khusus.

Pada tanggal 5 Desember 2016, PT Sinar Pantja Djaja (entitas anak) menyampaikan Surat Pernyataan Harta terkait dengan Undang-Undang No.11 Tahun 2016 tentang Pengampunan Pajak kepada KPP Pratama Semarang Barat sebesar USD 1.833 (setara dengan Rp 25.000.000) dan telah diterima Surat Keterangan Pengampunan Pajak No. KET-21580/PP/WPJ.10/2016 pada tanggal 14 Desember 2016 dari Kementerian Keuangan Republik Indonesia Kantor Wilayah DJP Jawa Tengah I.

Berdasarkan Keputusan Direktur Jenderal Pajak No. KEP-121/WJP.07/2017 tanggal 20 April 2017 mengenai persetujuan penilaian kembali aset tetap Perusahaan untuk tujuan perpajakan yang diajukan pada tahun 2015 dan 2016, pajak penghasilan yang bersifat final yang terutang sebesar Rp 9.229.391.337.

Revaluasi aset tetap ini tidak memenuhi buletin teknis 11 yang diterbitkan oleh IAI (2016) tentang revaluasi aset tetap, sehingga nilai aset tetap tidak berubah dan PPh Final dibebankan pada beban operasional.

c. Perhitungan fiskal

Rekonsiliasi antara laba sebelum pajak penghasilan, seperti yang disajikan dalam laporan laba rugi dan penghasilan komprehensif lain konsolidasian interim, dengan taksiran penghasilan kena pajak untuk periode enam bulan yang berakhir pada 30 Juni 2019 dan 2018 dan untuk tahun yang berakhir pada 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

*15. **TAXATION** (Continued)*

*b. Taxes payable (Continued)*

*As of 31 December 2017, taxes payable article 29 for fiscal year 2016 represent SPD taxes payable.*

*On 21 October 2016, the Company submit the "Surat Pernyataan Harta" related to Act. No. 11 Year 2016 concerning Tax Amnesty to KPP PMA IV Kalibata amounted USD 3,666 (equivalent to Rp 50,000,000) and has received "Surat Keterangan Pengampunan Pajak" No. KET-1169/ PP/WPJ.07/ 2016 dated 24 October 2016 of Ministry of Finance of the Republic of Indonesia Kantor Wilayah DJP Jakarta Khusus.*

*On 5 December 2016, PT Sinar Pantja Djaja (Subsidiary), submit the "Surat Pernyataan Harta" related to Act. No.11 Year 2016 concerning Tax Amnesty to KPP Pratama Semarang Barat amounted USD 1,833 (equivalent to Rp 25,000,000) and has received "Surat Keterangan Pengampunan Pajak" No. KET-21580/PP/ WPJ.10/2016 dated 14 December 2016 of Ministry of Finance of the Republic of Indonesia Kantor Wilayah DJP Jawa Tengah I.*

*Based on Decision Letter of the Director General of Taxes No. KEP-121/WJP.07/2017 dated 20 April 2017 concerning the approval of the revaluation of fixed assets of the Company for tax purposes filed in 2015 and 2016, the final income tax payable amounting to Rp 9,229,391,337.*

*Fixed assets revaluation not comply with technical bulletin 11 issued by IAI (2016) regarding to revaluation of fixed assets, so carrying amount of fixed assets is not changes and Final Tax charged to operating expenses.*

*c. Fiscal computation*

*The reconciliation between the profit before income tax, as shown in the interim consolidated statements of profit or loss and other comprehensive income, with the estimated taxable profit for the six-month periods ended 30 June 2019 and 2018 and for the years ended 31 December 2018, 2017 and 2016 is as follows:*

**PT SRI REJEKI ISMAN Tbk DAN ENTITAS ANAK**
**CATATAN ATAS LAPORAN KEUANGAN**
**KONSOLIDASIAN INTERIM**
**30 JUNI 2019 (TIDAK DIAUDIT),**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**DAN UNTUK PERIODE ENAM BULAN YANG BERAKHIR**
**PADA 30 JUNI 2019 DAN 2018 (TIDAK DIAUDIT)**
**DAN TAHUN YANG BERAKHIR PADA**
**31 DESEMBER 2018, 2017 DAN 2016 (DIAUDIT)**
**(Disajikan dalam Dolar Amerika Serikat, kecuali dinyatakan lain)**

***PT SRI REJEKI ISMAN Tbk AND SUBSIDIARIES***
***NOTES TO THE INTERIM CONSOLIDATED FINANCIAL STATEMENTS***
***30 JUNE 2019 (UNAUDITED),***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***AND FOR THE SIX-MONTH PERIODS ENDED***
***30 JUNE 2019 AND 2018 (UNAUDITED)***
***AND THE YEARS ENDED***
***31 DECEMBER 2018, 2017 AND 2016 (AUDITED)***
***(Expressed in United States Dollar, unless otherwise stated)***

15. **PERPAJAKAN** (Lanjutan) / *15. **TAXATION** (Continued)*

c. Perhitungan fiskal (Lanjutan) / *c. Fiscal computation (Continued)*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| Laba sebelum pajak penghasilan per laporan laba rugi dan penghasilan komprehensif lain konsolidasian interim | 418.050.182.856 | 475.278.479.679 | 1.062.365.277.551 | 633.060.286.564 | 628.090.245.255 | *Profit before income tax per interim consolidated statements of profit or loss and other comprehensive income* |
| Dikurangi: | | | | | | *Deduct:* |
| *Goodwill* | - | - | ( 360.863.377.623 ) | - | - | *Goodwill* |
| Laba Entitas Anak sebelum beban pajak penghasilan – Neto | ( 262.486.799.197 ) | ( 297.613.000.179 ) | ( 424.030.527.774 ) | ( 43.417.013.233) | ( 125.643.797.689 ) | *Gain of Subsidiaries before corporate income tax expense – Net* |
| Laba Perusahaan sebelum penghasilan pajak | 155.563.383.659 | 177.665.479.500 | 277.471.372.154 | 589.643.273.331 | 502.446.447.566 | *Profit before income tax attributable to the Company* |
| Ditambah (dikurangi): | | | | | | *Add (deduct):* |
| **Beda temporer:** | | | | | | ***Temporary differences:*** |
| Penyisihan imbalan kerja - Neto | 11.517.448.552 | 9.454.886.428 | 19.075.995.072 | 17.174.358.257 | 13.429.119.205 | *Provision for employee benefits - Net* |
| Penyusutan aset tetap | 14.547.582.032 | 26.718.570.164 | 50.098.308.309 | ( 29.602.941.379) | 11.807.729.774 | *Depreciation of fixed assets* |
| Penyusutan aset sewa pembiayaan | - | - | - | 2.377.606.260 | 2.405.200.329 | *Depreciation of leased assets* |
| **Jumlah beda temporer** | 26.065.030.584 | 36.173.456.592 | 69.174.303.381 | ( 10.050.976.862) | 27.642.049.308 | ***Total temporary differences*** |
| **Beda tetap:** | | | | | | ***Permanent differences:*** |
| Beban yang tidak dapat Dikurangkan | | | | | | *Non-deductible expenses* |
| Beban pajak | 32.930.811.327 | 16.500.963.208 | 43.152.525.621 | 34.019.082.192 | 27.854.824.522 | *Tax expenses* |
| Pengembangan usaha | 23.071.748.550 | 16.925.193.208 | 29.815.785.279 | 979.632.056 | 6.528.420.608 | *Business development* |
| Sumbangan | 6.330.953.982 | 3.842.675.340 | 6.924.987.972 | 1.779.489.156 | 2.554.345.185 | *Donations* |
| Pembayaran pokok utang sewa pembiayaan | - | - | - | - | ( 1.498.004.186) | *Installment payment of obligation under finance lease* |
| Lain-lain | 12.817.572.092 | 12.254.208.793 | 29.841.706.269 | ( 108.023.442.682) | ( 199.965.859.260) | *Others* |
| Pendapatan bunga yang dikenakan pajak final | ( 7.147.257.348 ) | ( 7.749.890.204 ) | ( 13.180.751.010) | ( 18.793.921.080) | ( 1.653.487.899) | *Interest income already subjected to final tax* |
| **Jumlah beda tetap** | 68.003.828.603 | 41.773.150.345 | 96.554.254.131 | ( 90.039.160.358) | ( 166.179.761.030) | ***Total permanent differences*** |
| **Taksiran penghasilan kena pajak** | 249.632.242.846 | 255.612.086.437 | 443.199.929.666 | 489.553.136.111 | 363.908.735.844 | ***Estimated taxable income*** |
| **Taksiran beban pajak penghasilan Perusahaan** | 62.408.060.500 | 63.903.021.500 | 110.799.982.250 | 97.910.627.200 | 90.977.183.000 | ***Estimated income tax expenses Company*** |
| **Taksiran beban pajak kini penghasilan Perusahaan (dalam USD)** | 4.413.271 | 4.436.477 | 7.651.404 | 7.226.943 | 6.771.151 | ***Estimated current income tax expenses Company (in USD)*** |

Berdasarkan surat No. PW-016/SRIL/012018 tanggal 10 Januari 2018 dari PT Adimitra Jasa Korpora, Biro Administration Efek, Perusahaan telah memenuhi persyaratan PP No. 56 Tahun 2015 untuk memperoleh penurunan tarif PPh Badan 5% lebih rendah dari tarif PPh yang berlaku untuk tahun pajak 2017.

*Based on letter No. PW-016/SRIL/012018 dated 10 January 2018 from PT Adimitra Jasa Korpora, Biro Admnistration Efek, the Company has fullfill the requirement of PP No. 56 Year 2015 to obtain a decrease in corporate tax rate 5% lower than the prevalling corporate income tax rate for fiscal year 2017.*

Sampai dengan dikeluarkannya laporan ini, Perusahaan masih dalam proses pengajuan pelaporan SPT Badan dalam mata uang USD.

*Until the date of this report, the Company is still in the process of filing tax returns reporting in USD.*

15. **PERPAJAKAN** (Lanjutan) / *15. **TAXATION** (Continued)*

d. Perhitungan taksiran utang pajak penghasilan adalah sebagai berikut: / *d. The computation of estimated income tax payable is as follows:*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| Beban pajak kini | | | | | | *Current tax expenses* |
| Perusahaan | 4.413.271 | 4.436.477 | 7.651.404 | 7.226.943 | 6.771.151 | *Company* |
| Entitas Anak | 1.183.027 | 2.243.586 | 5.997.016 | 1.813.006 | 1.002.961 | *Subsidiaries* |
| Jumlah | 5.596.298 | 6.680.063 | 13.648.420 | 9.039.949 | 7.774.112 | *T o t a l* |
| Pajak dibayar di muka | | | | | | *Prepaid taxes* |
| Perusahaan | 3.415.766 | 3.674.670 | 7.642.709 | 7.223.859 | 6.754.976 | *Company* |
| Entitas Anak | 977.683 | 1.014.315 | 2.145.516 | 1.268.319 | 376.518 | *Subsidiaries* |
| Jumlah | 4.393.449 | 4.688.985 | 9.788.225 | 8.492.178 | 7.131.494 | *T o t a l* |
| Taksiran utang pajak penghasilan | | | | | | *Estimated corporate income tax payable* |
| Perusahaan | | | | | | *Company* |
| Tahun berjalan | 997.505 | 761.807 | 8.695 | 3.084 | 16.175 | *Current year* |
| Tahun sebelumnya | - | 3.084 | - | - | - | *Prior year* |
| Entitas Anak | | | | | | *Subsidiaries* |
| Tahun berjalan | 113.945 | 1.443.622 | - | 544.687 | 626.443 | *Current year* |
| Tahun sebelumnya | 3.125.912 | 40.877 | 4.388.274 | - | - | *Prior year* |
| **N e t o** | 4.237.362 | 2.249.390 | 4.396.969 | 547.771 | 642.618 | ***N e t*** |
| Taksiran klaim pajak penghasilan | | | | | | *Estimated claim corporate income tax* |
| Entitas Anak | | | | | | *Subsidiaries* |
| Tahun berjalan | ( 1.605.932 ) | ( 1.288.826 ) | ( 536.774 ) | - | - | *Current year* |
| Tahun sebelumnya | - | - | ( 996.869 ) | - | - | *Prior year* |
| **Jumlah** | ( 1.605.932 ) | ( 1.288.826 ) | ( 1.533.643 ) | - | - | ***T o t a l*** |

e. Beban pajak / *e. Tax expenses*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months*) (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months*) (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| **K i n i** | | | | | | ***Current*** |
| Perusahaan | 4.413.271 | 4.436.477 | 7.651.404 | 7.226.943 | 6.771.151 | *Company* |
| Entitas Anak | 1.183.027 | 2.243.586 | 5.997.016 | 1.813.006 | 1.002.961 | *Subsidiaries* |
| Jumlah | 5.596.298 | 6.680.063 | 13.648.420 | 9.039.949 | 7.774.112 | *T o t a l* |
| **K i n i** | | | | | | ***Current*** |
| Entitas Anak di luar negeri | - | - | - | - | 86.219 | *Subsidiaries in foreign* |
| **Tangguhan** | | | | | | ***Deferred*** |
| Perusahaan | ( 460.806 ) | ( 966.387 ) | 197.974 | 207.257 | ( 1.084.485 ) | *Company* |
| Entitas Anak | ( 10.459 ) | ( 292.185 ) | 1.010.915 | ( 5.141.384 ) | ( 113.745 ) | *Subsidiaries* |
| Jumlah | ( 471.265 ) | ( 1.258.572 ) | 1.208.889 | ( 4.934.127 ) | ( 1.198.230 ) | *T o t a l* |
| **Jumlah beban pajak** | 5.125.033 | 5.421.491 | 14.857.309 | 4.105.822 | 6.662.101 | ***Total tax expenses*** |

15. **PERPAJAKAN** (Lanjutan) / *15. **TAXATION** (Continued)*

f. Rekonsiliasi antara laba sebelum pajak penghasilan dikalikan dengan tarif pajak yang berlaku dan total beban pajak penghasilan.

*f. The reconciliation between profit before income tax calculated by multiplying the applicable tax rate and total income tax expense.*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| Laba sebelum pajak penghasilan | 59.284.556 | 61.099.384 | 99.413.342 | 72.141.142 | 66.027.791 | *Profit before income tax* |
| Efek perubahan kurs pajak | ( 29.721.570 ) | ( 28.103.100 ) | ( 26.050.641 ) | ( 25.413.929) | ( 28.632.253) | *Effect from change of tax rate* |
| | 29.562.986 | 32.996.284 | 73.362.701 | 46.727.213 | 37.395.538 | |
| Estimasi beban pajak dengan tarif pajak yang berlaku | 7.390.747 | 8.249.071 | 18.340.675 | 9.345.443 | 9.348.885 | *Estimated tax expense based on applicable tax rates* |
| Perbedaan tetap neto dengan menggunakan tarif pajak yang berlaku | 1.328.603 | 859.536 | 1.894.465 | ( 1.157.315)( | 3.061.296) | *Net permanent differences at the applicable tax rates* |
| Pendapatan bunga yang dikenakan pajak final | ( 126.357 ) | ( 134.509 ) | ( 227.553 ) | ( 279.889) | 30.766 | *Interest income already subjected to final tax* |
| Beban pajak final Entitas Anak | - | - | - | - | 86.219 | *Subsidiaries final taxes expenses* |
| Selisih penjabaran | ( 3.467.960 ) | ( 3.552.607 ) | ( 5.150.278 ) | ( 3.802.417) | 257.527 | *Exchange difference* |
| **Jumlah beban pajak penghasilan** | 5.125.033 | 5.421.491 | 14.857.309 | 4.105.822 | 6.662.101 | ***Total income tax expense*** |

g. Aset/(liabilitas) pajak tangguhan / *g. Deferred tax assets/(liabilities)*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| Liabilitas pajak tangguhan | | | | | *Deferred tax assets* |
| Liabilitas imbalan kerja karyawan | 3.404.625 | 3.145.413 | 3.085.071 | 3.216.092 | *Employee benefits liability* |
| Cadangan penurunan nilai piutang | 12.825 | 12.825 | 12.825 | 12.825 | *Allowance for impairment of receivables* |
| Aset tetap | ( 5.232.499)( | 5.489.687)( | 4.624.790)( | 5.061.798) | *Fixed assets* |
| Liabilitas derivatif | 109.648 | - | - | - | *Derivative liabilities* |
| Transaksi sewa pembiayaan | - | - | ( 338.550)( | 303.451) | *Finance lease transactions* |
| Jumlah liabilitas pajak tangguhan Perusahaan | ( 1.705.401)( | 2.331.449)( | 1.865.444)( | 2.136.332) | *Total deferred tax liabilities Company* |
| Liabilitas pajak tangguhan | | | | | *Deferred tax liabilities* |
| Entitas Anak | ( 7.912.299)( | 7.617.661)( | 7.152.005)( | 12.414.402) | *Subsidiaries* |
| Aset pajak tangguhan | | | | | *Deferred tax assets* |
| Entitas Anak | 3.679.732 | 3.215.137 | - | - | *Subsidiaries* |

15. **PERPAJAKAN** (Lanjutan)

h. Pada tanggal 12 Juli 2013, SPD 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.

SPD melakukan banding dan pada tahun berjalan, SPD menerima hasil Putusan Pengadilan Pajak mengenai 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 186.346.038 dan Rp 2.405.533.628. Perusahaan telah membayar sebesar Rp 2.391.221.029 pada tahun 2016.

i. 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 dibayarkan 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.

j. Pada Desember 2016, Perusahaan menerima Surat Tagihan Pajak (STP) untuk pajak pertambahan nilai dan pajak penghasilan lainnya dengan jumlah keseluruhan sebesar Rp 44.944.186.926 (termasuk denda). STP tersebut telah dibayarkan oleh Perusahaan sebesar Rp 44.525.969.242 dan telah dibebankan pada laba rugi tahun berjalan. Sisanya sebesar Rp 418.217.684 dibayarkan setelah Desember 2016.

k. Pada 2017, Perusahaan menerima Surat Tagihan Pajak (STP) untuk Pajak Pertambahan Nilai dan pajak penghasilan lainnya dengan jumlah keseluruhan sebesar Rp 13.011.902.768 (termasuk denda). STP tersebut telah dibayarkan oleh Perusahaan sebesar Rp 12.667.044.970 dan telah dibebankan pada laba rugi tahun berjalan. Sisanya sebesar Rp 344.857.798 dibayarkan setelah Desember 2017.

l. Pada 2018, Perusahaan menerima Surat Tagihan Pajak (STP) untuk Pajak Pertambahan Nilai dan pajak penghasilan lainnya dengan jumlah keseluruhan sebesar Rp 6.419.975.611 (termasuk denda). STP tersebut telah dibayarkan oleh Perusahaan sebesar Rp 4.647.446.322 dan telah dibebankan pada laba rugi tahun berjalan. Sisanya sebesar Rp 1.772.529.289 terutang di tahun 2018.

m. Pada 2019, Perusahaan menerima Surat Tagihan Pajak (STP) untuk Pajak Pertambahan Nilai dan pajak penghasilan lainnya dengan jumlah keseluruhan sebesar Rp 6.221.570.748 (termasuk denda). STP tersebut telah dibayarkan oleh Perusahaan sebesar Rp 1.629.586.944 dan telah dibebankan pada laba rugi tahun berjalan. Sisanya sebesar Rp 4.591.983.804 terutang di tahun 2019.

*15. **TAXATION** (Continued)*

*h. On 12 July 2013, the SPD 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.*

*SPD make an appeal and in current year, SPD accept the results of the Tax Court Decision regarding SKPKB of income tax articles 25, art 23 and value added tax for fiscal year 2007 amounting to Rp 3,723,380,300, Rp 186,346,038 and Rp 2,405,533,628, respectively. The Company paid the amount of Rp 2,391,221,029 in 2016.*

*i. 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 to Rp 24,006,137,649 and charged to the current year profit and loss. The remaining Rp 11,611,761,787 paid during 2016.*

*j. In December 2016, the Company received Tax Collection Letter (STP) for value added tax and income taxes with the total amount of Rp 44,944,186,926 (including penalties). The above STP had been paid by the Company amounted to Rp 44,525,969,242 and charged to the current year profit and loss. The remaining Rp 418,217,684 paid after December 2016.*

*k. In 2017, the Company received Tax Collection Letter (STP) for Value Added Tax and income taxes with the total amount of Rp 13,011,902,768 (including penalties). The above STP had been paid by the Company amounted to Rp 12,667,044,970 and charged to the current year profit and loss. The remaining Rp 344,857,798 paid after December 2017.*

*l. In 2018, the Company received Tax Collection Letter (STP) for Value Added Tax and income taxes with the total amount of Rp 6,419,975,611 (including penalties). The above STP had been paid by the Company amounted to Rp 4,647,446,322 and charged to the current year profit and loss. The remaining Rp 1,772,529,289 is accrued in 2018.*

*m. In 2019, the Company received Tax Collection Letter (STP) for Value Added Tax and income taxes with the total amount of Rp 6,221,570,748 (including penalties). The above STP had been paid by the Company amounted to Rp 1,629,586,944 and charged to the current year profit and loss. The remaining Rp 4,591,983,804 is accrued in 2019.*

15. **PERPAJAKAN** (Lanjutan)

n. Pada 2018 dan 2019, PT Primayudha Mandirinya Entitas Anak, menerima Surat Keputusan Pengembalian Pendahuluan Kelebihan Pajak (SKPPKP) dan sudah menerima pengembalian melalui bank atas:
- Pajak Pertambahan Nilai untuk masa Pajak November 2017 sebesar Rp 6.803.685.655
- Pajak Pertambahan Nilai untuk masa Pajak Desember 2017 sebesar Rp 2.793.951.567
- Pajak Pertambahan Nilai untuk masa Pajak Februari 2018 sebesar Rp 7.438.499.354 dan atas selisih kekurangan pengembalian kelebihan pajak sebesar Rp 130.227.138 dan sudah dipindahbukukan ke pajak penghasilan pasal 21 masa Juni 2018
- Pajak Pertambahan Nilai untuk masa Pajak April 2018 sebesar Rp 7.136.817.602
- Pajak Pertambahan Nilai untuk masa Pajak Juni 2018 sebesar Rp 7.641.673.178 dan Rp 1.850.200
- Pajak Pertambahan Nilai untuk masa Pajak Agustus 2018 sebesar Rp 6.676.792.569
- Pajak Pertambahan Nilai untuk masa pajak November 2018 sebesar Rp 13.155.055.020
- Pajak Pertambahan Nilai untuk masa pajak Desember 2018 sebesar Rp 3.092.133.770
- Pajak Pertambahan Nilai untuk tahun pajak November 2018 sebesar Rp 35.290.046
- Pajak Pertambahan Nilai untuk tahun pajak Desember 2018 sebesar Rp 918.532
- Pajak Pertambahan Nilai untuk tahun pajak Februari 2019 sebesar Rp 4.936.874.137

o. Pada 2018 dan 2019, PT Primayudha Mandirijaya, Entitas Anak, menerima Surat Ketetapan Pajak (SKP) atas:
- Tanggal 9 April 2018 menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) Pajak Pertambahan Nilai untuk masa Desember 2016 sebesar Rp 32.967.712 dan sudah dibayar melalui PT Bank Central Asia Tbk pada 12 April 2018.
- Tanggal 16 April 2018 menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) Pajak Penghasilan (PPh) Pasal 21 untuk masa Januari sampai Desember 2016, PPh Pasal 23 untuk masa Januari sampai Desember 2016, PPh Pasal 4 ayat 2 untuk masa Januari sampai Desember 2016 dengan jumlah total sebesar Rp 130.227.138 dan PPh Pasal 26 untuk masa April 2016 dan Desember 2016 sebesar Rp 36.108.941 dan sudah dibayarkan melalui PT Bank Central Asia Tbk pada tanggal 3 Mei 2018.
- Tanggal 25 April 2018 menerima Surat Ketetapan Pajak Lebih Bayar (SKPLB) atas Pajak Penghasilan Badan untuk tahun pajak 2016 sebesar USD 573.064 (setara dengan Rp 7.941.520.912) dan sudah diterima pengembalian melalui PT Bank Danamon Indonesia Tbk.

*15. **TAXATION** (Continued)*

*n. In 2018 and 2019, the Subsidiary, PT Primayudha Mandirijaya, received Advance Tax Overpayment Refund Decree (SKPPKP) and already received through bank:*
- *Value Added Tax for November 2017 amounting to Rp 6,803,685,655*
- *Value Added Tax for December 2017 amounting to Rp 2,793,951,567*
- *Value Added Tax for February 2018 amounting to Rp 7,438,499,354 and overpayment refund with amounting to Rp 130,227,138 and already transferred in to Witholding Tax Art 21 for period June 2018*
- *Value Added Tax for April 2018 amounting to Rp 7,136,817,602*
- *Value Added Tax for June 2018 amounting to Rp 7,641,673,178 and Rp 1,850,200*
- *Value Added Tax for August 2018 amounting to Rp 6,676,792,569*
- *Value Added Tax for period November 2018 amounting to Rp 13,155,055,020*
- *Value Added Tax for period December 2018 amounting to Rp 3,092,133,770*
- *Value Added Tax for period November 2018 amounting to Rp 35,290,046*
- *Value Added Tax for period December 2018 amounting to Rp 918,532*
- *Value Added Tax for period February 2019 amounting to Rp 4,936,874,137*

*o. In 2018 and 2019, the Subsidiary, PT Primayudha Mandirijaya, received Tax Assessment Letter (SKP) for:*
- *On 9 April 2018 received Tax Assessment Letter for Underpayment (SKPKB) of Value Added Tax for December 2016 with amounting Rp 32,967,712 and already paid through PT Bank Central Asia Tbk on 12 April 2018.*
- *On 16 April 2018 received Tax Assessment Letter for Underpayment (SKPKB) of Witholding Tax Art 21 for period January to December 2016, Witholding Tax Art 23 for period January to December 2016, Witholding Tax Art 4 (2) for period January to December 2016 with amounting Rp 130,227,138 and Witholding Tax Art 26 for period April 2016 and December 2016 with amounting to Rp 36,108,941 and already paid through PT Bank Central Asia Tbk on 3 May 2018.*
- *On 25 April 2018 received Tax Assessment Letter for Overpayment (SKPLB) of Annual Income Tax for Fiscal year 2016 with amounting to USD 573,064 (equivalent with Rp 7,941,520,912) and already received through PT Bank Danamon Indonesia Tbk.*

15. **PERPAJAKAN** (Lanjutan)

o. Pada 2018 dan 2019, PT Primayudha Mandirijaya, Entitas Anak, menerima Surat Ketetapan Pajak (SKP) atas: (Lanjutan)
- Tanggal 30 Mei 2018 menerima Surat Ketetapan Pajak Lebih Bayar (SKPLB) Pajak Pertambahan Nilai untuk masa Pajak Mei 2017 sebesar Rp 3.834.554.017 dan sudah menerima pengembalian melalui PT Bank Danamon Indonesia Tbk.
- Tanggal 15 April 2019 menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) atas Pajak Penghasilan Badan untuk tahun pajak 2017 sebesar USD 519.022 dan sudah dibayar pengembalian melalui PT Bank Central Asia Tbk.

p. Pada 2018 dan 2019, PT Bitratex Industries, Entitas Anak, menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) dan sudah melakukan pembayaran melalui bank.
- No. 00016/206/13/057/18 tanggal 27 Maret 2018 mengenai PPh Badan Tahun 2013, pajak penghasilan badan yang terutang sebesar USD 1.177.506
- No. 00200/207/16/057/18 tanggal 11 April 2018 mengenai PPN Barang dan Jasa Masa Januari Tahun 2016, pajak pertambahan nilai yang terutang sebesar Rp 15.526.384
- No. 00201/207/16/057/18 tanggal 11 April 2018 mengenai PPN Barang dan Jasa Masa Februari Tahun 2016, pajak pertambahan nilai yang terutang sebesar Rp 4.955.318
- No. 00202/207/16/057/18 tanggal 11 April 2018 mengenai PPN Barang dan Jasa Masa Maret Tahun 2016, pajak pertambahan nilai yang terutang sebesar Rp 16.426.826
- No. 00203/207/16/057/18 tanggal 11 April 2018 mengenai PPN Barang dan Jasa Masa April Tahun 2016, pajak pertambahan nilai yang terutang sebesar Rp 16.578.622
- No. 00204/207/16/057/18 tanggal 11 April 2018 mengenai PPN Barang dan Jasa Masa Mei Tahun 2016, pajak pertambahan nilai yang terutang sebesar Rp 34.771.936
- No. 00205/207/16/057/18 tanggal 11 April 2018 mengenai PPN Barang dan Jasa Masa Juni Tahun 2016, pajak pertambahan nilai yang terutang sebesar Rp 14.382.088
- No. 00206/207/16/057/18 tanggal 11 April 2018 mengenai Pajak Pertambahan Nilai Barang dan Jasa Masa Juli Tahun 2016, Pajak Pertambahan Nilai yang terutang sebesar Rp 14.867.126
- No. 00207/207/16/057/18 tanggal 11 April 2018 mengenai Pajak Pertambahan Nilai Barang dan Jasa Masa Agustus Tahun 2016, Pajak Pertambahan Nilai yang terutang sebesar Rp 21.102.396
- No. 00208/207/16/057/18 tanggal 11 April 2018 mengenai Pajak Pertambahan Nilai Barang dan Jasa Masa September Tahun 2016, Pajak Pertambahan Nilai yang terutang sebesar Rp 15.988.984

*15. **TAXATION** (Continued)*

*o. In 2018 and 2019, the Subsidiary, PT Primayudha Mandirijaya, received Tax Assessment Letter (SKP) for: (Continued)*
- *On 30 May 2018 received Tax Assessment Letter for Overpayment (SKPLB) of Value Added Tax for period May 2017 with amounting to Rp 3,834,554,017 and already received through PT Bank Danamon Indonesia Tbk.*
- *On 15 April 2019 received Tax Assessment Letter for Underpayment (SKPKB) of Annual Income Tax for Fiscal year 2017 with amounting to USD 519,022 and already paid through PT Bank Central Asia Tbk.*

*p. In 2018 and 2019, the Subsidiary, PT Bitratex Industries, received Underpayment Tax Assessment Letter (SKPKB) and already paid to bank.*
- *No. 00016/206/13/057/18 dated 27 March 2018 concerning Corporate Income Tax in 2013, the final corporate income tax payable amounting to USD 1,177,506*
- *No. 00200/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in January 2016, the value added tax payable amounting to Rp 15,526,384*
- *No. 00201/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in February 2016, the value added tax payable amounting to Rp 4,955,318*
- *No. 00202/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in March 2016, the value added tax payable amounting to Rp 16,426,826*
- *No. 00203/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in April 2016, the value added tax payable amounting to Rp 16,578,622*
- *No. 00204/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in May 2016, the value added tax payable amounting to Rp 34,771,936*
- *No. 00205/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in June 2016, the value added tax payable amounting to Rp 14,382,088*
- *No. 00206/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in July 2016, the value added tax payable amounting to Rp 14,867,126*
- *No. 00207/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in August 2016, the value added tax payable amounting to Rp 21,102,396*
- *No. 00208/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in September 2016, the value added tax payable amounting to Rp 15,988,984*

15. **PERPAJAKAN** (Lanjutan)

p. Pada 2018 dan 2019, PT Bitratex Industries, Entitas Anak, menerima Surat Ketetapan Pajak Kurang Bayar (SKPKB) dan sudah melakukan pembayaran melalui bank. (Lanjutan)

- No. 00209/207/16/057/18 tanggal 11 April 2018 mengenai Pajak Pertambahan Nilai Barang dan Jasa Masa Oktober Tahun 2016, Pajak Pertambahan Nilai yang terutang sebesar Rp 15.648.246
- No. 00210/207/16/057/18 tanggal 11 April 2018 mengenai Pajak Pertambahan Nilai Barang dan Jasa Masa November Tahun 2016, Pajak Pertambahan Nilai yang terutang sebesar Rp 15.622.876
- No. 00211/207/16/057/18 tanggal 11 April 2018 mengenai Pajak Pertambahan Nilai Barang dan Jasa Masa Desember Tahun 2016, Pajak Pertambahan Nilai yang terutang sebesar Rp 6.983.032
- No. 00059/207/13/057/18 tanggal 27 Maret 2018 mengenai Pajak Pertambahan Nilai Barang dan Jasa Masa Juni Tahun 2013, Pajak Pertambahan Nilai yang terutang sebesar Rp 1.041.650.791
- No. 00060/207/13/057/18 tanggal 27 Maret 2018 mengenai Pajak Pertambahan Nilai Barang dan Jasa Masa September Tahun 2013, Pajak Pertambahan Nilai yang terutang sebesar Rp 1.319.217.234
- No. 00061/207/13/057/18 tanggal 27 Maret 2018 mengenai Pajak Pertambahan Nilai Barang dan Jasa Masa Desember Tahun 2013, Pajak Pertambahan Nilai yang terutang sebesar Rp 1.321.700.147
- No. 00217/WPJ.07/KP.05.05/RJKSIS/2018 tanggal 28 Maret 2018 mengenai PPh Badan tahun 2016, pajak penghasilan badan yang terutang sebesar Rp 192.853.834
- No. 00012/406/16/057/18 tanggal 11 April 2018 mengenai lebih bayar PPh Badan tahun 2016 sebesar USD 113.712

*15. **TAXATION** (Continued)*

*p. In 2018 and 2019, the Subsidiary, PT Bitratex Industries, received Underpayment Tax Assessment Letter (SKPKB) and already paid to bank. (Continued)*

- *No. 00209/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in October 2016, the value added tax payable amounting to Rp 15,648,246*
- *No. 00210/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in November 2016, the value added tax payable amounting to Rp 15,622,876*
- *No. 00211/207/16/057/18 dated 11 April 2018 concerning Value Added Tax of Goods and Services in December 2016, the value added tax payable amounting to Rp 6,983,032*
- *No. 00059/207/13/057/18 dated 27 March 2018 concerning Value Added Tax of Goods and Services in June 2013, the value added tax payable amounting to Rp 1,041,650,791*
- *No. 00060/207/13/057/18 dated 27 March 2018 concerning Value Added Tax of Goods and Services in September 2013, the value added tax payable amounting to Rp 1,319,217,234*
- *No. 00061/207/13/057/18 dated 27 March 2018 concerning Value Added Tax of Goods and Services in December 2013, the value added tax payable amounting to Rp 1,321,700,147*
- *No. 00217/WPJ/16/057/18 dated 28 March 2018 concerning Corporate Income Tax in 2016, the final corporate income tax payable amounting to Rp 192,853,834*
- *No. 00012/406/16/057/18 dated 11 April 2018 concerning overpayment Corporate Income Tax year 2016 amounted USD 113,712*

16. **BEBAN AKRUAL** / *16. **ACCRUED EXPENSES***

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| Deviden | 3.967.686 | - | - | - | *Dividend* |
| Bunga | 3.925.117 | 5.312.525 | 4.681.869 | 3.776.000 | *Interest* |
| Listrik, telepon dan air | 3.145.515 | 4.163.222 | 3.041.442 | 2.244.804 | *Electricity, telephone and water* |
| Komisi | 1.942.932 | - | - | - | *Commision* |
| Biaya atas penjualan | 982.732 | 1.114.907 | - | - | *Selling cost* |
| Jasa tenaga ahli | 293.681 | 98.800 | 121.051 | 85.181 | *Professional fees* |
| Jamsostek | 112.128 | 90.508 | 22.516 | 21.079 | *Jamsostek* |
| Gaji dan tunjangan lainnya | 29.801 | 390.072 | - | - | *Salaries and other benefits* |
| Lain-lain | 231.099 | 85.405 | 235.095 | 238.769 | *Others* |
| **Jumlah beban akrual** | 14.630.691 | 11.255.439 | 8.101.973 | 6.365.833 | ***Total accrued expenses*** |

## 17. UTANG BANK JANGKA PANJANG / *17. LONG-TERM BANK LOANS*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| Pinjaman sindikasi | 350.000.000 | - | - | - | *Syndication loan* |
| Dikurangi: biaya transaksi yang belum diamortisasi | ( 12.290.779 ) | - | - | - | *Less: Unamortised transaction cost* |
| | 337.709.221 | - | - | - | |
| PT Bank Central Asia Tbk | 28.829.855 | 32.774.789 | 21.169.272 | 20.222.222 | *PT Bank Central Asia Tbk* |
| PT Bank HSBC Indonesia | - | 7.038.000 | - | - | *PT Bank HSBC Indonesia* |
| PT Bank Rakyat Indonesia (Persero) Tbk | - | - | - | 26.665.897 | *PT Bank Rakyat Indonesia (Persero) Tbk* |
| Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank) | - | - | - | 3.721.346 | *Lembaga Pembiayaan Ekspor Indonesia (Indonesia Eximbank)* |
| | 366.539.076 | 39.812.789 | 21.169.272 | 50.609.465 | |
| Dikurangi: bagian yang jatuh tempo dalam satu tahun | | | | | *Less: current portion* |
| PT Bank Central Asia Tbk | 7.926.767 | 8.052.067 | 3.466.666 | 3.466.666 | *PT Bank Central Asia Tbk* |
| PT Bank HSBC Indonesia | - | 2.577.165 | - | - | *PT Bank HSBC Indonesia* |
| | 7.926.767 | 10.629.232 | 3.466.666 | 3.466.666 | |
| **Bagian jangka panjang** | 358.612.309 | 29.183.557 | 17.702.606 | 47.142.799 | ***Non-current portion*** |

**Pinjaman sindikasi**

Berdasarkan perjanjian pinjaman tanggal 2 Januari 2019 dan perubahan perjanjian tanggal 20 Maret 2019 antara Perusahaan (sebagai peminjam) dan disusun oleh Citigroup Global Markets Asia Limited, DBS Bank Ltd., PT Bank HSBC Indonesia serta The Hongkong and Shanghai Banking Corporation Limited (sebagai agen) dengan jumlah keseluruhan fasilitas USD 350.000.000 dan jatuh tempo pada tanggal 2 Januari 2022. Pinjaman ini merupakan pinjaman tanpa jaminan dan tanpa komitmen.

*Facility A Commitment* USD 200.000.000
- Pemberi pinjaman: Citibank N.A., Jakarta Branch (USD 14.290.000), PT Bank DBS Indonesia (USD 66.550.000), PT Bank HSBC Indonesia (USD 66.900.000). Bunga 2,90% per tahun + 1 bulan LIBOR.
- Pemberi pinjaman: Citibank N.A., Singapore Branch (USD 52.260.000). Bunga 2,50% per tahun + 1 bulan LIBOR.

*Facility B Commitment* USD 150.000.000
- Pemberi pinjaman: Citibank N.A., Jakarta Branch (USD 10.710.000), PT Bank DBS Indonesia (USD 50.000.000), PT Bank HSBC Indonesia (USD 50.000.000). Bunga 2,90% per tahun + 1 bulan LIBOR.
- Pemberi pinjaman: Citibank N.A., Singapore Branch (USD 39.290.000). Bunga 2,50% per tahun + 1 bulan LIBOR.

***Syndication Loan***

*Based on loan agreement dated 2 January 2019 and the amendment dated 20 March 2019, the Company (as a borrower) and arranged by Citigroup Global Markets Asia Limited, DBS Bank Ltd., PT Bank HSBC Indonesia and The Hongkong and Shanghai Banking Corporation Limited (as a agent) with total amount facilities USD 350,000,000 and due on date 2 January 2022. This loan is unsecured and uncommitted loan.*

*Facility A Commitment USD 200,000,000*
- *Lender: Citibank N.A., Jakarta Branch (USD 14,290,000), PT Bank DBS Indonesia (USD 66,550,000), PT Bank HSBC Indonesia (USD 66,900,000). Interest 2.90% per annum + 1 month LIBOR.*
- *Lender: Citibank N.A., Singapore Branch (USD 52,260,000). Interest 2.50% per annum + 1 month LIBOR.*

*Facility B Commitment USD 150,000,000*
- *Lender: Citibank N.A., Jakarta Branch (USD 10,710,000), PT Bank DBS Indonesia (USD 50,000,000), PT Bank HSBC Indonesia (USD 50,000,000). Interest 2.90% per annum + 1 month LIBOR.*
- *Lender: Citibank N.A., Singapore Branch (USD 39,290,000). Interest 2.50% per annum + 1 month LIBOR.*

17. **UTANG BANK JANGKA PANJANG** (Lanjutan)

**Pinjaman sindikasi** (Lanjutan)

Perusahaan harus memastikan kondisi keuangan:
- *Consolidated Net Financial Borrowings to Consolidated Tangible Net Worth*
  *Relevant period expiring:*
  30 Juni 2019 – 1,35 : 1
  31 Desember 2019 – 1,35 : 1
  30 Juni 2020 – 1,20 : 1
  31 Desember 2020 – 1,20 : 1
  30 Juni 2021 – 1,05 : 1
  31 Desember 2021 – 1,05 : 1
- *Consolidated Net Financial Borrowings to Consolidated EBITDA*
  *Relevant period expiring:*
  30 Juni 2019 – 3,00 : 1
  31 Desember 2019 – 3,00 : 1
  30 Juni 2020 – 2,75 : 1
  31 Desember 2020 – 2,75 : 1
  30 Juni 2021 – 2,25 : 1
  31 Desember 2021 – 2,25 : 1
- *Interest cover* tidak kurang dari 2,50 : 1

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar USD 337.709.221, nihil, nihil dan nihil.

**PT Bank Central Asia Tbk (BCA)**

Berdasarkan akta Notaris No. 396 tanggal 25 Maret 2015, Notaris Herry Hartanto Seputro, S.H., dan perubahan perjanjian No. 10926/GBK/2016 tanggal 14 November 2016 dan akta Notaris No. 49 tanggal 13 Desember 2017, Notaris Felix Johansyah, S.H., serta perubahan terakhir No. 10119/GBK/2019 tanggal 27 Februari 2019, Perusahaan memperoleh perubahan fasilitas kredit sebagai berikut:

a. *Interest Rate Swap (IRS)* dengan jumlah pokok maksimal sebesar USD 50.000.000. Fasilitas untuk *hedging* suku bunga USD *floating* menjadi *fixed rate*. Maksimum jangka waktu transaksi adalah 3 tahun.

b. Kredit Multi Fasilitas. 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 *Sight/Usance*/ UPAS L/C dan TR maksimal USD 30.000.000, fasilitas SKBDN maksimal USD 10.000.000 dan fasilitas Negosiasi/Diskonto dengan Kondisi Khusus maksimal USD 5.000.000. Tingkat bunga UPAS/UPAU adalah LIBOR 1 bulan + 2,50% per tahun (USD) or 10,75% per tahun (IDR) dan TR adalah LIBOR + 3% per tahun.



*17.* ***LONG-TERM BANK LOANS*** *(Continued)*

***Syndication Loan*** *(Continued)*

*The Company, shall ensure the financial condition:*
- *Consolidated Net Financial Borrowings to Consolidated Tangible Net Worth*
  *Relevant period expiring:*
  *30 June 2019 - 1.35 : 1*
  *31 December 2019 - 1.35 : 1*
  *30 June 2020 – 1.20 : 1*
  *31 December 2020 – 1.20 : 1*
  *30 June 2021 – 1.05 : 1*
  *31 December 2021 – 1.05 : 1*
- *Consolidated Net Financial Borrowings to Consolidated EBITDA*
  *Relevant period expiring:*
  *30 June 2019 – 3.00 : 1*
  *31 December 2019 – 3.00 : 1*
  *30 June 2020 – 2.75 : 1*
  *31 December 2020 – 2.75 : 1*
  *30 June 2021 – 2.25 : 1*
  *31 December 2021 – 2.25 : 1*
- *Interest cover not less than 2.50 to 1*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to USD 337,709,221, nil, nil and nil, respectively.*

***PT Bank Central Asia Tbk (BCA)***

*Based on Notarial deed No. 396 dated 25 March 2015 Notary of Herry Hartanto Seputro, S.H., and the amendment No. 10926/GBK/2016 dated 14 November 2016 and Notarial deed No. 49 dated 13 December 2017, Notary of Felix Johansyah, S.H., and based on the latest amendment No. 10119/GBK/2019 dated 27 February 2019, the Company obtained the changes credit facilities:*

*a. Interest Rate Swap (IRS) with total principal maximum of USD 50,000,000. Facility for hedging interest rate USD floating rate to fixed rate. Maximum due date of transaction is 3 years.*

*b. 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 Sight/Usance/ UPAS L/C and TR facilities maximum USD 30,000,000, SKBDN facilities maximum USD 10,000,000 and "Negosiasi/Diskonto dengan Kondisi Khusus" facilities maximum USD 5,000,000. The interest rate of UPAS/UPAU is LIBOR 1 month + 2.50% p.a (USD) or 10.75% p.a (IDR) and TR is LIBOR + 3% p.a interest rate per annum.*

17. **UTANG BANK JANGKA PANJANG** (Lanjutan)

**PT Bank Central Asia Tbk (BCA)** (Lanjutan)

Berdasarkan akta Notaris No. 396 tanggal 25 Maret 2015, Notaris Herry Hartanto Seputro, S.H., dan perubahan perjanjian No. 10926/GBK/2016 tanggal 14 November 2016 dan akta Notaris No. 49 tanggal 13 Desember 2017, Notaris Felix Johansyah, S.H., serta perubahan terakhir No. 10119/GBK/2019 tanggal 27 Februari 2019, Perusahaan memperoleh perubahan fasilitas kredit sebagai berikut: (Lanjutan)

c. Fasilitas Kredit Investasi 1 dengan jumlah pokok maksimal sebesar USD 20.800.000. Fasilitas ini digunakan untuk membiayai proyek Spinning XI. Tingkat suku bunga 5%. Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar USD 11.555.555, USD 13.288.889, USD 16.755.555 dan USD 20.222.222.

d. Fasilitas Kredit Investasi 2 dengan jumlah pokok maksimal sebesar USD 13.000.000 untuk penerbitan *Letter of Credit* (L/C) berupa *Sight* dan *Usance*. Fasilitas ini digunakan untuk membiayai ekspansi proyek Spinning XII meliputi pembangunan pabrik, pembelian mesin dan peralatan produksi. Tingkat suku bunga 5%. Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar USD 11.000.000, USD 12.000.000, USD 4.413.717 dan nihil.

e. Fasilitas *Forex Forward Line* dengan jumlah maksimal USD 2.500.000. Fasilitas ini digunakan untuk memenuhi kebutuhan mata uang asing (*hedging*).

Fasilitas Kredit Investasi 1 dan 2 angsuran terakhir dibayar pada tanggal yang sama di tahun ke-7 sejak tanggal penarikan.

Berdasarkan surat pemberitahuan No. 10119/GBK/2019 tanggal 27 Februari 2019, dengan fasilitas *Interest Rate Swap (IRS)*, Kredit Multi Fasilitas dan Fasilitas *Forex Forward Line*, pinjaman akan jatuh tempo pada 9 November 2019.

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan proyek Spinning XI dan XII dengan LT 38.235m$^2$ atas nama Iwan Setiawan Lukminto
- Peralatan pada Spinning XI
- Persediaan
- Piutang usaha
- Tanah dan bangunan pabrik Spinning VIII LT ±27.419m$^2$ atas nama Perusahaan
- Mesin dan peralatan Spinning XII

Pada tahun 2019, PT Bank Central Asia Tbk merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

*17. **LONG-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 the amendment No. 10926/GBK/2016 dated 14 November 2016 and Notarial deed No. 49 dated 13 December 2017, Notary of Felix Johansyah, S.H., and based on the latest amendment No. 10119/GBK/2019 dated 27 February 2019, the Company obtained the changes credit facilities: (Continued)*

*c. Investment Credit Facilities 1 with total principal maximum of USD 20,800,000. This facility is used for financing of Spinning XI project. Interest rate 5%. As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to USD 11,555,555, USD 13,288,889, USD 16,755,555 and USD 20,222,222, respectively.*

*d. Investment Credit Facilities 2 with total principal maximum of USD 13,000,000 for publishing Letter of Credit (L/C) such as Sight and Usance. This facility is used for financing of Spinning XII project such as factory construction, purchases of machineries and production equipment. Interest rate 5%. As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to USD 11,000,000, USD 12,000,000, USD 4,413,717 and nil, respectively.*

*e. Forex Forward Line Facilities maximum USD 2,500,000. This facility is used for needs foreign currency (hedging).*

*Investment Credit Facilities 1 and 2, the last installment is paid on the same date in the 7$^{th}$ years since ther first drawdown.*

*Based on letter of notification No. 10119/GBK/2019 dated 27 February 2019, with credit facility Interest Rate Swap (IRS), Multi Credit Facilities and Forex Forward Line Facilities, the loan will be maturity on 9 November 2019.*

*Collateral for the above facilities are:*
- *The land and the building of projects Spinning XI and XII with LT 38,235m$^2$ on behalf Iwan Setiawan Lukminto*
- *Equipment at Spinning XI*
- *Inventories*
- *Trade receivables*
- *The land and the building of factory Spinning VIII LT ±27,419m$^2$ on behalf the Company*
- *Machine and equipment at Spinning XII*

*In 2019, PT Bank Central Asia Tbk released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

17. **UTANG BANK JANGKA PANJANG** (Lanjutan)

**PT Bank Central Asia Tbk (BCA)** (Lanjutan)

Berdasarkan surat No.10916/GBK/2017 tanggal 19 Desember 2017, terdapat perubahan *financial covenant* menjadi:
- *Liabilities/Equity* maksimum 2,75x
- *Current ratio* minimum 1x
- *EBITDA/Interest* minimum 2,5x
- *EBITDA/(Interest + Installment)* minimum 1,25x

Berdasarkan akta Notaris No. 7 tanggal 2 Desember 2014, Notaris H. Sugeng Budiman, S.H., SpN, M.H., dan berdasarkan akta Notaris No. 33 tanggal 11 Oktober 2018, Notaris Felix Johansyah, S.H., PT Primayudha Mandirijaya, Entitas Anak, memperoleh fasilitas kredit sesuai dengan pinjaman bank jangka panjang: Fasilitas Kredit Investasi 2 dengan jumlah pokok maksimal sebesar USD 5.000.000. Fasilitas ini digunakan untuk Proyek Vortex Spinning untuk pembiayaan pembangunan pabrik/gudang dan pembelian mesin serta peralatan produksi. Tingkat suku bunga 4,50% per tahun. Pinjaman ini jatuh tempo pada tanggal 5 Maret 2021.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar USD 1.522.600, USD 2.800.000, nihil dan nihil.

Berdasarkan akta Notaris No. 7 tanggal 3 Maret 2017, Notaris dari Prof. Dr. Liliana Tedjosaputro, S.H., M.H., dan berdasarkan akta Notaris No. 33 tanggal 11 Oktober 2018, Notaris dari Felix Johansyah, S.H., PT Primayudha Mandirijaya, Entitas Anak, memperoleh fasilitas kredit sesuai dengan pinjaman bank jangka panjang: Fasilitas Kredit Investasi 3 dengan jumlah pokok maksimal sebesar USD 2.500.000. Fasilitas ini digunakan untuk membiayai proyek penggantian Jet Spinning. Tingkat suku bunga 4,50% per tahun. Pinjaman ini jatuh tempo pada tanggal 13 Juni 2023.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar USD 2.314.200, USD 1.748.400, nihil dan nihil.

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan yang terletak di Boyolali, Jawa Tengah senilai USD 12.000.000.
- Jaminan fidusia atas mesin-mesin senilai USD 52.000.000.
- Jaminan fidusia atas piutang senilai USD 2.000.000.
- Jaminan fidusia atas persediaan senilai USD 4.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 60.000.000.

Berdasarkan akta Notaris No. 94 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

*17. **LONG-TERM BANK LOANS** (Continued)*

***PT Bank Central Asia Tbk (BCA)** (Continued)*

*Based on letter No.10916/GBK/2017 dated 19 December 2017, regarding changes in financial covenant, become:*
- *Liabilities/Equity maximum 2.75x*
- *Current ratio minimum 1x*
- *EBITDA/Interest minimum 2.5x*
- *EBITDA/(Interest + Installment) minimum 1.25x*

*Based on Notarial deed No. 7 dated 2 December 2014, Notary of H. Sugeng Budiman, S.H., SpN, M.H., and based on the latest Notarial deed No. 33 dated 11 October 2018, Notary of Felix Johansyah, S.H., the Subsidiary, PT Primayudha Mandirijaya obtained long-term bank loans: Investment Credit Facilities 2 with total principal maximum of USD 5,000,000. This facility is used for financing of Vortex Spinning Project such as factory construction, purchases of machineries and production equipments. Interest rate 4.50% per annum. The loan is due on 5 March 2021.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to USD 1,522,600, USD 2,800,000, nil and nil, respectively.*

*Based on Notarial deed No. 7 dated 3 March 2017, Notary of Prof. Dr. Liliana Tedjosaputro, S.H., M.H., and based on the latest Notarial deed No. 33 dated 11 October 2018, Notary of of Felix Johansyah, S.H., the Subsidiary, PT Primayudha Mandirijaya obtained long-term bank loans: Investment Credit Facilities 3 with total principal maximum of USD 2,500,000. This facility is used for financing the Jet Spinning replacement project. Interest rate 4.50% per annum. The loan is due on 13 June 2023.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to USD 2,314,200, USD 1,748,400, nil and nil, respectively.*

*Collateral for the above facilities are:*
- *Land and building located in Boyolali, Central Java amounting to USD 12,000,000.*
- *Fiduciary of machineries amounting to USD 52,000,000.*
- *Fiduciary on receivables amounting to USD 2,000,000.*
- *Fiduciary inventories amounting to USD 4,000,000.*
- *Fiduciary of claim insurance amounting to USD 60,000,000.*

*Based on Notarial deed No. 94 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

17. **UTANG BANK JANGKA PANJANG** (Lanjutan)

**PT Bank Central Asia Tbk (BCA)** (Lanjutan)

Pada tahun 2019, PT Bank Central Asia Tbk merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *EBITDA*/Bunga minimum 2x
- *Current Ratio* minimum 1x
- *Debt to Equity Ratio* maksimum 2,5x
- *EBITDA*/(beban bunga + liabilitas jangka panjang yang jatuh tempo dalam satu tahun) minimum 1,25x

Berdasarkan akta Notaris dari No. 6 tanggal 2 Desember 2014, Notaris H. Sugeng Budiman, S.H., SpN, M.H., dan berdasarkan akta Notaris No. 32 tanggal 11 Oktober 2018, Notaris Felix Johansyah, S.H., PT Bitratex Industries, Entitas Anak, memperoleh fasilitas kredit sesuai dengan pinjaman bank jangka panjang: Fasilitas Kredit Investasi dengan jumlah pokok maksimal sebesar USD 5.000.000. Fasilitas ini digunakan untuk proyek *Open End* untuk pembiayaan pembangunan pabrik/gudang dan pembelian mesin serta peralatan produksi. Tingkat suku bunga 4,50% per tahun. Pinjaman ini jatuh tempo pada tanggal 17 Maret 2021.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar USD 2.437.500, USD 2.937.500, nihil dan nihil.

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan pabrik di Semarang senilai USD 20.000.000 atas nama PT Bitratex Industries, Entitas Anak.
- Jaminan fidusia atas mesin-mesin senilai USD 88.709.000.
- Jaminan fidusia atas persediaan senilai USD 6.000.000.
- Jaminan fidusia atas piutang senilai USD 3.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 14.500.000 dan Rp 10.000.000.000.

Berdasarkan akta Notaris No. 89 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

Pada tahun 2019, PT Bank Central Asia Tbk merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *EBITDA*/(beban bunga + liabilitas jangka panjang yang jatuh tempo dalam satu tahun) minimum 1,25x
- *EBITDA*/Bunga minimum 2,75x
- *Total liabilities to Equity Ratio* maksimum 1,5x
- *Current Ratio* minimum *1x*

*17. **LONG-TERM BANK LOANS** (Continued)*

***PT Bank Central Asia Tbk (BCA)** (Continued)*

*In 2019, PT Bank Central Asia Tbk released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*
- *EBITDA/Interest minimum 2x*
- *Current Ratio minimum 1x*
- *Debt to Equity Ratio maximum 2.5x*
- *EBITDA/(interest exp + current maturities of long-term debts) minimum 1.25x*

*Based on Notarial deed No. 6 dated 2 December 2014, Notary of H. Sugeng Budiman, S.H., SpN, M.H., and based on the latest Notarial deed No. 32 dated 11 October 2018, Notary of Felix Johansyah, S.H., the Subsidiary, PT Bitratex Industries obtained long-term bank loans: Investment Credit Facilities with total principal maximum of USD 5,000,000. This facility is used for financing of Open End Project such as factory construction, purchases of machineries and production equipments. Interest rate 4.50% per annum. The loan is due on 17 March 2021.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to USD 2,437,500, USD 2,937,500, nil and nil, respectively.*

*Collateral for the above facilities are:*
- *Land and factory building in Semarang amounting to USD 20,000,000 on behalf PT Bitratex Industries, the Subsidiary.*
- *Fiduciary of machineries amounting to USD 88,709,000.*
- *Fiduciary inventories amounting to USD 6,000,000.*
- *Fiduciary on receivables amounting to USD 3,000,000.*
- *Fiduciary of claim insurance amounting to USD 14,500,000 and Rp 10,000,000,000.*

*Based on Notarial deed No. 89 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

*In 2019, PT Bank Central Asia Tbk released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*
- *EBITDA/(interest exp + current maturities of long-term debts) minimum 1.25x*
- *EBITDA/Interest minimum 2.75x*
- *Total liabilities to Equity Ratio maximum 1.5x*
- *Current Ratio minimum 1x*

17. **UTANG BANK JANGKA PANJANG** (Lanjutan)

**PT Bank HSBC Indonesia**

Berdasarkan akta Notaris No. 32 tanggal 30 September 2014, Notaris Cynthia Magdalena, S.H., dan berdasarkan perubahan perjanjian pemberian fasilitas perbankan korporasi No. JAK/180561/U/180625 tanggal 26 September 2018, Entitas Anak, PT Primayudha Mandirijaya memperoleh fasilitas kredit sesuai dengan pinjaman bank jangka panjang: Fasilitas Pinjaman Dengan Cicilan Tidak Tetap dengan jumlah pokok maksimal sebesar USD 5.000.000. Fasilitas ini digunakan untuk Proyek Vortex Spinning untuk pembiayaan pembangunan pabrik/gudang dan pembelian mesin serta peralatan produksi. Tarif bunga 7% per tahun dibawah Bunga Term Loan 1. Pinjaman ini jatuh tempo pada tanggal 5 Maret 2021.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 2.700.000, nihil dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 25 Februari 2019.

Berdasarkan akta Notaris No. 10 tanggal 3 Maret 2017, Notaris Prof. Dr. Liliana Tedjosaputro, S.H,, M.H., dan berdasarkan perubahan perjanjian pemberian fasilitas perbankan korporasi No. JAK/180561/U/180625 tanggal 26 September 2018, Entitas Anak, PT Primayudha Mandirijaya memperoleh fasilitas kredit sesuai dengan pinjaman bank jangka panjang: Combined Limit II dengan jumlah pokok maksimal sebesar USD 2.500.000. Fasilitas ini digunakan untuk membiayai proyek penggantian Jet Spinning. Tarif bunga 7% per tahun dibawah Bunga Term Loan 1. Pinjaman ini jatuh tempo pada tanggal 3 Juli 2023.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 1.463.000, nihil dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 25 Februari 2019.

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan yang terletak di Boyolali, Jawa Tengah senilai USD 12.000.000.
- Jaminan fidusia atas mesin-mesin senilai USD 52.000.000.
- Jaminan fidusia atas piutang senilai USD 2.000.000.
- Jaminan fidusia atas persediaan senilai USD 4.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 60.000.000.

Berdasarkan akta Notaris No. 94 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

Pada tahun 2019, PT Bank HSBC Indonesia merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

*17.* ***LONG-TERM BANK LOANS*** *(Continued)*

***PT Bank HSBC Indonesia***

*Based on Notarial deed No. 32 dated 30 September 2014, Notary of Cynthia Magdalena, S.H., and based on the latest agreement based on corporate facility agreement No. JAK/180561/U/180625 dated 26 September 2018, the Subsidiary, PT Primayudha Mandirijaya obtained long-term bank loans: Irregular Installmet Loan with total principal maximum of USD 5,000,000. This facility is used for financing of Vortex Spinning Project such as factory construction, purchases of machineries and production equipments. Interest rate 7% per annum below the Bank's Term Loan 1 Interest Rate. The loan is due on 5 March 2021.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, USD 2,700,000, nil and nil, respectively. The loan has been settled on 25 February 2019.*

*Based on Notarial deed of No. 10 dated 3 March 2017, Notary of Prof. Dr. Liliana Tedjosaputro, S.H., M.H., and based on the latest agreement based on corporate facility agreement No. JAK/180561/U/180625 dated 26 September 2018, the Subsidiary, PT Primayudha Mandirijaya obtained long-term bank loans: Combined Limit II with total principal maximum of USD 2,500,000. This facility is used for financing the Jet Spinning replacement project. Interest rate 7% per annum below the Bank's Term Loan 1 Interest Rate. The loan is due on 3 July 2023.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, USD 1,463,000, nil and nil, respectively. The loan has been settled on 25 February 2019.*

*Collateral for the above facilities are:*
- *Land and building located in Boyolali, Central Java amounting to USD 12,000,000.*
- *Fiduciary of machineries amounting to USD 52,000,000.*
- *Fiduciary on receivables amounting to USD 2,000,000.*
- *Fiduciary inventories amounting to USD 4,000,000.*
- *Fiduciary of claim insurance amounting to USD 60,000,000.*

*Based on Notarial deed No. 94 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

*In 2019, PT Bank HSBC Indonesia released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

17. **UTANG BANK JANGKA PANJANG** (Lanjutan)

**PT Bank HSBC Indonesia** (Lanjutan)

Rasio-rasio *financial covenant*:
- *External Gearing Ratio* maksimum 1,25x
- *Current Ratio* minimum 1x
- *Leverage Ratio* maksimum 1,5x
- *EBITDA*/(beban bunga + liabilitas jangka panjang yang jatuh tempo dalam satu tahun) minimum 1,5x
- *Total Assets/Total Liabilities* minimum 1,5x
- *Total Assets/Total External Finance* minimum 2x

Berdasarkan akta Notaris No. 31 tanggal 30 September 2017, Notaris Cynthia Magdalena, S.H., dan berdasarkan perubahan perjanjian pemberian fasilitas perbankan korporasi No. JAK/170070/C/160802 tanggal 16 Januari 2017, PT Bitratex Industries, Entitas Anak, memperoleh fasilitas kredit sesuai dengan pinjaman bank jangka panjang: Combined Limit V dengan jumlah pokok maksimal sebesar USD 5.000.000. Fasilitas ini digunakan untuk membiayai proyek ekspansi pemintalan baru yaitu proyek Open End. Tarif bunga 7% per tahun dibawah *term lending rate* dari bank. Pinjaman ini jatuh tempo pada tanggal 13 Februari 2021.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar nihil, USD 2.875.000, nihil dan nihil. Pinjaman tersebut telah dilunasi pada tanggal 26 Februari 2019.

Jaminan atas fasilitas-fasilitas di atas:
- Tanah dan bangunan pabrik di Semarang senilai USD 20.000.000 atas nama PT Bitratex Industries, Entitas Anak.
- Jaminan fidusia atas mesin-mesin senilai USD 88.709.000.
- Jaminan fidusia atas persediaan senilai USD 6.000.000.
- Jaminan fidusia atas piutang senilai USD 3.000.000.
- Jaminan fidusia atas klaim asuransi senilai USD 31.000.000.

Berdasarkan akta Notaris No. 89 tanggal 28 November 2017, Notaris Sri Ratnaningsih Hardjomuljo, S.H., jaminan-jaminan yang disebutkan di atas dijaminkan secara pari passu, PT Bank DBS Indonesia ("*Security Agent*"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk dan PT Bank Central Asia Tbk.

Pada tahun 2019, PT Bank HSBC Indonesia merilis bahwa per 30 Juni 2019, tidak ada piutang dagang, persediaan dan aset tetap Perusahaan dan Entitas Anak yang digunakan sebagai jaminan untuk pinjaman bank jangka pendek dan jangka panjang.

Rasio-rasio *financial covenant*:
- *Gearing Ratio* maksimum 1,25x
- *Current Ratio* minimum 1x
- *Leverage Ratio* maksimum 1,5x
- *EBITDA Ratio* minimum 1,1x

*17.* ***LONG-TERM BANK LOANS*** *(Continued)*

***PT Bank HSBC Indonesia*** *(Continued)*

*Financial covenant ratios:*
- *External Gearing Ratio maximum 1.25x*
- *Current Ratio minimum 1x*
- *Leverage Ratio maximum 1.5x*
- *EBITDA/(interest exp + current maturities of long-term debts) minimum 1.5x*
- *Total Assets/Total Liabilities minimum 1.5x*
- *Total Assets/Total External Finance minimum 2x*

*Based on Notarial deed No. 31 dated 30 September 2017, Notary of of Cynthia Magdalena, S.H., and based on the latest agreement based on corporate facility agreement No. JAK/170070/C/160802 dated 16 January 2017, the Subsidiary, PT Bitratex Industries obtained long-term bank loans: Combined Limit V with total principal maximum of USD 5.000,000. This facility is used for financing of new spinning expansion project Open End. Interest rate 7% per annum below the Bank's Term Lending Rate. The loan is due on 13 February 2021.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, USD 2,875,000, nil and nil, respectively. The loan has been settled on 26 February 2019.*

*Collateral for the above facilities are:*
- *Land and factory building in Semarang amounting to USD 20,000,000 on behalf PT Bitratex Industries, the Subsidiary.*
- *Fiduciary of machineries amounting to USD 88,709,000.*
- *Fiduciary inventories amounting to USD 6,000,000.*
- *Fiduciary on receivables amounting to USD 3,000,000.*
- *Fiduciary of claim insurance amounting to USD 31,000,000.*

*Based on Notarial deed No. 89 dated 28 November 2017, Notary of Sri Ratnaningsih Hardjomuljo, S.H., the above mentioned securities shall be shared on pari passu between PT Bank DBS Indonesia ("Security Agent"), PT Bank HSBC Indonesia, PT Bank Danamon Indonesia Tbk and PT Bank Central Asia Tbk.*

*In 2019, PT Bank HSBC Indonesia released the collateral's as such as of 30 June 2019, there were no trade receivables, inventories and fixed assets of the Company and Subsidiaries' that are used as collateral for short-term and long-term bank loan.*

*Financial covenant ratios:*
- *Gearing Ratio maximum 1.25x*
- *Current Ratio minimum 1x*
- *Leverage Ratio maximum 1.5x*
- *EBITDA Ratio minimum 1.1x*

17. **UTANG BANK JANGKA PANJANG** (Lanjutan)

**PT Bank Rakyat Indonesia (Persero) Tbk**

Berdasarkan Perjanjian Kredit No. 158-KC/VII/ADK/PK/09/ 2016 tanggal 29 September 2016 dan perubahan perjanjian No. B.245/KC-VII/PK/10/2016 tanggal 19 Oktober 2016, Perusahaan memperoleh fasilitas kredit dari BRI sebagai berikut:

a. *Commercial line* dengan *plafond* maksimum sebesar USD 10.000.000. Tujuan dari fasilitas untuk transaksi negosiasi untuk LC yang mengandung *discrepancies* dan yang tidak didasarkan atas intrumen LC dan pengambil alihan tagihan wesel ekspor dalam negeri/SKBDN.

b. Kredit Modal Kerja Valas dengan *Fully Cash Collateralized* dengan *plafond* sebesar USD 22.400.000. Tujuan dari fasilitas untuk membiayai kebutuhan modal kerja industri tekstil terpadu. Tingkat suku bunga sebesar 2,65% per tahun.

Jaminan atas pinjaman tersebut berupa deposito sebesar USD 20.080.000 atas nama PT Sri Rejeki Isman Tbk dan pemblokiran atas rekening giro sebesar USD 2.085.897.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar nihil, nihil, nihil dan USD 22.165.897. Pinjaman tersebut telah dilunasi pada tanggal 30 Juni 2017.

Pada tanggal 11 November 2016, berdasarkan Perjanjian Kredit No. B.210a-KC/VII/ADK/PK/11/2016, Perusahaan memperoleh fasilitas kredit *Fully Cash Collateralized* dengan *plafond* maksimum sebesar USD 4.500.000. Tujuan dari fasilitas ini untuk membiayai kebutuhan modal kerja industri tekstil terpadu. Pinjaman ini jatuh tempo tanggal 25 Oktober 2018. Suku bunga pinjaman sebesar 0,72%. Jaminan atas fasilitas kredit adalah pemblokiran atas rekening giro sebesar USD 4.515.000.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 saldo utang atas pinjaman ini masing-masing sebesar nihil, nihil, nihil dan USD 4.500.000.

Semua fasilitas kredit kecuali *cash collateral* telah dilunasi dan telah mendapatkan "surat keterangan lunas fasilitas pinjaman" dari PT Bank Rakyat Indonesia (Persero) Tbk pada tanggal 19 Agustus 2016.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 Perusahaan dan Entitas Anak telah memenuhi persyaratan *financial covenant* untuk semua utang bank jangka panjang diatas.

*17. **LONG-TERM BANK LOANS** (Continued)*

***PT Bank Rakyat Indonesia (Persero) Tbk***

*Based on Credit Agreement No. 158-KC/VII/ADK/PK/09/ 2016 dated 29 September 2016 and changes agreement No. B.245/KC-VII/PK/10/2016 dated 19 October 2016, the Company obtained credit facilities from BRI as follows:*

*a. Commercial line with plafond maximum amounted USD 10,000,000. The purpose of the facility for the transactions negotiations for LC containing discrepancies and are not based on LC instrument and takeover of domestic export bills/SKBDN.*

*b. Forex Exchanges Working Capital with Fully Cash Collateralized with plafond amounted USD 22,400,000. The purpose of the facility is to finance the working capital needs of the integrated textile industry. The interest rate of 2.65% per year.*

*The collateral of the loan in the form of deposits amounted USD 20,080,000 on behalf PT Sri Rejeki Isman Tbk and blocking checking account amounted to USD 2,085,897.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, nil, nil and USD 22,165,897, respectively. The loan has been settled on 30 June 2017.*

*On 11 November 2016, based on Credit Agreement No. B.210a-KC/VII/ADK/PK/11/2016, the Company obtained credit Fully Cash Collateralized facility with plafond maximum amounted USD 4,500,000. The purpose of the facility is to finance the working capital needs of the integrated textile industry. This loan will be due in 25 October 2018. The interest rate of 0.72%. The collateral of the credit facilities is blocking checking account amounted to USD 4,515,000.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the loan balances amounted to nil, nil, nil and USD 4,500,000, respectively.*

*All credit facilities except the cash collateral has been settled and had "surat keterangan lunas fasilitas pinjaman" from PT Bank Rakyat Indonesia (Persero) Tbk on 19 August 2016.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 the Company and Subsidiaries have fulfilled all long-term bank loans financial covenants.*

## 18. LIABILITAS DERIVATIF / *18. DERIVATIVE LIABILITIES*

| | | 30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*) | | |
|---|---|---|---|---|
| | | Jumlah nosional/ *Notional amount* | Aset derivatif/ *Derivative assets* | Liabilitas derivatif/ *Derivative liabilities* |
| **Lindung nilai** | | | | |
| Citibank N.A. | USD | 200.000.000 | - | 308.978 |
| PT Bank HSBC Indonesia | USD | 100.000.000 | - | 106.538 |
| PT Bank Maybank Indonesia Tbk | USD | 20.000.000 | - | 23.076 |
| **Jumlah** | | | - | 438.592 |

**Lindung nilai terkait utang sindikasi 2022**

Berdasarkan perjanjian pinjaman tanggal 2 Januari 2019 dan perubahan perjanjian tanggal 20 Maret 2019 Perusahaan (sebagai peminjam) memperoleh fasilitas pinjaman dari Citigroup Global Markets Asia Limited, DBS Bank Ltd., PT Bank HSBC Indonesia serta The Hongkong and Shanghai Banking Corporation Limited (sebagai agen) dengan jumlah keseluruhan fasilitas sebesar USD 350.000.000 dan jatuh tempo pada tanggal 2 Januari 2022.

Perusahaan menandatangani perjanjian dengan Citibank N.A. terkait tukar menukar suku bunga dimana Perusahaan membayar rate USD yang tetap dan menerima rate USD yang mengambang LIBOR 1 bulan, dengan jumlah nosional USD 200.000.000, tanggal efektif 23 Januari 2019 dan *termination date* 2 Januari 2022. Perusahaan membayar bunga tetap 5,65% dan menerima LIBOR 1 bulan + 2,90%, bulanan, *Act/360*.

Perusahaan menandatangani perjanjian dengan PT Bank HSBC Indonesia terkait tukar menukar suku bunga dimana Perusahaan membayar rate USD yang tetap dan menerima rate USD yang mengambang LIBOR 1 bulan, dengan jumlah nosional USD 100.000.000, tanggal efektif 23 Februari 2019 dan *termination date* 2 Januari 2022. Perusahaan membayar bunga tetap 2,70% + 2,90% dan menerima LIBOR 1 bulan + 2,90%, bulanan, Act/360.

Perusahaan menandatangani perjanjian dengan PT Bank Maybank Indonesia Tbk terkait tukar menukar suku bunga dimana Perusahaan membayar rate USD yang tetap dan menerima rate USD yang mengambang LIBOR 1 bulan, dengan jumlah nosional USD 20.000.000, tanggal efektif 4 Maret 2019 dan *termination date* 23 Januari 2022. Perusahaan membayar bunga tetap 2,75% + 2,90% pada tahun pertama, 2,50% + 2,90% pada tahun ke dua dan 2,25% + 2,90% pada tahun ke tiga dan menerima LIBOR 1 bulan + 2,90%, bulanan, Act/360.

***Hedging related to syndication loans 2022***

*Based on loan agreement dated 2 January 2019 and the amendment dated 20 March 2019, the Company (as a borrower) got a loan facility from by Citigroup Global Markets Asia Limited, DBS Bank Ltd., PT Bank HSBC Indonesia and The Hongkong and Shanghai Banking Corporation Limited (as a agent) with total amount facilities USD 350,000,000 and due on dated 2 January 2022.*

*The Company signed agreement with Citibank N.A. related to interest rate swap where the Company pays a fixed USD rate and receives a floating USD rate based on 1 month LIBOR, with the notional amount USD 200,000,000, effective date 23 January 2019 and termination date 2 January 2022. The Company pays fixed interest 5.65% and receives 1 month LIBOR + 2.90%, monthly, Act/360.*

*The Company signed agreement with PT Bank HSBC Indonesia related to interest rate swap where the Company pays a fixed USD rate and receives a floating USD rate based on 1 month LIBOR, with the notional amount USD 100,000,000, effective date 23 February 2019 and termination date 2 January 2022. The Company pays fixed interest 2.70% + 2.90% and receives 1 month LIBOR + 2.90%, monthly, Act/360.*

*The Company signed agreement with PT Bank Maybank Indonesia Tbk related to interest rate swap where the Company pays a fixed USD rate and receives a floating USD rate based on 1 month LIBOR, with the notional amount USD 20,000,000, effective date 4 March 2019 and termination date 23 January 2022. The Company pays fixed interest 2.75% + 2.90% for the first year, 2.50% + 2.90% for the second year and 2.25% + 2.90% for the third year and receives 1 month LIBOR + 2.90%, monthly, Act/360.*

## 19. SURAT UTANG JANGKA MENENGAH / *19. MEDIUM-TERM NOTES*

**30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*)**

| | Peringkat/ *Rating* | Jumlah/ *Total* | Jangka pendek/ *Current* | Jangka panjang/ *Non-current* |
|---|---|---|---|---|
| *Medium Term Note* (MTN) SRITEX Tahap I Tahun 2017 | A+ a) | 30.000.000 | - | 30.000.000 |
| *Medium Term Note* (MTN) SRITEX Tahap II Tahun 2017 | A+ a) | 10.000.000 | - | 10.000.000 |
| *Medium Term Note* (MTN) SRITEX Tahap III Tahun 2018 | A+ a) | 25.000.000 | - | 25.000.000 |
| **Jumlah/*Total*** | | 65.000.000 | - | 65.000.000 |

**31 Desember/*December* 2018 (Diaudit/A*udited*)**

| | Peringkat/ *Rating* | Jumlah/ *Total* | Jangka pendek/ *Current* | Jangka panjang/ *Non-current* |
|---|---|---|---|---|
| *Medium Term Note* (MTN) SRITEX Tahap I Tahun 2017 | A+ a) | 30.000.000 | - | 30.000.000 |
| *Medium Term Note* (MTN) SRITEX Tahap II Tahun 2017 | A+ a) | 10.000.000 | - | 10.000.000 |
| *Medium Term Note* (MTN) SRITEX Tahap III Tahun 2018 | A+ a) | 25.000.000 | - | 25.000.000 |
| **Jumlah/*Total*** | | 65.000.000 | - | 65.000.000 |

**31 Desember/*December* 2017 (Diaudit/A*udited*)**

| | Peringkat/ *Rating* | Jumlah/ *Total* | Jangka pendek/ *Current* | Jangka panjang/ *Non-current* |
|---|---|---|---|---|
| *Medium Term Note* (MTN) SRITEX Tahap I Tahun 2017 | A+ a) | 30.000.000 | - | 30.000.000 |
| *Medium Term Note* (MTN) SRITEX Tahap II Tahun 2017 | A+ a) | 10.000.000 | - | 10.000.000 |
| **Jumlah/*Total*** | | 40.000.000 | - | 40.000.000 |

**31 Desember/*December* 2016 (Diaudit/A*udited*)**

| | Peringkat/ *Rating* | Jumlah/ *Total* | Jangka pendek/ *Current* | Jangka panjang/ *Non-current* |
|---|---|---|---|---|
| *Medium Term Note* (MTN) SRITEX Tahap I Tahun 2017 | A+ a) | 30.000.000 | 30.000.000 | - |

Catatan/*Note:*
a) Berdasarkan peringkat dari PT Fitch Ratings Indonesia/*Based on rating by PT Fitch Ratings Indonesia*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 30.000.000 dengan bunga 6% jatuh tempo 2017**

Berdasarkan akta Notaris No. 35 tanggal 14 November 2014, Notaris Arry Supratno, S.H., Perusahaan 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 tanggal 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.

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 30,000,000 with interest 6% due on 2017***

*Based on Notarial deed No. 35 dated 14 November 2014, Notary of Arry Supratno, S.H., the Company's issues Medium-Term Notes (MTN), purchases by PT Bahana TCW Investment Management, amounting to 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 is due on 27 October 2017 with bears interest rates at 6% per annum. 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 collateral or 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.*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 30.000.000 dengan bunga 6% jatuh tempo 2017** (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 diizinkan sebagai berikut:
   - Jaminan yang diperlukan untuk mengikuti tender, menjamin pembayaran bea masuk atau untuk pembayaran sewa, selama dipergunakan dalam operasi Perusahaan sehari-hari.
   - 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

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 30,000,000 with interest 6% due on 2017** (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 collateral or guarantees that: (Continued)*
   *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.*
   - *Collateral arising from court decisions which have had permanent legal force.*
   - *Collateral for financing the acquisition of assets through loans lease (leasing) which the asset will be the object of collateral for the financing.*
   - *Collateral provided, in connection with forwarding a continuation 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 of 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*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 30.000.000 dengan bunga 6% jatuh tempo 2017** (Lanjutan)

Pembatasan-pembatasan dan kewajiban penerbit (Lanjutan)

e. Memperoleh pinjaman dari bank atau lembaga keuangan atau pihak ketiga lainnya dan/atau menerbitkan surat hutang dalam bentuk apapun, kecuali: (Lanjutan)
   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;

f. Memberi pinjaman dan/atau melakukan investasi kepada pihak lain atau mengizinkan 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)

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 30,000,000 with interest 6% due on 2017** (Continued)*

*Publisher's restrictions and obligations (Continued)*

*e. Getting a loan from a bank or financial institution or other third parties and/or issuing debt in any form, except: (Continued)*
   *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;*

*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 publisher company regulations;*

*g. Change the field of operations.*

*h. Reduce authorized share capital, issued and paid-in capital of the Company.*

*i. Act as a guarantor to other parties except in order to support the Company's main business activities in accordance Articles of Association.*

*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 Articles 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)*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 30.000.000 dengan bunga 6% jatuh tempo 2017** (Lanjutan)

Per 31 Desember 2016, MTN jatuh tempo pada Oktober 2017 sehingga merupakan liabilitas jangka panjang yang jatuh tempo dalam satu tahun.

MTN ini dilunasi pada tanggal 27 Oktober 2017.

**MTN USD 30.000.000 dengan bunga 5,8% jatuh tempo 2020**

Berdasarkan akta Notaris No. 81 tanggal 31 Oktober 2017, Notaris Arry Supratno, S.H., Perusahaan 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 tanggal 1 November 2020, dengan tingkat suku bunga 5,8% 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).

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 30,000,000 with interest 6% due on 2017** (Continued)*

*As of 31 December 2016, MTN is due on October 2017 so classified to current maturities of long-term debts.*

*The MTN was settled on 27 October 2017.*

***MTN USD 30,000,000 with interest 5.8% due on 2020***

*Based on Notarial deed No. 81 dated 31 October 2017, Notary of Arry Supratno, S.H., the Company's issues Medium-Term Notes (MTN), purchases by PT Bahana TCW Investment Management, amounting to 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 is due on 1 November 2020 with bears interest rates at 5.8% per annum. 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).*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 30.000.000 dengan bunga 5,8% jatuh tempo 2020** (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:
   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 diizinkan sebagai berikut:
      - Jaminan yang diperlukan untuk mengikuti tender, menjamin pembayaran bea masuk atau untuk pembayaran sewa, selama dipergunakan dalam operasi Perusahaan sehari-hari.
      - 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

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 30,000,000 with interest 5.8% due on 2020*** *(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 collateral or 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.*
      - *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 a continuation 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*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 30.000.000 dengan bunga 5,8% jatuh tempo 2020** (Lanjutan)

Pembatasan-pembatasan dan kewajiban penerbit (Lanjutan)

e. Memperoleh pinjaman dari bank atau lembaga keuangan atau pihak ketiga lainnya dan/atau menerbitkan surat hutang dalam bentuk apapun, kecuali: (Lanjutan)
   iv. Utang yang telah ada pada tanggal Perjanjian sebagaimana dimuat dalam Laporan Keuangan Konsolidasian Interim tanggal 30 Juni 2017 (tidak diaudit) dan untuk periode enam bulan yang berakhir pada tanggal tersebut beserta laporan reviu auditor independen;
   v. *Subordinate loan* dari pemegang saham Perusahaan tanpa dibebani bunga;

f. Memberi pinjaman dan/atau melakukan investasi kepada pihak lain atau mengizinkan 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 65% (enam puluh lima 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)

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 30,000,000 with interest 5.8% due on 2020*** *(Continued)*

*Publisher's restrictions and obligations (Continued)*

*e. Getting a loan from a bank or financial institution or other third parties and/or issuing debt in any form, except: (Continued)*
   *iv. Debt existing at the date of the Agreement as contained in the Interim Consolidated Financial Statements dated 30 June 2017 (unaudited) and for the six-month period ended on that date together with the independent auditor's review report;*
   *v. Subordinate loan from the Company's shareholders without the burden of interest;*

*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 publisher company regulations;*

*g. Change the field of operations.*

*h. Reduce authorized share capital, issued and paid-in capital of the Company.*

*i. Act as a guarantor to other parties except in order to support the Company's main business activities in accordance Articles of Association.*

*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 Articles 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 65% (sixty five 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)*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 10.000.000 dengan bunga 5,8% jatuh tempo 2020**

Berdasarkan akta Notaris No. 14 tanggal 7 Desember 2017, Notaris Arry Supratno, S.H., Perusahaan mengeluarkan Surat Utang Jangka Menengah/*Medium-Term Notes* (MTN), yang dibeli oleh PT Bahana TCW Investment Management, sebesar USD 10.000.000. PT Bahana TCW Investment Management bertindak sebagai pengatur penerbitan dan PT Bank Mega Tbk bertindak sebagai agen pemantau. MTN tersebut jatuh tempo pada tanggal 7 Desember 2020, dengan tingkat suku bunga 5,8% 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.

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 10,000,000 with interest 5.8% due on 2020***

*Based on Notarial deed No. 14 dated 7 December 2017, Notary of Arry Supratno, S.H., the Company's issues Medium-Term Notes (MTN), purchases by PT Bahana TCW Investment Management, amounting to USD 10,000,000. PT Bahana TCW Investment Management acted as the arranger for the issuance and PT Bank Mega Tbk acted as the monitoring agent. MTN is due on 7 December 2020 with bears interest rates at 5.8% per annum. 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 collateral or 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.*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 10.000.000 dengan bunga 5,8% jatuh tempo 2020** (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 diizinkan sebagai berikut: (Lanjutan)
   - Jaminan yang diperlukan untuk mengikuti tender, menjamin pembayaran bea masuk atau untuk pembayaran sewa, selama dipergunakan dalam operasi Perusahaan sehari-hari.
   - 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

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 10,000,000 with interest 5.8% due on 2020*** *(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 collateral or guarantees that: (Continued)*
   *ii. Including in the collateral or guarantees that are allowed as follows: (Continued)*
   - *Collateral required to participate in the tender, guaranteeing payment of import duties or for lease payments, for use in day-to-day operations.*
   - *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 a continuation 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*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 10.000.000 dengan bunga 5,8% jatuh tempo 2020** (Lanjutan)

Pembatasan-pembatasan dan kewajiban penerbit (Lanjutan)

e. Memperoleh pinjaman dari bank atau lembaga keuangan atau pihak ketiga lainnya dan/atau menerbitkan surat hutang dalam bentuk apapun, kecuali: (Lanjutan)
   iv. Utang yang telah ada pada tanggal Perjanjian sebagaimana dimuat dalam Laporan Keuangan Konsolidasian Interim tanggal 30 Juni 2017 (tidak diaudit) dan untuk periode enam bulan yang berakhir pada tanggal tersebut beserta laporan reviu auditor independen;
   v. *Subordinate loan* dari pemegang saham Perusahaan tanpa dibebani bunga;

f. Memberi pinjaman dan/atau melakukan investasi kepada pihak lain atau mengizinkan 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 65% (enam puluh lima 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)

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 10,000,000 with interest 5.8% due on 2020*** *(Continued)*

*Publisher's restrictions and obligations (Continued)*

*e. Getting a loan from a bank or financial institution or other third parties and/or issuing debt in any form, except: (Continued)*
   *iv. Debt existing at the date of the Agreement as contained in the Interim Consolidated Financial Statements dated 30 June 2017 (unaudited) and for the six-month period ended on that date together with the independent auditor's review report;*
   *v. Subordinate loan from the Company's shareholders without the burden of interest;*

*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 publisher company regulations;*

*g. Company change the field of operations.*

*h. Reduce authorized share capital, issued and paid-in capital of the Company.*

*i. Act as a guarantor to other parties except in order to support the Company's main business activities in accordance Articles of Association.*

*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 Articles 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 65% (sixty five 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)*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 25.000.000 dengan bunga 5,8% jatuh tempo 2021**

Berdasarkan akta Notaris No. 57 tanggal 18 Mei 2018, Notaris Arry Supratno, S.H., Perusahaan mengeluarkan Surat Utang Jangka Menengah/ *Medium-Term Notes* (MTN), yang dibeli oleh PT Bahana TCW Investment Management, sebesar USD 25.000.000. PT Bahana TCW Investment Management bertindak sebagai pengatur penerbitan dan PT Bank Mega Tbk bertindak sebagai agen pemantau. MTN tersebut jatuh tempo pada tanggal 18 Mei 2021, dengan tingkat suku bunga 5,8% 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.

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 25,000,000 with interest 5.8% due on 2021***

*Based on Notarial deed No. 57 dated 18 May 2018, Notary of Arry Supratno, S.H., the Company's issues Medium-Term Notes (MTN), purchases by PT Bahana TCW Investment Management, amounting to USD 25,000,000. PT Bahana TCW Investment Management acted as the arranger for the issuance and PT Bank Mega Tbk acted as the monitoring agent. MTN is due on 18 May 2021 with bears interest rates at 5.8% per annum. 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 collateral or 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.*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 25.000.000 dengan bunga 5,8% jatuh tempo 2021** (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 diizinkan sebagai berikut:
   - Jaminan yang diperlukan untuk mengikuti tender, menjamin pembayaran bea masuk atau untuk pembayaran sewa, selama dipergunakan dalam operasi Perusahaan sehari-hari.
   - 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 c 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 Desember 2017 (diaudit);
   v. *Subordinate loan* dari pemegang saham Perusahaan tanpa dibebani bunga;

*19. **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 25,000,000 with interest 5.8% due on 2021*** *(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 collateral or guarantees that: (Continued)*

*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.*
- *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 a continuation 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 c 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 December 2017 (audited);*

*v. Subordinate loan from the Company's shareholders without the burden of interest;*

19. **SURAT UTANG JANGKA MENENGAH** (Lanjutan)

**MTN USD 25.000.000 dengan bunga 5,8% jatuh tempo 2021** (Lanjutan)

Pembatasan-pembatasan dan kewajiban penerbit (Lanjutan)

f. Memberi pinjaman dan/atau melakukan investasi kepada pihak lain atau mengizinkan 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 65% (enam puluh lima 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 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 Perusahaan dan Entitas Anak telah memenuhi pernyaratan *financial covenant* untuk surat utang jangka menengah diatas.

*19 **MEDIUM-TERM NOTES** (Continued)*

***MTN USD 25,000,000 with interest 5.8% due on 2021** (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 publisher company regulations;*

*g. Company change the field of operations.*

*h. Reduce authorized share capital, issued and paid-in capital of the Company.*

*i. Act as a guarantor to other parties except in order to support the Company's main business activities in accordance Articles of Association.*

*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 Articles 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 65% (sixty five 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 30 June 2019, 31 December 2018, 2017 and 2016 the Company and Subsidiaries have fulfilled all medium-term notes financial covenants.*

## 20. WESEL BAYAR – NETO / *NOTES PAYABLE – NET*

| | 30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/*Audited*) | 31 Des/*Dec* 2017 (Diaudit/*Audited*) | 31 Des/*Dec* 2016 (Diaudit/*Audited*) | |
|---|---|---|---|---|---|
| Wesel bayar | 324.519.000 | 500.000.000 | 500.000.000 | 439.264.000 | *Notes payable* |
| Premium wesel bayar | - | - | 2.975.000 | 2.975.000 | *Premium notes payable* |
| Amortisasi premium wesel bayar | - | - | ( 2.975.000) | ( 2.286.510) | *Amortization of premium notes payable* |
| Diskonto wesel bayar | ( 1.024.500) | ( 1.024.500) | ( 1.024.500) | - | *Discount of notes payable* |
| Amortisasi diskonto wesel bayar | 219.533 | 146.357 | 109.764 | - | *Amortization of discount notes payable* |
| Biaya wesel bayar ditangguhkan | ( 8.753.019) | ( 9.860.375) | ( 14.362.330) | ( 9.234.769) | *Deferred notes payable expenses* |
| Amortisasi biaya wesel bayar ditangguhkan | 4.478.736 | 3.836.943 | 6.550.068 | 4.012.236 | *Amortization of deferred notes payable expenses* |
| **Jumlah wesel bayar - Neto** | 319.439.750 | 493.098.425 | 491.273.002 | 434.729.957 | ***Total notes payable - Net*** |

Rincian dari wesel bayar adalah sebagai berikut: / *Details of notes payable are as follows:*

**30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*)**

| | Peringkat/*Rating* | Jumlah/*Total* | Jangka pendek/*Current* | Jangka panjang/*Non-current* |
|---|---|---|---|---|
| Golden Legacy Pte Ltd, 8,25% Senior Notes due 2021 | BB- [a] / Ba3 [b] | 173.614.375 | - | 173.614.375 |
| Golden Legacy Pte Ltd, 6,875% Senior Notes due 2024 | BB- [a] / Ba3 [b] | 145.825.375 | - | 145.825.375 |
| **Jumlah/*Total*** | | 319.439.750 | - | 319.439.750 |

**31 Desember/*December* 2018 (Diaudit/*Audited*)**

| | Peringkat/*Rating* | Jumlah/*Total* | Jangka pendek/*Current* | Jangka panjang/*Non-current* |
|---|---|---|---|---|
| Golden Legacy Pte Ltd, 8,25% Senior Notes due 2021 | BB- [a] / Ba3 [b] | 347.712.473 | - | 347.712.473 |
| Golden Legacy Pte Ltd, 6,875% Senior Notes due 2024 | BB- [a] / Ba3 [b] | 145.385.952 | - | 145.385.952 |
| **Jumlah/*Total*** | | 493.098.425 | - | 493.098.425 |

**31 Desember/*December* 2017 (Diaudit/*Audited*)**

| | Peringkat/*Rating* | Jumlah/*Total* | Jangka pendek/*Current* | Jangka panjang/*Non-current* |
|---|---|---|---|---|
| Golden Legacy Pte Ltd, 8,25% Senior Notes due 2021 | BB- [a] / B1 [b] | 346.765.906 | - | 346.765.906 |
| Golden Legacy Pte Ltd, 6,875% Senior Notes due 2024 | BB- [a] / B1 [b] | 144.507.096 | - | 144.507.096 |
| **Jumlah/*Total*** | | 491.273.002 | - | 491.273.002 |

**31 Desember/*December* 2016 (Diaudit/*Audited*)**

| | Peringkat/*Rating* | Jumlah/*Total* | Jangka pendek/*Current* | Jangka panjang/*Non-current* |
|---|---|---|---|---|
| Golden Legacy Pte Ltd, 8,25% Senior Notes due 2021 | BB- [a] / B1 [b] | 88.910.624 | - | 88.910.624 |
| Golden Legacy Pte Ltd, 6,875% Senior Notes due 2024 | BB- [a] / B1 [b] | 345.819.333 | - | 345.819.333 |
| **Jumlah/*Total*** | | 434.729.957 | - | 434.729.957 |

Catatan/*Note:*
a) Berdasarkan peringkat dari PT Fitch Ratings Indonesia/*Based on rating by PT Fitch Ratings Indonesia*
b) Berdasarkan peringkat dari Moody's Investors Service Singapore Pte Ltd/*Based on rating by Moody's Investors Service Singapore Pte Ltd*

20. **WESEL BAYAR – NETO** (Lanjutan)

Golden Legacy Pte. Ltd. (GL) adalah sebuah perusahaan yang didirikan berdasarkan hukum Singapura yang sepenuhnya dimiliki oleh Perusahaan, menerbitkan wesel bayar ("*Guaranteed Senior Notes*") yang terdiri dari:

**Wesel Bayar 9%, 2019**

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.

Wesel bayar ini akan diperdagangkan di SGX-ST dalam ukuran minimum sebesar USD 200.000 selama wesel bayar tersebut tercatat di 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 7) dalam laporan posisi keuangan konsolidasian interim.

GL memiliki opsi membeli kembali wesel bayar dengan kondisi sebagai berikut:

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).

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).

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).

*20. **NOTES PAYABLE – NET** (Continued)*

*Golden Legacy Pte. Ltd. (GL), a company incorporated under the laws of Singapore and a wholly – owned Subsidiaries of the Company, issued Guaranteed Senior Notes consist off:*

***Notes Payable 9%, 2019***

*The 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 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.*

*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.*

*Prior to the original issue date, GL established a Debt Service Accrual Account in Singapore with Citibank, Singapore branch. On Escrow assignment date 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 7) in the interim consolidated statements of financial position.*

*The Notes may be redeemed at the option of GL under the following conditions:*

*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. 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).*

*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).*

20. **WESEL BAYAR - NETO** (Lanjutan)

**Wesel Bayar 9%, 2019** (Lanjutan)

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 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.

Wesel bayar ini telah dilunasi seluruhnya melalui penerbitan wesel bayar pada tanggal 7 Juni 2016 dan 27 Maret 2017, pembayaran dilakukan pada tahun 2016 sebesar USD 180.736.000 dan pada tahun 2017 sebesar USD 89.264.000.

**Wesel Bayar 8,25%, 2021**

Pada tanggal 7 Juni 2016, GL menerbitkan wesel bayar ("*Guaranteed Senior Notes*") dengan nilai pokok USD 350.000.000 yang akan jatuh tempo 7 Juni 2021 dan dikenai bunga 8,25% per tahun, yang akan di bayarkan setiap tanggal 7 Juni dan 7 Desember setiap tahun, dimulai sejak tanggal 7 Juni 2016. Dimana sebesar USD 180.736.000 digunakan untuk membeli kembali Wesel Bayar 9%, 2019.

Wesel bayar ini akan diperdagangkan di SGX-ST dalam ukuran minimum sebesar USD 200.000 selama wesel bayar tersebut tercatat di SGX- ST.



*20.* ***NOTES PAYABLE - NET*** *(Continued)*

***Notes Payable 9%, 2019*** *(Continued)*

*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 redemption.*

*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 Nil.*

*The Company and PT Sinar Pantja Djaja (SPD) guarantee the due and punctual payment of the principal of, premium (if any), interest on and all other amounts payable under the Notes.*

*Notes payable has fully paid within issuing promissory notes dated 7 June 2016 and 27 March 2017, the settlement in 2016 amounted USD 180,736,000 and in 2017 amounted USD 89,264,000.*

***Notes Payable 8.25%, 2021***

*On 7 June 2016, GL issuing promissory notes ("Guaranteed Senior Notes") in principal amount of USD 350,000,000 will mature on 7 June 2021 and subject to interest at 8.25% per annum, payable every 7 June and 7 December of each year commencing on 7 June 2016. Whereas amounting USD 180,736,000 is used to redeem Guaranteed Senior Notes, 9%, 2019.*

*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.*

20. **WESEL BAYAR – NETO** (Lanjutan)

**Wesel Bayar 8,25%, 2021** (Lanjutan)

GL memiliki opsi membeli kembali wesel bayar dengan kondisi sebagai berikut:

a. Setiap saat sebelum tanggal 7 Juni 2019, 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 108,25% dari nilai pokok ditambah dengan utang bunga dan bunga yang belum dibayar (jika ada).

b. Setiap saat sebelum tanggal 7 Juni 2019, 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).

c. Setiap saat setelah tanggal 7 Juni 2019, GL memiliki opsi untuk menukarkan wesel bayar secara keseluruhan atau sebagian, dimulai sejak 7 Juni 2019 dan 2020 dengan harga penukaran setara dengan 104,125% dan 102,0625% 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.

*20. **NOTES PAYABLE – NET** (Continued)*

***Notes Payable 8.25%, 2021** (Continued)*

*The Notes may be redeemed at the option of GL under the following conditions:*

*a. At any time before 7 June 2019, 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 108.25% of the principal amount of the Notes plus accrued and unpaid interest (if any).*

*b. At any time before 7 June 2019, 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).*

*c. At any time after 7 June 2019, GL may at its option redeem the Notes, in whole or in part, commencing on 7 June 2019 and 2020 at a redemption price equal to 104.125% and 102.0625% 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), interest on and all other amounts payable under the Notes.*

20. **WESEL BAYAR – NETO** (Lanjutan)

**Wesel Bayar 8,25%, 2021** (Lanjutan)

Berdasarkan surat No. 002/CoS/II/2019/SRIL tanggal 20 Februari 2019, memberikan informasi bahwa pada tanggal 19 Februari 2019, Perusahaan melalui Golden Legacy Pte. Ltd., Entitas Anak yang sepenuhnya dimiliki oleh Perusahaan, telah menyelesaikan penawaran tender tunai untuk pendanaan kembali USD 175.481.000, 8,25% wesel bayar yang jatuh tempo pada 2021.

Penawaran tender telah dilakukan oleh penerbit dan dibiayai oleh Perusahaan melalui pembayaran kembali utang Perusahaan sejumlah USD 175.481.000 berdasarkan Intercompany Loan Agreement tanggal 7 Juni 2016 yang ada saat ini antara Golden Mountain Textile and Trading Pte. Ltd. dan Perusahaan.

Para pemegang wesel bayar yang telah mengajukan tender secara sah dan tidak menarik pada atau sebelum waktu tender awal dan telah menyetujui pembelian akan mendapatkan USD 1.042,50 per USD 1.000 jumlah pokok wesel bayar ditambah setiap jumlah akrual dan bunga yang belum dibayar sampai dengan, namun tidak termasuk, tanggal pembayaran awal.

**Wesel Bayar 6,875%, 2024**

Pada tanggal 27 Maret 2017, GL menerbitkan wesel bayar *("Guaranteed Senior Notes")* dengan nilai pokok USD 150.000.000 yang akan jatuh tempo 27 Maret 2024 dan dikenai bunga 6,875% per tahun, yang akan di bayarkan setiap tanggal 27 Maret dan 27 September setiap tahun, dimulai sejak tanggal 27 September 2017. Wesel bayar ini digunakan untuk membeli kembali Wesel Bayar 9%, 2019 sebesar USD 89.264.000 dan membayar hutang lainnya.

Wesel bayar ini akan diperdagangkan di SGX-ST dalam ukuran minimum sebesar USD 200.000 selama wesel bayar tersebut tercatat di SGX- ST.

GL memiliki opsi membeli kembali wesel bayar dengan kondisi sebagai berikut:

a. Setiap saat sebelum tanggal 27 Maret 2020, GL memiliki opsi untuk menukarkan wesel bayar sampai dengan 35% dari keseluruhan nilai pokok wesel bayar dengan penerimaan dari penawaran ekuitas tertentu dengan harga penukaran setara dengan 106,875% dari nilai pokok ditambah dengan utang bunga dan bunga yang belum dibayar (jika ada).

*20. **NOTES PAYABLE – NET** (Continued)*

***Notes Payable 8.25%, 2021** (Continued)*

*Based on letter No. 002/CoS/II/2019/SRIL dated 20 February 2019, on 19 February 2019 the Company through Golden Legacy Pte. Ltd., a wholly owned subsidiary of the Company, has completed a cash tender offer for the USD 175,481,000, 8.25% Notes Payable 2021.*

*The tender offer has been conducted by the issuer and funder by the Company through the repayment of the Company's debt in the amount of USD 175,481,000 under the existing Intercompany Loan Agreement dated 7 June 2016 between Golden Mountain Textile and Trading Pte. Ltd. and the Company.*

*Holders whose notes payable were validly tendered and not withdrawn at or prior to the early tender time and are accepted for purchases will receive USD 1,042.50 per USD 1,000 principal amount of such notes payables plus any accrued and unpaid interest up to, but not including, the early Settlement date.*

***Notes Payable 6.875%, 2024***

*On 27 March 2017, GL issued promissory notes ("Guaranteed Senior Notes") in principal amount of USD 150,000,000 that mature on 27 March 2024 and subject to interest at 6.875% per annum, payable every 27 March and 27 September of each year commencing on 27 September 2017. Whereas amounting USD 89,264,000 is used to redeem Guaranteed Senior Notes, 9%, 2019 and to pay other debt.*

*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.*

*The Notes may be redeemed at the option of GL under the following conditions:*

*a. At any time before 27 March 2020, GL may at its option redeem up to 35% of the aggregate principal amount of the Notes with proceeds from certain equity offerings at a redemption price of 106.875% of the principal amount of the notes plus accrued and unpaid interest (if any).*

20. **WESEL BAYAR – NETO** (Lanjutan)

**Wesel Bayar 6,875%, 2024** (Lanjutan)

GL memiliki opsi membeli kembali wesel bayar dengan kondisi sebagai berikut: (Lanjutan)

b. Setiap saat sebelum tanggal 27 Maret 2021, 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).

c. Setiap saat setelah tanggal 27 Maret 2021, GL memiliki opsi untuk menukarkan wesel bayar secara keseluruhan atau sebagian, dengan harga penukaran setara dengan 103,43750% pada tahun 2021, 101,71875% pada tahun 2022, dan 100% pada tahun 2023 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.

*20.* ***NOTES PAYABLE – NET*** *(Continued)*

***Notes Payable 6.875%, 2024*** *(Continued)*

*The Notes may be redeemed at the option of GL under the following conditions: (Continued)*

*b. At any time before 27 March 2021, 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).*

*c. At any time after 27 March 2021, GL may at its option redeem the Notes, in whole or in part, at a redemption price equal to 103.43750% on 2021 period, 101.71875% on 2022 period, and 100% on 2023 period of the principal amount, respectively, 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), interest on and all other amounts payable under the Notes.*

21. **LIABILITAS IMBALAN KERJA JANGKA PENDEK**

Liabilitas imbalan kerja jangka pendek pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 merupakan gaji yang masih harus dibayar.

*21.* ***SHORT-TERM EMPLOYEE BENEFIT LIABILITY***

*Short-term employee benefits liability as of 30 June 2019, 31 December 2018, 2017 and 2016 represented accrued salaries.*

## 22. UTANG LANCAR LAINNYA / *22. 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.*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| Uang muka penjualan | 1.221.401 | 3.198.352 | 495.220 | 639.346 | *Sales advances* |
| *Spare part* | 1.129.495 | 6.693.851 | 1.101.308 | 1.029.862 | *Spare part* |
| Kimia | 979.937 | 1.568.391 | 811.879 | 179.761 | *Chemical* |
| Lain-lain | 576.416 | 385.805 | 474.415 | 410.225 | *Others* |
| **Jumlah utang lancar lainnya** | 3.907.249 | 11.846.399 | 2.882.822 | 2.259.194 | ***Total other current liabilities*** |

## 23. UTANG SEWA PEMBIAYAAN / *23. OBLIGATION UNDER FINANCE LEASE*

Pada bulan Januari 2013 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 sebesar 4,75%. Saldo terutang atas utang tersebut pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 sebesar nihil, nihil, nihil dan USD 14.406 (setara dengan Rp 193.561.747).

*On January 2013 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 30 June 2019, 31 December 2018, 2017 and 2016 amounted to nil, nil, nil and USD 14,406 (equivalent to Rp 193,561,747), respectively.*

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 sebesar 5%. Pada 8 Juli 2015, terdapat perubahan perjanjian dari sewa pembiayaan menjadi sewa operasi dan pihak yang menyewakan menjadi PT TIFA Finance Tbk.

*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 agreement changing from finance lease into operationg lease and the lessor become PT TIFA Finance Tbk.*

Rincian utang sewa pembiayaan pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

*The detail of the obligation under finance lease as 30 June 2019, 31 December 2018, 2017 and 2016 are as follows:*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| Jatuh tempo kurang dari 1 tahun | - | - | - | 14.595 | *Mature in less than 1 year* |
| Jatuh tempo lebih dari 1 tahun | - | - | - | - | *Mature in more than 1 year* |
| Jumlah pembayaran minimum | - | - | - | 14.595 | *Total minimum lease payments* |
| Dikurangi: jumlah beban bunga di masa yang akan datang | - | - | - | ( 189) | *Less: total future interest charges* |
| Nilai kini dari minimum pembayaran utang sewa pembiayaan | - | - | - | 14.406 | *Net present value of minimum lease payments* |
| Bagian yang jatuh tempo dalam satu tahun | - | - | - | 14.406 | *Current portion* |
| Bagian jangka panjang | - | - | - | - | *Non-current portion* |
| Jumlah utang sewa pembiayaan | - | - | - | 14.406 | *Total obligation under finance lease* |

23. **UTANG SEWA PEMBIAYAAN** (Lanjutan)

Utang sewa pembiayaan ini dijamin dengan mesin dalam sewa pembiayaan (Catatan 12). Berdasarkan perjanjian sewa, selama masa sewa, Perusahaan tidak diizinkan untuk menjual, mengalihkan atau mentransfer hak atau kewajiban berdasarkan perjanjian sewa, atau setiap sewa yang dibuat atau yang dimaksudkan di dalamnya atau setiap hak atas aset yang disewakan tanpa persetujuan tertulis dari *lessor*.

*23.* ***OBLIGATION UNDER FINANCE LEASE*** *(Continued)*

*This obligation under finance lease is secured by the machinery under finance lease (Note 12). 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.*

24. **LIABILITAS IMBALAN KERJA JANGKA PANJANG**

Perusahaan dan Entitas Anak mencatat penyisihan atas imbalan kerja karyawan untuk periode 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 berdasarkan hasil perhitungan yang dilakukan oleh PT Binaputera Jaga Hikmah dan PT Emerald Delta Consulting, aktuaris independen, dengan menggunakan metode "*Projected Unit Credit*". Berdasarkan laporan aktuaris tanggal 1 Agustus 2019; 17 Januari 2019, 1 Maret 2019, 4 Maret 2019; 29 Januari 2018; dan 24 Februari 2017.

*24.* ***LONG-TERM EMPLOYEE BENEFITS LIABILITY***

*The Company and Subsidiaries recorded the provision for employee benefits for the period 30 June 2019, 31 December 2018, 2017 and 2016 based on the calculation performed by PT Binaputera Jaga Hikmah and PT Emerald Delta Consulting, an independent actuary, using the "Projected Unit Credit" method based on its reports dated 1 August 2019; 17 January 2019, 1 March 2019, 4 March 2019; 29 January 2018; and 24 February 2017.*

Asumsi utama yang digunakan untuk perhitungan aktuaris tersebut adalah sebagai berikut:

*The primary actuarial assumptions used were as follows:*

| | **Perusahaan/ *Company*** | | | | |
|---|---|---|---|---|---|
| | **30 Juni/ *June* 2019** | **31 Des/*Dec* 2018** | **31 Des/*Dec* 2017** | **31 Des/*Dec* 2016** | |
| Tingkat diskonto | 7,40% | 8,11% | 6,69% | 8,20% | *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*** | | | | |
|---|---|---|---|---|---|
| | **30 Juni/ *June* 2019** | **31 Des/*Dec* 2018** | **31 Des/*Dec* 2017** | **31 Des/Dec 2016** | |
| Tingkat diskonto | 7,57% - 8,01% | 8,14% - 8,44% | 7,17% | 8,43% | *Discount rate* |
| Tingkat kenaikan gaji | 4% - 10% | 4% - 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:*

| | **30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|---|
| Biaya jasa kini | 586.303 | 516.832 | 1.044.797 | 868.033 | 615.742 | *Current service cost* |
| Biaya bunga | 919.223 | 712.982 | 1.399.609 | 1.051.585 | 915.753 | *Interest expense* |
| **Beban imbalan kerja karyawan** | 1.505.526 | 1.229.814 | 2.444.406 | 1.919.618 | 1.531.495 | ***Employee benefit expense*** |

24. **LIABILITAS IMBALAN KERJA JANGKA PANJANG** (Lanjutan) / 24. ***LONG-TERM EMPLOYEE BENEFITS LIABILITY*** *(Continued)*

Mutasi liabilitas imbalan kerja jangka panjang, adalah sebagai berikut: / *Movement in the long-term employee benefits liability were, as follows:*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| Saldo awal | 21.838.046 | 17.561.192 | 12.864.368 | 10.123.223 | *Beginning balance* |
| Akuisisi anak perusahaan | - | 4.514.685 | - | - | *Acquisition of subsidiaries* |
| Beban tahun berjalan | 1.505.526 | 2.444.406 | 1.919.618 | 1.531.495 | *Provision in the current year* |
| Rugi (laba) aktuaria | 860.369 | ( 2.146.050) | 2.874.776 | 1.304.094 | *Actuarial loss (gain)* |
| Pembayaran manfaat | ( 101.454) | ( 536.187) | ( 97.570) | ( 94.444) | *Benefit paid* |
| **Saldo akhir** | 24.102.487 | 21.838.046 | 17.561.192 | 12.864.368 | ***Ending balance*** |

Manajemen berkeyakinan bahwa liabilitas imbalan kerja karyawan telah cukup sesuai dengan yang disyaratkan oleh Undang-undang Ketenagakerjaan No. 13/2003.

*Management believes that employee benefits liability is sufficient in accordance with the requirements of Labor Law No. 13/2003.*

Durasi rata-rata tertimbang dari liabilitas program pensiun imbalan pasti masing-masing pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 adalah antara 13,63 tahun, 12,95 tahun, 15 tahun dan 15 tahun.

*The weighted average duration of the defined benefit pension obligation at 30 June 2019, 31 December 2018, 2017 and 2016 is between 13.63 years, 12.95 years, 15 years and 15 years, respectively.*

Analisis jatuh tempo yang diharapkan dari manfaat pensiun tidak didiskontokan adalah sebagai berikut:

*Expected maturity analysis of undiscounted pension benefits is as follows:*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| Kurang dari satu tahun | 3.663.410 | 3.170.206 | 2.532.741 | 2.136.991 | *Less than a year* |
| Antara satu sampai dua tahun | 3.113.003 | 1.518.183 | 431.217 | 2.935.142 | *Between one and two years* |
| Antara dua sampai lima tahun | 4.946.651 | 5.724.515 | 4.367.607 | 5.493.323 | *Between two and five years* |
| Lebih dari lima tahun | 135.090.632 | 129.672.374 | 120.208.519 | 110.702.983 | *More than five years* |
| | 146.813.696 | 140.085.278 | 127.540.084 | 121.268.439 | |

**Analisis sensitivitas** / ***Sensitivity analysis***

Nilai kewajiban imbalan pasti dari perubahan yang mungkin terjadi pada satu asumsi aktuaria, dimana semua asumsi lainnya dianggap konstan, disajikan dalam tabel di bawah:

*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** | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | ***Actuarial assumption*** |
|---|---|---|---|---|---|
| Tingkat diskonto | | | | | *Discount rate* |
| Kenaikan 1% | 22.518.790 | 20.397.272 | 16.265.623 | 11.919.896 | *Increase by 1%* |
| Penurunan 1% | 25.895.495 | 23.468.124 | 19.041.935 | 13.942.260 | *Decrease by 1%* |
| Tingkat kenaikan gaji | | | | | *Salary increment rate* |
| Kenaikan 1% | 25.876.960 | 23.490.367 | 18.968.361 | 13.930.749 | *Increase by 1%* |
| Penurunan 1% | 22.486.825 | 20.353.403 | 16.302.504 | 11.912.237 | *Decrease by 1%* |

## 25. MODAL SAHAM / *SHARE CAPITAL*

Susunan pemegang saham Perusahaan pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 berdasarkan pencatatan PT Adimitra Jasa Korpora, Biro Administrasi Efek, adalah sebagai berikut:

*The composition of share capital of the Company as of 30 June 2019, 31 December 2018, 2017 and 2016 based on the records maintained by the shares register, PT Adimitra Jasa Korpora, Securities Administration Bureau, is as follows:*

| | **30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*) dan/*and* 31 Desember/*December* 2018 (Diaudit/*Audited*)** | | | |
|---|---|---|---|---|
| **Pemegang saham** | **Jumlah saham ditempatkan dan disetor penuh/ *Number of shares capital issued and fully paid*** | **Persentase kepemilikan/ *Percentage of ownership*** | **Jumlah/ *Amount*** | ***Shareholders*** |
| PT Huddleston Indonesia (dahulu PT Busana Indah Makmur) | 12.072.841.076 | 59,0296% | 98.860.475 | *PT Huddleston Indonesia (formerly PT Busana Indah Makmur)* |
| Hj. Susyana Lukminto | 5.180.000 | 0,0254% | 42.415 | *Hj. Susyana Lukminto* |
| Vonny Imelda Lukminto | 740.000 | 0,0036% | 6.060 | *Vonny Imelda Lukminto* |
| Iwan Setiawan | 106.600.884 | 0,5212% | 872.919 | *Iwan Setiawan* |
| Lenny Imelda Lukminto | 740.000 | 0,0036% | 6.060 | *Lenny Imelda Lukminto* |
| Iwan Kurniawan Lukminto | 106.600.884 | 0,5212% | 872.919 | *Iwan Kurniawan Lukminto* |
| Margaret Imelda Lukminto | 740.000 | 0,0036% | 6.060 | *Margaret Imelda Lukminto* |
| Masyarakat (masing-masing dibawah 5%) | 8.158.734.000 | 39,8918% | 66.809.155 | *Public (each below 5%)* |
| **Jumlah** | 20.452.176.844 | 100,0000% | 167.476.063 | ***T o t a l*** |

| | **31 Desember/*December* 2017 (Diaudit/*Audited*)** | | | |
|---|---|---|---|---|
| **Pemegang saham** | **Jumlah saham ditempatkan dan disetor penuh/ *Number of shares capital issued and fully paid*** | **Persentase kepemilikan/ *Percentage of ownership*** | **Jumlah/ *Amount*** | ***Shareholders*** |
| PT Huddleston Indonesia (dahulu PT Busana Indah Makmur) | 12.284.562.844 | 60,0648% | 100.594.193 | *PT Huddleston Indonesia (formerly PT Busana Indah Makmur)* |
| Hj. Susyana Lukminto | 5.180.000 | 0,0254% | 42.415 | *Hj. Susyana Lukminto* |
| Vonny Imelda Lukminto | 740.000 | 0,0036% | 6.060 | *Vonny Imelda Lukminto* |
| Iwan Setiawan | 740.000 | 0,0036% | 6.060 | *Iwan Setiawan* |
| Lenny Imelda Lukminto | 740.000 | 0,0036% | 6.060 | *Lenny Imelda Lukminto* |
| Iwan Kurniawan Lukminto | 740.000 | 0,0036% | 6.060 | *Iwan Kurniawan Lukminto* |
| Margaret Imelda Lukminto | 740.000 | 0,0036% | 6.060 | *Margaret Imelda Lukminto* |
| Masyarakat (masing-masing dibawah 5%) | 8.158.734.000 | 39,8918% | 66.809.155 | *Public (each below 5%)* |
| **Jumlah** | 20.452.176.844 | 100,0000% | 167.476.063 | ***T o t a l*** |

25. **MODAL SAHAM** (Lanjutan)

Berdasarkan akta Notaris No. 91 tanggal 15 November 2017 yang dibuat dihadapan Notaris Ina Megahwati S.H., mengenai penambahan modal ditempatkan dan disetor penuh atas nama PT Huddleston Indonesia sebesar 1.859.288.804 saham. Akta ini telah memperoleh persetujuan dari Menteri Hukum dan Hak Asasi Manusia Republik Indonesia dalam Surat Keputusan No. AHU-AH.01.03-0192202 tanggal 18 November 2017.

*25.* ***SHARE CAPITAL*** *(Continued)*

*Based on Notarial deed No. 91 dated 15 November 2017, Notary of Ina Megahwati S.H., regarding additional number of shares capital issued and fully paid amounted to 1,859,288,804 shares. The Deed was approved by the Minister of Law and Human Rights of the Republic of Indonesia in its Decision Letter No. AHU-AH.01.03-0192202 dated 18 November 2017.*

| | **31 Desember/ *December* 2016 (Diaudit/*Audited*)** | | | |
|---|---|---|---|---|
| **Pemegang saham** | **Jumlah saham ditempatkan dan disetor penuh/ *Number of shares capital issued and fully paid*** | **Persentase kepemilikan/ *Percentage of ownership*** | **Jumlah/ *Amount*** | ***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)* |
| Hj. Susyana Lukminto | 5.180.000 | 0,0279% | 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%) | 8.158.734.000 | 43,8808% | 66.809.155 | *Public (each below 5%)* |
| **Jumlah** | 18.592.888.040 | 100,0000% | 152.250.966 | ***T o t a l*** |

26. **TAMBAHAN MODAL DISETOR**

Rincian tambahan modal disetor – neto pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 adalah sebagai berikut:

*26.* ***ADDITIONAL PAID-IN CAPITAL***

*The details of additional paid-in capital – net as of 30 June 2019, 31 December 2018, 2017 and 2016 were as follows:*

| | **30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|
| Agio saham hasil penawaran umum perdana | 64.320.289 | 64.320.289 | 64.320.289 | 64.320.289 | *Premium on shares capital from Initial Public Offering (IPO)* |
| Agio saham atas penambahan saham ditempatkan dan disetor penuh | 34.192.143 | 34.192.143 | 34.192.143 | - | *Premium for additional number of shares capital issued and fully paid* |
| Selisih nilai transaksi dengan entitas sepengendali | ( 49.602.468) | ( 49.602.468) | ( 49.602.468) | ( 49.602.468) | *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) | ( 4.345.774) | *Share issuance costs related to Initial Public Offering (IPO)* |
| Pengampunan pajak | 5.499 | 5.499 | 5.499 | 5.499 | *Tax Amnesty* |
| Selisih penjabaran | 100.253 | 100.253 | 100.253 | 100.253 | *Exchange difference* |
| **N e t o** | 44.669.942 | 44.669.942 | 44.669.942 | 10.477.799 | ***N e t*** |

26. **TAMBAHAN MODAL DISETOR** (Lanjutan)

Agio saham berasal dari penawaran umum perdana sebesar 5.600.000.000 lembar saham baru (Catatan 1b).

Pada 2017, agio saham berasal dari penambahan saham ditempatkan dan disetor penuh sebesar 1.859.288.804 saham.

26. ***ADDITIONAL PAID-IN CAPITAL*** *(Continued)*

*The premium on share capital arose from the Initial Public Offering (IPO) amounted to 5,600,000,000 new shares (Note 1b).*

*In 2017, premium on share capital arose from additional number of shares capital issued and fully paid amounted to 1,859,288,804 shares.*

27. **INFORMASI SEGMEN**

Perusahaan dan Entitas Anak mengelompokkan dan mengevaluasi usahanya berdasarkan departemen, yang terdiri dari:

- Pemintalan
- Pertenunan
- *Finishing* kain
- Konveksi

27. ***SEGMENT INFORMATION***

*The Company and Subsidiaries manage and evaluate their operations based on departments, which consist of the following:*

- *Spinning*
- *Weaving*
- *Finishing*
- *Garment*

27. **INFORMASI SEGMEN** (Lanjutan) / *27. **SEGMENT INFORMATION** (Continued)*

Tabel berikut ini menyajikan informasi mengenai hasil operasi, aset dan liabilitas dari segmen operasi Perusahaan dan Entitas Anak:

*The following table presents information regarding operating results, assets and liabilities of the Company's and Subsidiaries operating segments:*

| | **30 Juni/*June* 2019 (Enam bulan/*Six months*) (Tidak diaudit/*Unaudited*)** | | | | | |
|---|---|---|---|---|---|---|
| | **Pemintalan/ *Spinning*** | **Pertenunan/ *Weaving*** | ***Finishing* kain/ *Finishing*** | **Konveksi/ *Garment*** | **Jumlah segmen/ *Segment total*** | |
| Penjualan | 254.121.670 | 40.543.996 | 168.843.043 | 168.933.292 | 632.442.001 | *Sales* |
| Laba bruto | 29.140.386 | 6.469.510 | 42.922.515 | 49.433.414 | 127.965.825 | *Gross profit* |
| Laba sebelum pajak penghasilan | | | | | 59.284.556 | *Profit before income tax* |
| Beban pajak penghasilan | | | | | ( 5.125.033) | *Income tax expense* |
| **Laba periode berjalan** | | | | | 54.159.523 | ***Profit for the period*** |
| **Informasi segmen lainnya** | | | | | | ***Other segment information*** |
| Pengeluaran modal | 18.625.059 | 3.757.211 | 5.372.348 | 4.189.095 | 31.943.713 | *Capital expenditure* |
| Pengeluaran modal yang tidak dapat dialokasikan | | | | | 2.784.903 | *Unallocated capital expenditure* |
| **Jumlah pengeluaran modal** | | | | | 34.728.616 | ***Total capital expenditure*** |
| Penyusutan | 8.426.804 | 5.919.614 | 8.061.114 | 3.275.698 | 25.683.230 | *Depreciation* |
| Penyusutan yang tidak dapat dialokasikan | | | | | 261.428 | *Unallocated depreciation* |
| **Jumlah penyusutan** | | | | | 25.944.658 | ***Total depreciation*** |

| | **30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*)** | | | | | |
|---|---|---|---|---|---|---|
| | **Pemintalan/ *Spinning*** | **Pertenunan/ *Weaving*** | ***Finishing* kain/ *Finishing*** | **Konveksi/ *Garment*** | **Jumlah segmen/ *Segment total*** | |
| Aset segmen | 370.660.141 | 260.379.303 | 354.575.008 | 144.084.401 | 1.129.698.853 | *Segment assets* |
| Aset yang tidak dapat dialokasikan | | | | | 304.765.304 | *Unallocated assets* |
| **Jumlah aset** | | | | | 1.434.464.157 | ***Total assets*** |
| Liabilitas segmen | | | | | - | *Segment liabilities* |
| Liabilitas yang tidak dapat dialokasikan | | | | | 869.268.361 | *Unallocated liabilites* |
| **Jumlah liabilitas** | | | | | 869.268.361 | ***Total liabilities*** |

27. **INFORMASI SEGMEN** (Lanjutan)

Tabel berikut ini menyajikan informasi mengenai hasil operasi, aset dan liabilitas dari segmen operasi Perusahaan dan Entitas Anak: (Lanjutan)

27. ***SEGMENT INFORMATION*** *(Continued)*

*The following table presents information regarding operating results, assets and liabilities of the Company's and Subsidiaries operating segments: (Continued)*

| | **30 Juni/*June* 2018 (Enam bulan/*Six months*) (Tidak diaudit/*Unaudited*)** | | | | | |
|---|---|---|---|---|---|---|
| | **Pemintalan/ *Spinning*** | **Pertenunan/ *Weaving*** | ***Finishing* kain/ *Finishing*** | **Konveksi/ *Garment*** | **Jumlah segmen/ *Segment total*** | |
| Penjualan | 254.407.415 | 41.448.523 | 121.369.225 | 121.543.705 | 538.768.868 | *Sales* |
| Laba bruto | 24.268.761 | 6.516.783 | 31.506.276 | 37.184.780 | 99.476.600 | *Gross profit* |
| Laba sebelum pajak penghasilan | | | | | 61.099.384 | *Profit before income tax* |
| Beban pajak penghasilan | | | | | ( 5.421.491) | *Income tax expense* |
| **Laba tahun periode** | | | | | 55.677.893 | ***Profit for the period*** |
| **Informasi segmen lainnya** | | | | | | ***Other segment information*** |
| Pengeluaran modal | 8.958.496 | 1.994.509 | 2.008.914 | 3.112.279 | 16.074.198 | *Capital expenditure* |
| Pengeluaran modal yang tidak dapat dialokasikan | | | | | 2.351.148 | *Unallocated capital expenditure* |
| **Jumlah pengeluaran modal** | | | | | 18.425.346 | ***Total capital expenditure*** |
| Penyusutan | 8.179.597 | 5.765.972 | 7.680.487 | 3.118.832 | 24.744.888 | *Depreciation* |
| Penyusutan yang tidak dapat dialokasikan | | | | | 286.848 | *Unallocated depreciation* |
| **Jumlah penyusutan** | | | | | 25.031.736 | ***Total depreciation*** |

| | **30 Juni/*June* 2018 (Tidak diaudit/*Unaudited*)** | | | | | |
|---|---|---|---|---|---|---|
| | **Pemintalan/ *Spinning*** | **Pertenunan/ *Weaving*** | ***Finishing* kain/ *Finishing*** | **Konveksi/ *Garment*** | **Jumlah segmen/ *Segment total*** | |
| Aset segmen | 340.953.124 | 240.345.096 | 320.148.553 | 130.003.404 | 1.031.450.177 | *Segment assets* |
| Aset yang tidak dapat dialokasikan | | | | | 289.687.962 | *Unallocated assets* |
| **Jumlah aset** | | | | | 1.321.138.139 | ***Total assets*** |
| Liabilitas segmen | | | | | | *Segment liabilities* |
| Liabilitas yang tidak dapat dialokasikan | | | | | - 834.048.607 | *Unallocated liabilites* |
| **Jumlah liabilitas** | | | | | 834.048.607 | ***Total liabilities*** |

27. **INFORMASI SEGMEN** (Lanjutan)

Tabel berikut ini menyajikan informasi mengenai hasil operasi, aset dan liabilitas dari segmen operasi Perusahaan dan Entitas Anak: (Lanjutan)

27. ***SEGMENT INFORMATION*** *(Continued)*

*The following table presents information regarding operating results, assets and liabilities of the Company's and Subsidiaries operating segments: (Continued)*

| | **31 Desember/*December* 2018 (Satu tahun/*One year*) (Diaudit/*Audited*)** | | | | | |
|---|---|---|---|---|---|---|
| | **Pemintalan/ *Spinning*** | **Pertenunan/ *Weaving*** | ***Finishing* kain/ *Finishing*** | **Konveksi/ *Garment*** | **Jumlah segmen/ *Segment total*** | |
| Penjualan | 464.407.088 | 74.383.619 | 250.182.689 | 244.972.170 | 1.033.945.566 | *Sales* |
| Laba bruto | 37.638.561 | 11.590.649 | 60.894.404 | 73.654.440 | 183.778.054 | *Gross profit* |
| Laba sebelum pajak penghasilan | | | | | 99.413.342 | *Income before income tax* |
| Beban pajak penghasilan | | | | | ( 14.857.309) | *Income tax expense* |
| **Laba tahun berjalan** | | | | | 84.556.033 | ***Income for the year*** |
| **Informasi segmen lainnya** | | | | | | ***Other segment information*** |
| Pengeluaran modal | 18.559.871 | 3.757.211 | 5.372.348 | 4.189.095 | 31.878.525 | *Capital expenditure* |
| Pengeluaran modal yang tidak dapat dialokasikan | | | | | 5.300.399 | *Unallocated capital expenditure* |
| **Jumlah pengeluaran modal** | | | | | 37.178.924 | ***Total capital expenditure*** |
| Penyusutan | 29.264.469 | 4.193.590 | 12.687.039 | 5.071.754 | 51.216.852 | *Depreciation* |
| Penyusutan yang tidak dapat dialokasikan | | | | | 746.263 | *Unallocated depreciation* |
| **Jumlah penyusutan** | | | | | 51.963.115 | ***Total depreciation*** |

| | **31 Desember/*December* 2018 (Diaudit/*Audited*)** | | | | | |
|---|---|---|---|---|---|---|
| | **Pemintalan/ *Spinning*** | **Pertenunan/ *Weaving*** | ***Finishing* kain/ *Finishing*** | **Konveksi/ *Garment*** | **Jumlah segmen/ *Segment total*** | |
| Aset segmen | 352.085.867 | 248.312.366 | 337.704.007 | 136.481.789 | 1.074.584.029 | *Segment assets* |
| Aset yang tidak dapat dialokasikan | | | | | 289.687.962 | *Unallocated assets* |
| **Jumlah aset** | | | | | 1.364.271.991 | ***Total assets*** |
| Liabilitas segmen | | | | | - | *Segment liabilities* |
| Liabilitas yang tidak dapat dialokasikan | | | | | 848.024.460 | *Unallocated liabilites* |
| **Jumlah liabilitas** | | | | | 848.024.460 | ***Total liabilities*** |

27. **INFORMASI SEGMEN** (Lanjutan)

Tabel berikut ini menyajikan informasi mengenai hasil operasi, aset dan liabilitas dari segmen operasi Perusahaan dan Entitas Anak: (Lanjutan)

27. ***SEGMENT INFORMATION*** *(Continued)*

*The following table presents information regarding operating results, assets and liabilities of the Company's and Subsidiaries operating segments: (Continued)*

| | **31 Desember/*December* 2017 (Satu tahun/*One year*) (Diaudit/*Audited*)** | | | | | |
|---|---|---|---|---|---|---|
| | **Pemintalan/ *Spinning*** | **Pertenunan/ *Weaving*** | ***Finishing* kain/ *Finishing*** | **Konveksi/ *Garment*** | **Jumlah segmen/ *Segment total*** | |
| Penjualan | 292.372.820 | 74.141.086 | 193.722.827 | 199.113.132 | 759.349.865 | *Sales* |
| Laba bruto | 39.047.145 | 12.711.413 | 53.071.240 | 66.440.967 | 171.270.765 | *Gross profit* |
| Laba sebelum pajak penghasilan | | | | | 72.141.142 | *Profit before income tax* |
| Beban pajak penghasilan | | | | | ( 4.105.822) | *Income tax expense* |
| **Laba tahun berjalan** | | | | | 68.035.320 | ***Profit for the year*** |
| **Informasi segmen lainnya** | | | | | | ***Other segment information*** |
| Pengeluaran modal | 6.552.561 | 3.485.513 | 1.366.342 | 8.706.817 | 20.111.233 | *Capital expenditure* |
| Pengeluaran modal yang tidak dapat dialokasikan | | | | | 3.860.750 | *Unallocated capital expenditure* |
| **Jumlah pengeluaran modal** | | | | | 23.971.983 | ***Total capital expenditure*** |
| Penyusutan | 11.298.454 | 2.899.741 | 6.500.928 | 4.599.524 | 25.298.647 | *Depreciation* |
| Penyusutan yang tidak dapat dialokasikan | | | | | 2.954.082 | *Unallocated depreciation* |
| **Jumlah penyusutan** | | | | | 28.252.729 | ***Total depreciation*** |

| | **31 Desember/*December* 2017 (Diaudit/*Audited*)** | | | | | |
|---|---|---|---|---|---|---|
| | **Pemintalan/ *Spinning*** | **Pertenunan/ *Weaving*** | ***Finishing* kain/ *Finishing*** | **Konveksi/ *Garment*** | **Jumlah segmen/ *Segment total*** | |
| Aset segmen | 303.596.869 | 220.776.213 | 298.813.025 | 120.158.479 | 943.344.586 | *Segment assets* |
| Aset yang tidak dapat dialokasikan | | | | | 249.556.452 | *Unallocated assets* |
| **Jumlah aset** | | | | | 1.192.901.038 | ***Total assets*** |
| Liabilitas segmen | | | | | - | *Segment liabilities* |
| Liabilitas yang tidak dapat dialokasikan | | | | | 750.742.209 | *Unallocated liabilites* |
| **Jumlah liabilitas** | | | | | 750.742.209 | ***Total liabilities*** |

27. **INFORMASI SEGMEN** (Lanjutan)

Tabel berikut ini menyajikan informasi mengenai hasil operasi, aset dan liabilitas dari segmen operasi Perusahaan dan Entitas Anak: (Lanjutan)

27. ***SEGMENT INFORMATION*** *(Continued)*

*The following table presents information regarding operating results, assets and liabilities of the Company's and Subsidiaries operating segments: (Continued)*

| | **31 Desember/*December* 2016 (Satu tahun/*One year*) (Diaudit/*Audited*)** | | | | | |
|---|---|---|---|---|---|---|
| | **Pemintalan/ *Spinning*** | **Pertenunan/ *Weaving*** | ***Finishing* kain/ *Finishing*** | **Konveksi/ *Garment*** | **Jumlah segmen/ *Segment total*** | |
| Penjualan | 260.677.765 | 69.280.647 | 175.674.873 | 174.306.205 | 679.939.490 | *Sales* |
| Laba bruto | 33.888.110 | 12.470.516 | 43.918.718 | 55.073.643 | 145.350.987 | *Gross profit* |
| Laba sebelum pajak penghasilan | | | | | 66.027.791 | *Profit before income tax* |
| Beban pajak penghasilan | | | | | ( 6.662.101) | *Income tax expense* |
| **Laba tahun berjalan** | | | | | 59.365.690 | ***Profit for the year*** |
| **Informasi segmen lainnya** | | | | | | ***Other segment information*** |
| Pengeluaran modal | 28.361.993 | 27.536.952 | 5.386.599 | 11.239.679 | 72.525.223 | *Capital expenditure* |
| Pengeluaran modal yang tidak dapat dialokasikan | | | | | 7.108.563 | *Unallocated capital expenditure* |
| **Jumlah pengeluaran modal** | | | | | 79.633.786 | ***Total capital expenditure*** |
| Penyusutan | 6.907.188 | 2.438.226 | 4.893.221 | 3.664.047 | 17.902.682 | *Depreciation* |
| Penyusutan yang tidak dapat dialokasikan | | | | | 2.022.860 | *Unallocated depreciation* |
| **Jumlah penyusutan** | | | | | 19.925.542 | ***Total depreciation*** |

| | **31 Desember/*December* 2016 (Diaudit/*Audited*)** | | | | | |
|---|---|---|---|---|---|---|
| | **Pemintalan/ *Spinning*** | **Pertenunan/ *Weaving*** | ***Finishing* kain/ *Finishing*** | **Konveksi/ *Garment*** | **Jumlah segmen/ *Segment total*** | |
| Aset segmen | 259.102.160 | 190.451.160 | 229.205.758 | 83.045.565 | 761.804.643 | *Segment assets* |
| Aset yang tidak dapat dialokasikan | | | | | 185.365.067 | *Unallocated assets* |
| **Jumlah aset** | | | | | 947.169.710 | ***Total assets*** |
| Liabilitas segmen | | | | | - | *Segment liabilities* |
| Liabilitas yang tidak dapat dialokasikan | | | | | 616.060.202 | *Unallocated liabilites* |
| **Jumlah liabilitas** | | | | | 616.060.202 | ***Total liabilities*** |

27. **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 konsolidasian interim.

Informasi penjualan neto berdasarkan area geografis adalah sebagai berikut:

*27. **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 interim consolidated financial statements.*

*Net sales information by geographic area is as follows:*

| | **30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|---|
| Domestik | 254.746.314 | 246.992.527 | 410.278.089 | 354.481.002 | 322.933.151 | *Domestic* |
| Luar negeri: | | | | | | *International:* |
| Asia | 228.407.265 | 215.482.066 | 384.495.186 | 253.657.794 | 190.489.493 | *Asia* |
| Eropa | 57.421.880 | 36.581.395 | 98.331.930 | 52.346.530 | 66.046.175 | *Europe* |
| Amerika Serikat dan Amerika Latin | 51.350.277 | 19.067.107 | 67.823.720 | 24.327.560 | 65.751.978 | *United States of America and South America* |
| Uni Emirat Arab dan Afrika | 39.508.097 | 19.993.684 | 71.363.027 | 74.352.815 | 29.848.405 | *United Arab Emirates and Africa* |
| Australia | 1.008.168 | 652.089 | 1.653.614 | 184.164 | 4.870.288 | *Australia* |
| | 377.695.687 | 291.776.341 | 623.667.477 | 404.868.863 | 357.006.339 | |
| **Penjualan neto** | 632.442.001 | 538.768.868 | 1.033.945.566 | 759.349.865 | 679.939.490 | ***Net sales*** |

28. **PENJUALAN** / *28. **SALES***

| | **30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*)** | **31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | **31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*)** | |
|---|---|---|---|---|---|---|
| Ekspor | | | | | | *Export* |
| Benang | 143.265.698 | 139.841.263 | 254.435.247 | 124.591.014 | 135.760.886 | *Yarn* |
| Kain jadi | 106.435.320 | 70.926.394 | 164.441.641 | 124.533.308 | 98.012.759 | *Fabric* |
| Pakaian jadi | 107.542.860 | 67.149.902 | 164.421.235 | 130.859.186 | 93.281.097 | *Garment* |
| Kain mentah | 20.451.809 | 13.858.782 | 40.369.354 | 24.885.355 | 29.951.597 | *Greige* |
| Sub-jumlah ekspor | 377.695.687 | 291.776.341 | 623.667.477 | 404.868.863 | 357.006.339 | *Sub-total export* |
| Lokal | | | | | | *Local* |
| Benang | 110.855.972 | 114.566.152 | 209.971.841 | 167.781.806 | 124.916.879 | *Yarn* |
| Kain jadi | 62.407.723 | 50.442.831 | 85.741.048 | 69.189.519 | 77.662.114 | *Fabric* |
| Pakaian jadi | 61.390.432 | 54.393.803 | 80.550.935 | 68.253.946 | 81.025.108 | *Garment* |
| Kain mentah | 20.092.187 | 27.589.741 | 34.014.265 | 49.255.731 | 39.329.050 | *Greige* |
| Sub-jumlah lokal | 254.746.314 | 246.992.527 | 410.278.089 | 354.481.002 | 322.933.151 | *Sub-total local* |
| **Jumlah penjualan** | 632.442.001 | 538.768.868 | 1.033.945.566 | 759.349.865 | 679.939.490 | ***Total sales*** |

Tidak terdapat penjualan kepada pihak berelasi yang melebihi 10% dari jumlah penjualan.

*There is no aggregate sales to related parties exceeding 10% of total sales.*

## 29. BEBAN POKOK PENJUALAN / *29. COST OF GOODS SOLD*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| Bahan baku yang digunakan | 398.292.784 | 353.253.119 | 662.440.447 | 522.221.992 | 455.254.373 | *Raw materials used* |
| Tenaga kerja langsung | 29.238.164 | 24.898.870 | 47.143.656 | 27.851.109 | 24.663.565 | *Direct labors* |
| Biaya produksi tidak langsung | | | | | | *Factory overhead* |
| Listrik dan air | 29.869.668 | 26.463.685 | 52.138.353 | 31.340.016 | 28.891.490 | *Electricity and water* |
| Penyusutan (Catatan 12) | 25.636.707 | 24.712.464 | 51.199.785 | 27.930.970 | 19.756.532 | *Depreciation (Note 12)* |
| Penggunaan suku cadang | 7.742.708 | 7.299.782 | 8.313.016 | 5.510.475 | 2.352.867 | *Spare part usage* |
| Sewa | 6.338.772 | 4.964.397 | 13.861.448 | 7.172.179 | 4.686.537 | *Rent* |
| Biaya impor | 1.608.695 | 1.160.465 | 2.662.835 | 1.652.468 | 1.603.313 | *Import cost* |
| Penggunaan bahan bakar | 1.252.405 | 1.112.631 | 2.197.993 | 4.374.805 | 3.261.897 | *Fuel consumption* |
| Asuransi | 392.066 | 282.832 | 1.324.798 | 843.189 | 644.777 | *Insurance* |
| Amortisasi | 3.906 | 23.608 | 47.216 | - | - | *Amortization* |
| Lain-lain | 4.607.824 | 3.246.904 | 4.478.357 | 5.405.160 | 4.410.314 | *Others* |
| Jumlah biaya produksi tidak langsung | 77.452.751 | 69.266.768 | 136.223.801 | 84.229.262 | 65.607.727 | *Total factory overhead* |
| Jumlah biaya produksi | 504.983.699 | 447.418.757 | 845.807.904 | 634.302.363 | 545.525.665 | *Total manufacturing cost* |
| Persediaan barang dalam proses | | | | | | *Work in process* |
| Saldo awal periode | 90.038.490 | 99.994.106 | 99.994.106 | 72.107.367 | 54.529.576 | *At beginning of period* |
| Akuisisi | - | 1.473.779 | 1.473.779 | - | - | *Acquisition* |
| Saldo akhir periode (Catatan 8) | ( 89.966.313) | ( 105.545.304) | ( 90.038.490) | ( 99.994.106) | ( 72.107.367) | *At end of period (Note 8)* |
| Beban pokok produksi | 505.055.876 | 443.341.338 | 857.237.299 | 606.415.624 | 527.947.874 | *Cost of goods manufactured* |
| Persediaan barang jadi | | | | | | *Finished good* |
| Saldo awal periode | 55.355.706 | 38.339.935 | 38.339.935 | 20.003.411 | 26.644.040 | *At beginning of period* |
| Akuisisi | - | 9.945.984 | 9.945.984 | - | - | *Acquisition* |
| Saldo akhir periode (Catatan 8) | ( 55.935.406) | ( 52.334.989) | ( 55.355.706) | ( 38.339.935) | ( 20.003.411) | *At end of period (Note 8)* |
| **Beban pokok penjualan neto** | 504.476.176 | 439.292.268 | 850.167.512 | 588.079.100 | 534.588.503 | ***Net cost of goods sold*** |

Tidak terdapat pembelian dari pihak berelasi yang melebihi 10% dari jumlah penjualan.

*There is no aggregate purchases from related parties exceeding 10% of total sales.*

## 30. BEBAN PENJUALAN / *30. SELLING EXPENSES*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| Pengangkutan | 5.577.767 | 6.577.755 | 9.023.300 | 8.356.859 | 6.994.540 | *Freight* |
| Komisi | 1.123.719 | 1.149.039 | 2.936.230 | 1.644.141 | 1.646.030 | *Commission* |
| Perjalanan dinas | 574.083 | 728.990 | 1.695.492 | 1.101.494 | 1.279.817 | *Business traveling* |
| Pemasaran | 170.494 | 663 | 663 | 776 | 32.397 | *Marketing* |
| Asuransi ekspor | 90.082 | 82.145 | 167.374 | 249.074 | 321.842 | *Export insurance* |
| Telekomunikasi | 55.795 | 60.544 | 125.368 | 103.634 | 103.933 | *Telecommunication* |
| Lain-lain | 644.753 | 960.300 | 1.695.988 | 1.080.711 | 2.643.074 | *Others* |
| **Jumlah beban penjualan** | 8.236.693 | 9.559.436 | 15.644.415 | 12.536.689 | 13.021.633 | ***Total selling expenses*** |

## 31. BEBAN UMUM DAN ADMINISTRASI / *31. GENERAL AND ADMINISTRATIVE EXPENSES*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| Gaji, upah dan tunjangan | 6.797.462 | 5.925.959 | 10.373.747 | 10.396.020 | 8.039.078 | *Salaries, wages and allowances* |
| Beban pajak | 3.218.321 | 3.060.440 | 5.256.503 | 2.792.630 | 3.282.779 | *Tax expenses* |
| Pengembangan usaha | 1.631.550 | 1.196.888 | 2.058.959 | 2.067.595 | 1.839.206 | *Business development* |
| Jamuan | 751.668 | 647.958 | 1.726.423 | 779.362 | 1.922.332 | *Entertainment* |
| Jasa professional | 501.365 | 692.101 | 1.765.544 | 1.288.243 | 1.354.837 | *Professional fee* |
| Perbaikan dan perawatan | 500.254 | 259.426 | 568.945 | 195.267 | 535.868 | *Repair and maintenance* |
| Sumbangan | 448.752 | 276.658 | 485.945 | 134.081 | 196.125 | *Donations* |
| Penyusutan (Catatan 12) | 307.951 | 319.272 | 763.330 | 321.759 | 169.010 | *Depreciation (Note 12)* |
| Perizinan dan lisensi | 153.697 | 219.045 | 534.407 | 572.558 | 1.748.238 | *Permit and licenses* |
| Telepon, listrik dan air | 23.824 | 100.845 | 40.350 | 136.162 | 127.129 | *Telephone, electricity and water* |
| Lain-lain | 3.026.328 | 2.581.909 | 8.404.687 | 5.861.876 | 3.019.739 | *Others* |
| **Jumlah beban umum dan administrasi** | 17.361.172 | 15.280.501 | 31.978.840 | 24.545.553 | 22.234.341 | ***Total general and administrative expenses*** |

## 32. BEBAN IMBALAN KERJA KARYAWAN / *32. EMPLOYEE BENEFIT EXPENSES*

Beban imbalan kerja karyawan (termasuk direksi) meliputi: / *Employee benefit expenses (including directors) comprise:*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| Gaji | 26.442.258 | 4.692.383 | 10.024.392 | 12.199.133 | 8.641.898 | *Salaries* |
| Beban imbalan kerja jangka pendek | 26.287 | 3.762 | 3.819 | 46.167 | 59.472 | *Short-term employee benefit expenses* |
| Beban imbalan kerja jangka panjang | 1.505.526 | 1.229.814 | 2.444.406 | 1.919.618 | 1.531.495 | *Long-term employee benefit expenses* |
| Beban (pendapatan) imbalan kerja jangka panjang pada penghasilan komprehensif lain | 860.369 | ( 1.772.906 ) | ( 2.146.050 ) | 2.874.776 | 1.304.094 | *Long-term employee benefit expenses (income) in other comprehensive income (loss)* |
| **Jumlah** | 28.834.440 | 4.153.053 | 10.326.567 | 17.039.694 | 11.536.959 | ***T o t a l*** |

Beban imbalan kerja karyawan untuk manajemen utama, telah diungkapkan dalam Catatan 11.

*Employee benefit expenses for key management, are disclosed in Note 11.*

## 33. PENDAPATAN OPERASI LAINNYA / *33. OTHER OPERATING INCOME*

Pendapatan operasi lainnya umumnya berasal dari penjualan barang bekas dan klaim asuransi.

*Other operating income normal arise from sales of scrap and claim of insurance.*

## 34. KEUNTUNGAN (KERUGIAN) SELISIH KURS / *34. GAIN (LOSS) ON FOREIGN EXCHANGE*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| (Kerugian) keuntungan selisih kurs - Neto | ( 389.599 ) | ( 436.892 ) | 28.400 | ( 576.279) | ( 929.728) | *(Loss) gain on foreign exchanges - Net* |

## 35. LABA PER SAHAM / *35. EARNINGS PER SHARE*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| Laba tahun berjalan yang dapat diatribusikan kepada pemilik entitas induk | 54.159.523 | 55.677.893 | 84.556.033 | 68.035.320 | 59.365.690 | *Profit for the year attributable to owners of the parent entity* |
| Rata-rata tertimbang jumlah saham yang beredar (Catatan 2u) | 20.452.176.844 | 20.452.176.844 | 20.452.176.844 | 18.832.303.311 | 18.592.888.040 | *Weight average number of shares outstanding (Note 2u)* |
| **Laba per saham dasar yang dapat diatribusikan kepada pemilik entitas induk** | 0,0026 | 0,0027 | 0,0041 | 0,0036 | 0,0032 | ***Basic earning per share attributable to owners of the parent entity*** |

## 36. DIVIDEN TUNAI DAN SALDO LABA YANG DITENTUKAN PENGGUNAANNYA / *36. CASH DIVIDEND AND RESTRICTED RETAINED EARNINGS*

Berdasarkan akta Notaris No. 61 tanggal 18 Juni 2019, Notaris Neilly Iralita Iswari, S.H., M.si., M.kn., Perusahaan menyetujui hal-hal sebagai berikut:

a. Pembagian dividen tunai atas saham yang beredar sebanyak 20.452.176.844 lembar saham dengan nilai nominal sebesar Rp 3 per lembar saham dari laba tahun 2018 dengan jumlah sebesar USD 4.237.037 (setara dengan Rp 61.356.530.532). Dividen ini belum dibayarkan dan terutang pada 30 Juni 2019.

b. Penyisihan dana cadangan sebesar 20% dari laba tahun 2018 atau sebesar USD 16.911.206.

*Based on Notarial deed No. 61 dated 18 June 2019, Notary of Neilly Iralita Iswari, S.H., M.si., M.kn., the Company approved the following matters:*

*a. The distribution of cash dividend on outstanding 20,452,176,844 shares with a nominal value of Rp 3 per share from 2018 profit with total amount of USD 4,237,037 (equivalent to Rp 61,356,530,532). The dividend not yet paid and accrued as of 30 June 2019.*

*b. Appropriation of retained earnings amounting to 20% from profit for the year 2018 or equivalent to USD 16,911,206.*

Berdasarkan akta Notaris No. 81 tanggal 18 Mei 2018, Notaris Ina Megahwati, S.H., Perusahaan menyetujui hal-hal sebagai berikut:

a. Pembagian dividen tunai atas saham yang beredar sebanyak 20.452.176.844 lembar saham dengan nilai nominal sebesar Rp 8 per lembar saham dari laba tahun 2017 dengan jumlah sebesar USD 12.076.869 (setara dengan Rp 163.617.414.752). Dividen tunai ini telah dibayarkan pada tanggal 21 dan 22 Juni 2018.

b. Penyisihan dana cadangan sebesar 20% dari laba tahun 2017 atau sebesar USD 13.607.064.

*Based on Notarial deed No. 81 dated 18 May 2018, Notary of Ina Megahwati, S.H., the Company approved the following matters:*

*a. The distribution of cash dividend on outstanding 20,452,176,844 shares with a nominal value of Rp 8 per share from 2017 profit with total amount of USD 12,076,869 (equivalent to Rp 163,617,414,752). The dividend was paid on 21 and 22 June 2018.*

*b. Appropriation of retained earnings amounting to 20% from profit for the year 2017 or equivalent to USD 13,607,064.*

36. **DIVIDEN TUNAI DAN SALDO LABA YANG DITENTUKAN PENGGUNAANNYA** (Lanjutan)

Berdasarkan akta Notaris No. 63 tanggal 18 Mei 2017, Notaris Leolin Jayayanti, S.H., M.Kn., Perusahaan menyetujui hal-hal sebagai berikut:

a. Pembagian dividen tunai atas saham yang beredar sebanyak 18.592.888.040 lembar saham dengan nilai nominal sebesar Rp 3 per lembar saham dari laba tahun 2016 dengan jumlah sebesar USD 4.127.621 (setara dengan Rp 55.778.664.120). Dividen tunai ini telah dibayarkan pada tanggal 19 Juni 2017.

b. Penyisihan dana cadangan sebesar 20% dari laba tahun 2016 atau sebesar USD 11.873.138.

Berdasarkan akta Notaris No. 64 tanggal 18 Mei 2016, Notaris Ina Megahwati, S.H., Perusahaan menyetujui hal-hal sebagai berikut:

a. Pembagian dividen tunai atas saham yang beredar sebanyak 18.592.888.040 lembar dengan nilai nominal sebesar Rp 3 per lembar saham tahun buku 2015 dengan USD 4.016.064 (setara dengan Rp 55.778.664.120). Dividen tunai ini telah dibayarkan pada tanggal 15 Juni 2016.

b. Penyisihan dana cadangan sebesar 20% dari laba bersih komprehensif atau sebesar USD 11.132.786.

*36. **CASH DIVIDEND AND RESTRICTED RETAINED EARNINGS** (Continued)*

*Based on Notarial deed No. 63 dated 18 May 2017, Notary of Leolin Jayayanti, S.H., M.Kn., the Company approved the following matters:*

*a. The distribution of cash dividend on outstanding 18,592,888,040 shares with a nominal value of Rp 3 per share from 2016 profit with total amount of USD 4,127,621 (equivalent to Rp 55,778,664,120). The dividend was paid on 19 June 2017.*

*b. Appropriation of retained earnings amounting to 20% from profit for the year 2016 or equivalent to USD 11,873,138.*

*Based on Notarial deed No. 64 dated 18 May 2016, Notaris of Ina Megahwati, S.H., the Company 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 2015 in the amount of Rp 3 per share with USD 4,016,064 (equivalent to Rp 55,778,664,120). The dividend was paid in 15 June 2016.*

*b. Appropriation of retained earnings amounting to 20% from other comprehensive income or equivalent to USD 11,132,786.*

## 37. 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 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 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 30 June 2019, 31 December 2018, 2017 and 2016 and their USD equivalents converted using the middle exchange rates that were published by Bank Indonesia as follows:*

| | **30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*)** | | | |
|---|---|---|---|---|
| | | **Mata uang asing/ *Foreign currency*** | **Nilai setara Dolar AS/ *USD equivalents*** | |
| **Aset moneter:** | | | | ***Monetary assets:*** |
| Kas dan setara kas | IDR | 146.146.563.380 | 10.376.406 | *Cash and cash equivalents* |
| | EUR | 99.484 | 113.094 | |
| | JPY | 5.395 | 5.013 | |
| | CHF | 3.719 | 3.812 | |
| | AUD | 2.965 | 2.077 | |
| | CNY | 8.525 | 1.240 | |
| | MYR | 1.508 | 364 | |
| | SGD | 301 | 222 | |
| | KRW | 9.270 | 8 | |
| | HKD | 8 | 1 | |
| Piutang usaha | IDR | 1.760.801.760.563 | 125.016.925 | *Trade receivables* |
| Pajak dibayar di muka | IDR | 37.293.830.986 | 2.647.862 | *Prepaid taxes* |
| Aset lancar lainnya | IDR | 197.832.915.493 | 14.046.137 | *Other current assets* |
| | EUR | 1.673.132 | 1.902.018 | |
| **Sub-jumlah** | | | 154.115.179 | ***Sub-total*** |
| **Liabilitas moneter:** | | | | ***Monetary liabilities:*** |
| Utang usaha | IDR | 317.108.859.155 | 22.514.729 | *Trade payables* |
| Utang pajak | IDR | 190.792.197.183 | 13.546.246 | *Taxes payable* |
| Beban akrual | IDR | 153.858.450.704 | 10.923.950 | *Accrued expenses* |
| Utang lancar lainnya | IDR | 55.031.676.056 | 3.907.249 | *Other current liabilities* |
| Utang bank jangka pendek | IDR | 203.369.099.336 | 14.381.521 | *Short-term bank loans* |
| **Sub-jumlah** | | | 65.273.695 | ***Sub-total*** |
| **Aset neto** | | | 88.841.484 | ***Net assets*** |

37. **ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING** (Lanjutan)

Informasi mengenai aset dan liabilitas moneter dalam mata uang asing pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 dan nilai setara dalam USD yang dijabarkan dengan menggunakan rata-rata kurs jual dan beli yang diterbitkan oleh Bank Indonesia sebagai berikut: (Lanjutan)

*37. **MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES** (Continued)*

*Information concerning monetary assets and liabilities denominated in foreign currencies as of 30 June 2019, 31 December 2018, 2017 and 2016 and their USD equivalents converted using the middle exchange rates that were published by Bank Indonesia as follows: (Continued)*

| | **31 Desember/*December* 2018 (Diaudit/*Audited*)** | | | |
|---|---|---|---|---|
| | **Mata uang asing/ *Foreign currency*** | | **Nilai setara Dolar AS/ *USD equivalents*** | |
| **Aset moneter:** | | | | ***Monetary assets:*** |
| Kas dan setara kas | IDR | 314.927.893.422 | 21.747.662 | *Cash and cash equivalents* |
| | EUR | 24.083 | 27.540 | |
| | JPY | 21.761 | 19.703 | |
| | HKD | 57.501 | 7.343 | |
| | CHF | 3.741 | 3.800 | |
| | CNY | 14.255 | 2.077 | |
| | SGD | 1.694 | 1.240 | |
| | MYR | 1.509 | 364 | |
| | KRW | 8.891 | 8 | |
| | AUD | 1 | 1 | |
| Piutang usaha | IDR | 1.766.943.164.835 | 122.018.035 | *Trade receivables* |
| Pajak dibayar di muka | IDR | 40.194.448.308 | 2.775.668 | *Prepaid taxes* |
| Aset lancar lainnya | IDR | 191.657.714.796 | 13.235.116 | *Other current assets* |
| | EUR | 1.663.257 | 1.902.018 | |
| **Sub-jumlah** | | | 161.740.575 | ***Sub-total*** |
| **Liabilitas moneter:** | | | | ***Monetary liabilities:*** |
| Utang usaha | IDR | 246.661.577.703 | 17.033.463 | *Trade payables* |
| | EUR | 2.194.031 | 2.508.984 | |
| | CHF | 30 | 30 | |
| Utang pajak | IDR | 191.890.409.985 | 13.251.185 | *Taxes payable* |
| Beban akrual | IDR | 95.139.721.089 | 6.569.969 | *Accrued expenses* |
| Utang lancar lainnya | IDR | 171.547.703.919 | 11.846.399 | *Other current liabilities* |
| Utang bank jangka pendek | IDR | 623.811.083.929 | 43.077.900 | *Short-term bank loans* |
| **Sub-jumlah** | | | 94.287.930 | ***Sub-total*** |
| **Aset neto** | | | 67.452.645 | ***Net assets*** |

37. **ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING** (Lanjutan)

Informasi mengenai aset dan liabilitas moneter dalam mata uang asing pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 dan nilai setara dalam USD yang dijabarkan dengan menggunakan rata-rata kurs jual dan beli yang diterbitkan oleh Bank Indonesia sebagai berikut: (Lanjutan)

*37.* ***MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES*** *(Continued)*

*Information concerning monetary assets and liabilities denominated in foreign currencies as of 30 June 2019, 31 December 2018, 2017 and 2016 and their USD equivalents converted using the middle exchange rates that were published by Bank Indonesia as follows: (Continued)*

| | **31 Desember/*December* 2017 (Diaudit/*Audited*)** | | | |
|---|---|---|---|---|
| | **Mata uang asing/ *Foreign currency*** | | **Nilai setara Dolar AS/ *USD equivalents*** | |
| **Aset moneter:** | | | | ***Monetary assets:*** |
| Kas dan setara kas | IDR | 96.056.256.757 | 7.108.163 | *Cash and cash equivalents* |
| | SGD | 20.011 | 14.968 | |
| | HKD | 6.106 | 781 | |
| | CNY | 568 | 87 | |
| | EUR | 133.890 | 159.838 | |
| | MYR | 1.101 | 271 | |
| | JPY | 8.110 | 7.196 | |
| | AUD | 2.945 | 2.295 | |
| | KRW | 8.534 | 8 | |
| Piutang usaha | IDR | 1.151.329.013.514 | 85.198.347 | *Trade receivables* |
| Aset lancar lainnya | IDR | 135.561.216.216 | 10.031.530 | *Other current assets* |
| **Sub-jumlah** | | | 102.523.484 | ***Sub-total*** |
| **Liabilitas moneter:** | | | | ***Monetary liabilities:*** |
| Utang usaha | IDR | 2.767.567.568 | 204.800 | *Trade payables* |
| | EUR | 651.196 | 777.398 | |
| Utang pajak | IDR | 53.635.297.297 | 3.969.012 | *Taxes payable* |
| Beban akrual | IDR | 46.217.621.622 | 3.420.104 | *Accrued expenses* |
| Utang lancar lainnya | IDR | 38.957.054.054 | 2.882.822 | *Other current liabilities* |
| Utang bank jangka pendek | IDR | 229.915.396.396 | 16.970.430 | *Short-term bank loans* |
| **Sub-jumlah** | | | 28.224.566 | ***Sub-total*** |
| **Aset neto** | | | 74.298.918 | ***Net assets*** |

37. **ASET DAN LIABILITAS MONETER DALAM MATA UANG ASING** (Lanjutan)

Informasi mengenai aset dan liabilitas moneter dalam mata uang asing pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 dan nilai setara dalam USD yang dijabarkan dengan menggunakan rata-rata kurs jual dan beli yang diterbitkan oleh Bank Indonesia sebagai berikut: (Lanjutan)

*37. **MONETARY ASSETS AND LIABILITIES DENOMINATED IN FOREIGN CURRENCIES** (Continued)*

*Information concerning monetary assets and liabilities denominated in foreign currencies as of 30 June 2019, 31 December 2018, 2017 and 2016 and their USD equivalents converted using the middle exchange rates that were published by Bank Indonesia as follows: (Continued)*

| | **31 Desember/*December* 2016 (Diaudit/*Audited*)** | | | |
|---|---|---|---|---|
| | **Mata uang asing/ *Foreign currency*** | | **Nilai setara Dolar AS/ *USD equivalents*** | |
| **Aset moneter:** | | | | ***Monetary assets:*** |
| Kas dan setara kas | IDR | 53.920.959.459 | 3.990.151 | *Cash and cash equivalents* |
| | SGD | 120 | 83 | |
| | HKD | 1.101 | 142 | |
| | CNY | 3.919 | 565 | |
| | EUR | 3.812.136 | 4.017.991 | |
| | MYR | 4 | 1 | |
| | JPY | 8.150 | 70 | |
| Piutang usaha | IDR | 1.173.689.405.405 | 86.853.016 | *Trade receivables* |
| Aset lancar lainnya | IDR | 83.223.148.649 | 6.158.513 | |
| | EUR | 4.000 | 4.216 | |
| | SGD | 36.974 | 25.589 | |
| | HKD | 5.057 | 652 | |
| | JPY | 1.979 | 17 | |
| | CNY | 6.000 | 865 | |
| **Sub-jumlah** | | | 101.051.871 | ***Sub-total*** |
| **Liabilitas moneter:** | | | | ***Monetary liabilities:*** |
| Utang usaha | IDR | 20.088.716.216 | 1.486.565 | *Trade payables* |
| | JPY | 943.856 | 8.107 | |
| Utang pajak | IDR | 83.364.972.973 | 6.169.008 | *Taxes payable* |
| Beban akrual | IDR | 34.997.743.243 | 2.589.833 | *Accrued expenses* |
| Utang lancar lainnya | IDR | 18.259.263.470 | 1.358.980 | *Other current liabilities* |
| Utang bank jangka pendek | IDR | 139.037.077.929 | 10.348.100 | *Short-term bank loans* |
| Utang bank jangka panjang | IDR | 50.000.000.000 | 3.721.346 | *Long-term bank loans* |
| Utang sewa pembiayaan | IDR | 194.675.676 | 14.406 | *Obligation under finance lease* |
| **Sub-jumlah** | | | 25.696.345 | ***Sub-total*** |
| **Aset neto** | | | 75.355.526 | ***Net assets*** |

## 38. NILAI WAJAR DARI INSTRUMEN KEUANGAN / *38. FAIR VALUE OF FINANCIAL INSTRUMENTS*

Tabel berikut menyajikan aset dan liabilitas keuangan Perusahaan pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016:

*The following table sets out the Company's financial assets and liabilities as of 30 June 2019, 31 December 2018, 2017 and 2016:*

| | **30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*)** | | |
|---|---|---|---|
| | **Nilai tercatat/ *Carrying value*** | **Nilai wajar/ *Fair value*** | |
| **Aset keuangan lancar** | | | ***Current financial assets*** |
| Kas dan setara kas | 136.840.216 | 136.840.216 | *Cash and cash equivalents* |
| Piutang usaha – Neto | | | *Trade receivables - Net* |
| Pihak ketiga | 203.989.431 | 203.989.431 | *Third parties* |
| Pihak berelasi | 48.607.411 | 48.607.411 | *Related parties* |
| Aset lancar lainnya | 15.948.155 | 15.948.155 | *Other current assets* |
| **Jumlah aset keuangan lancar** | 405.385.213 | 405.385.213 | ***Total current financial assets*** |
| **Aset keuangan tidak lancar** | | | ***Non-current financial assets*** |
| Penyertaan saham | 27.561 | 27.561 | *Investment in shares* |
| **Jumlah aset keuangan** | 405.412.774 | 405.412.774 | ***Total financial assets*** |
| **Liabilitas keuangan jangka pendek** | | | ***Current financial liabilities*** |
| Utang bank jangka pendek | 22.324.183 | 22.324.183 | *Short-term bank loans* |
| Utang usaha | | | *Trade payables* |
| Pihak ketiga | 26.374.502 | 26.374.502 | *Third parties* |
| Pihak berelasi | 3.212.140 | 3.212.140 | *Related party* |
| Beban akrual | 14.630.691 | 14.630.691 | *Accrued expenses* |
| Utang lancar lainnya | 3.907.249 | 3.907.249 | *Other current liabilities* |
| Liabilitas imbalan kerja jangka pendek | 135.745 | 135.745 | *Short-term employee benefit liability* |
| Liabilitas jangka panjang yang jatuh tempo dalam satu tahun: | | | *Current maturities of long-term debts:* |
| Utang bank jangka panjang | 7.926.767 | 7.926.767 | *Long-term bank loans* |
| **Jumlah liabilitas keuangan jangka pendek** | 78.511.277 | 78.511.277 | ***Total current financial liabilities*** |
| **Liabilitas keuangan jangka panjang** | | | ***Non-current financial liabilities*** |
| Liabilitas jangka panjang, setelah dikurangi bagian yang jatuh tempo dalam satu tahun: | | | *Long-term debts, net of current maturities:* |
| Utang bank jangka panjang | 358.612.309 | 358.612.309 | *Long-term bank loans* |
| Liabilitas derivatif | 438.592 | 438.592 | *Derivative liabilities* |
| Surat utang jangka menengah | 65.000.000 | 65.000.000 | *Medium-term notes* |
| Wesel bayar | 319.439.750 | 319.439.750 | *Notes payable* |
| **Jumlah liabilitas keuangan jangka panjang** | 743.490.651 | 743.490.651 | ***Total non-current financial liabilities*** |
| **Jumlah liabilitas keuangan** | 822.001.928 | 822.001.928 | ***Total financial liabilities*** |

38. **NILAI WAJAR DARI INSTRUMEN KEUANGAN** (Lanjutan)

Tabel berikut menyajikan aset dan liabilitas keuangan Perusahaan pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016: (Lanjutan)

*38.* ***FAIR VALUE OF FINANCIAL INSTRUMENTS*** *(Continued)*

*The following table sets out the Company's financial assets and liabilities as of 30 June 2019, 31 December 2018, 2017 and 2016: (Continued)*

| | **31 Desember/*December* 2018 (Diaudit/*Audited*)** | | |
|---|---|---|---|
| | **Nilai tercatat/ *Carrying value*** | **Nilai wajar/ *Fair value*** | |
| **Aset keuangan lancar** | | | ***Current financial assets*** |
| Kas dan setara kas | 128.073.266 | 128.073.266 | *Cash and cash equivalents* |
| Piutang usaha – Neto | | | *Trade receivables - Net* |
| Pihak ketiga | 146.396.588 | 146.396.588 | *Third parties* |
| Pihak berelasi | 49.698.074 | 49.698.074 | *Related parties* |
| Aset lancar lainnya | 15.137.134 | 15.137.134 | *Other current assets* |
| **Jumlah aset keuangan lancar** | 339.305.062 | 339.305.062 | ***Total current financial assets*** |
| **Aset keuangan tidak lancar** | | | ***Non-current financial assets*** |
| Penyertaan saham | 27.561 | 27.561 | *Investment in shares* |
| **Jumlah aset keuangan** | 339.332.623 | 339.332.623 | ***Total financial assets*** |
| **Liabilitas keuangan jangka pendek** | | | ***Current financial liabilities*** |
| Utang bank jangka pendek | 122.993.804 | 122.993.804 | *Short-term bank loans* |
| Utang usaha | | | *Trade payables* |
| Pihak ketiga | 56.544.709 | 56.544.709 | *Third parties* |
| Pihak berelasi | 2.325.096 | 2.325.096 | *Related party* |
| Beban akrual | 11.255.439 | 11.255.439 | *Accrued expenses* |
| Utang lancar lainnya | 11.846.399 | 11.846.399 | *Other current liabilities* |
| Liabilitas imbalan kerja jangka pendek | 109.458 | 109.458 | *Short-term employee benefit liability* |
| Liabilitas jangka panjang yang jatuh tempo dalam satu tahun: | | | *Current maturities of long-term debts:* |
| Utang bank jangka panjang | 10.629.232 | 10.629.232 | *Long-term bank loans* |
| **Jumlah liabilitas keuangan jangka pendek** | 215.704.137 | 215.704.137 | ***Total current financial liabilities*** |
| **Liabilitas keuangan jangka panjang** | | | ***Non-current financial liabilities*** |
| Liabilitas jangka panjang, setelah dikurangi bagian yang jatuh tempo dalam satu tahun: | | | *Long-term debts, net of current maturities:* |
| Utang bank jangka panjang | 29.183.557 | 29.183.557 | *Long-term bank loans* |
| Surat utang jangka menengah | 65.000.000 | 65.000.000 | *Medium-term notes* |
| Wesel bayar | 493.098.425 | 493.098.425 | *Notes payable* |
| **Jumlah liabilitas keuangan jangka panjang** | 587.281.982 | 587.281.982 | ***Total non-current financial liabilities*** |
| **Jumlah liabilitas keuangan** | 802.986.119 | 802.986.119 | ***Total financial liabilities*** |

38. **NILAI WAJAR DARI INSTRUMEN KEUANGAN** (Lanjutan)

Tabel berikut menyajikan aset dan liabilitas keuangan Perusahaan pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016: (Lanjutan)

*38.* ***FAIR VALUE OF FINANCIAL INSTRUMENTS*** *(Continued)*

*The following table sets out the Company's financial assets and liabilities as of 30 June 2019, 31 December 2018, 2017 and 2016: (Continued)*

| | **31 Desember/ *December* 2017 (Diaudit/*Audited*)** | | |
|---|---|---|---|
| | **Nilai tercatat/ *Carrying value*** | **Nilai wajar/ *Fair value*** | |
| **Aset keuangan lancar** | | | ***Current financial assets*** |
| Kas dan setara kas | 127.232.030 | 127.232.030 | *Cash and cash equivalents* |
| Piutang usaha – Neto | | | *Trade receivables - Net* |
| Pihak ketiga | 162.481.172 | 162.481.172 | *Third parties* |
| Pihak berelasi | 26.177.882 | 26.177.882 | *Related parties* |
| Aset lancar lainnya | 10.031.530 | 10.031.530 | *Other current assets* |
| **Jumlah aset keuangan lancar** | 325.922.614 | 325.922.614 | ***Total current financial assets*** |
| **Aset keuangan tidak lancar** | | | ***Non-current financial assets*** |
| Penyertaan saham | 27.561 | 27.561 | *Investment in shares* |
| **Jumlah aset keuangan** | 325.950.175 | 325.950.175 | ***Total financial assets*** |
| **Liabilitas keuangan jangka pendek** | | | ***Current financial liabilities*** |
| Utang bank jangka pendek | 101.720.124 | 101.720.124 | *Short-term bank loans* |
| Utang usaha | | | *Trade payables* |
| Pihak ketiga | 54.941.724 | 54.941.724 | *Third parties* |
| Beban akrual | 8.101.973 | 8.101.973 | *Accrued expenses* |
| Utang lancar lainnya | 2.882.822 | 2.882.822 | *Other current liabilities* |
| Liabilitas imbalan kerja jangka pendek | 105.639 | 105.639 | *Short-term employee benefit liability* |
| Liabilitas jangka panjang yang jatuh tempo dalam satu tahun: | | | *Current maturities of long-term debts:* |
| Utang bank jangka panjang | 3.466.666 | 3.466.666 | *Long-term bank loans* |
| **Jumlah liabilitas keuangan jangka pendek** | 171.218.948 | 171.218.948 | ***Total current financial liabilities*** |
| **Liabilitas keuangan jangka panjang** | | | ***Non-current financial liabilities*** |
| Liabilitas jangka panjang, setelah dikurangi bagian yang jatuh tempo dalam satu tahun: | | | *Long-term debts, net of current maturities:* |
| Utang bank jangka panjang | 17.702.606 | 17.702.606 | *Long-term bank loans* |
| Surat utang jangka menengah | 40.000.000 | 40.000.000 | *Medium-term notes* |
| Wesel bayar | 491.273.002 | 491.273.002 | *Notes payable* |
| **Jumlah liabilitas keuangan jangka panjang** | 548.975.608 | 548.975.608 | ***Total non-current financial liabilities*** |
| **Jumlah liabilitas keuangan** | 720.194.556 | 720.194.556 | ***Total financial liabilities*** |

38. **NILAI WAJAR DARI INSTRUMEN KEUANGAN** (Lanjutan)

Tabel berikut menyajikan aset dan liabilitas keuangan Perusahaan pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016: (Lanjutan)

*38.* ***FAIR VALUE OF FINANCIAL INSTRUMENTS*** *(Continued)*

*The following table sets out the Company's financial assets and liabilities as of 30 June 2019, 31 December 2018, 2017 and 2016: (Continued)*

| | **31 Desember/*December* 2016 (Diaudit/*Audited*)** | | |
|---|---|---|---|
| | **Nilai tercatat/ *Carrying value*** | **Nilai wajar/ *Fair value*** | |
| **Aset keuangan lancar** | | | ***Current financial assets*** |
| Kas dan setara kas | 60.487.294 | 60.487.294 | *Cash and cash equivalents* |
| Piutang usaha – Neto | | | *Trade receivables - Net* |
| Pihak ketiga | 114.130.407 | 114.130.407 | *Third parties* |
| Pihak berelasi | 35.430.215 | 35.430.215 | *Related parties* |
| Aset lancar lainnya | 7.643.010 | 7.643.010 | *Other current assets* |
| **Jumlah aset keuangan lancar** | 217.690.926 | 217.690.926 | ***Total current financial assets*** |
| **Aset keuangan tidak lancar** | | | ***Non-current financial assets*** |
| Penyertaan saham | 27.561 | 27.561 | *Investment in shares* |
| Aset tidak lancar lainnya | 26.680.897 | 26.680.897 | *Other non-current asset* |
| **Jumlah aset keuangan tidak lancar** | 26.708.458 | 26.708.458 | ***Total non-current financial assets*** |
| **Jumlah aset keuangan** | 244.399.384 | 244.399.384 | ***Total financial assets*** |
| **Liabilitas keuangan jangka pendek** | | | ***Current financial liabilities*** |
| Utang bank jangka pendek | 52.914.090 | 52.914.090 | *Short-term bank loans* |
| Utang usaha | | | *Trade payables* |
| Pihak ketiga | 4.947.294 | 4.947.294 | *Third parties* |
| Pihak berelasi | 576.381 | 576.381 | *Related parties* |
| Beban akrual | 6.365.833 | 6.365.833 | *Accrued expenses* |
| Utang lancar lainnya | 2.259.194 | 2.259.194 | *Other current liabilities* |
| Liabilitas imbalan kerja jangka pendek | 59.472 | 59.472 | *Short-term employee benefit liability* |
| Liabilitas jangka panjang yang jatuh tempo dalam satu tahun: | | | *Current maturities of long-term debts:* |
| Utang bank jangka panjang | 3.466.666 | 3.466.666 | *Long-term bank loans* |
| Utang sewa pembiayaan | 14.406 | 14.406 | *Obligation under finance lease* |
| Surat utang jangka menengah | 30.000.000 | 30.000.000 | *Medium-term notes* |
| **Jumlah liabilitas keuangan jangka pendek** | 100.603.336 | 100.603.336 | ***Total current financial liabilities*** |
| **Liabilitas keuangan jangka panjang** | | | ***Non-current financial liabilities*** |
| Liabilitas jangka panjang, setelah dikurangi bagian yang jatuh tempo dalam satu tahun: | | | *Long-term debts, net of current maturities:* |
| Utang bank jangka panjang | 47.142.799 | 47.142.799 | *Long-term bank loans* |
| Wesel bayar | 434.729.957 | 434.729.957 | *Notes payable* |
| **Jumlah liabilitas keuangan jangka panjang** | 481.872.756 | 481.872.756 | ***Total non-current financial liabilities*** |
| **Jumlah liabilitas keuangan** | 582.476.092 | 582.476.092 | ***Total financial liabilities*** |

38. **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 konsolidasian interim 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 penyertaan saham, utang bank jangka panjang, liabilitas derivatif, 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. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN**

a. **Manajemen Risiko**

Aset keuangan utama Perusahaan dan Entitas Anak terdiri dari kas dan setara kas, piutang usaha, aset lancar lainnya. Perusahaan dan Entitas Anak juga mempunyai liabilitas keuangan utama seperti utang bank jangka pendek, utang usaha, beban akrual, utang lancar lainnya dan liabilitas imbalan kerja jangka pendek.

Risiko utama dari instrumen keuangan Perusahaan dan Entitas Anak 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 rinci sebagai berikut:

*38. **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 interim consolidated 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 investment in shares, long-term bank loans, derivative liabilities, medium-term notes and notes payable, with floating interest rates approximate their fair value as they are re-priced frequently.*

- *Financial instruments recorded 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) are recorded at cost.*

*39. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES***

*a. **Risk Management***

*The Company and Subsidiaries principal financial assets consist of cash and cash equivalents, trade receivables, other current assets. The Company and Subsidiaries have various other financial liabilities such short-term bank loans, trade payables, accrued expenses, other current liabilities and short-term employee benefit liability.*

*The main risks arising from the Company and 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:*

39. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN** (Lanjutan)

a. **Manajemen Risiko** (Lanjutan)

**Risiko suku bunga**

Risiko suku bunga didefinisikan sebagai penurunan nilai aset/pendapatan atau peningkatan nilai liabilitas/ pengeluaran yang disebabkan perubahan suku bunga. Laba Perusahaan dan Entitas Anak dipengaruhi beban bunga yang berdampak terhadap perubahan suku bunga pinjaman jangka pendek maupun jangka panjang.

Acuan suku bunga yang digunakan adalah mengambang yaitu LIBOR untuk pinjaman USD dan rata-rata suku bunga bank untuk pinjaman dalam Rupiah. Pergerakan suku bunga sangat berpengaruh terhadap beban bunga yang harus dibayar. Kebijakan Perusahaan dan Entitas Anak terkait risiko suku bunga adalah mengelola eksposur pada pinjaman bersuku bunga mengambang dengan strategi lindung nilai suku bunga. Perusahaan dan Entitas Anak mengunakan transaksi *interest swap* dalam beberapa transaksi.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 jika tingkat suku bunga pinjaman lebih tinggi/lebih rendah sebesar 100 basis poin dengan semua variabel konstan, laba sebelum pajak penghasilan untuk tahun yang berakhir pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 akan lebih rendah/tinggi sebesar USD 7.129.066, USD 6.594.700, USD 6.032.624 dan USD 5.141.071.

**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 Rupiah dan Euro Eropa) menghasilkan lindung nilai natural untuk laju nilai tukar Perusahaan.

*39. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)*

*a. **Risk Management** (Continued)*

***Interest rate risk***

*Interest rate risk is defined as decline in value of assets/revenue or increase in value of libilities/expenditures caused by changes in interest rates. The Company and Subsidiaries earnings are affected by changes in interest rate, such as changes on interest of short-term and long-term borrowings.*

*The interest rate references used are floating, i.e. LIBOR for USD loans and the average interest of banks for loans in Rupiah. Interest rate movements strongly affect the total amount of interest expense that must be paid by the Company and Subsidiaries. The Company and Subsidiaries's policy regarding interest rate risk is to manage exposure in loans with floating interest rates through an interest rate hedging strategy. The Company and Subsidiaries uses interest rate swap in several transactions.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 had the interest rates of the loans and borrowings been 100 basis points higher/lower with all other variables held constant, profit before income tax for the years ended 30 June 2019, 31 December 2018, 2017 and 2016 would have been USD 7,129,066, USD 6,594,700, USD 6,032,624 and USD 5,141,071, 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 (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 Rupiah and Euro) provide some degree of natural hedge for the Company's foreign currency exposure.*

39. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN** (Lanjutan)

a. **Manajemen Risiko** (Lanjutan)

**Risiko mata uang asing** (Lanjutan)

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 jika nilai tukar mata uang asing terhadap Dolar Amerika Serikat melemah/menguat sebanyak 10% dengan semua variabel konstan, laba sebelum pajak penghasilan untuk tahun yang berakhir pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 akan lebih rendah/tinggi sebesar USD 8.076.499, USD 6.132.059, USD 6.754.447 dan USD 6.850.502 terutama sebagai akibat kerugian/keuntungan penjabaran mata uang dalam Dolar Amerika Serikat atas akun-akun aset dan liabilitas moneter Perusahaan dalam Dolar Amerika Serikat.

**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 lokal, 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 konsolidasian interim pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016:

*39. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)*

*a. **Risk Management** (Continued)*

***Foreign currency risk** (Continued)*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 had the exchange rate of the foreign currencies against the United States Dollar depreciated/ appreciated by 10%, with all other variables held constant, profit before income tax for the years ended 30 June 2019, 31 December 2018, 2017 and 2016 would have been USD 8,076,499, USD 6,132,059, USD 6,754,447 and USD 6,850,502 lower/higher, mainly as a result of foreign exchange losses/gain on the translation of the net monetary assets and liabilities denominated in United States Dollar.*

***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 when delivery of sales documents. For sales to local customers, the Company requires most part of cash received in advance and the remainder when delivery of sales 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 interim consolidated statements of financial position as of 30 June 2019, 31 December 2018, 2017 and 2016:*

| | 30 Juni/ *June* 2019 (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|
| **Pinjaman yang diberikan dan piutang:** | | | | | ***Loans and receivables:*** |
| Kas dan setara kas | 136.840.216 | 128.073.266 | 127.232.030 | 60.487.294 | *Cash and cash equivalents* |
| Piutang usaha | | | | | *Trade receivables* |
| Pihak ketiga | 203.989.431 | 146.396.588 | 162.481.172 | 114.130.407 | *Third parties* |
| Pihak berelasi | 48.607.411 | 49.698.074 | 26.177.882 | 35.430.215 | *Related parties* |
| Aset lancar lainnya | 15.948.155 | 15.137.134 | 10.031.530 | 7.643.010 | *Other current assets* |
| **Jumlah** | 405.385.213 | 339.305.062 | 325.922.614 | 217.690.926 | ***T o t a l*** |

39. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN** (Lanjutan)

a. **Manajemen Risiko** (Lanjutan)

**Risiko kredit** (Lanjutan)

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 piutang usaha sebesar USD 158.151.742, USD 125.188.742, USD 116.282.224 dan USD 100.319.619 belum jatuh tempo dan tidak mengalami penurunan nilai. Piutang tersebut akan jatuh tempo dalam 30 hari ke depan.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 piutang usaha sebesar USD 475.500, USD 7.197.601, USD 4.297.418 dan USD 3.347.224 telah lewat jatuh tempo lebih dari 90 hari namun tidak mengalami penurunan nilai.

Pada 30 Juni 2019, 31 Desember 2018, 2017 dan 2016 piutang usaha sebesar USD 51.300, USD 51.300, USD 51.300 dan USD 51.300 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:

*39. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)*

*a. **Risk Management** (Continued)*

***Credit risk*** *(Continued)*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 trade receivables of USD 158,151,742, USD 125,188,742, USD 116,282,224 and USD 100,319,619 were not yet past due not impaired. Those receivables will be due within 30 days.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 trade receivables of USD 475,500, USD 7,197,601, USD 4,297,418 and USD 3,347,224 were past due over 90 days but not impaired.*

*As of 30 June 2019, 31 December 2018, 2017 and 2016 trade receivables of USD 51,300, USD 51,300, USD 51,300 and USD 51,300 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 cash flow information and continuously assesses conditions in the financial markets for opportunities to pursue fundraising initiatives.*

*The table below summarizes the maturity periods of the Company's financial liabilities based on original contractual undiscounted amounts to be paid:*

| | **30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*)** | | | |
|---|---|---|---|---|
| | **Jumlah/*Total*** | **Dalam waktu 1 tahun/ *Within 1 year*** | **Lebih dari 1 tahun/*More than 1 year*** | |
| Utang bank jangka pendek | 22.324.183 | 22.324.183 | - | *Short-term bank loans* |
| Utang usaha | 29.586.642 | 29.586.642 | - | *Trade payables* |
| Beban akrual | 14.630.691 | 14.630.691 | - | *Accrued expenses* |
| Utang lancar lainnya | 3.907.249 | 3.907.249 | - | *Other current liabilities* |
| Liabilitas imbalan kerja jangka pendek | 135.745 | 135.745 | - | *Short-term employee benefit liability* |
| Liablitas derivatif | 438.592 | - | 438.592 | *Derivative liabilities* |
| Surat utang jangka menengah | 65.000.000 | - | 65.000.000 | *Medium-term notes* |
| Utang bank jangka panjang | 366.539.076 | 7.926.767 | 358.612.309 | *Long-term bank loans* |
| Wesel bayar – Neto *) | 319.439.750 | - | 319.439.750 | *Notes payable – Net *)* |
| **Jumlah** | 822.001.928 | 78.511.277 | 743.490.651 | ***T o t a l*** |

*) pembayaran kontraktual yang didiskontokan

**) contractual discounted amounts to be paid*

39. **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)

*39. **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* 2018 (Diaudit/*Audited*)** | | | |
|---|---|---|---|---|
| | **Jumlah/*Total*** | **Dalam waktu 1 tahun/ *Within 1 year*** | **Lebih dari 1 tahun/*More than 1 year*** | |
| Utang bank jangka pendek | 122.993.804 | 122.993.804 | - | *Short-term bank loans* |
| Utang usaha | 58.869.805 | 58.869.805 | - | *Trade payables* |
| Beban akrual | 11.255.439 | 11.255.439 | - | *Accrued expenses* |
| Utang lancar lainnya | 11.846.399 | 11.846.399 | - | *Other current liabilities* |
| Liabilitas imbalan kerja jangka pendek | 109.458 | 109.458 | - | *Short-term employee benefit liability* |
| Surat utang jangka menengah | 65.000.000 | - | 65.000.000 | *Medium-term notes* |
| Utang bank jangka panjang | 39.812.789 | 10.629.232 | 29.183.557 | *Long-term bank loans* |
| Wesel bayar – Neto *) | 493.098.425 | - | 493.098.425 | *Notes payable – Net *)* |
| **Jumlah** | 802.986.119 | 215.704.137 | 587.281.982 | ***T o t a l*** |

| | **31 Desember/ *December* 2017 (Diaudit/*Audited*)** | | | |
|---|---|---|---|---|
| | **Jumlah/*Total*** | **Dalam waktu 1 tahun/ *Within 1 year*** | **Lebih dari 1 tahun/*More than 1 year*** | |
| Utang bank jangka pendek | 101.720.124 | 101.720.124 | - | *Short-term bank loans* |
| Utang usaha | 54.941.724 | 54.941.724 | - | *Trade payables* |
| Beban akrual | 8.101.973 | 8.101.973 | - | *Accrued expenses* |
| Utang lancar lainnya | 2.882.822 | 2.882.822 | - | *Other current liabilities* |
| Liabilitas imbalan kerja jangka pendek | 105.639 | 105.639 | - | *Short-term employee benefit liability* |
| Surat utang jangka menengah | 40.000.000 | - | 40.000.000 | *Medium-term notes* |
| Utang bank jangka panjang | 21.169.272 | 3.466.666 | 17.702.606 | *Long-term bank loans* |
| Wesel bayar – Neto *) | 491.273.002 | - | 491.273.002 | *Notes payable – Net *)* |
| **Jumlah** | 720.194.556 | 171.218.948 | 548.975.608 | ***T o t a l*** |

*) pembayaran kontraktual yang didiskontokan

**) contractual discounted amounts to be paid*

39. **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)

*39. **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* 2016 (Diaudit/*Audited*)** | | | |
|---|---|---|---|---|
| | **Jumlah/*Total*** | **Dalam waktu 1 tahun/ *Within 1 year*** | **Lebih dari 1 tahun/*More than 1 year*** | |
| Utang bank jangka pendek | 52.914.090 | 52.914.090 | - | *Short-term bank loans* |
| Utang usaha | 5.523.675 | 5.523.675 | - | *Trade payables* |
| Beban akrual | 6.365.833 | 6.365.833 | - | *Accrued expenses* |
| Utang lancar lainnya | 2.259.194 | 2.259.194 | - | *Other current liabilities* |
| Liabilitas imbalan kerja jangka pendek | 59.472 | 59.472 | - | *Short-term employee benefit liability* |
| Utang bank jangka panjang | 50.609.465 | 3.466.666 | 47.142.799 | *Long-term bank loans* |
| Utang sewa pembiayaan | 14.406 | 14.406 | - | *Obligation under finance lease* |
| Surat utang jangka menengah | 30.000.000 | 30.000.000 | - | *Medium-term notes* |
| Wesel bayar – Neto *) | 434.729.957 | - | 434.729.957 | *Notes payable – Net *)* |
| **Jumlah** | 582.476.092 | 100.603.336 | 481.872.756 | ***T o t a l*** |

*) pembayaran kontraktual yang didiskontokan

*) contractual discounted amounts to be paid*

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 30 Juni 2019, 31 Desember 2018, 2017 dan 2016.

*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 30 June 2019, 31 December 2018, 2017 and 2016.*

39. **TUJUAN DAN KEBIJAKAN MANAJEMEN RISIKO KEUANGAN** (Lanjutan)

b. **Manajemen Modal** (Lanjutan)

Beberapa instrumen utang bank Perusahaan memiliki persyaratan rasio keuangan maksimum yang harus dipenuhi.

Kebijakan Perusahaan adalah mempertahankan struktur permodalan yang sehat untuk mengamankan akses terhadap pendanaan pada biaya yang wajar.

*39. **FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES** (Continued)*

*b. **Capital Management** (Continued)*

*Some of the Company's debt instruments contain covenants that impose maximum leverage ratios.*

*The Company's policy is to maintain a healthy capital structure in order to secure access to financing at a reasonable cost.*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN**

**PT Bank Chinatrust Indonesia**

Berdasarkan akta Notaris No. 14 tanggal 7 Agustus 2006 yang dibuat dihadapan Notaris Tjoa Karina Juwita, S.H., perubahan perjanjian No. 026/AMEND/III/2016 tanggal 18 Maret 2016, perubahan perjanjian No. 024/AMEND/III/ 2017 tanggal 20 Maret 2017, No. 025/AMEND/III/2018 tanggal 8 Maret 2018 dan perubahan perjanjian terakhir No. 041/AMEND/III/2019 tanggal 21 Maret 2019, 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) tidak boleh melebihi USD 19.000.000.

Tingkat suku pinjaman sebagai berikut:
Fasilitas *Usance Payable at Sight* 5,50% mengambang untuk mata uang Dolar Amerika Serikat dan 10,50% per tahun mengambang untuk mata uang Rupiah.

Pinjaman ini jatuh tempo pada tanggal 14 Maret 2020.

Berdasarkan perjanjian No. 024/AMEND/III/ 2017 tanggal 20 Maret 2017, jaminan atas fasilitas ini:

- Hak Tanggungan Peringkat Pertama dengan nilai Hak Tanggungan sebesar Rp 42.500.000.000 atas tanah dan bangunan yang terletak di Secoyudan 122 Solo dan Jalan Dokter Rajiman
- Sertifikat Hak Guna Bangunan (HGB) No. 265/Kemlayan seluas ± 148m$^2$ atas nama Ibu Megawati
- Sertifikat Hak Guna Bangunan (HGB) No. 366/Kemlayan seluas ± 2.408m$^2$ atas nama Ibu Megawati
- Hak Tanggungan Peringkat Kedua dengan nilai Hak Tanggungan sebesar Rp 2.000.000.000 atas tanah dan bangunan yang terletak di Secoyudan 122 Solo dan Jalan Dokter Rajiman
- Sertifikat Hak Guna Bangunan (HGB) No. 265/Kemlayan seluas ± 148m$^2$ atas nama Ibu Megawati
- Sertifikat Hak Guna Bangunan (HGB) No. 366/Kemlayan seluas ± 2.408m$^2$ atas nama Ibu Megawati

*40. **SIGNIFICANT AGREEMENTS AND COMMITMENTS***

***PT Bank Chinatrust Indonesia***

*Based on Notarial deed No. 14 dated 7 August 2006 of Tjoa Karina Juwita, S.H., based on the agreement No. 026/AMEND/III/2016 dated 18 March 2016, changes agreement No. 024/AMEND/III/2017 dated 20 March 2017, No. 025/AMEND/III/2018 dated 8 March 2018 and the latest agreement No. 041/AMEND/III/2019 dated 21 March 2019, 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) should not exceed USD 19,000,000.*

*The loans bear interest at the annual rates:
Usance Payable at sight 5.50% floating per annum for United States Dollar and 10.50% floating per annum for Rupiah.*

*The loan is due on 14 March 2020.*

*Based on agreement No. 024/AMEND/III/2017 dated 20 March 2017, the collateral for this facility:*

- *First Rating Rights with amounting to Rp 42,500,000,000 for land and buildings located at Secoyudan 122 Solo and Jalan Dokter Rajiman*
- *HGB No. 265/Kemlayan with ± 148m$^2$ on behalf of Ibu Megawati*
- *HGB No. 366/Kemlayan with ± 2,408m$^2$ on behalf of Ibu Megawati*
- *Second Rating Rights with amounting to Rp 2,000,000,000 for land and buildings located at Secoyudan 122 Solo and Jalan Dokter Rajiman*
- *HGB No. 265/Kemlayan with ± 148m$^2$ on behalf of Ibu Megawati*
- *HGB No. 366/Kemlayan with ± 2,408m$^2$ on behalf of Ibu Megawati*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**PT Bank Chinatrust Indonesia** (Lanjutan)

Berdasarkan perjanjian No. 024/AMEND/III/2017 tanggal 20 Maret 2017, jaminan atas fasilitas ini: (Lanjutan)

- Hak Tanggungan Peringkat Pertama dengan nilai Hak Tanggungan sebesar Rp 8.200.000.000 atas tanah dan bangunan yang terletak di Jalan Karet Pedurenan Gang Sidik No. 12 dengan Sertifikat Hak Milik No. 77/Karet Kuningan seluas 356m$^2$ atas nama Iwan Setiawan.
- Hak Tanggungan Peringkat Pertama dengan nilai Hak Tanggungan sebesar Rp 2.500.000.000 atas tanah dan bangunan yang terletak di Meruya Ilir Blok A/5 No. 18 dengan Sertifikat Hak Milik No. 09695/Meruya Utara seluas 120m$^2$ atas nama Iwan Setiawan.
- Jaminan fidusia atas seluruh cadangan dan persediaan sebesar Rp 210.000.000.000 sebagaimana telah diatur dalam akta Notaris.

Rasio-rasio *financial covenant:*

- *Gearing ratio* eksternal maksimum 2x
- *Current ratio* minimum 1x
- Perbandingan antara *Earning Before Interest Tax Depreciation and Amortization (EBITDA)* dengan beban bunga minimum 1,5x

Berdasarkan perubahan perjanjian terakhir No. 041/AMEND/III/2019 tanggal 21 Maret 2019, Perusahaan tidak diperkenankan untuk memiliki pinjaman beragunan di lembaga keuangan lainnya *(pari-passu condition or equal treatment to all lenders for the clean basis facility condition).*

**Citibank N. A**

Berdasarkan perjanjian kredit No. MCFA/00098/SRI/19122016 tanggal 19 Desember 2016 dan perjanjian tanggal 12 Januari 2018, Perusahaan memperoleh fasilitas kredit dari Citibank N. A., tidak lebih dari USD 40.000.000 dengan fasilitas sebagai berikut:

a. Fasilitas *Trust Receipt*.

b. Fasilitas Pembiayaan Kredit Ekspor atau Kredit Pengemasan. Perusahaan akan menggunakan dana hasil pinjaman untuk membeli dan/atau memproduksi barang-barang ("Barang") sehubungan dengan order pembelian atau *Letter of Credit* yang diterimanya dari pembeli, yang selanjutnya akan diekspor atau dijual oleh Perusahaan di dalam wilayah Indonesia.

c. Fasilitas Pembayaran Utang Dagang. Perusahaan akan menggunakan dana hasil pinjaman untuk membiayai pembayaran produk kepada para pemasok.

d. Fasilitas Pembiayaan Piutang Dagang. Perusahaan akan menggunakan hasil pinjaman untuk membiayai piutang dagang Perusahaan.

*40. SIGNIFICANT AGREEMENTS AND COMMITMENTS (Continued)*

***PT Bank Chinatrust Indonesia*** *(Continued)*

*Based on agreement No. 024/AMEND/III/2017 dated 20 March 2017, the collateral for this facility: (Continued)*

- *First Rating Rights with amounting to Rp 8,200,000,000 for land and buildings located at Jalan Karet Pedurenan Gang Sidik No. 12 with SHM No. 77/Karet Kuningan area of 356m$^2$ on behalf Iwan Setiawan.*
- *First Rating Rights with amounting to Rp 2,500,000,000 for land and buildings located at Meruya Ilir Blok A/5 No.18 with SHM No. 09695/Meruya Utara area of 120m$^2$ on behalf Iwan Setiawan.*
- *Fiduciary for all allowance and inventories amounting to Rp 210,000,000,000 as set on Notarial deed.*

*Financial covenant ratios:*

- *Gearing ration external maximum 2x*
- *Current ratio minimum 1x*
- *Comparasion between Earning Before Interest Tax Depreciation and Amortization (EBITDA) with a minimum interest 1.5x*

*Based on the latest agreement No. 041/AMEND/III/2019 dated 21 March 2019, the Company not permitted to hold collateral loans at other financial institutions (pari-passu condition or equal treatment to all lenders for the clean basis facility condition).*

***Citibank N. A***

*Based on agreement No. MCFA/00098/SRI/19122016 dated 19 December 2016 and amendment dated 12 January 2018, Company obtained the following credit facilities from Citibank N. A., not to exceed the sum of USD 40,000,000 with facilities as follows:*

*a. Trust Receipt Facilities.*

*b. Export Credit Financing or Packing Loan Facilities. The Company use the proceeds of loan to purchase and/or produce goods ("Goods") in connection with purchase orders or Letters of Credit received from its buyer which will subsequently be exported by the Company or sold domestically within Indonesia.*

*c. Trade Payables Financing Facilities. Company shall use the proceeds of loan to payment of products to suppliers.*

*d. Trade Receivables Financing Facilities. Company shall use the proceeds of loan to finance the Company's trade receivables.*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**Citibank N. A** (Lanjutan)

Jaminan yang diberikan kepada Bank untuk menjamin ketepatan pembayaran pada waktunya dari semua dan setiap kewajiban Perusahaan terhadap Bank sehubungan dengan Perjanjian ini termasuk, tetapi tidak terbatas, sebagai berikut:

- Jaminan fidusia atas bahan-bahan persediaan milik Perusahaan dengan nilai jaminan yang akan ditentukan oleh Bank atas pertimbangannya sendiri.
- Jaminan fidusia atas tagihan Debitur dengan nilai jaminan yang akan ditentukan oleh Bank atas pertimbangannya sendiri.

Perjanjian ini berlaku selama 1 (satu) tahun sejak tanggal perjanjian ini dan secara otomatis diperpanjang terus-menerus untuk jangka waktu 1 (satu) tahun berikutnya sejak setiap tanggal berakhirnya perjanjian ("Tanggal Berakhirnya Fasilitas"), kecuali Bank memberikan pemberitahuan kepada Perusahaan 30 (tiga puluh) hari sebelum suatu tanggal berakhirnya fasilitas bahwa perjanjian ini akan diakhiri.

Berdasarkan perjanjian kredit No. LC/00099/SRI/19122016 tanggal 19 Desember 2016, Perusahaan memperoleh fasilitas *Letter of Credit* yang diterbitkan dalam mata uang Rupiah, Dolar Amerika Serikat dan mata uang yang bukan mata uang Indonesia lainnya dari Citibank N. A.

Pembayaran bunga atas setiap jumlah yang terutang pada tingkat suku bunga yang diberitahukan dari waktu ke waktu.

Perjanjian ini dapat diakhiri oleh salah satu pihak dengan pemberitahuan tertulis kepada pihak lainnya, dengan ketentuan bahwa pengakhiran perjanjian ini tidak melepaskan Perusahaan atas kredit-kredit yang masih terutang dan belum ditarik atau yang telah dibuat, diperjanjikan, ditanggung atau ditimbulkan sebelum penerimaan oleh Bank atas pemberitahuan pengakhiran tertulis tersebut.

**Bank Standard Chartered**

Berdasarkan Surat Fasilitas Kredit No. JKT/M3H/0309 tanggal 28 Juni 2019, Perusahaan dan Entitas Anak (PT Sinar Pantja Djaja, PT Bitratex Industries dan PT Primayudha Mandirijaya) memperoleh fasilitas pinjaman dengan maksimum limit gabungan sebesar USD 40.000.000. Fasilitas ini digunakan untuk pembiayaan modal kerja Perusahaan dan Entitas Anak terkait dengan eskpor dan impor sebagai berikut:

- *LC* Impor – tidak dijaminkan dengan kredit limit:
  - PT Sri Rejeki Isman Tbk maksimum USD 40.000.000
  - PT Sinar Pantja Djaja maksimum USD 12.000.000
  - PT Bitratex Industries maksimum USD 20.000.000
  - PT Primayudha Mandirijaya maksimum USD 20.000.000

*40. **SIGNIFICANT AGREEMENTS AND COMMITMENTS** (Continued)*

***Citibank N. A** (Continued)*

*The security to the Bank to secure the due and punctual payment of all and any obligation of the Company to the Bank pursuant of the Agreement shall include, but not limited to, the following:*

- *Fiducia security over inventory of the Company in such amount as the Bank may determine in its sole discretion.*
- *Fiducia security over receivables of the Company in such amount as the Bank may determine in its sole discretion.*

*This agreement shall be valid for a period of 1 (one) year as of the date of this agreement and shall be automatically extended for a continuous 1 (one) year period after each expiry date thereafter (the "Facility Expired Date"), unless the Bank notifies the Company 30 (thirty) calendar days prior to a facility expire date that the agreement will be terminated.*

*Based on agreement No. LC/00099/SRI/19122016 dated 19 December 2016, Company obtained Letter of Credit facilities issue in Rupiah, US Dollar and any other non-Indonesian currency from Citibank N. A.*

*Payment of interest on any amount outstanding at the rate as notified from time to time.*

*This agreement may be terminated by either party by written notice to other party, provided that no termination hereof shall release from any outstanding and undrawn credit or which have been created, contracted, assumed or incurred prior to receipt by Bank of such written notice of termination.*

***Bank Standard Chartered***

*Based on Facility Letter No. JKT/M3H/0309 dated 28 June 2019, the Company and Subsidiaries (PT Sinar Pantja Djaja, PT Bitratex Industries and PT Primayudha Mandirijaya) obtained facility credit with maximum combined limit USD 40,000,000. This facilicies use for Company and Subsidiaries working capital for export and import as follows:*

- *Import L/Cs – unsecured with credit limit:*
  - *PT Sri Rejeki Isman Tbk maximum USD 40,000,000*
  - *PT Sinar Pantja Djaja maximum USD 12,000,000*
  - *PT Bitratex Industries maximum USD 20,000,000*
  - *PT Primayudha Mandirijaya maximum USD 20,000,000*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**Bank Standard Chartered** (Lanjutan)

Berdasarkan Surat Fasilitas Kredit No. JKT/M3H/0309 tanggal 28 Juni 2019, Perusahaan dan Entitas Anak (PT Sinar Pantja Djaja, PT Bitratex Industries dan PT Primayudha Mandirijaya) memperoleh fasilitas pinjaman dengan maksimum limit gabungan sebesar USD 40.000.000. Fasilitas ini digunakan untuk pembiayaan modal kerja Perusahaan dan Entitas Anak terkait dengan eskpor dan impor sebagai berikut: (Lanjutan)

- *LC* Impor – dijaminkan dengan kredit limit:
  - PT Sri Rejeki Isman Tbk maksimum USD 40.000.000
  - PT Sinar Pantja Djaja maksimum USD 12.000.000
  - PT Bitratex Industries maksimum USD 20.000.000
  - PT Primayudha Mandirijaya maksimum USD 20.000.000
- Pinjaman Impor dengan kredit limit:
  - PT Sri Rejeki Isman Tbk maksimum USD 40.000.000
  - PT Sinar Pantja Djaja maksimum USD 12.000.000
  - PT Bitratex Industries maksimum USD 20.000.000
  - PT Primayudha Mandirijaya maksimum USD 20.000.000
- Pembiayaan Tagihan Impor dengan kredit limit:
  - PT Sri Rejeki Isman Tbk maksimum USD 20.000.000
  - PT Sinar Pantja Djaja maksimum USD 12.000.000
  - PT Bitratex Industries maksimum USD 20.000.000
  - PT Primayudha Mandirijaya maksimum USD 20.000.000
- Pembiayaan Tagihan Ekspor dengan kredit limit:
  - PT Sri Rejeki Isman Tbk maksimum USD 20.000.000
  - PT Sinar Pantja Djaja maksimum USD 12.000.000
  - PT Bitratex Industries maksimum USD 20.000.000
  - PT Primayudha Mandirijaya maksimum USD 20.000.000
- Tagihan Kredit yang Dinegosiasikan - Berbeda dengan kredit limit:
  - PT Sri Rejeki Isman Tbk maksimum USD 20.000.000
  - PT Sinar Pantja Djaja maksimum USD 12.000.000
  - PT Bitratex Industries maksimum USD 20.000.000
  - PT Primayudha Mandirijaya maksimum USD 20.000.000

Pinjaman ini jatuh tempo pada tanggal 31 Oktober 2019 dan diperpanjang secara otomatis untuk 12 bulan, kecuali ditentukan lain oleh Bank.

*40. **SIGNIFICANT AGREEMENTS AND COMMITMENTS** (Continued)*

***Bank Standard Chartered** (Continued)*

*Based on Facility Letter No. JKT/M3H/0309 dated 28 June 2019, the Company and Subsidiaries (PT Sinar Pantja Djaja, PT Bitratex Industries and PT Primayudha Mandirijaya) obtained facility credit with maximum combined limit USD 40,000,000. This facilicies use for Company and Subsidiaries working capital for export and import as follows: (Continued)*

- *Import L/Cs – secured with credit limit:*
  - *PT Sri Rejeki Isman Tbk maximum USD 40,000,000*
  - *PT Sinar Pantja Djaja maximum USD 12,000,000*
  - *PT Bitratex Industries maximum USD 20,000,000*
  - *PT Primayudha Mandirijaya maximum USD 20,000,000*
- *Import Loan with credit limit:*
  - *PT Sri Rejeki Isman Tbk maximum USD 40,000,000*
  - *PT Sinar Pantja Djaja maximum USD 12,000,000*
  - *PT Bitratex Industries maximum USD 20,000,000*
  - *PT Primayudha Mandirijaya maximum USD 20,000,000*
- *Import Invoice Financing with credit limit:*
  - *PT Sri Rejeki Isman Tbk maximum USD 20,000,000*
  - *PT Sinar Pantja Djaja maximum USD 12,000,000*
  - *PT Bitratex Industries maximum USD 20,000,000*
  - *PT Primayudha Mandirijaya maximum USD 20,000,000*
- *Export Invoice Financing with credit limit:*
  - *PT Sri Rejeki Isman Tbk maximum USD 20,000,000*
  - *PT Sinar Pantja Djaja maximum USD 12,000,000*
  - *PT Bitratex Industries maximum USD 20,000,000*
  - *PT Primayudha Mandirijaya maximum USD 20,000,000*
- *Credit Bills Negotiated - Discrepant with credit limit:*
  - *PT Sri Rejeki Isman Tbk maximum USD 20,000,000*
  - *PT Sinar Pantja Djaja maximum USD 12,000,000*
  - *PT Bitratex Industries maximum USD 20,000,000*
  - *PT Primayudha Mandirijaya maximum USD 20,000,000*

*This loan is due on 31 October 2019 and automatically extend for every 12 months, unless determined by Bank.*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**PT Bank Rabobank International Indonesia**

Berdasarkan perjanjian No. 107/B/LGL/SLO/2017 tanggal 12 Oktober 2017 dan perubahan perjanjian terakhir No. 949/P/LGL/ABM/2018 tanggal 26 November 2018, Perusahaan memperoleh fasilitas kredit *Letter of Credit (LC) sublimit Trust Receipt (TR)* dengan limit USD 10.000.000 dan bunga sebesar LIBOR + 1,5% per tahun. Tujuan dari fasilitas ini adalah sebagai modal kerja. Fasilitas ini akan jatuh tempo pada 30 Oktober 2019.

Jaminan atas fasilitas-fasilitas di atas:
- Piutang dagang senilai USD 6.105.813,69 sesuai dengan surat pernyataan tertanggal 6 Oktober 2017
- Stok barang senilai USD 6.500.000 sesuai dengan surat pernyataan tertanggal 6 Oktober 2017

Berdasarkan surat No. CBK/2018-032/DK-MP tanggal 20 Maret 2018, terdapat perubahan *financial covenant* sebagai berikut:
- *Debt Services Coverage Ratio (DSCR)* minimum 1,25x
- *EBITDA/Interest expenses* minimum 2,5x
- *Gearing Ratio* minimum 2x
- *Current Ratio* minimum 1x

**PT Bank HSBC Indonesia (HSBC)**

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, Perusahaan dan Entitas Anak, PT Sinar Pandja Djaja ("SPD"), PT Bitratex Industries ("BI") dan PT Primayudha Mandirijaya ("PM"), memperoleh fasilitas kredit yang terdiri dari:

(i) Fasilitas Kredit Berdokumen 1, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk mengakomodasi pembelian bahan mentah atau suku cadang dan tersedia untuk lokal dan impor. Jangka waktu wesel pada saat dokumen diunjukkan.

(ii) Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda 1, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk mengakomodasi pembelian bahan mentah atau suku cadang dan tersedia untuk lokal dan impor.

*40. **SIGNIFICANT AGREEMENTS AND COMMITMENTS** (Continued)*

***PT Bank Rabobank International Indonesia***

*Based on Agreement No. 107/B/LGL/SLO/2017 dated 12 October 2017 and the latest agreement No. 949/P/LGL/ABM/2018 dated 26 November 2018, the Company obtained the following Letter of Credit (LC) sublimit Trust Receipt (TR) with limit amounted USD 10,000,000 and interest LIBOR + 1.5% p.a. The purpose of this facility for working capital. The facility maturity date on 30 October 2019.*

*Collateral for the above facilities are:*
- *Trade receivable amounted USD 6,105,813.69 based on statement letter dated 6 October 2017*
- *Inventories amounted USD 6,500,000 based on statement letter dated 6 October 2017*

*Based on letter No. CBK/2018-032/DK-MP dated 20 March 2018, regarding changes in financial covenant, as follows:*
- *Debt Services Coverage Ratio (DSCR) minimum 1.25x*
- *EBITDA/Interest expenses minimum 2.5x*
- *Gearing Ratio minimum 2x*
- *Current Ratio minimum 1x*

***PT Bank HSBC Indonesia (HSBC)***

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, the Company and Subsidiaries, PT Sinar Pantja Djaja ("SPD"), PT Bitratex Industries ("BI") and PT Primayudha Mandirijaya ("PM"), obtained credit facility consists of:*

*(i) Documentary Credit Facilities 1, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to accommodate purchase of raw material or spare part and available for domestic and import. Bill of exchange tenor is sight.*

*(ii) Deferred Payment Credit Facility 1, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to accommodate purchase of raw material or spare part and available for domestic and import.*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, Perusahaan dan Entitas Anak, PT Sinar Pandja Djaja ("SPD"), PT Bitratex Industries ("BI") dan PT Primayudha Mandirijaya ("PM"), memperoleh fasilitas kredit yang terdiri dari: (Lanjutan)

(iii) Kredit Berdokumen Berjangka yang Dibayar atas Unjuk (UPAS) 1, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk mengakomodasi pembelian bahan mentah atau suku cadang dan tersedia untuk lokal dan impor. Jangka waktu wesel maksimal 180 hari. Bunga akan dibebankan secara harian sebesar 8% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 3% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

(iv) Fasilitas Kredit Berdokumen 2, dengan limit USD 2.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk pembelian mesin dan tersedia untuk lokal dan impor.

(v) Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda 2, dengan limit USD 2.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk pembelian mesin dan tersedia untuk lokal dan impor.

(vi) Kredit Berdokumen Berjangka yang dibayar atas Unjuk (UPAS) 2, dengan limit USD 2.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk pembelian mesin dan tersedia untuk lokal dan impor. Jangka waktu wesel maksimal 180 hari. Bunga akan dibebankan secara harian sebesar 8% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 3% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

*40. **SIGNIFICANT AGREEMENTS AND COMMITMENTS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, the Company and Subsidiaries, PT Sinar Pantja Djaja ("SPD"), PT Bitratex Industries ("BI") and PT Primayudha Mandirijaya ("PM"), obtained credit facility consists of: (Continued)*

*(iii) Usance Payable at Sight (UPAS) 1, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to accommodate purchase of raw material or spare part and available for domestic and import. Bill of exchange tenor is maximum 180 days. Interest will be charged only on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

*(iv) Documentary Credit Facility 2, with limit USD 2,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is for purchase of machineries and available for domestic and import.*

*(v) Deferred Payment Credit Facility 2, with limit USD 2,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is for purchase of machineries and available for domestic and import.*

*(vi) Usance Payable at Sight (UPAS) 2, with limit USD 2,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is for purchase of machineries and available for domestic and import. Bill of exchange tenor is maximum 180 days. Interest will be charged only on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, Perusahaan dan Entitas Anak, PT Sinar Pandja Djaja ("SPD"), PT Bitratex Industries ("BI") dan PT Primayudha Mandirijaya ("PM"), memperoleh fasilitas kredit yang terdiri dari: (Lanjutan)

(vii) Pinjaman Impor, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk melunasi wesel impor Fasilitas Kredit Berdokumen 1/Fasilitas Kredit Berdokumen dengan Pembayaran Tertunda 1 untuk pembelian bahan mentah atau barang uang terkait produksi. Jangka waktu pinjaman maksimal 180 hari dari tanggal jatuh tempo yang terkait. Bunga akan dibebankan secara harian sebesar 8% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 3% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

(viii) Dokumen terhadap Pembayaran, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk membeli dokumen ekspor diluar Kredit Berdokumen. Jangka waktu wesel adalah yang dibayar pada saat diunjukan. Bunga akan dibebankan secara harian sebesar 7% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 3% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

(ix) Dokumen terhadap Akseptasi/Dokumen Teknis terhadap Akseptasi, dengan limit USD 35.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk membeli dokumen ekspor diluar Kredit Berdokumen. Jangka waktu wesel adalah 90 hari. Bunga akan dibebankan secara harian sebesar 7% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 3% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

*40. **SIGNIFICANT AGREEMENTS AND COMMITMENTS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, the Company and Subsidiaries, PT Sinar Pantja Djaja ("SPD"), PT Bitratex Industries ("BI") and PT Primayudha Mandirijaya ("PM"), obtained credit facility consists of: (Continued)*

*(vii) Clean Import Loan, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to retire import bill under Documentary Credit Facility 1/Deferred Payment Credit Facility 1 for purchasing of raw material or goods related to production. Loan tenor maximum is 180 days from the date of the relevant bill. Interest will be charged only on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

*(viii) Documents against Payment, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to purchase of non-Documentary Credit export document. Bill's tenor is sight. Interest will be charged only on a daily basis at 7% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

*(ix) Documents against Acceptance/Technical Documents against Acceptance, with limit USD 35,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to purchase of non-Documentary Credit export document. Bill's tenor up to 90 days. Interest will be charged only on a daily basis at 7% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 3% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, Perusahaan dan Entitas Anak, PT Sinar Pandja Djaja ("SPD"), PT Bitratex Industries ("BI") dan PT Primayudha Mandirijaya ("PM"), memperoleh fasilitas kredit yang terdiri dari: (Lanjutan)

(x) Pinjaman atas Ekspor, dengan limit USD 7.500.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk menyediakan pembiayaan modal kerja untuk biaya produksi terhadap kontrak penjualan atau pesanan pembelian dari para pembeli yang disetujui. Bunga akan dibebankan secara harian sebesar 7% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) .

(xi) Fasilitas Bank Garansi, dengan limit USD 1.500.000. Fasilitas ini hanya tersedia untuk BI dan PM. Tujuan dari fasilitas ini adalah untuk memfasilitasi kebutuhan bank garansi. Sub limit dalam fasilitas ini adalah: jaminan penawaran USD 250.000, jaminan bea cukai USD 1.500.000, jaminan pembayaran di depan USD 250.000, jaminan pelaksaaan USD 250.000, jaminan penahanan USD 250.000.

(xii) Pinjaman Impor 1 untuk Pembiayaan Tagihan Pembelian yang Disetujui (BAIF)/Solusi Rantai Pasokan – Tagihan yang Disetujui (SCS-AI), dengan limit USD 5.000.000. Fasilitas ini tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk melunasi jumlah terhutang fasilitas BAIF/SCS-AI. Jangka waktu pinjaman maksimal 180 hari dari tanggal tagihan. Bunga akan dibebankan secara harian sebesar 8% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 13,7623% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam USD dan sebesar 4% per tahun dibawah *Best Lending Rate* (BL1) dari bank (yang saat ini adalah sebesar 15,15% per tahun dan akan berfluktuasi sesuai kebijakan bank) dalam Rupiah.

(xiii) Surat Kredit Berdokumen Siaga dengan limit EUR 2.500.000. Fasilitas ini hanya tersedia untuk Perusahaan. Tujuan dari fasilitas ini adalah untuk memfasilitasi penerbitan Surat Kredit Berdokumen Siaga kepada HSBC Jerman.

(xiv) Fasilitas Treasury 1 (Interest Rate Swap) dengan limit USD 6.000.000. Fasilitas ini hanya tersedia untuk Perusahaan. Tujuan dari fasilitas ini adalah untuk mengakomodasi persyaratan lindung nilai untuk pinjaman sindikasi yang diajukan dengan notional sampai dengan USD 100.000.000.

*40. **SIGNIFICANT AGREEMENTS AND COMMITMENTS** (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, the Company and Subsidiaries, PT Sinar Pantja Djaja ("SPD"), PT Bitratex Industries ("BI") and PT Primayudha Mandirijaya ("PM"), obtained credit facility consists of: (Continued)*

*(x) Loan Againts Export, with limit USD 7,500,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to provide working capital financing for production costs against sales contract or purchase order from approved buyers. Interest will be charged only on a daily basis at 7% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction).*

*(xi) Guarantee Facility, with limit USD 1,500,000. This facility is only available for the BI and PM. The purpose of this facility is facilitate bank guarantee requirement. The sub-limits under this facilities are: bid bonds USD 250,000, custom bonds USD 1,500,000, advance payment bonds USD 250,000, performance bonds USD 250,000, retention bonds USD 250,000.*

*(xii) Clean Import Loan 1 for Buyers Approved Invoice Financing (BAIF)/Supply Chain Solution – Approved Invoice (SCS-AI), with limit USD 5,000,000. This facility is available for the Company, SPD, BI and PM. The purpose of this facility is to retire the outstanding of BAIF/SCS-AI. Loan tenor maximum is 180 days from the date of invoice. Interest will be charged only on a daily basis at 8% per annum below the Bank Best's Lending Rate (BL1) (currently at 13.7623% per annum but subject to fluctuation at the bank's direction) in USD and 4% per annum below the Bank Best's Lending Rate (BL1) (currently at 15.15% per annum but subject to fluctuation at the bank's direction) in Rupiah.*

*(xiii) Standby Letter of Credit, with limit EUR 2,500,000. This facility is only available for the Company. The purpose of this facility is facilitate Standby Letter of Credit issuance to HSBC Germany.*

*(xiv) Treasury Facility 1 (Interest Rate Swap) with limit USD 6,000,000. This facility is only available for the Company. The purpose of this facility is to accommodate hedging requirement for the proposed syndicated loan with notional amount up to USD 100,000,000.*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**PT Bank HSBC Indonesia (HSBC)** (Lanjutan)

Berdasarkan perjanjian No. JAK/190045/U/181010 tanggal 22 Januari 2019, Perusahaan dan Entitas Anak, PT Sinar Pandja Djaja ("SPD"), PT Bitratex Industries ("BI") dan PT Primayudha Mandirijaya ("PM"), memperoleh fasilitas kredit yang terdiri dari: (Lanjutan)

(xv) Fasilitas Treasury 2 (Limit Paparan terhadap Resiko (tertimbang)) dengan limit USD 500.000. Fasilitas ini hanya tersedia untuk Perusahaan, SPD, BI dan PM. Tujuan dari fasilitas ini adalah untuk transaksi lindung nilai terhadap eksposur nilai tukar melalui transaksi *spot, option, tom dan forward*. Jangka waktu maksimum 1 tahun.

Jaminan atas pinjaman ini adalah *clean basis*.

Perjanjian ini berlaku selama 1 (satu) tahun sejak tanggal Perjanjian ini dan akan terus berlaku hingga Bank secara tertulis membatalkan, menghentikan atau membebaskan dari kewajibannya berdasarkan Perjanjian ini atau perjanjian lain yang berkaitan dengannya.

**PT Bank Maybank Indonesia Tbk**

Berdasarkan akta Notaris No. 387, 388 dan 389 tanggal 28 September 2017, Notaris Herry Hartanto Seputro, S.H., PT Sinar Pantja Djaja ("SPD"), Entitas Anak, memperoleh fasilitas kredit berupa:

- Ijarah Muntahiyah Bi Tamlik dengan jumlah limit USD 30.000.000. Pinjaman ini jatuh tempo pada tanggal 28 September 2024. Tujuan dari fasilitas ini adalah untuk pembelian mesin pemintal benang dan peralatan pendukung pabrik.

  Jaminan atas fasilitas-fasilitas di atas:
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 820/Jangglegan seluas 1.876m$^2$ atas nama Megawati.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 1118/Jangglegan seluas 1.863m$^2$ atas nama Megawati.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 149/Jangglegan seluas 1.448m$^2$ atas nama Megawati.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 1400/Jangglegan seluas 1.801m$^2$ atas nama Megawati.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 1380/Jangglegan seluas 1.843m$^2$ atas nama Megawati.

*40. SIGNIFICANT AGREEMENTS AND COMMITMENTS (Continued)*

***PT Bank HSBC Indonesia (HSBC)** (Continued)*

*Based on agreement No. JAK/190045/U/181010 dated 22 January 2019, the Company and Subsidiaries, PT Sinar Pantja Djaja ("SPD"), PT Bitratex Industries ("BI") and PT Primayudha Mandirijaya ("PM"), obtained credit facility consists of: (Continued)*

*(xv) Treasury Facility 2 (Exposure Risk Limit (weighed)) with limit USD 500,000. This facility is only available for the Company, SPD, BI and PM. The purpose of this facility is to hedging foreign currency exposures through spot, option, tom and forward. Maximum tenor: 1 year.*

*Collateral for this loan is clean basis.*

*This Agreement, shall be valid for a period of 1 (one) year as of the date of this Agreement and shall continue to be applicable until the Bank cancel, cease or discharge in writing from its obligations under this Agreement or otherwise any other agreement related hereto.*

***PT Bank Maybank Indonesia Tbk***

*Based on Notarial deed No. 387, 388 and 389 dated 28 September 2017, Notary Herry Hartanto Seputro, S.H., the Subsidiary, PT Sinar Pantja Djaja ("SPD"), obtained credit facilities:*

- *Ijarah Muntahiyah Bi Tamlik with credit limit USD 30,000,000. The loan is due on 28 September 2024. The purpose of this facility is to purchase of spinning machineries and factory supporting equipment.*

  *Collateral for the above facilities are:*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 820/Jangglegang area of 1,876m$^2$ on behalf Megawati.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 1118/Jangglegang area of 1,863m$^2$ on behalf Megawati.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 149/Jangglegang area of 1,448m$^2$ on behalf Megawati.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 1400/Jangglegang area of 1,801m$^2$ on behalf Megawati.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 1380/Jangglegang area of 1,843m$^2$ on behalf Megawati.*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**PT Bank Maybank Indonesia Tbk** (Lanjutan)

Berdasarkan akta Notaris No. 387, 388 dan 389 tanggal 28 September 2017, Notaris Herry Hartanto Seputro, S.H., PT Sinar Pantja Djaja ("SPD"), Entitas Anak, memperoleh fasilitas kredit berupa: (Lanjutan)

- Ijarah Muntahiyah Bi Tamlik dengan jumlah limit USD 30.000.000. Pinjaman ini jatuh tempo pada tanggal 28 September 2024. Tujuan dari fasilitas ini adalah untuk pembelian mesin pemintal benang dan peralatan pendukung pabrik. (Lanjutan)

  Jaminan atas fasilitas-fasilitas di atas: (Lanjutan)
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 972/Jangglegan seluas 1.706m$^2$ atas nama Megawati.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 1149/Jangglegan seluas 1.562m$^2$ atas nama Megawati.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 759/Jangglegan seluas 853m$^2$ atas nama Megawati.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 1390/Jangglegan seluas 1.732m$^2$ atas nama Megawati.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 686/Jangglegan seluas 3.475m$^2$ atas nama Megawati.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 337/Jangglegan seluas 5.391m$^2$ atas nama Mira Christina Setiady.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 1190/Jangglegan seluas 1.871m$^2$ atas nama Mira Christina Setiady.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 1151/Jangglegan seluas 1.136m$^2$ atas nama Mira Christina Setiady.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 587/Jangglegan seluas 1.548m$^2$ atas nama Mira Christina Setiady.
  - Tanah yang terletak di Sukoharjo, Jawa Tengah dengan Sertifikat Hak Milik No. 361/Jangglegan seluas 1.920m$^2$ atas nama Mira Christina Setiady.
  - Jaminan yang membuat nilai seluruh jaminan menjadi 125% dari seluruh kewajiban berdasarkan perjanjian kredit.

  Rasio *financial covenant* yaitu *Debt Service Reserve Account* minimum 1x.

*40. **SIGNIFICANT AGREEMENTS AND COMMITMENTS** (Continued)*

***PT Bank Maybank Indonesia Tbk** (Continued)*

*Based on Notarial deed No. 387, 388 and 389 dated 28 September 2017, Notary Herry Hartanto Seputro, S.H., the Subsidiary, PT Sinar Pantja Djaja ("SPD"), obtained credit facilities: (Continued)*

- *Ijarah Muntahiyah Bi Tamlik with credit limit USD 30,000,000. The loan is due on 28 September 2024. The purpose of this facility is to purchase of spinning machineries and factory supporting equipment. (Continued)*

  *Collateral for the above facilities are: (Continued)*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 972/Jangglegang area of 1,706m$^2$ on behalf Megawati.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 1149/Jangglegang area of 1,562m$^2$ on behalf Megawati.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 759/Jangglegang area of 853m$^2$ on behalf Megawati.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 1390/Jangglegang area of 1,732m$^2$ on behalf Megawati.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 686/Jangglegang area of 3,475m$^2$ on behalf Megawati.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 337/Jangglegang area of 5,391m$^2$ on behalf Mira Christina Setiady.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 1190/Jangglegang area of 1,871m$^2$ on behalf Mira Christina Setiady.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 1151/Jangglegang area of 1,136m$^2$ on behalf Mira Christina Setiady.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 587/Jangglegang area of 1,548m$^2$ on behalf Mira Christina Setiady.*
  - *Land located at Sukoharjo, Jawa Tengah with SHM No. 361/Jangglegang area of 1,920m$^2$ on behalf Mira Christina Setiady.*
  - *Collateral that make value of all collateral become 125% of all obligation based of credit agreement.*

  *Financial covenant ratio is Debt Service Reserve Account minimum 1x.*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**PT Bank Maybank Indonesia Tbk** (Lanjutan)

Berdasarkan akta Notaris No. 387, 388 dan 389 tanggal 28 September 2017, Notaris Herry Hartanto Seputro, S.H., PT Sinar Pantja Djaja ("SPD"), Entitas Anak, memperoleh fasilitas kredit berupa: (Lanjutan)

- *LC/SKBDN (Sight/Usance/UPAS)* dengan jumlah limit USD 30.000.000. Jangka waktu fasilitas kredit 84 bulan sejak tanggal penandatangan akad Ijarah Muntahiyah Bi Tamlik dengan maksimum 360 hari untuk setiap penerbitan L/C/SKBDN/TR. Tujuan dari fasilitas ini adalah untuk pembelian mesin pemintal benang dan peralatan pendukung pabrik. Tingkat suku bunga pinjaman sebesar LIBOR + 1,5% p.a

  Jaminan atas fasilitas tersebut adalah bahan baku dan barang jadi masing-masing sebesar USD 2.500.000 dan piutang usaha SPD per Juni 2017 sebesar USD 5.026.368.

  Rasio-rasio *financial covenant*:
  - *Liabilites to equity* maksimum 2,75x
  - *Current Ratio* minimum 1x, berlaku sejak laporan keuangan audit periode 31 Desember 2017
  - *Time Interest Earned (TIE)* minimum 2,75x
  - *Debt Service Coverage Ratio (DSCR)* minimum 1,25x

Maksimum kredit yang diberikan atas fasilitas-fasilitas di atas sebesar USD 40.000.000.

Berdasarkan perjanjian No. S.2017.0002/DIR GLOBAL BANKING–LC&MNC tanggal 4 Januari 2017, akta Notaris No. 7 tanggal 2 Februari 2017, Notaris Herry Hartanto Seputro, S.H., perjanjian No. S.2018.0037/DIR GLOBAL BANKING – LC & MNC dated 12 Februari 2018 dan perjanjian terakhir No. S.2019.0007/DIR GLOBAL BANKING – LC & MNC tanggal 28 Januari 2019, Perusahaan memperoleh fasilitas kredit sebagai berikut:

- *Uncomitted Omnibus Trade Facilities*
  - *LC* atau *SKBDN Line (Sight/Usance/ UPAS/UPAU)*
  - *BG/SBLC/Demand Guarantee (DG)/Counter Guarantee (CG)*
  - *Export Negotiation*/Diskonto
  - *Trust Receipt (TR)*

  senilai USD 35.000.000 dan jangka waktu sampai 2 Februari 2020.

- *Omnibus Derivatives Line*
  - *IRS Line* senilai USD 75.000.000 dan jangka waktu 3 tahun (disesuaikan dengan pembiayaan syariah).
  - *FX Line – Tom, Spot, Forward, Swap (buy/sell)* senilai USD 65.000.000 dan jangka waktu 3 tahun.



*40. **SIGNIFICANT AGREEMENTS AND COMMITMENTS** (Continued)*

***PT Bank Maybank Indonesia Tbk** (Continued)*

*Based on Notarial deed No. 387, 388 and 389 dated 28 September 2017, Notary Herry Hartanto Seputro, S.H., the Subsidiary, PT Sinar Pantja Djaja ("SPD"), obtained credit facilities: (Continued)*

- *LC/SKBDN (Sight/Usance/UPAS) with credit limit USD 30,000,000. The term of the credit facility is 84 months from the date of signing of the Ijarah Muntahiyah Bi Tamlik contract with a maximum of 360 days for each L/C/SKBDN/TR issuance. The purpose of this facility is to purchase of spinning machineries and factory supporting equipment. The rate of interest is LIBOR + 1.5% p.a.*

  *The facility is secured by raw material and finish goods each of amounted USD 2,500,000 and trade receivables SPD as of June 2017 amounted USD 5,026,368.*

  *Financial covenant ratios:*
  - *Liabilities to equity maximum 2.75x*
  - *Current ratio minimum 1x, valid since the audited financial statement as of 31 December 2017*
  - *Time Interest Earned (TIE) minimum 2.75x*
  - *Debt Service Coverage Ratio (DSCR) minimum 1.25x*

*Maximum credit based facilities above amounted USD 40,000,000.*

*Based on agreement No. S.2017.0002/DIR GLOBAL BANKING–LC&MNC dated 4 January 2017, Notarial deed No. 7 dated 2 February 2017, Notary of Herry Hartanto Seputro, S.H., No. S.2018.0037/DIR GLOBAL BANKING – LC & MNC dated 12 February 2018 and the latest agreement No. S.2019.0007/DIR GLOBAL BANKING – LC & MNC dated 28 January 2019, the Company obtained credit facilities:*

- *Uncomitted Omnibus Trade Facilities*
  - *LC or SKBDN Line (Sight/Usance/UPAS/UPAU)*
  - *BG/SBLC/Demand Guarantee (DG)/Counter Guarantee (CG)*
  - *Export Negotiation/Diskonto*
  - *Trust Receipt (TR)*

  *amounted USD 35,000,000 and maturity date on 2 February 2020.*

- *Omnibus Derivatives Line*
  - *IRS Line amounted USD 75,000,000 and a period of 3 years (adjusted for syariah financing).*
  - *FX Line – Tom, Spot, Forward, Swap (buy/sell) amounted USD 65,000,000 and a period of 3 years.*

40. **PERJANJIAN-PERJANJIAN PENTING DAN IKATAN** (Lanjutan)

**PT Bank Maybank Indonesia Tbk** (Lanjutan)

Tujuan dari fasilitas ini adalah untuk pembelian bahan baku dan bahan pendukung.

Tingkat suku bunga pinjaman:
- Bunga UPAS/UPAU USD: LIBOR + 1,50% per tahun
- Bunga TR USD: LIBOR + 2,75% per tahun
- Bunga TR IDR: JIBOR + 4,25% per tahun

Rasio-rasio *financial covenant*:
- *Liabilities to Equity* maksimum 2,75x
- *Current Ratio* minimum 1,00x
- *EBITDA/Interest* minimum 2,50x
- *Debt Service Coverage Ratio* (DSCR) minimum 1,25x
- *Debt to Equity Ratio* maksimum 1,70x

**PT Bank Mizuho Indonesia**

Bank telah setuju untuk memberikan fasilitas kepada Perusahaan, berdasarkan perjanjian tanggal 24 Agustus 2018 dan perjanjian No. 452/MA/MZH/0719 tanggal 12 Juli 2019, Perusahaan memperoleh fasilitas kredit sebagai berikut:
- *Import LC (Sight & Usance) and Acceptance* sebesar USD 50.000.000. Fasilitas ini digunakan Perusahaan untuk pembiayaan modal kerja terkait dengan impor. Jaminan fasilitas ini adalah berupa piutang dan persediaan dengan nilai USD 50.000.000. Bunga UPAS dan *Bill Bought* yaitu LIBOR/JIBOR + 0,75% per tahun.
- *Supply Chain Financing* sebesar USD 20.000.000. Fasilitas ini digunakan Perusahaan untuk pembiayaan modal kerja terkait dengan supplier Perusahaan. Jaminan fasilitas ini adalah berupa piutang dan persediaan dengan nilai USD 20.000.000.

Jangka waktu fasilitas kredit adalah 12 bulan setelah penandatanganan perjanjian.

Jaminan atas pinjaman ini adalah *negative pledge.*

Rasio-rasio financial covenant:
- *Net Debt/Tangible Net Worth Ratio* maksimum 1,35x
- *Net Debt/EBITDA Ratio* maksimum 3x
- *Interest Service Coverage Ratio* minimum 2,5x

*40. **SIGNIFICANT AGREEMENTS AND COMMITMENTS** (Continued)*

***PT Bank Maybank Indonesia Tbk** (Continued)*

*The purpose of this facility is to purchase of raw material and supporting material.*

*The rate of interest:*
- *Interest of UPAS/UPAU USD: LIBOR + 1.50% p.a.*
- *Interest of TR USD: LIBOR + 2.75% p.a.*
- *Interest of TR IDR: JIBOR + 4.25% p.a.*

*Financial covenant ratios:*
- *Liabilities to Equity maximum 2.75x*
- *Current Ratio minimum 1.00x*
- *EBITDA/Interest minimum 2.50x*
- *Debt Service Coverage Ratio (DSCR) minimum 1.25x*
- *Debt to Equity Ratio maximum 1.70x*

***PT Bank Mizuho Indonesia***

*The Bank agree to provide the facility to the Company based on agreement dated 24 August 2018 and agreement No. 452/MA/MZH/0719 dated 12 July 2019, the Company obtained the credit facility:*
- *Import LC (Sight & Usance) and Acceptance amounted USD 50,000,000. This facility used by Company as working capital for import. Collateral of this facility is account receivable and inventory amounted USD 50,000,000. UPAS and Bill Bought Interest is LIBOR/JIBOR + 0.75% p.a.*
- *Supply Chain Financing amounted USD 20,000,000. This facility used by Company as working capital for supplier of Company. Collateral of this facility is account receivable and inventory amounted USD 20,000,000.*

*The term of the facility is 12 months after signing the agreement.*

*Collateral for this loan is negative pledge.*

*Financial covenant ratios:*
- *Net Debt/Tangible Net Worth Ratio maximum 1.35x*
- *Net Debt/EBITDA Ratio maximum 3x*
- *Interest Service Coverage Ratio minimum 2.5x*

## 41. TAMBAHAN INFORMASI ARUS KAS / *41. SUPLEMENTARY CASH FLOWS INFORMATION*

Transaksi non-kas: / *Non-cash transaction:*

| | 30 Juni/ *June* 2019 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 30 Juni/ *June* 2018 (Enam bulan/ *Six months)* (Tidak diaudit/ *Unaudited*) | 31 Des/*Dec* 2018 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2017 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | 31 Des/*Dec* 2016 (Satu tahun/ *One year*) (Diaudit/ *Audited*) | |
|---|---|---|---|---|---|---|
| Beban amortisasi atas membeli kembali wesel bayar sebesar USD 350.000.000 dengan harga pembelian sebesar USD 175.481.000 | ( 1.107.356 ) | - | - | - | - | *Amortization expenses for repurchases notes payable amounted USD 350,000,000 with purchases price amounted USD 175,481,000* |
| Diskonto, biaya, biaya jasa penerbitan wesel bayar yang dikurangkan dari penerimaan bersih wesel bayar USD 150.000.000 | - | - | - | 2.715.100 | - | *Discount, notes payables issuance costs deducted from the net proceeds of the notes USD 150,000,000* |
| Pembelian kembali wesel bayar USD 270.000.000 yang dikurangkan dari penerimaan bersih wesel bayar USD 350.000.000 | - | - | - | - | 180.736.000 | *Repurchases notes USD 270,000,000 deducted from the net proceeds of the Notes USD 350,000,000* |
| Biaya jasa penerbitan, premium/ bunga wesel bayar yang dikurangkan dari penerimaan bersih wesel bayar | - | - | - | - | 20.029.056 | *Notes payable issuance costs, premium/interest deducted from the net proceeds of the notes payable* |
| Biaya bunga, penalti, transaksi yang dikurangkan dari penerimaan bersih utang jangka panjang | - | - | - | - | 5.270.826 | *Interest, penalty, transaction cost deduct from net proceeds long-term bank loan* |
| Kapitalisasi biaya bunga ke aset tetap | - | - | - | 8.123.478 | 18.879.850 | *Capitalization interest expenses to fixed assets* |
| Reklasifikasi uang muka jangka panjang untuk pembelian aset tetap terhadap aset tetap | - | 224.152 | 1.114.808 | 23.131.558 | - | *Reclasification long-term advances for purchases of fixed assest* |

41. **TAMBAHAN INFORMASI ARUS KAS** (Lanjutan)

Berikut ini transaksi kas dan non-kas dari aktivitas pendanaan yang ditunjukan dalam rekonsiliasi liabilitas dari transaksi pendanaan.

*41.* ***SUPLEMENTARY CASH FLOWS INFORMATION*** *(Continued)*

*Following is the cash and non-cash transactions from financial activities which are showed in the reconciliation of liabilities from financing activities.*

| | 30 Juni/*June* 2019 (Tidak diaudit/*Unaudited*) | | | | |
|---|---|---|---|---|---|
| | Utang bank jangka pendek/ *Short-term bank loans* | Utang bank jangka panjang/ *Long-term bank loans* | Wesel bayar/ *Notes payable* | Jumlah/ *Total* | |
| Saldo 31 Desember 2018 | 122.993.804 | 39.812.789 | 493.098.425 | 655.905.018 | *Balance as of 31 December 2018* |
| Perubahan arus kas dari aktivitas pendanaan | | | | | *Changes from financing cash flows* |
| Penerimaan | 22.324.183 | 364.556.692 | - | 386.880.875 | *Proceeds* |
| Pembayaran | ( 122.993.804) | ( 39.812.789) | ( 184.989.877) | ( 347.796.470) | *Payment* |
| | ( 100.669.621) | 324.743.903 | ( 184.989.877) | 39.084.405 | |
| Perubahan transaksi non-kas | | | | | *Non-cash changes* |
| Biaya transaksi | - | 1.982.384 | - | 1.982.384 | *Transaction cost* |
| Biaya *repurchases* | - | - | 9.508.877 | 9.508.877 | *Repurchases cost* |
| Amortisasi biaya wesel bayar ditangguhkan/diskonto | - | - | 1.822.325 | 1.822.325 | *Amortization of deferred bond expenses/discount* |
| | - | 1.982.384 | 11.331.202 | 13.313.586 | |
| Saldo 30 Juni 2019 | 22.324.183 | 366.539.076 | 319.439.750 | 708.303.009 | *Balance as of 30 June 2019* |

| | 31 Desember/*December* 2018 (Diaudit/*Audited*) | | | | | |
|---|---|---|---|---|---|---|
| | Utang bank jangka pendek/ *Short-term bank loans* | Utang bank jangka panjang/ *Long-term bank loans* | Surat utang jangka menengah/ *Medium-term notes* | Wesel bayar/ *Notes payable* | Jumlah/ *Total* | |
| Saldo 31 Desember 2017 | 101.720.124 | 21.169.272 | 40.000.000 | 491.273.002 | 654.162.398 | *Balance as of 31 December 2017* |
| Perubahan arus kas dari aktivitas pendanaan | | | | | | *Changes from financing cash flows* |
| Penerimaan | 48.374.652 | 22.110.183 | 25.000.000 | - | 95.484.835 | *Proceeds* |
| Pembayaran | ( 27.635.424) | ( 3.466.667) | - | - | ( 31.102.091) | *Payment* |
| | 20.739.228 | 18.643.516 | 25.000.000 | - | 64.382.744 | |
| Perubahan transaksi non-kas | | | | | | *Non-cash changes* |
| Selish kurs | 534.452 | 1 | - | - | 534.453 | *Foreign exchanges* |
| Amortisasi biaya wesel bayar ditangguhkan/diskonto | - | - | - | 1.825.423 | 1.825.423 | *Amortization of deferred bond expenses/discount* |
| | 534.452 | 1 | - | 1.825.423 | 2.359.876 | |
| Saldo 30 Juni 2018 | 122.993.804 | 39.812.789 | 65.000.000 | 493.098.425 | 720.905.018 | *Balance as of 30 June 2018* |

## 42. PERISTIWA SETELAH PERIODE LAPORAN

**PT Bank QNB Indonesia Tbk**

Berdasarkan akta Notaris No. 1 tanggal 1 Juli 2019 yang dibuat dihadapan Notaris Tjoa Karina Juwita, S.H., perihal perjanjian kredit. Fasilitas tersebut adalah sebagai berikut:

- Fasilitas *Omnibus Working Capital*. Fasilitas ini digunakan untuk pembiayaan modal kerja perusahaan terkait dengan pengadaan bahan baku produksi import dan local dan pembiayaan terkait kebutuhan operasional lainnya.
  - *Demand Loan* sebesar Rp 500.000.000.000
  - LC/SKBDN *Sight/Usance*/UPAS dan UPAU sebesar Rp 750.000.000.000
  - LC/SKBDN *Sight/Trust Receipt* sebesar Rp 750.000.000.000
  - Diskonto Wesel Ekspor (DWE)/ Negosiasi Wesel Ekspor (NWE) sebesar Rp 750.000.000.000
  - SBLC sebesar EUR 10.000.000 (setara dengan Rp 168.000.000.000)

  Tingkat suku bunga fasilitas ini adalah JIBOR 1 bulan + 2,5% per tahun, *floating*, indikasi bunga 10% per tahun untuk mata uang IDR dan LIBOR 1 bulan + 2,5% per tahun, *floating*, indikasi bunga 5% per tahun untuk mata uang USD.
  Jangka waktu fasilitas kredit sampai dengan 12 bulan setelah penandatanganan perjanjian kredit.

- *FX Line Spot* dan *Forward*. Fasilitas ini digunakan untuk transaksi forex dengan jumlah fasilitas kredit USD 600.000 dan jumlah national USD 3.000.000. Fasilitas ini jatuh tempo pada tanggal 1 April 2020.

Jaminan atas pinjaman ini adalah *clean basis*.

Rasio-rasio *financial covenant*:
- *Interest Service Coverage Ratio* minimum *2,5x*
- *Net Debt to Total Net Worth* maksimum 2x
- *Net Debt to EBITDA* maksimum 3x
- *Account Receivable + Inventory ≥ Account Payable + Short-term Bank Loan*

**PT Bank Permata Tbk**

Berdasarkan Surat Penawaran Fasilitas Perbankan No. 104/BP/LOO/CRC-JKT/WB/VII/2019 tanggal 11 Juli 2019, Perusahaan memperoleh fasilitas gabungan adalah sebagai berikut:
- Pinjaman Rekening Koran sebesar Rp 30.000.000.000. Fasilitas ini digunakan untuk pembiayaan modal kerja Perusahaan dan Entitas Anak dengan bunga 9,50% per tahun.

## *42. EVENTS AFTER THE REPORTING PERIOD*

***PT Bank QNB Indonesia Tbk***

*Based on Notarial deed No. 1 dated 1 July 2019, Notary of Tjoa Karina Juwita, S.H., concerning credit agreement. There are facilities, as follows:*

- *Omnibus Working Capital facilities. This facilicies use for Company working capital for provide raw material for local and import and financing their other operations.*
  - *Demand Loan amounted Rp 500,000,000,000*
  - *LC/SKBDN Sight/Usance/UPAS and UPAU amounted Rp 750,000,000,000*
  - *LC/SKBDN/Sighr/Trust Receipt amounted Rp 750,000,000,000*
  - *Discount Export Notes (DWE)/ Negotiation Export Notes (NWE) amounted Rp 750,000,000,000*
  - *SBLC amounted EUR 10,000,000 (equivalent with Rp 168,000,000,000)*

  *The interest rate of this facilities are JIBOR 1 month + 2.5% p.a., floating, indication of interest 10% p.a. for IDR currency and LIBOR 1 month + 2.5% p.a., floating, indication of interest 5% p.a. for USD currecy.*

  *Tenor for credit facility until 12 months after signing credit facility.*

- *FX Line Spot and Forward. This facility use for forex transaction with amount of facilities credit USD 600,000 and national amount USD 3,000,000. This facility is due on 1 April 2020.*

*Collateral for this loan is clean basis.*

*Financial covenant ratios:*
- *Interest Service Coverage Ratio minimum 2.5x*
- *Net Debt to Total Net Worth maximum 2x*
- *Net Debt to EBITDA maximum 3x*
- *Account Receivable + Inventory ≥ Account Payable + Short-term Bank Loan*

***PT Bank Permata Tbk***

*Based on Banking Facility Offer Letter No. 104/BP/LOO/ CRC-JKT/WB/VII/2019 dated 11 July 2019, the Company obtained combined credit as follows:*

- *Uncommitted Checking Account Loan Facility amounted Rp 30,000,000,000. This facilicies use for Company and Subsidiaries working capital with interest rate of 9.50% per annum.*

42. **PERISTIWA SETELAH PERIODE LAPORAN** (Lanjutan)

**PT Bank Permata Tbk** (Lanjutan)

Berdasarkan Surat Penawaran Fasilitas Perbankan No. 104/BP/LOO/CRC-JKT/WB/VII/2019 tanggal 11 Juli 2019, Perusahaan memperoleh fasilitas gabungan adalah sebagai berikut: (Lanjutan)

- *Omnibus Post Import Financing (PIF)* sebesar USD 35.000.000. Fasilitas ini digunakan untuk pembiayaan modal kerja Perusahaan dan Entitas Anak terkait dengan bisnis eskpor dan impor. Bunga untuk fasilitas adalah sebagai berikut:
  - PIF-USD sebesar LIBOR ditambah 1,75% per tahun
  - PIF-IDR sebesar JIBOR ditambah 1,75% per tahun
  - UPAS-USD sebesar LIBOR ditambah 1,25% per tahun
  - UPAS-IDR sebesar JIBOR ditambah 1,25% per tahun
  - CBN Clean/Discrepant-USD sebesar LIBOR ditambah 0,75% per tahun
  - CBN Clean/Discrepant-IDR sebesar JIBOR ditambah 0,75% per tahun.
- *FX Line (Today, TOM, Spot and Forward).* Fasilitas ini digunakan untuk transaksi forex dengan jumlah fasilitas kredit USD 1.000.000.

Jangka waktu fasilitas kredit sampai dengan 36 bulan setelah penandatanganan perjanjian kredit.

Jaminan atas pinjaman ini adalah *clean basis*.

Rasio-rasio *financial covenant*:
- *Net Debt to Total Net Worth* (ekuitas dikurangi aset tidak berwujud) maksimum 1,35x untuk tahun 2019, 1,20x untuk tahun 2020 dan 1,05x untuk tahun 2021.
- *Net Debt to EBITDA* maksimum 3,00x untuk tahun 2019, 2,75x untuk tahun 2020 dan 2,25x untuk tahun 2021.
- *ISCR (EBITDA* dibagi biaya bunga) minimum 2,50x untuk tahun 2019, 2020 dan 2021.

**PT Bank CIMB Niaga Tbk**

Bank setuju memberikan fasilitas kepada Perusahaan berdasarkan perjanjian No. 031/CBT VIII/VII/2019 tanggal 5 Juli 2019, Perusahaan memperoleh fasilitas kredit:

1. Fasilitas *LC/SKBDN Sight/Usance/UPAS/UPAU*
   - *Plafond* : USD 50.000.000
   - Sifat fasilitas : *Uncommitted – Revolving*
   - Tujuan : Pembelian bahan baku
   - Jangka waktu : 1 tahun setelah tanggal pembukuan fasilitas

   Sublimit
   a. Fasilitas *Trust Receipt (TR)*
      - *Plafond* : USD 25.000.000
      - Mata uang : USD dan IDR
      - Sifat fasilitas : *Uncommitted – Revolving*
      - Tujuan : pelunasan dokumen LC/SKBDN
      - Jangka waktu : 1 tahun setelah tanggal pembukuan fasilitas
      - Tingkat bunga : 5,50% p.a USD dan 10,00% p.a IDR

*42. **EVENTS AFTER THE REPORTING PERIOD** (Continued)*

***PT Bank Permata Tbk** (Continued)*

*Based on Banking Facility Offer Letter No. 104/BP/LOO/CRC-JKT/WB/VII/2019 dated 11 July 2019, the Company obtained combined credit as follows: (Continued)*

- *Omnibus Post Import Financing (PIF) amounted USD 35,000,000. This facilicies use for Company and Subsidiaries working capital for export and import business. Interest for this facilities as follow:*
  - *PIF-USD amounted LIBOR plus 1.75% per annum*
  - *PIF-IDR amounted JIBOR plus 1.75% per annum*
  - *UPAS-USD amounted LIBOR plus 1.25% per annum*
  - *UPAS-IDR amounted JIBOR plus 1.25% per annum*
  - *CBN Clean/Discrepant-USD amounted LIBOR plus 0.75% per annum*
  - *CBN Clean/Discrepant-IDR amounted JIBOR plus 0.75% per annum.*
- *FX Line (Today, TOM Spot and Forward). This facility use for forex transaction with amount of facilities credit USD 1,000,000.*

*Tenor for credit facility until 36 months after signing credit facility.*

*Collateral for this loan is clean basis.*

*Financial covenant ratios:*
- *Net Debt to Total Net Worth (equity less intangible assets) maximum 1.35x for 2019, 1.20x for 2020 and 1.05x for 2021.*
- *Net Debt to EBITDA maximum 3.00x for 2019, 2.75x for 2020 and 2.25x for 2021.*
- *ISCR (EBITDA divided by interest cost) minimum 2.50x for 2019, 2020 and 2021.*

***PT Bank CIMB Niaga Tbk***

*The Bank agree to provide the facility to the Company based on agreement No. 031/CBT VIII/VII/2019 dated 5 July 2019, the Company obtained the credit facility:*

*1. Facility LC/SKBDN Sight/Usance/UPAS/UPAU*
   - *Plafond : USD 50,000,000*
   - *Facility type : Uncommitted – Revolving*
   - *Purpose : Purchase raw material*
   - *Due date : 1 (one) year after the date of this facilities*

   *Sublimit*
   *a. Trust Receipt (TR) Facility*
      - *Plafond : USD 25,000,000*
      - *Currency : USD and IDR*
      - *Facility type : Uncommitted – Revolving*
      - *Purpose : settlement LC/SKBDN*
      - *Due date : 1 (one) year after the date of this facilities*
      - *Interest rate : 5.50% p.a USD and 10.00% p.a IDR*

42. **PERISTIWA SETELAH PERIODE LAPORAN** (Lanjutan)

**PT Bank CIMB Niaga Tbk** (Lanjutan)

Bank setuju memberikan fasilitas kepada Perusahaan berdasarkan perjanjian No. 031/CBT VIII/VII/2019 tanggal 5 Juli 2019, Perusahaan memperoleh fasilitas kredit: (Lanjutan)

1. Fasilitas *LC/SKBDN Sight/Usance/UPAS/UPAU* (Lanjutan)

*Interchangeable*

b. Fasilitas PTK *Trade Account Payable*
   - *Plafond* : USD 25.000.000
   - Mata uang : USD dan IDR
   - Sifat fasilitas : *Uncommitted – Revolving*
   - Tujuan : pembelian bahan baku non-LC/SKBDN
   - Jangka waktu : 1 tahun setelah tanggal pembukuan fasilitas
   - Tingkat bunga : 5,50% p.a USD dan 10,00% p.a IDR

c. Fasilitas *PTK Trade Account Receivable*
   - *Plafond* : USD 25.000.000
   - Mata uang : USD dan IDR
   - Sifat fasilitas : *Uncommitted – Revolving*
   - Tujuan : Modal kerja non-LC/SKBDN untuk membiayai piutang dagang
   - Jangka waktu : 1 tahun setelah tanggal pembukuan fasilitas
   - Tingkat bunga : 5,00% p.a USD & 9,50% p.a IDR

Sublimit

d. Fasilitas *Supplier Financing* (Anjak Piutang) – *without recourse* (APWOR)
   - *Plafond* : USD 10.000.000
   - Mata uang : IDR
   - Sifat fasilitas : *Uncommitted – Revolving*
   - Tujuan : Jual beli piutang *supplier*
   - Jangka waktu : 1 tahun setelah tanggal pembukuan fasilitas
   - Tingkat bunga : 10,00% p.a

Sublimit

e. Fasilitas Bank Garansi (BG)
   - *Plafond* : USD 10.000.000
   - Mata uang : USD dan IDR
   - Sifat Fasilitas : *Uncommitted – revolving*
   - Tujuan : memfasilitasi penerbitan bank garansi kepada pihak ketiga (bukan sebagai jaminan pinjaman)
   - Jangka waktu : 1 tahun setelah tanggal pembukuan fasilitas



*42. **EVENTS AFTER THE REPORTING PERIOD** (Continued)*

***PT Bank CIMB Niaga Tbk*** *(Continued)*

*The Bank agree to provide the facility to the Company based on agreement No. 031/CBT VIII/VII/2019 dated 5 July 2019, the Company obtained the credit facility: (Continued)*

*1. Facility LC/SKBDN Sight/Usance/UPAS/UPAU (Continued)*

*Interchangeable*

*b. PTK Trade Account Payable Facility*
   - *Plafond : USD 25,000,000*
   - *Currency : USD and IDR*
   - *Facility type : Uncommitted – Revolving*
   - *Purpose : purchases of raw material non-LC/SKBDN*
   - *Due date : 1 (one) year after the date of this facilities*
   - *Interest rate : 5.50% p.a USD and 10.00% p.a IDR*

*c. PTK Trade Account Receivable Facility*
   - *Plafond : USD 25,000,000*
   - *Currency : USD and IDR*
   - *Facility type : Uncommitted – Revolving*
   - *Purpose : Working capital non-LC/SKBDN for account receivable*
   - *Due date : 1 (one) year after the date of this facilities*
   - *Interest rate : 5.00% p.a USD and 9.50% p.a IDR*

*Sublimit*

*d. Supplier Financing (Anjak Piutang) – without recourse (APWOR) Facility*
   - *Plafond : USD 10,000,000*
   - *Currency : IDR*
   - *Facility type : Uncommitted – Revolving*
   - *Purpose : sales and purchases of trade receivables*
   - *Due date : 1 (one) year after the date of this facilities*
   - *Interest rate : 10.00% p.a*

*Sublimit*

*e. Bank Garansi (BG) Facility*
   - *Plafond : USD 10,000,000*
   - *Currency : USD and IDR*
   - *Facility type : Uncommitted – Revolving*
   - *Purpose : to facility bank garansi issue to third parties (not as of loan guarantee)*
   - *Due date : 1 (one) year after the date of this facilities*

42. **PERISTIWA SETELAH PERIODE LAPORAN** (Lanjutan)

**PT Bank CIMB Niaga Tbk** (Lanjutan)

Bank setuju memberikan fasilitas kepada Perusahaan berdasarkan perjanjian No. 031/CBT VIII/VII/2019 tanggal 5 Juli 2019, Perusahaan memperoleh fasilitas kredit: (Lanjutan)

1. Fasilitas *LC/SKBDN Sight/Usance/UPAS/UPAU* (Lanjutan)

   f. Fasilitas Negosiasi Wesel Ekspor (NWE) & Diskonto Wesel Ekspor (DWE)
      - *Plafond* : USD 25.000.000
      - Mata uang : USD dan IDR
      - Sifat Fasilitas : *Uncommitted – Revolving*
      - Tujuan : Pembelian atau pembayaran *export* LC/SKBDN
      - Jangka waktu : 1 tahun setelah tanggal pembukuan fasilitas
      - Tingkat bunga : 5,00% p.a USD dan 9,50% p.a IDR

Jaminan atas pinjaman ini adalah *clean basis*.

Rasio-rasio *financial covenant:*
- *Current ratio* minimum 1,00x
- *EBITDA /interest expense* minimum 2,50x
- *Leverage ratio* maksimum 2,75x

**PT Bank Muamalat Indonesia Tbk**

Berdasarkan perjanjian No. 115/OL/CBD/VIII/2019 tanggal 2 Agustus 2019, Perusahaan dan Entitas Anak (PT Sinar Panjta Djaja, PT Bitratex Industries dan PT Primayudha Mandirijaya) memperoleh fasilitas kredit gabungan dari sebagai berikut:

a. *Line Facility Al Musyarakah Rev – Revolving* digunakan untuk modal kerja Perusahaan dan Entitas Anak terkait dengan biaya listrik. Maksimum limit kredit fasilitas ini sebesar Rp 100.000.000.000.

   Fasilitas ini memiliki pencairan maksimum sebagai berikut:
   – PT Sri Rejeki Isman Tbk maksimum pencairan Rp 20.000.000.000
   – PT Sinar Pantja Djaja maksimum pencairan Rp 4.000.000.000
   – PT Bitratex Industries maksimum pencairan Rp 7.000.000.000
   – PT Primayudha Mandirijaya maksimum pencairan Rp 4.000.000.000



*42. **EVENTS AFTER THE REPORTING PERIOD** (Continued)*

***PT Bank CIMB Niaga Tbk** (Continued)*

*The Bank agree to provide the facility to the Company based on agreement No. 031/CBT VIII/VII/2019 dated 5 July 2019, the Company obtained the credit facility: (Continued)*

*1. Facility LC/SKBDN Sight/Usance/UPAS/UPAU (Continued)*

   *f. "Negosiasi Wesel Ekspor (NWE) & Diskonto Wesel Ekspor (DWE)" Facility*
      - *Plafond : USD 25,000,000*
      - *Currency : USD and IDR*
      - *Facility type : Uncommitted – Revolving*
      - *Purpose : purchases or payment export LC/SKBDN*
      - *Due date : 1 (one) year after the date of this facilities*
      - *Interest rate : 5.00% p.a USD and 9.50% p.a IDR*

*Collateral for this loan is clean basis.*

*Financial covenant ratios:*
- *Current ratio minimum 1.00x*
- *EBITDA /interest expense minimum 2.50x*
- *Leverage ratio maximum 2.75x*

***PT Bank Muamalat Indonesia Tbk***

*Based on the agreement No. 115/OL/CBD/VIII/2019 date 2 August 2019, the Company and Subsidiaries (PT Sinar Panjta Djaja, PT Bitratex Industries dan PT Primayudha Mandirijaya) obtained the following combined credit facilities as follows:*

*a. Line Facility Al Musyarakah Rev – Revolving uses for Company and Subsidiaries working capital for electricity expense. Maximum limit credit of this facility is Rp 100,000,000,000.*

   *This Facility have maximum drawdown as follows:*

   – *PT Sri Rejeki Isman Tbk maximum drawdown Rp 20,000,000,000*
   – *PT Sinar Pantja Djaja maximum drawdown Rp 4,000,000,000*
   – *PT Bitratex Industries maximum drawdown Rp 7,000,000,000*
   – *PT Primayudha Mandirijaya maximum drawdown Rp 4,000,000,000*

42. **PERISTIWA SETELAH PERIODE LAPORAN** (Lanjutan)

**PT Bank Muamalat Indonesia Tbk** (Lanjutan)

Berdasarkan perjanjian No. 115/OL/CBD/VIII/2019 tanggal 2 Agustus 2019, Perusahaan dan Entitas Anak (PT Sinar Panjta Djaja, PT Bitratex Industries dan PT Primayudha Mandirijaya) memperoleh fasilitas kredit gabungan dari sebagai berikut: (Lanjutan)

b. *Line Facility Al Kafalah Bil Ujroh – Revolving* digunakan untuk modal kerja Perusahaan dan Entitas Anak terkait penerbitan LC/SKBDN untuk pengadaan bahan baku dan bahan pembantu lainnya. Maksimum limit kredit fasilitas ini sebesar Rp 285.000.000.000.

Fasilitas ini memiliki pencairan maksimum sebagai berikut:
- PT Sri Rejeki Isman Tbk maksimum pencairan Rp 285.000.000.000
- PT Primayudha Mandirijaya maksimum pencairan Rp 9.000.000.000

c. *Line Facility Al Murabahah Revolving* digunakan untuk modal kerja Perusahaan dan Entitas anak Maksimum limit kredit fasilitas ini sebesar Rp 285.000.000.000.

Fasilitas ini memiliki pencairan maksimum sebagai berikut:
- PT Sri Rejeki Isman Tbk maksimum pencairan Rp 285.000.000.000
- PT Primayudha Mandirijaya maksimum pencairan Rp 9.000.000.000

Jangka waktu fasilitas adalah 12 bulan setelah penandatangan akad.

Struktur jaminan fasilitas ini adalah *Negative Pledge* (seluruh jaminan Perusahaan tidak dijaminkan di PT Bank Muamalat Indonesia Tbk dan juga tidak memberikan jaminan atau memberikan apapun ke kreditur lain).

Rasio-rasio *financial covenant:*
- *Consolidated ISCR (EBITDA/interest expense)* minimum 2,50x
- *Consolidated DSCR (EBITDA/interest expense + installment)* minimum 2,00x
- *Consolidated Debt to EBITDA (adjusted cash current portion)* maksimum 3,00x
- *Consolidated DER (adjusted cash current portion)* maksimum 1,35x



*42. **EVENTS AFTER THE REPORTING PERIOD** (Continued)*

***PT Bank Muamalat Indonesia Tbk** (Continued)*

*Based on the agreement No. 115/OL/CBD/VIII/2019 date 2 August 2019, the Company and Subsidiaries (PT Sinar Panjta Djaja, PT Bitratex Industries dan PT Primayudha Mandirijaya) obtained the following combined credit facilities as follow: (Continued)*

*b. Line Facility Al Kafalah Bil Ujroh – Revolving uses for Company and Subsidiaries working capital related to issuance of LC/SKBDN for provide raw materials and others supporting materials. Maximum limit credit of this facility is Rp 285,000,000,000.*

*This Facility have maximum drawdown as follow:*

- *PT Sri Rejeki Isman Tbk maximum drawdown Rp 285,000,000,000*
- *PT Primayudha Mandirijaya maximum drawdown Rp 9,000,000,000*

*c. Line Facility Al Murabahah Revolving uses for Company and Subsidiaries working capital. Maximum limit credit of this facility is Rp 285,000,000,000.*

*This Facility have maximum drawdown as follow:*

- *PT Sri Rejeki Isman Tbk maximum drawdown Rp 285,000,000,000*
- *PT Primayudha Mandirijaya maximum drawdown Rp 9,000,000,000*

*The term of the facility is 12 months after signing the agreement.*

*Collateral structure this facility is Negative Pledge (all Company's guarantees are not guaranteed at PT Bank Muamalat Indonesia Tbk and also not give guarantee or give anything to other creditor).*

*Financial covenant ratios:*
- *Consolidated ISCR (EBITDA/interest expense) minimum 2.50x*
- *Consolidated DSCR (EBITDA/interest expense + installment) minimum 2.00x*
- *Consolidated Debt to EBITDA (adjusted cash current portion) maximum 3.00x*
- *Consolidated DER (adjusted cash current portion) maximum 1.35x*

42. **PERISTIWA SETELAH PERIODE LAPORAN** (Lanjutan)

**MUFG Bank, Ltd.**

Berdasarkan perjanjian tanggal 8 Juli 2019 dan konfirmasi fasilitas No. 0074/CF/CDU-NJ/RAD/19/19-00099-GC tanggal 22 Juli 2019 dan perjanjian terakhir No. 19-0099-GC-LN tanggal 22 Juli 2019, Perusahaan dan Anak Perusahaan (PT Sinar Pantja Djaja, PT Bitratex Industries dan PT Primayudha Mandirijaya) memperoleh fasilitas kredit:

a. *Common Line Facility*
Jumlah pokok maksimum Fasilitas adalah USD 25.000.000.
- *Uncommited loan*
- *LC Import/Local (Sight, Usance)*
Tujuan penggunaan fasilitas adalah untuk pembelian bahan baku dan pengadaan barang dan mesin dari dalam maupun luar negeri. Fasilitas ini jatuh tempo pada tanggal 22 Januari 2021.
- *Import Settlement*
- *Payable Finance*

b. *Forex Line (Forward,Swap)*
Jumlah pokok maksimum Fasilitas adalah USD 2.000.000. Tujuan penggunaan fasilitas adalah untuk mendukung aktifitas lindung nilai. Fasilitas ini jatuh tempo pada tanggal 22 Januari 2021.

Perjanjian ini berlaku selama 1 (satu) tahun sejak tanggal perjanjian ini.

Jaminan atas pinjaman ini adalah *clean basis*.

Rasio-rasio *financial covenant:*
- *Net Debt to Tangible Net Worth* maksimum 1,35x
- *Net Debt to EBITDA* maksimum 3x
- *EBITDA to Interest* minimum 2,5x

**Cathay United Bank**

Berdasarkan perjanjian kredit tanggal 25 Juli 2019, jumlah pokok maksimum Fasilitas adalah USD 10.000.000 ("Jumlah Fasilitas").

Debitur wajib membayar bunga atas pencairan pinjaman atau *roll-over* pada suku bunga 2,5% per tahun diatas LIBOR dan pada hari terakhir dari periode bunga. Bunga akan dihitung atas dasar jumlah hari berlalu dan tahun 360 hari. Periode bunga adalah satu (1) atau tiga (3) bulan yang dipilih oleh debitur dalam pemberitahuan pencairan pinjaman atau *roll-over*, dan disetujui oleh Bank, atau masa lainnya sebagaimana disepakati bersama.

Perjanjian ini berlaku selama 1 (satu) tahun sejak tanggal perjanjian ini.

*42. **EVENTS AFTER THE REPORTING PERIOD** (Continued)*

***MUFG Bank, Ltd.***

*Based on agreement dated 8 July 2019 and confirmation of facilities No. 0074/CF/CDU-NJ/RAD/19/19-00099-GC dated 22 July 2019 and the latest agreement No. 19-0099-GC-LN dated 22 July 2019, the Company and Subsidiaries (PT Sinar Pantja Djaja, PT Bitratex Industries and PT Primayudha Mandirijaya) obtained credit facility:*

*a. Common Line Facility*
*The maximum aggregate principal amount of the Facility is USD 25,000,000.*
- *Uncommited loan*
- *LC Import/Local (Sight, Usance)*
*Purpose of facility is for procurement including raw material/machineries from local or overseas. This facilities is due on 22 January 2021.*
- *Import Settlement*
- *Payable Finance*

*b. Forex Line (Forward, Swap)*
*The maximum aggregate principal amount of the Facility is USD 2,000,000. Purpose of facility to support general hedging activity. This facilities is due on 22 January 2021.*

*This agreement shall be valid for a period of 1 (one) year as of the date of this agreement.*

*Collateral for this loan is clean basis.*

*Financial covenant ratios:*
- *Net Debt to Tangible Net Worth maximum 1.35x*
- *Net Debt to EBITDA maximum 3x*
- *EBITDA to Interest minimum 2.5x*

***Cathay United Bank***

*Based on agreeement dated 25 July 2019, the maximum aggregate principal amount of the Facility is USD 10,000,000 ("Facility Amount").*

*The borrower shall pay interest on a drawing on roll-over at the rate of 2.5% per annum over LIBOR and on the last day of the interest period. Interest shall be calculated on the basis of actual days elapsed and a 360-day year. The interest period shall be one (1) or three (3) months as selected by the Borrower in its drawing notice or roll-over notice, as the case may be, and agreed by the Bank, or such other period as may be mutually agreed.*

*This agreement shall be valid for a period of 1 (one) year as of the date of this agreement.*

42. **PERISTIWA SETELAH PERIODE LAPORAN** (Lanjutan)

**PT Bank Pembangunan Daerah Jawa Tengah**

Berdasarkan Perjanjian Kerjasama *Supply Chain Financing* No. 0200/AKN/SRI/VII/2000 dan No. 3487/HT.01.07/DBK/2019 tanggal 12 Juli 2019, Perusahaan memperoleh fasilitas pinjaman *Supply Chain Financing* dengan limit yang disepakati bersama dalam bentuk surat menyurat. Fasilitas ini digunakan untuk pembiayaan modal kerja terkait dengan pengadaan barang dan jasa.

Jangka waktu fasilitas kredit sampai 28 Maret 2022.

Jaminan atas pinjaman ini adalah *clean basis*.

**PT Bank Mizuho Indonesia**

Berdasarkan Perjanjian Fasilitas Kredit No. 452/MA/MZH/0519 tanggal 12 Juli 2019 dan perubahan perjanjian No. 453/LC/MZH/0719 tanggal 12 Juli 2019, Perusahaan memperoleh Fasilitas Surat Kredit Berdokumen Berulang berupa *Import LC (Sight & Usance), Import LC Usance Payable At Sight* dan *Trust Receipt on an uncommitted basis* sebesar USD 40.000.000.

Pinjaman ini jatuh tempo pada tanggal 12 Juli 2020.

**PT Bank Central Asia Tbk (BCA)**

Berdasarkan surat No. 10415/GBK/2019 tanggal 18 Juli 2019, Entitas Anak, PT Bitratex Industries, melakukan perubahan suku bunga kredit sebagai berikut:

- Fasilitas Kredit Lokal 2 dalam mata uang IDR dengan bunga 10,25% per tahun.
- Fasilitas *Trust Receipt* (TR) dan UPAS SKBDN dalam mata uang IDR dengan bunga 10,25% per tahun.
- Fasilitas Kredit Investasi, Kredit Lokal 1 dan *Time Loan Revolving* dalam mata uang IDR dengan bunga 5% per tahun.

Berdasarkan surat No. 10376/GBK/2019 tanggal 3 Juli 2019 dan No. 10419/GBK/2019 tanggal 18 Juli 2019, Entitas Anak, PT Primayudha Mandirijaya, melakukan perubahan suku bunga kredit sebagai berikut:

- *SKBDN UPAS* - 10,25% p.a dalam IDR
- *Trust Receipt* – 10,25% p.a dalam IDR
- *Negotiation/Discounting – clean (IDR)* non BCA sebesar 8,25% p.a
- *Time Loan* (USD) – 5% p.a
- *Time Loan* (IDR) – 10,25% p.a
- Fasilitas Kredit Investasi 2 dalam mata uang USD dengan tingkat suku bunga 5% per tahun.
- Fasilitas Kredit Investasi 3 dalam mata uang USD dengan tingkat suku bunga 5% per tahun.
- Fasilitas Kredit Lokal 1 dalam mata uang USD dengan tingkat suku bunga 5% per tahun.
- Fasilitas Kredit Lokal 2 dalam mata uang IDR dengan tingkat suku bunga 10,25% per tahun.

*42. **EVENTS AFTER THE REPORTING PERIOD** (Continued)*

***PT Bank Pembangunan Daerah Jawa Tengah***

*Based on Supply Chain Financing Cooperation Agreement No. 0200/AKN/SRI/VII/2000 and No. 3487/HT.01.07/DBK/2019 dated 12 July 2019, the Company obtained credit facility Supply Chain Financing with the limit which is mutually agreed in the form of correspondence. This facilicies use for Company working capital for provide raw material dan services.*

*Tenor for credit facility until 28 March 2022.*

*Collateral for this loan is clean basis.*

***PT Bank Mizuho Indonesia***

*Based on Credit Facility Agreement No. 452/MA/MZH/0519 dated 12 July 2019 and changes of agreement No. 453/LC/MZH/0719 dated 12 July 2019, the Company obtained Revolving Letter of Credit Facility credit such as Import LC (Sight & Usance), Import LC Usance Payable At Sight and Trust Receipt on an uncommitted basis amounted USD 40,000,000.*

*The loan is due on 12 July 2020.*

***PT Bank Central Asia Tbk (BCA)***

*Based on letter No. 10415/GBK/2019 dated 18 July 2019, PT Bitratex Industries, the Subsidiary, changes interest rate, as follows:*

- *Local credit 2 facilities in IDR with interest rate 10.25% per annum.*
- *Trust Receipt facilities (TR) and UPAS SKBDN in IDR with interest rate 10.25% per annum.*
- *Investment Credit, Local credit 2 and Time Loan Revolving facilities in IDR with interest rate 5% per annum.*

*Based on letter No. 10376/GBK/2019 dated 3 July 2019 and No. 10419/GBK/2019 dated 18 July 2019, PT Primayudha Mandirijaya, the Subsidiary, changes interest rate, as follows:*

- *SKBDN UPAS - 10.25% p.a in IDR*
- *Trust Receipt – 10.25% p.a in IDR*
- *Negotiation/Discounting – clean (IDR) non BCA is 8.25% p.a*
- *Time Loan (USD) – 5% p.a*
- *Time Loan (IDR) – 10.25% p.a*
- *Investment Credit Facilities 2 in USD with interest rate 5% per annum.*
- *Investment Credit Facilities 3 in USD with interest rate 5% per annum.*
- *Local Credit 1 facilities in USD with interest rate 5% per annum.*
- *Local Credit 2 facilities in IDR with interest rate 10.25% per annum.*

42. **PERISTIWA SETELAH PERIODE LAPORAN** (Lanjutan)

**PT Bank Negara Indonesia (Persero) Tbk**

Berdasarkan surat No. SNG/CACPC/042/19 tanggal 3 September 2019, Golden Mountain Textile and Trading Pte. Ltd., mendapatkan perpanjangan fasilitas sampai dengan 3 Desember 2019.

*42.* ***EVENTS AFTER THE REPORTING PERIOD*** *(Continued)*

***PT Bank Negara Indonesia (Persero) Tbk***

*Based on No. SNG/CACPC/042/2019 dated 3 September 2019, Golden Mountain Textile and Trading Pte. Ltd., obtain the extention for this facilities due on 3 December 2019.*

43. **TUJUAN PENERBITAN LAPORAN KEUANGAN KONSOLIDASIAN INTERIM**

Laporan keuangan konsolidasian interim ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan penawaran umum efek utang oleh Perusahaan yang dicatatkan di Singapore Exchange Securities Trading Limited, serta tidak ditujukan, dan tidak diperkenankan untuk digunakan, untuk tujuan lain.

*43.* ***PURPOSE OF ISSUANCE OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS***

*These interim consolidated financial statements have been prepared solely for inclusion in the offering documents in connection with the proposed public offering of debt securities of the Company to be listed on Singapore Exchange Securities Trading Limited, and is not intended to be, and should not to be, used for any other purposes.*

44. **PENERBITAN LAPORAN KEUANGAN KONSOLIDASIAN INTERIM**

Laporan keuangan konsolidasian interim ini telah diotorisasi untuk diterbitkan oleh Direksi Perusahaan, selaku pihak yang bertanggung jawab atas penyusunan dan penyelesaian laporan keuangan konsolidasian interim, pada tanggal 11 September 2019.

*44.* ***ISSUANCE OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS***

*These interim consolidated financial statements have been authorized to be published by the Director, as the party responsible for the preparation and completion of the interim consolidated financial statements on 11 September 2019.*

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*This report is originally issued in Indonesian language*

No. : 243/4.S176/ER.2/06.19
Hal : Informasi Keuangan Konsolidasian Interim 30 Juni 2019

No. : *243/4.S176/ER.2/06.19*
Re : *Interim Consolidated Financial Information 30 June 2019*

## Laporan atas Reviu Informasi Keuangan Interim

## *Report on Review of Interim Financial Information*

**Pemegang Saham dan Dewan Komisaris dan Direksi**
**PT Sri Rejeki Isman Tbk**
Sukoharjo

***The Shareholders and Boards of Commissioners and Directors***
***PT Sri Rejeki Isman Tbk***
*Sukoharjo*

### Pendahuluan

Kami telah mereviu laporan keuangan konsolidasian interim PT Sri Rejeki Isman Tbk dan Entitas Anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian interim tanggal 30 Juni 2019, serta laporan laba-rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian interim untuk periode enam bulan yang berakhir pada 30 Juni 2019 dan 2018, 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 and its Subsidiaries, which comprise the interim consolidated statements of financial position as of 30 June 2019, and the interim consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the six-month periods ended 30 June 2019 and 2018, and a summary of significant accounting policies and other explanatory information. 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 substansial 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 Certified 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.*

**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 30 Juni 2019, serta kinerja keuangan dan arus kas ntuk periode enam bulan yang berakhir pada 30 Juni 2019 dan 2018, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

**Hal lain**

Seperti yang telah diungkapkan pada Catatan 43 atas laporan keuangan konsolidasian interim, laporan keuangan interim ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan penawaran umum efek utang oleh PT Sri Rejeki Isman Tbk yang dicatatkan di Singapore Exchange Securities Trading Limited, 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 30 June 2019, and their consolidated financial performance and their cash flows for the six-month periods ended 30 June 2019 and 2018 in accordance with Indonesian Financial Accounting Standards.*

***Other matter***

*As disclosed in Note 43 interim consolidated financial statements, these interim consolidated financial statements have been prepared solely for inclusion in the offering documents in connection with the proposed public offering of debt securities of PT Sri Rejeki Isman Tbk to be listed on Singapore Exchange Securities Trading Limited, and is not intended to be, and should not to be, used for any other purposes.*

*Kantor Akuntan Publik*
*TANUBRATA SUTANTO FAHMI BAMBANG & Rekan*

Erna, S.E., Ak, CA., CPA
NIAP AP.1044/
*License No. AP.1044*

11 September 2019 / *11 September 2019*

MON/am

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No. : 00983/2.1068/AU.1/04/1044-1/1/IX/2019
Hal : **Laporan Keuangan Konsolidasian**
**31 Desember 2018, 2017 dan 2016**

**Laporan Auditor Independen**

**Pemegang Saham, Dewan Komisaris**
**dan Direksi**
**PT Sri Rejeki Isman Tbk**
Sukoharjo

Kami telah mengaudit laporan keuangan konsolidasian PT Sri Rejeki Isman Tbk dan Entitas Anaknya terlampir, yang terdiri dari laporan posisi keuangan konsolidasian tanggal 31 Desember 2018, 2017 dan 2016, serta laporan laba-rugi dan penghasilan komprehensif lain, laporan perubahan ekuitas, dan laporan arus kas konsolidasian untuk tahun yang berakhir pada tanggal-tanggal tersebut, 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.

No. : *00983/2.1068/AU.1/04/1044-1/1/IX/2019*
Re : ***Consolidated Financial Statements***
***31 December 2018, 2017 and 2016***

***Independent Auditors' Report***

***The Shareholders, Boards of Commissioners***
***and Directors***
***PT Sri Rejeki Isman Tbk***
*Sukoharjo*

*We have audited the accompanying consolidated financial statements of PT Sri Rejeki Isman Tbk and its Subsidiaries, which comprise the consolidated statements of financial position as of 31 December 2018, 2017 and 2016, and the consolidated statements of profit or loss and other comprehensive income, changes in equity, and cash flows for the years then ended, 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.*

***Auditors' 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 2018, 2017 dan 2016, serta kinerja keuangan dan arus kas konsolidasiannya untuk tahun yang berakhir pada tanggal-tanggal tersebut, sesuai dengan Standar Akuntansi Keuangan di Indonesia.

**Hal lain**

Seperti yang telah diungkapkan pada Catatan 43 atas laporan keuangan konsolidasian, laporan keuangan konsolidasian ini diterbitkan dengan tujuan untuk dicantumkan dalam dokumen penawaran sehubungan dengan penawaran umum efek utang oleh PT Sri Rejeki Isman Tbk yang dicatatkan di Singapore Exchange Securities Trading Limited, serta tidak ditujukan, dan tidak diperkenankan untuk digunakan, untuk tujuan lain.

***Auditors' 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 accounting 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 2018, 2017 and 2016, and their consolidated financial performance and cash flows for the years then ended, in accordance with Indonesian Financial Accounting Standards.*

***Other matter***

*As disclosed in Note 43 consolidated financial statements, these consolidated financial statements have been prepared solely for inclusion in the offering documents in connection with the proposed public offering of debt securities of PT Sri Rejeki Isman Tbk to be listed on Singapore Exchange Securities Trading Limited, and is not intended to be, and should not to be, used for any other purposes.*

**Hal lain** (Lanjutan)

Sebelum laporan ini, kami telah menerbitkan laporan auditor independen No. 00545/2.1068/AU.1/04/1044-1/1/IV/2019 tanggal 1 April 2019, atas laporan keuangan konsolidasian PT Sri Rejeki Isman Tbk dan Entitas Anaknya tanggal 31 Desember 2018, 2017 dan 2016 dan untuk tahun yang berakhir pada tanggal-tanggal tersebut, yang menyatakan opini wajar tanpa modifikasian.

***Other matter** (Continued)*

*Before this report, we have issued an independent auditor's report No. 00545/2.1068/AU.1/04/1044-1/1/IV/2019 dated 1 April 2019 on the consolidated financial statements of PT Sri Rejeki Isman Tbk and its Subsidiaries as of 31 December 2018, 2017 and 2016 and for the years then ended, that expressed an unmodified opinion.*

*Kantor Akuntan Publik*
*TANUBRATA SUTANTO FAHMI BAMBANG & Rekan*

Erna, S.E., Ak, CA., CPA
NIAP AP.1044/
*License No. AP.1044*

11 September 2019 / *11 September 2019*

MON/am

**Registered Office of the Issuer**

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Indonesia

**Trustee**

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**Independent Auditors**

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